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Fakultät für Wirtschaftswissenschaften
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**Family Businesses:
Understanding non-family managers' discretion, goal diversity,
and intra-firm heterogeneity**

Maximilian Fred Rupprecht

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Vorsitzende: Univ.-Prof. Dr. Dr. Ann-Kristin Achleitner
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2. Univ.-Prof. Dr. Isabell M. Welp

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LIST OF ABBREVIATIONS

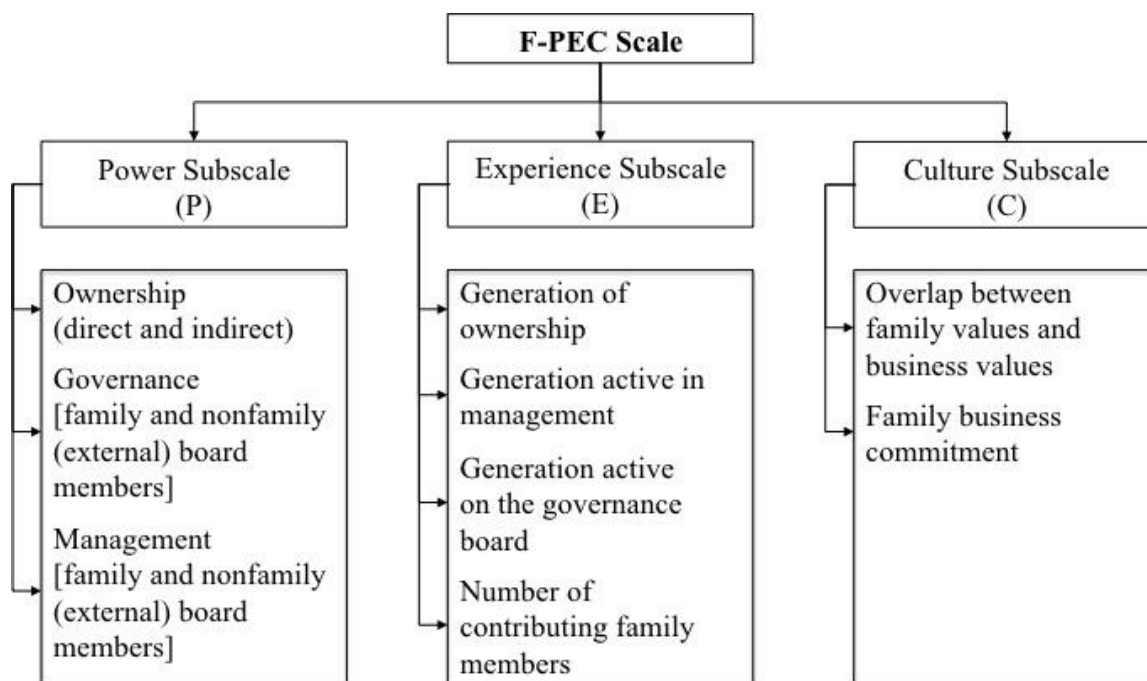
(B)	Binding ties
BAM	Behavioral agency model
BN	Billion
BWS	Best-worst scaling
[C]	Culture
CEO	Chief executive officer
cf.	confer; compare
(E)	Emotional attachment
[E]	Experience
EMP	Employee
e.g.	exempli gratia; for example
et al.	et alii; and others
(F)	Family control and influence
FAM	Family
F-PEC	Family influence – power, experience, control
HB	Hierarchical Bayes
(I)	Identification with the firm
IPO	Initial public offering
KPI	Key performance indicator
Max-Diff	Maximum-difference
MNC	Multinational company
MOB	Member of the board
MVREG	Multivariate regression
OLS	Ordinary least squares
[P]	Power
(R)	Renewal of family bonds
R&D	Research and development
RUT	Random utility theory
SEW	Socioemotional wealth
UET	Upper echelon theory
VIF	Variance inflation factor

1 INTRODUCTION

Family firms are an essential part of our society and economy (Gersick et al., 1997; La Porta et al., 1999). In recent years, research on family firms has gathered momentum (Chrisman et al., 2005a) and has become one of the fastest growing areas of research in management sciences (Melin et al., 2014). The high economic importance of family enterprises is ample justification for this development. Family firms represent the worldwide dominant form of organizations (Gomez-Mejia et al., 2001; La Porta et al., 1999). For instance, the Foundation for Family Businesses estimated that in 2013 approximately 91% of all businesses in Germany belonged to the group of family firms, which accounted for 56% of the total employment and generated 48% of overall business sales in the German economy (Gottschalk et al., 2014).

However, despite the growing theoretical and practical interest in family firms, many questions in family business theory still remain untapped. The most fundamental research problem is to clearly demarcate and define the term “family business” or “family firm” itself (Klein et al., 2005). From its very beginnings, research on family firms aimed to clearly distinguish family firms from their non-family counterparts (e.g., Daily & Dollinger, 1992; Kets de Vries, 1993; Miller & Le Breton-Miller, 2005; Tagiuri & Davis, 1992). When characterizing family firms, researchers for the most part focused on differences between family firms and non-family firms, discussing them as two dichotomous types of organizations (Gallo & Garcia Pont, 1996; Gomez-Mejia et al., 2010; McConaughy et al., 2001; Morris et al., 1997) with the implicit understanding of homogeneity, e.g. goals pursued, within each group (Chua et al., 2012; Naldi et al., 2013).

As the next step, family business researchers moved from this artificial dichotomization towards more detailed and better suited continuous measures (Holt et al., 2010; Klein et al., 2005) of family influence and involvement (e.g., Astrachan et al., 2002; Chrisman et al., 2012; Klein et al., 2005) to capture and highlight the heterogeneity of characteristics not only between family and non-family firms, but also within the group of family firms (e.g., Arregle et al., 2012; Zahra, 2003). The first authors that foregrounded a more nuanced understanding of family firm heterogeneity were Astrachan et al. (2002), introducing the continuous F-PEC scale (see Figure 1) to measure heterogeneity as the degree of family influence on a given family firm via the three dimensions [P] power, [E] experience, and [C] culture, exerted by the owning family.

FIGURE 1: THE F-PEC SCALE

Source: Based on Astrachan et al. (2002).

The “power” dimension captures the proportion of ownership as well as the proportion of board and management seats held by either the family or by those named by the family (Astrachan et al., 2002; Klein et al., 2005). The “experience” dimension assesses the overall experience that the family brings into the business. The experience dimension is measured by the number of transgenerational successions, generations active in supervisory and management boards, and the number of family members contributing to the business (Astrachan et al., 2002; Klein et al., 2005). The “culture” dimension relates to the overlap of family values and business values as well as the level of commitment of family members towards the business (Astrachan et al., 2002; Klein et al., 2005). Commitment of family members is measured via the Family Business Commitment Questionnaire (Carlock & Ward, 2001). In sum, the F-PEC scale, as a continuous measure of family influence, allows comparisons across different investigations regarding family firms, hence increasing the explanatory power of these studies.

To date, however, there is still no widely accepted definition¹ of what exactly defines a family firm (Chrisman et al., 2005a). This becomes evident when comparing commonly used definitions of family firms. For instance, Chrisman and Patel (2012: 976) state that a family business is “defined by a family’s involvement in ownership and governance and a

¹ For an overview of family firm definitions see Chua et al. (1999) and Miller et al. (2007).

vision for how the firm will benefit the family, potentially over generations.” In a similar vein, Chua et al. (1999: 25) define a family firm as follows: “The family business is a business governed and/or managed with the intention to shape and pursue the vision of the business held by a dominant coalition controlled by members of the same family or a small number of families in a manner that is potentially sustainable across generations of the family or families.” As a third example, revealing the high diversity of family firm definitions, the definition used by the European Commission (2009: 10) is: “A firm, of any size, is a family business, if: (1) The majority of decision-making rights is in the possession of the natural person(s) who established the firm, or in the possession of the natural person(s) who has/have acquired the share capital of the firm, or in the possession of their spouses, parents, child or children’s direct heirs. (2) The majority of decision-making rights are indirect or direct. (3) At least one representative of the family or kin is formally involved in the governance of the firm. (4) Listed companies meet the definition of family enterprise if the person who established or acquired the firm (share capital) or their families or descendants possess 25 per cent² of the decision-making rights mandated by their share capital.”

What these definitions have in common is that they all describe significant features like family control and ownership. However, only the definition used by the European Commission specifies important characteristics, like a minimum level concerning the proportion of voting rights or a minimum level concerning the equity ratio. Yet, this definition does not account for factual family influence, e.g. a family’s influence on a firm’s vision and decision-making. Moreover, the European Commission disregards one of the most important characteristics of family firms, the overall long-term orientation (Chrisman et al., 2012).

In the absence of such a theoretical consensus as to what constitutes a family firm, two approaches emerged. These two approaches are known as the “components-of-involvement approach” and the “essence approach” (Chrisman et al., 2005a). The components-of-involvement approach describes a firm as a family firm on the basis of the extent to which a certain family is formally involved in a firm’s ownership, governance, management, and transgenerational succession (Chrisman et al., 2005a).³ Yet, researchers

² Villalonga and Amit (2006: 390) even use 5% of the firm’s equity as threshold in their definition of family firms: A family firm is a “firm whose founder or a member of the family by either blood or marriage is an officer, a director, or the owner of at least 5% of the firm’s equity, individually or as a group.”

³ The definition proposed by the European Commission can be assigned to the components-of-involvement approach.

criticized that a mere measure of the components of family involvement does not capture the actual essence of family involvement but serves more as a precondition to family essence (Chua et al., 1999; Holt et al., 2010), defined as the family's impact on the firm's vision, values, and decision-making processes (Chrisman et al., 2003).⁴ As a consequence of this criticism, the essence approach goes one step further and considers the components of involvement as being mandatory more than sufficient (Chrisman et al., 2005a). To serve as a sufficient condition, "family involvement must be directed toward behaviors that produce certain distinctiveness before it can be considered a family firm" (Chrisman et al., 2005a: 557).

The root cause of the problem of clearly defining a business as a family business can be seen in the high heterogeneity within the group of family firms (Chua et al., 2012). That is, although the definitions of a family firm presented above are rather broad definitions, none of these definitions differentiate, for example, between founder managed and controlled family firms, which have not yet gone through the first generational transfer and family firms, which are managed by later-generation family members⁵. Moreover, none of these definitions explicitly deals with the question of non-family management in family firms and family firms, that are characterized by high degrees of internationalization, e.g., global footprint, international management, and workforce diversity.

A direct outcome of this high heterogeneity within the group a family firms is that many studies dealing with similar research questions come up with different and sometimes even contradicting results (Stewart & Hitt, 2012). This heterogeneity and the challenge to predict the behavior of family firms is the motivational starting point of the present thesis. That is, this thesis does not attempt to develop a sound and comprehensive definition of a family firm but focuses more on the underlying factors that are supposed to explain the (heterogeneous) behavior of family firms (Chua et al., 2012).

This doctoral thesis consists of three independent studies examining, first, differences between founder and later-generation family firms, second, heterogeneity of family firm perceptions within a multinational family firm, and, third, the effects of nonfamily-management on the behavior of family firms.

Study 1 (chapter 2) of this thesis makes nuanced claims on the importance of non-financial goals in family firm decision-making, serving as an important step to explain

⁴ The definitions used by Chrisman and Patel (2012) and Chua et al. (1999) can be assigned to the essence approach.

⁵ The importance of such a differentiation is demonstrated in chapter 2.

behavioral heterogeneity among family firms (Chua et al., 2012). By shedding light on the different priorities attached to the various dimensions of financial and non-financial goals of founders and later-generation family managers, chapter 2 shows how the order of preference of goals alters as ownership and control is handed over to later generations (Kotlar & De Massis, 2013; Schulze & Kellermanns, 2015).

Second, by analyzing variations in managers' perceptions of how strong the family's influence actually impacts the behavior of host country subsidiaries, the second study included in this thesis (chapter 3) aims to explain heterogeneity not only between family firms but also within a single multinational company (MNC) (Gallo & Sveen, 1991; Pukall & Calabrò, 2014). Chapter 3 sheds some light on the perception differences of the guiding principles, goals, and values between managers working at the family firm's headquarters and managers working at foreign subsidiaries. To the best of our knowledge, this is the first study to analyze the geographic and cultural reach of family influence.

Study 3 (chapter 4) sheds light on the complex social interaction processes within family firms having a non-family CEO at the helm. In particular, chapter 4 focuses on changes in the goal systems of large German family firms caused by the influence of non-family CEOs and aims to, first, explain how formal and informal governance impacts the interaction between the family and the non-family CEO and, second, examine the scope of a non-family CEO's level of managerial discretion. This detailed elaboration of the actual influence of non-family CEOs in family firms and the incorporation of the concept managerial discretion (Hambrick & Finkelstein, 1987) helps in understanding the ambiguous findings on family firms' performance and hence heterogeneity within the group of family firms.

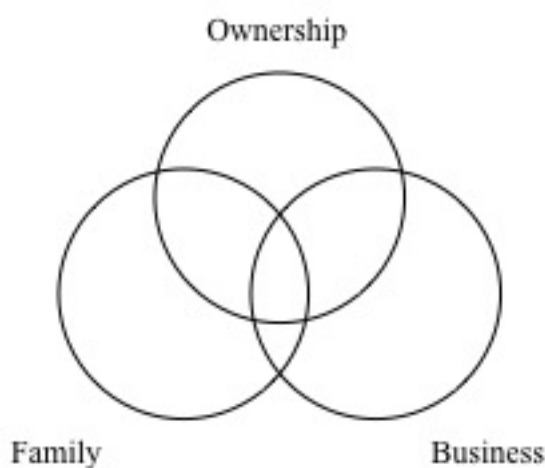
As an introduction to the three studies included, chapter 1.1 briefly describes some of the underlying theories and concepts applied as well as some essential characteristics accounting for the distinctiveness of family firms. In the following, chapter 1.2 centers on the basic assumptions and motivational factors of the three studies. Subsequent to this introduction, each study is presented in a separate chapter (2 to 4). This doctoral thesis closes with a summary of the main results and discusses their implications for the field of family firm research and practice.

1.1 Family firms

1.1.1 Socioemotional wealth and familiness

The theoretical foundation helping to deduce the unique characteristics and heterogeneity of family firms is the overlap between the family system and the business system (Aronoff, 2004; Lansberg, 1983). A common way to illustrate this overlap is the three-circle model derived by Tagiuri and Davis (1992) and Gersick et al. (1997) consisting of the family, business, and ownership sphere (see Figure 2).

FIGURE 2: THE THREE-CIRCLE MODEL



Source: Based on Gersick et al. (1997).

Based on this simple model, the two main concepts applied in the field of family business research to explain heterogeneity regarding family firm behavior and to distinguish family firms from non-family firms are the concepts of socioemotional wealth (SEW) (Gomez-Mejia et al., 2011b; Gomez-Mejia et al., 2007) and familiness (Habbershon & Williams, 1999).⁶ The family's socioemotional wealth comprises several dimensions of non-financial goals and values, serving as the primary reference point for decision-making and differentiating family firms from other types of organizations (Berrone et al., 2012; Gomez-Mejia et al., 2007). It should be noted, however, that these authors and the concept of socioemotional wealth are not the first to highlight the importance of non-financial goals in family firms. In fact, early studies dealing with family

⁶ These two concepts build on the most frequently used theories in family firm research, resource-based view and principal-agent theory (Chrisman et al., 2005).

firms already focused on the inclination of family firms to value and pursue non-financial goals (e.g., Kets de Vries, 1993; Lee & Rogoff, 1996; Tagiuri & Davis, 1996; Tagiuri & Davis, 1992). The first authors that developed a concept clustering main priorities of family firms to determine how these firms differ from other types of organizations are Miller and Le Breton-Miller (2005).⁷

The theoretical background of the concept of socioemotional wealth is based on the behavioral agency model (BAM), a model derived by Wiseman and Gomez-Mejia (1998) that combines essential elements of prospect theory, agency theory, and behavioral theory of the firm (Gomez-Mejia et al., 2011b). The family's socioemotional wealth (SEW) is defined as "the stock of affect-related value that a family derives from its controlling position in a particular firm" (Berrone et al., 2012: 259), serves as the family's primary reference point, and helps explain behavior of family firms (Gomez-Mejia et al., 2007). The socioemotional wealth is a multidimensional, latent construct consisting of a set of five non-financial goal dimensions, the so-called FIBER dimensions (Berrone et al., 2012). Goals and values related to the first dimension (F) "family control and influence" are, e.g., the family's need to remain in control and exert influence over the firm's vision and strategy, and to preserve their independence in decision-making from banks, venture capitalists, or any other institution (Gomez-Mejia et al., 2007; Lee & Rogoff, 1996; Schulze et al., 2003a). Regarding the second dimension (I) "identification of family members with the firm", family firms attach importance to sustain a good image and often are dedicated to their local community (Cennamo et al., 2012). (B) "binding social ties" implies that family firms value close and enduring relationships with their employees, customers, and suppliers (Berrone et al., 2010; Miller & Le Breton-Miller, 2005; Zellweger et al., 2010). (E) "emotional attachment of family members to the firm" allows for emotional considerations in decision-making processes and thus to deviate from mere rational considerations like profit maximization or growth (Allen & Meyer, 1990; Zellweger & Astrachan, 2008). To illustrate, Drucker (1954: 35) stated: "Profitability is not the purpose of business enterprise and business activity, but a limiting factor on it. Profit is not the explanation, cause or rationale of business behavior and business decisions, but the test of their validity." Finally, and together with the family's need to remain in control and exert influence, the fifth dimension (R) "renewal of family bonds through dynastic succession" reflects the most important goal of family firms: to continue

⁷ Miller and Le Breton-Miller (2005) identify four main priorities, which they call the 4 Cs: continuity, community, connections, and command.

the business as family business over generations (Le Breton-Miller & Miller, 2006; Zellweger et al., 2012a).

Once again, the concept of socioemotional wealth, today, is one of the most influential and widely used in family firm research, yet the high importance that family firms attach to non-financial goals and the related resources and capabilities have long been emphasized by various researchers (e.g., Habbershon et al., 2003; Habbershon & Williams, 1999; Kets de Vries, 1993; Miller & Le Breton-Miller, 2005; Sirmon & Hitt, 2003).

The concept of familiness is based on the resource-based view (Barney, 1991), which argues that behavior and performance of a (family) firm are essentially a result of its idiosyncratic resources. Hence, the concept of familiness comprises resources and capabilities that are distinctive to family firms (Habbershon & Williams, 1999). Habbershon and Williams (1999) refer to familiness as the unique bundle of resources resulting from the systemic overlap between the family and the business system. As a result of this interaction, Sirmon and Hitt (2003), building on the research of Habbershon and Williams (1999), depict several types of resources⁸ that serve as basis for differentiating family business from their non-family counterparts. The two resources referred to in this doctoral thesis are social capital and patient capital. Social capital builds on the relationship between individuals as well as between organizations (Sirmon & Hitt, 2003). A common definition is proposed by Nahapiet and Ghoshal (1998: 243) who define social capital as “the sum of the actual and potential resources embedded within, available through, and derived from the network of relationships possessed by an individual or social unit.” What makes social capital a unique resource for family firms is the family’s potential to effectively build trusting relationships with external and internal stakeholders (Cennamo et al., 2012; Sirmon & Hitt, 2003). Patient capital is financial capital that is not threatened by the need for short-term liquidation and hence differs from external capital due to the planned time of investment (Sirmon & Hitt, 2003).

1.1.2 Competitive advantages and disadvantages relating to SEW and familiness

Goals, values, resources and capabilities in (family) firms are mutually dependent (Habbershon et al., 2003). On the one hand, resources and capabilities determine both the

⁸ Sirmon and Hitt (2003) focus on five dimensions: human capital, social capital, patient capital, survivability capital, and governance structure and costs.

way and the type of goals and values that can be pursued. On the other hand, goals and values guide the way that (family) firms develop resources and utilize their capabilities. Consequently, in the case of family firms, a family's socioemotional wealth and the firm's familiness are mutually dependent. That is, the goals and values described above (FIBER dimensions) and the related behavior of family firms allow them to generate unique resources (familiness). These stocks of resources, if they satisfy the characteristics of being valuable, rare, imperfectly imitable, and non-substitutable (Barney, 1991) then constitute a competitive advantage (Dierickx & Cool, 1989).

Although research has long pointed to the family as a source of both advantages and disadvantages (e.g., Kets de Vries, 1993; Tagiuri & Davis, 1996), the majority of research focuses on the positive effects of e.g. the family's socioemotional wealth and more or less proclaims unidirectional positive properties (Kellermanns et al., 2012; Schulze & Kellermanns, 2015). Recently, however, research increasingly points to disadvantages related to the family and their endowment of socioemotional wealth (Kellermanns et al., 2012; Miller & Le Breton-Miller, 2014; Schulze & Kellermanns, 2015)⁹.

The following section describes several advantages and disadvantages relating to both the FIBER dimensions of the socioemotional wealth concept and some resources comprising a family firm's familiness.

As a competitive advantage or positive outcome of the pursuit of the family's socioemotional wealth, the family's objective to remain independent from third parties (dimension F) diminishes third party claims in decision-making (Carney, 2005) and thus facilitates quick (or slow) decision-making as well as fast adaptations to changing environments (Miller & Le Breton-Miller, 2003; Miller & Le Breton-Miller, 2005). However, the same goal, to remain independent from third parties (dimension F), may lead to severe capital restrictions that restrain family firms from e.g., making profitable investments (Miller & Le Breton-Miller, 2014), investing in R&D (Duran et al., 2015), or internationalization (Fernández & Nieto, 2005; Gomez-Mejia et al., 2014). Moreover, conservative financing may increase the dependency on (limited) patient capital and thus decreases the family firm's ability to pursue creative and innovative strategies (Kang, 2000).

The value attached to image and reputation (dimension I) as well as emotions involved in decision-making (dimension E) account for high-quality products (Bingham et

⁹ These researchers also criticize the current application of the concept.

al., 2011; Upton et al., 2001) and sustainable production processes (Berrone et al., 2010). In addition, a good image and reputation in the local community may foster social capital (Arregle et al., 2007; Cruz et al., 2012; Sirmon & Hitt, 2003). In contrast to these positive effects of both the identification of family members with the firm (dimension I) and high emotional attachment (dimension E), the dark side of both dimensions may result in strategic inertia (Hannan & Freeman, 1984), the unwillingness or inability of (family) firms to change (Bertrand & Schoar, 2006; Miller & Le Breton-Miller, 2005). To be more specific, family firms often face difficulties or even refuse to close or sell a loss-making yet traditional plant or business division. Moreover, emotional attachment bears the risk of restrictions in human resource policies, e.g. appointing family members to key management positions, despite the availability of better-qualified non-family candidates (Kellermanns et al., 2012; Kets de Vries, 1993; Miller & Le Breton-Miller, 2014). This gives rise to agency costs due to altruism, nepotism, or the spillover of family conflicts into the business (Eddleston & Kellermanns, 2007; Schulze et al., 2003b; Schulze et al., 2001).

In a similar vein to the positive effects regarding the identification of family members with the firm, the intention to build trusting and enduring relationships (dimension B) with both internal and external stakeholders may as well lead to the accumulation of social capital (Bingham et al., 2011; Sirmon & Hitt, 2003) and may foster efficient decision-making structures and monitoring (Eddleston & Kellermanns, 2007; Sieger et al., 2013). In other words, as the dominant coalition in the firm, family members represent the firm to internal and external stakeholders and are well suited to build trusting relationships with employees, customers, suppliers, and the (local) community (Cennamo et al., 2012). As a negative effect of close and enduring relationships (dimension B), family firms may refrain from dismissing employees even in times necessitating such severe measures.

Lastly, the family's objective to hand over the business to the next generation (dimension R) results in an overall long-term orientation (Le Breton-Miller & Miller, 2006; Zellweger et al., 2012a), providing the firm with patient capital, enabling investments in long-term projects, use of long payback periods, and support of innovations (Anderson et al., 2003; Dreux, 1990; Lumpkin et al., 2010). However, the desire of active family members to hand over a prospering firm to the succeeding generation (dimension R) may result in risk-averse behavior in order to preserve the current status quo (Kahneman et al., 1991; Kahneman & Tversky, 1979). Moreover, since socioemotional wealth is both inextricably tied to the firm and the main reference point for decision-

making in family firms (Gomez-Mejia et al., 2007), following prospect theory and loss aversion (Kahneman et al., 1991; Kahneman & Tversky, 1979), severe threats to the survival of the firm may result in excessive risk-seeking behavior at the costs of non-family stakeholders (Gomez-Mejia et al., 2007; Kellermanns et al., 2012; Schulze & Kellermanns, 2015).

1.2 Research questions, methodology, and contribution

1.2.1 Goal diversity

Early research assumed that a baseline condition to the pursuit of non-financial goals is a satisfactory level of profit (Gordon, 1961), respectively the attainment of individual aspiration levels (Cyert & March, 1963), which are often reflected by financial goals of decision makers. Yet, family firms' primary reference point is the attainment of the families' socioemotional wealth, consisting more of non-financial than financial goals (Berrone et al., 2012; Gomez-Mejia et al., 2007). Moreover, prior research in the field of family firms, so far, does not allow for generalized conclusions about the importance of specific financial or non-financial goals in a given context.

In line with prior studies in family business literature, suggesting that researchers should differentiate between family firms, managed by its founder and later generation family members (Berrone et al., 2012; Block et al., 2013; Chrisman & Patel, 2012; Gomez-Mejia et al., 2007; Miller et al., 2007; Villalonga & Amit, 2006), chapter 2 (study 1) of this doctoral thesis analyses the orders of preference of financial and non-financial goals of founder and later-generation family firms. In particular, this study builds on the five dimensions of socioemotional wealth to uncover differences in the orders of preference depending on a positive or negative framing of the economic conditions.

Single goals and values vary over time and dependent on the situation increase or decrease in their importance compared to other goals and values (Schwartz & Bilsky, 1987). That is, the order of preferences of goals or decision options is typically context-sensitive (Kahneman & Tversky, 1979; Koszegi & Rabin, 2006; Larraza-Kintana et al., 2007; Tversky & Kahneman, 1991). The behavior of decision makers, for instance their inclination to take risky choices, depends on their current positions compared to a reference point (Kahneman & Tversky, 1979). That is, decision makers operating in the domain of losses are more willing to take higher risks, whereas decision makers operating

in the domain of gains tend to avoid risk (Tversky & Kahneman, 1991), resulting in different evaluations and choices of decision options.

While previous literature, in particular research on socioemotional wealth (SEW), has identified several key dimensions of non-financial goals (Berrone et al., 2012), there is still a lack of knowledge about how the importance attributed to each of those non-financial goals changes across generations and as a function of the favorability of the economic and organizational conditions. Moreover, we do not know how non-financial dimensions rank in their preferences compared to financial goals.

The main research question of this study is:

How is the importance attributed to specific non-financial and financial goals in family firms affected by (1) the generation at the helm of the company and (2) the favorability of the business environment?

To answer this research question, the applied quantitative methodology is based on an online survey involving 167 founders and later-generation family-managers. The orders of preference were collected by a best-worst scaling approach (Louviere & Islam, 2008; Louviere & Woodworth, 1990) and analyzed using multivariate regressions.

This study aims to contribute to the understanding of heterogeneity within the group of family firms (Chua et al., 2012), in particular the differentiation between founder and later-generation family firms (e.g., Miller et al., 2007). Knowing the differences in the orders of preference between founder and later-generation family firms helps researchers and practitioners to better assess family firm behavior. A second, important contribution is the disaggregation of the concept of socioemotional wealth and the assignment of distinct levels of importance to each of its five goal dimensions. A deconstructed view of the concept of socioemotional wealth might allow to better predict positive or negative outcomes of family influence such as long-term orientation, nepotism, or strategic inertia (Miller & Le Breton-Miller, 2014). Finally, this study makes a methodological contribution by introducing the best-west scaling approach into the research fields of family businesses and entrepreneurship (Louviere & Woodworth, 1990; Schlereth et al., 2014).

1.2.2 Intra-firm heterogeneity

Internationalization plays an important role for family firms (Fernández & Nieto, 2005; Gallo & Garcia Pont, 1996; Gomez-Mejia et al., 2010; Pukall & Calabrò, 2014; Simon, 1996; Zahra, 2003). Yet, the internationalization of family firms raises the question, if family firms are able to transfer their unique characteristics, for instance guiding values or family-centered goals (e.g., Chrisman et al., 2013; Sirmon & Hitt, 2003), from headquarters (HQ) to subsidiaries and hence can utilize these characteristics to build resources, leading to competitive advantages. If managers within the same multinational company have diverging perceptions concerning the firm's characteristics, e.g. its goals and values, then these diverging perceptions should involve diverging decisions, resulting in the accumulating and utilization of different resources that ultimately effect firm performance. Due to various national and foreign subsidiaries in multinational companies (MNCs), there may be considerable variation in the perception of these characteristics by managers working in MNCs (Daniel, 2010). Birkinshaw et al. (2000: 322) even “expect to see significant differences in opinions between HQ and subsidiary managers on just about everything.”

To date, however, most studies on (multinational) family firms describe the business from a headquarters-perspective and do not account for differences regarding domestic or foreign subsidiaries. Thus, these studies, dependent on their research focus, are limited in their explanatory power. As Chini et al. (2005: 145) state “given how much we rely on these perceptions to advance our theoretical knowledge about the MNC it is surprising how little we know about the divergences of views within (...) different MNC units.”

To close this research gap, chapter 3 (study 2) of this thesis aims to further expand the understanding of multinational family businesses by analyzing the heterogeneity of family business characteristics within an individual family firm. The main goal of this study is to understand if a family firm's headquarters differs from its subsidiaries regarding the strength and impact of family influence and hence its defining characteristics (Melin & Nordqvist, 2007; Tagiuri & Davis, 1996). In order to achieve this goal, this study focuses on perception gaps regarding the defining characteristics of family firms between managers working at the headquarters and managers working at national and foreign subsidiaries within a multinational family firm. In particular, the analysis centers on the

effects of increasing geographic and cultural distance¹⁰ on the perception of family influence of subsidiary managers and compares these perceptions with those of managers working at the firm's headquarters.

Since the defining characteristics of family firms depend on the actual influence of the owning families (Chua et al., 1999; Kets de Vries, 1993; Sirmon & Hitt, 2003), four separate, dependent variables are used as an operationalization of family influence. The first dependent variable measures family influence via the perceived pursuit of family-centered non-financial goals and values. The second dependent variable is based on a direct measurement of family influence. Direct implies, that the items included in the measure directly query, if the respondents perceive the firm as a family firm. The third dependent variable measures the family's influence on important decisions regarding the firm's strategy and operations. The fourth dependent variable measures the family's prominence, the extent to which managers personally know members of the family.

The main research questions of this study are:

- (1) Do managers at the family firm's subsidiaries perceive the firm as a family firm?*
- (2) Do the family firm's constituting characteristics differ across country-units within the same multinational firm?*
- (3) Do increasing cultural and geographical distances from the firm's headquarters effect both managers' perception of "being a family firm" and the firm's central characteristics?*

To answer these research questions, the applied quantitative methodology is based on an online survey comprising 359 managers working at 18 different locations (including the headquarters) within a single multinational family business. The data was analyzed using linear regression models.

This study (chapter 3) makes several important contributions to theory and practice. First, knowing the degree of shared or departing perceptions of goals, values, and guiding principles between headquarters and subsidiaries facilitates understanding of (family) firm behavior (Pukall & Calabrò, 2014). Moreover, taking varying levels of family influence into account helps researchers to better understand family firm heterogeneity (Chrisman et al., 2013) and hence facilitates comparisons within the group of family firms. Related to

¹⁰ The two independent variables geographic and cultural distance are frequently used in research on MNCs to analyze differences between the headquarters and subsidiaries (e.g., Campbell et al., 2012; Ghoshal & Nohria, 1989; Gomez-Mejia et al., 2010; Nohria & Ghoshal, 1994).

practice, an increased understanding of the perceptions of subsidiary managers helps in defining more effective and efficient incentive systems (Yaconi, 2001), leading to headquarters-desired behavior.

1.2.3 Non-family CEOs' discretion

There is abundant research on the effect of family and non-family CEOs on family firm performance, albeit far from unambiguous. Interestingly, albeit the high importance that family firms attach to non-financial goals, the dominating discussion in family business research on the actual effect of family and non-family CEOs has a strong focus on financial indicators like firm performance and financing (e.g., Anderson et al., 2003; Anderson & Reeb, 2003; Morck et al., 1988).

For instance, one recent finding of Naldi et al. (2013) is that the performance effect of family CEOs is context-sensitive, positive in an industrial setting and negative in a stock market setting. An earlier study of Hall and Nordqvist (2008) analyzing the effectiveness of family and non-family CEOs highlights the importance of their cultural competences. Zellweger (2007) found that, due to trust-based relationships, all-family management teams outperform their mixed counterparts. This finding is partly contradictory to research of Villalonga and Amit (2006), Miller et al. (2007), and Bloom et al. (2012), who found that founder descendants or family successors serving as CEOs are more likely to decrease firm value. Similar to Naldi et al. (2013), Bennedsen et al. (2007) taking business context into account, observed that family CEOs deteriorate firm performance. Studies of Bloom et al. (2012), Morck et al. (2000), and Perez-Gonzalez (2006) show similar results. Two remarkable studies of a more positive effect of succeeding family CEOs are Kowalewski et al. (2010) analyzing the performance effect of family CEOs in an emerging market economy and Chrisman et al. (2014) taking noneconomic and economic goals into account, arguing that family CEOs actually maximize overall utility, albeit reducing economic performance.

These very mixed results regarding the performance effect of family or non-family management suggest that too little attention has been paid to the underlying factors connecting management and performance outcomes. One of these factors is the actual goal set pursued by the management of the firm (Cyert & March, 1963). In the case of non-family managed family firms, both the controlling family and the non-family CEO interfuse a given family business with their own goals and values, two key determinants of

organizational behavior (Cyert & March, 1963) and subsequently organizational performance. This is the starting point for the present study (chapter 4), whose main objectives are, first, to investigate into the structure of the various goals pursued by family firms having a non-family CEO at the helm and, second, to analyze constraints to non-family CEOs' managerial discretion (Hambrick & Finkelstein, 1987), arising from family-centered goals and values (e.g., Berrone et al., 2012). Based on the assumption that "organizational goals are a series of independent aspiration-level constraints imposed on the organization by the members of the organizational coalition" (Cyert & March, 1963: 117), in the case of family firms, the goals and values of the family (the dominant coalition) imposed on the decisions of non-family CEOs, this study aims to uncover those characteristics of family firms that determine non-family CEOs' managerial discretion and to elaborate on the non-family CEO's influence on goals and values pursued and decisions taken as a reflection of his or her actual degree of managerial discretion. Particular attention is paid to the development of an understanding of how members of the family negotiate and interact with a non-family CEO in order to reach a consensus on the goals and values that will guide organizational behavior. Finally, a particular focus is placed on the question whether the family or the non-family CEO is the beneficiary party of this consensus.

CEOs are expected to create and present strategic alternatives to the family and thus can try to influence a firm's direction according to their own goals and hence should have an impact on firm performance. However, earlier population ecologists, e.g., Salancik and Pfeffer (1977) analyzing the discretion of mayors on city budgets and Lieberman and O'Connor (1972) studying the leadership impact on performance, could not find evidence for any managerial effect.¹¹ These contradictory outcomes imply that the characteristics of top executives, e.g. being a family member or not, don't serve as a single reliable predictor of firm behavior and outcomes (Hambrick & Finkelstein, 1987). As a consequence, researchers should take into account the level of managerial discretion to bridge these opposing research streams (Hambrick & Finkelstein, 1987). In chapter 4 (study 3), the concept of managerial discretion is applied to bridge the opposing results regarding family firm performance along with non-family management.

In general, the level of managerial discretion is determined by the degree (1) to which the environment permits variation and modifications, (2) to which the organization

¹¹ For a short review of the two studies, see Hambrick and Mason (1984).

is willing and capable to allow for an array of numerous actions and strategies, and (3) the degree to which the characteristics of the CEO¹² personally enable him or her to derive, create, and execute multiple choices (Hambrick & Finkelstein, 1987). The concept of managerial discretion has largely been applied in management and organizational studies (e.g., Finkelstein & Hambrick, 1990; Finkelstein & Peteraf, 2007; Hambrick & Abrahamson, 1995; Hambrick & Finkelstein, 1987; Hutzschenreuter & Kleindienst, 2013; Peteraf & Reed, 2007) and for the most part focused on environmental factors (Wangrow et al., 2015). This study (chapter 4) takes a different approach and concentrates on the organizational factors. This focusing is a well suited approach in the case of family firms, since the number of stakeholders, having a decisive influence on the organizational development, is more limited than in other types of organizations (Carney, 2005). This allows for a clear mapping of constraints to non-family CEOs' discretion, stemming from the family as the dominant coalition.

The main research questions of this study are:

- (1) How do non-family CEOs influence the pursuit of family-centered goals in family firms?*
- (2) How do family-centered goals and values constrain the degree of non-family CEOs' managerial discretion?*
- (3) How do family-centered goals and managerial discretion interact with the applied governance processes in order to influence strategic behavior and achieve families' and non-family CEOs' desired firm-level outcomes?*

The applied qualitative methodology is based on 27 interviews within 5 large German family firms. In each firm, interviews were conducted with non-family CEOs and family members holding an appointment at the firms' supervisory committees. These interviews were supplemented by 11 non-case specific expert interviews serving as triangulation of the final results. The data was analyzed using a cross-case content analysis.

This study's contribution is manifold. First, this study sheds some light on the interaction processes between the family and the non-family CEO depending on a formal or an informal governance system. Second, this study explains changes in the goal system

¹² More recent literature often focuses on the whole top management team (TMT) and its influence on organizational behavior and outcomes. We follow Hambrick and Mason (1984) and assume that the CEO is still credited the most power.

caused by the influence of a non-family CEO depending on his or her degree of managerial discretion. Third, by analyzing the boundaries of non-family managers' discretion set by the family, this study contributes to the understanding of family firm heterogeneity. Related to practice, this study helps both family members to pre-estimate potential effects of employing non-family CEOs on, e.g., the firm's strategy or culture, and non-family managers to pre-estimate their potential latitude of action as well as several idiosyncratic limitations concerning management in family firms that may be crucial for successful leadership.

2 SO WHAT IS MOST IMPORTANT FOR YOU? THE RELEVANCE OF DISTINCT NON-FINANCIAL GOALS IN FOUNDER AND LATER-GENERATION FAMILY FIRMS¹³

2.1 Chapter overview

Pursuing various non-financial goals is one key characteristic of family firms. In our empirical study based on a best-worst-scaling design comprising answers of 167 founders and later-generation family-managers, we examine the respondents' preferences for five non-financial goal dimensions and one financial goal dimension in satisfying or dissatisfying economic conditions. We find that the goals of founders and later-generation family-managers differ. In particular, founders attach less value to control and influence, to renewal of family bonds, and to emotional attachment. Moreover, unfavorable business environments alter not only the importance attributed to financial goals, but also heighten the importance of emotional attachment in decision-making.

2.2 Introduction

Family firms are one of the dominant forms of organizations around the world (La Porta et al., 1999) and, as such, have been in the center of recent entrepreneurship and management literature. Prior findings have identified that family firm behavior differs from that of other organizations, for instance with regard to internationalization (Graves & Thomas, 2008; Mitter et al., 2014), investments in research and development (Chrisman & Patel, 2012), or strategic conformity (Miller & Le Breton-Miller, 2005). These differences in organizational behavior are often traced back to one important idiosyncrasy of family firms, namely the pursuit of non-financial goals (e.g., Berrone et al., 2012; Gomez-Mejia et al., 2007; Kets de Vries, 1993; Tagiuri & Davis, 1996; Tagiuri & Davis, 1992).

Family firm researchers argue that family firm owner-managers, because of their stock of socioemotional wealth (Gomez-Mejia et al., 2007), do not only pursue financial, but also non-financial goals, such as the maintenance of family control (Gomez-Mejia et al., 2007), reputation of the family that closely identifies with the firm (Berrone et al., 2010), or the development of close, trust-based ties to firm-internal and external

¹³ This chapter is based on a working paper co-authored with Nadine Kammerlander.

stakeholders (Miller & Le Breton-Miller, 2005) (see also chapter 1.1). In particular, and in line with prospect theory (Kahneman & Tversky, 1979; Tversky & Kahneman, 1991), these non-financial goals have been argued to be particularly salient in “sunny times,” when firm performance is above the aspiration level and the economic outlook is favorable (Chrisman & Patel, 2012).

However, despite those conceptual and empirical advances of family business research, knowledge on the importance attributed to specific non-financial goals remains scarce (Chua et al., 2015; Miller & Le Breton-Miller, 2014; Schulze & Kellermanns, 2015). In particular, it remains unclear how specific non-financial goals and especially the importance thereof develop over time from founder to later-generation family firms (Schulze & Kellermanns, 2015) as well as how exactly the individual dimensions of non-financial goals change dependent on the favorability of the business environment. While some authors such as Gomez-Mejia et al. (2007) claim that socioemotional wealth considerations decrease from the founder stage to later family firm stages and economic returns come to the fore, other researchers, for instance Zellweger et al. (2012a) and Block et al. (2013), argue that the importance of non-financial considerations increases over time, even at the expense of financial performance. We propose that one of the root causes for this ambiguity in prior research is that non-financial goals have often been lumped together into umbrella concepts such as socioemotional wealth, without differentiating between the various types or dimensions of non-financial goals.

Indeed, most of the previous studies mainly focused on only one of the various non-financial goals, e.g., control (Gomez-Mejia et al., 2007; Kotlar et al., 2014; Zellweger et al., 2012a) or reputation (Berrone et al., 2010). The few available studies that investigate several non-financial goals simultaneously are mostly qualitative and case based (e.g., Kammerlander & Ganter, 2015; Kotlar & De Massis, 2013) or refrain from studying effects of *distinct* non-financial goals (Cabrera-Suárez et al., 2014). In sum, prior research does not allow to make generalized conclusions about the importance of specific non-financial goals in a given context. Moreover, there is a surprising lack of knowledge about what drivers might affect the relative importance of those non-financial goals. Most importantly, one could expect the preference for specific non-financial goals to depend on the business environment, i.e., the firm’s and the economy’s current performance and outlook (Chrisman & Patel, 2012; Koszegi & Rabin, 2006) as well as the generation that is active in the firm (Duran et al., 2015). Given this state of the family business literature, we ask the following research questions:

How is the importance attributed to specific non-financial and financial goals in family firms affected by (a) the generation at the helm of the company and (b) the favorability of the business environment?

Answering those research questions is important to advance literature on founder and later-generation family firms, as it will enable making more nuanced claims on the importance of non-financial goals in family firm decision-making and will also serve as important step to explain behavioral heterogeneity among family firms. In the following, we derive hypotheses on the effect of generation as well as the favorability of the business environment on the importance of non-financial and financial goals. We test our hypotheses based on 167 survey answers of founders and later-generation family-managers, designed in a best-worst scaling approach. Most importantly, we find that in founder-led firms, control and influence, identification with the firm, emotional attachment, and renewal of family bonds through dynastic succession are less important whereas binding ties and financial performance are more important than in later-generation family firms. We also reveal that, in favorable business environments, more value is attached to family control and influence, identification, binding ties, and renewal of family bonds and less value is attached to emotional attachment and financial goals as compared to unfavorable business environments.

Our research aims to make at least three contributions to extant literature. First, we contribute to research on non-financial goals in family businesses (e.g., Berrone et al., 2012; Chua et al., 2015; Schulze & Kellermanns, 2015) by shedding light on the different priorities attributed to the various dimensions of non-financial goals of founders and later-generation family managers. An increased understanding of the importance that family firm leaders attach to the different dimension will further the understanding of family firm behavior. Specifically, disentangling the aggregated nature of non-financial goals might allow to better predict a great number of possible positive and negative outcomes such as customer loyalty, quality leadership, but also risk aversion and even dysfunctional conservatism, nepotism, or strategic stagnation (Miller & Le Breton-Miller, 2014). Second, by studying how founder-led firms differ from other types of family firms, we also contribute to understanding heterogeneity among the group of family firms (Chua et al., 2012) and address how the emphasis on coexistent financial and non-financial goals alters as ownership and control is handed over to later generations (Kotlar & De Massis, 2013;

Schulze & Kellermanns, 2015). Third, following calls for replication and for application of multi-method approaches we scrutinize prior findings of preference reversals, that is that non-financial goals dominate in “sunny days” and financial goals dominate in “rainy days” (e.g., Chrisman & Patel, 2012). Going beyond those previous advances, we argue and show that not all non-financial goals are similarly affected by unfavorable business environments. Lastly, our study makes a methodological contribution by introducing best-worst scaling, an approach developed by marketing scholars, that allows to investigate rank orders, into family business and entrepreneurship research (Louviere & Woodworth, 1990; Schlereth et al., 2014).

2.3 Theoretical background

Family firms, socioemotional wealth, and the pursuit of non-financial goals

Research on non-financial goals in family firms has a long history. Already the first published articles about family firms, defined as firms in the hands of one or few family members, noted the importance of non-financial goals (Kets de Vries, 1993; Lee & Rogoff, 1996; Tagiuri & Davis, 1992). Family firms are described as being especially inclined towards non-financial family-centered goals (Carney, 2005; Gomez-Mejia et al., 2007; Kets de Vries, 1993) such as a long-term perspective, nurturing of family internal talent, and an emphasis on developing and maintaining trusted relationships with stakeholders (Lee & Rogoff, 1996; Miller & Le Breton-Miller, 2003; Miller et al., 2008; Sirmon & Hitt, 2003; Zellweger et al., 2013). The reason thereof is that family members as the dominant coalition interfuse the family firm with their goals and values, two key determinants of organizational behavior (Chrisman et al., 2013). Consequently, the pursuance of non-financial goals, besides financial ones, is an important part of the utility function in family firms (Anderson & Reeb, 2003; Fama & Jensen, 1983; Gomez-Mejia et al., 2001) and the accentuation of these family-centered non-financial goals is one major characteristic that makes family firms unique (Berrone et al., 2012). For instance, Gomez-Mejia et al. (2007), studying the behavior of Spanish oil mills, found that family firms are indeed willing to forgo financial gains in order to satisfy their non-financial needs. In a similar vein, it has been argued and shown that non-financial considerations might affect diversification decisions in family firms (Gomez-Mejia et al., 2010), the decisions to implement environmental-friendly practices (Berrone et al., 2010), or to sell shares to outsiders

(Zellweger et al., 2012a), as well as investments in research and development (Chrisman & Patel, 2012) and proactive stakeholder orientation (Cennamo et al., 2012).

In an effort to build theory on family firms beyond prior agency-theoretical arguments and to theoretically account for family firms' pursuance of non-financial goals, Gomez-Mejia et al. (2007) introduced the notion of the family firm's socioemotional wealth, defined as "the stock of affect-related value that the family has invested in the firm" (Berrone et al., 2010: 82). Theoretically, this concept is embedded in the behavioral agency model derived by Wiseman and Gomez-Mejia (1998) that unifies central elements of agency theory, prospect theory, and behavioral theory of the firm (Gomez-Mejia et al., 2011b).

Disentangling non-financial goals

Socioemotional wealth has often been labeled as an "umbrella construct" (e.g., Cennamo et al., 2012; Deephouse & Jaskiewicz, 2013; Miller & Le Breton-Miller, 2014) that lumps stocks and flows of several distinct non-financial aspects together. In an effort to uncover the individual dimensions that represent socioemotional wealth, Berrone et al. (2012) disentangled five dimensions of this umbrella construct. Despite the existence of alternative categorizations (e.g., Debicki, 2012; Miller & Le Breton-Miller, 2005), extant family firm research provides ample evidence for the existence and importance of each of those five dimensions. Specifically, those dimensions are: (1) Business family members commonly desire to maintain *family control and influence*. Family control and influence thereby characterizes the family members' ability to significantly control the decision making process within the firm, for example the power to appoint key management as well as supervisory board positions, to decide on the firm's overall strategy, and to remain independent from third parties (Chua et al., 1999; Gomez-Mejia et al., 2007; Klein et al., 2005; Lee & Rogoff, 1996). (2) Second, family members strive for future *renewal of family bonds through dynastic succession*, which refers to the intention to pass the family business on to the next generation (Miller & Le Breton-Miller, 2005; Zellweger et al., 2012a; Zellweger et al., 2012b). This intention entails a long-term orientation, longer planning horizons, and the evaluation of investments on a long-term basis (Berrone et al., 2012; Le Breton-Miller & Miller, 2006; Sirmon & Hitt, 2003). (3) *Emotional attachment to the firm* refers to affective considerations of managers in family firm decision-making. For example, emotional evaluations based on traditions and family experiences are frequently seen as prominent as pure rational evaluations (Zellweger & Astrachan, 2008).

Researchers have argued and shown that family members feel emotionally attached to their firm and, consequently, aim to preserve certain values, traditions, and assets (König et al., 2013; Sharma & Manikutty, 2005). (4) *Identification with the firm* relates to the overlap of the family system and the business system, resulting in an idiosyncratic family firm identity (Zellweger et al., 2010). Family members commonly aim to preserve their identification with the family firm and thus engage in decision-making that fosters their desired image and reputation, e.g., as acting environmentally friendly or valuing corporate citizenship, and enables them to continuously identify with the family firm (Allen & Meyer, 1990; Carlock & Ward, 2001; Klein et al., 2005). (5) Lastly, family members strive to build up and maintain *binding social ties*, which refer to the social network that enables the firm to create and sustain strong reciprocal relationships not only with employees and the community but also with suppliers, vendors, and other business partners (Cennamo et al., 2012; Miller & Le Breton-Miller, 2005).

Although most family firm research seems to converge on which non-financial goals are of importance for family members, the measurement thereof, and in particular the operationalization of socioemotional wealth, has increasingly been criticized (Chua et al., 2015; Miller & Le Breton-Miller, 2014; Schulze & Kellermanns, 2015). Most frequently, the strength of socioemotional wealth has been equated with the ownership stake of the owning family in prior research (Block et al., 2013; Miller & Le Breton-Miller, 2014; Zellweger et al., 2012a), thereby assuming co-variance of all non-financial goals, which is not necessarily the case. Indeed, several recent publications (e.g., Hauck & Prügl, 2015; Kammerlander & Ganter, 2015) showed that specific dimensions of non-financial goals can have different effects on family firm behavior.

Heterogeneity regarding non-financial goals among family firms

While family firm research has called for increased attention to heterogeneity in family firm behavior (Chua et al., 2012), research on the conditions under which specific goals dominate in family firm decision-making is still in its beginnings. At the core of this burgeoning research stream is the assumption that the predominance of specific goals depends on the firm's economic situation (e.g., Gomez-Mejia et al., 2014; Gomez-Mejia et al., 2015). While, in general, in family firms the most important reference point is the family's socioemotional wealth (Berrone et al., 2012; Gomez-Mejia et al., 2007), and, as such, decision-making is driven by non-financial considerations, those preferences are likely reversed in case of inferior economic performance, since, in such situation the firm

and consequently also the socioemotional endowments related to the family firm are perceived to be at stake (Chrisman & Patel, 2012; Gomez-Mejia et al., 2014). The reason for such shifts of goal priorities is that the framing of the situation, in particular whether a social or historical aspiration level has been met, puts decision makers in either a situation of loss aversion or risk aversion (Pepper & Gore, 2012) and thus alters decision-making preferences (Kahneman & Tversky, 1979; Koszegi & Rabin, 2006; Larraza-Kintana et al., 2007; Tversky & Kahneman, 1991). Yet, besides the finding that non-financial goals, in general, lose in importance when the firm's economic situation worsens, knowledge on this topic is still scarce. Most importantly, we lack knowledge about whether each of the various dimensions of non-financial goals that researchers have identified (e.g., Berrone et al., 2012; Debicki, 2012) decreases equally in importance when performance declines.

Moreover, researchers have pointed to the important role of first-generation versus later-generation family control on family firm goals, behavior, and subsequently firms performance (e.g. Anderson & Reeb, 2003; Gomez-Mejia et al., 2007; Miller et al., 2007; Schulze & Kellermanns, 2015) and thus have revealed important distinctions between founder and later-generation family firms (Duran et al., 2015; Miller et al., 2011; Villalonga & Amit, 2006). The underlying assumption is that each generation has its own values and accordingly pursues different strategies constitutive of e.g., emphasizing either financial or non-financial goals (Gersick et al., 1997; Gomez-Mejia et al., 2007; Le Breton-Miller & Miller, 2013; Miller & Le Breton-Miller, 2014). Yet, up to date, research is ambiguous about how the importance of non-financial goals develops across generations (Schulze & Kellermanns, 2015).

2.4 Hypotheses development

Founder firms versus later-generation family firms

Previous research has shown that founder-led firms substantially differ from later-generation family firms, for instance with regard to their firm performance (Miller et al., 2007; Villalonga & Amit, 2006), risk-taking behavior (Zahra, 2005), or innovation (Block et al., 2013; Duran et al., 2015). With regard to the importance attached to non-financial goals, there is an ongoing debate among family firm scholars, whether such focus on non-financial goals increases (Zellweger et al., 2012a) or decreases (Gomez-Mejia et al., 2007) across generations. Berrone et al. (2012: 270) suggest that this inconsistency in theory might be resolved by “examin[ing] which factors play a role in determining the weight

placed on the different dimensions [of non-financial goals].” In the following, we will build on literature on psychological ownership (Pierce et al., 2001) as well as research on founder characteristics (Cannella et al., 2015; Fahlenbrach, 2009; Jayaraman et al., 2000; McClelland, 1965; Miller et al., 2011) to derive nuanced hypotheses on the temporal development of each of the above mentioned goal dimensions.

We first argue that the importance of family members attributed to *control* over and *influence* in the family firm likely grows over time. The reason for this lies in loss aversion (Tversky & Kahneman, 1991) and the associated endowment effect (Kahneman et al., 1990) as well as psychological ownership (Pierce et al., 2001). The first stream of research explains that individuals do not want to cede control over “things” that they own and that this effect strengthens during the period of ownership (Strahilevitz & Loewenstein, 1998). The second stream of literature claims that the level of perceived psychological ownership increases over time. Literature on family firms proved that the concept of psychological ownership is also applicable to the context of family firms (Astrachan & Jaskiewicz, 2008; Bernhard & O'Driscoll, 2011) and it has claimed and shown that, indeed, owner-managers' valuation of ownership of their family firm rises over time (Dehlen et al., 2014; Kammerlander, 2014). Hence, later generation members of the owning family often employ a large set of mechanisms such as pyramidal family business group structures (e.g., Almeida & Wolfenzon, 2006; Morck & Yeung, 2003) or dual class shares (Masulis et al., 2011) in order to maintain the control over their firm¹⁴. In short, we argue that:

H1a: The importance attributed to the non-financial goal “control and influence” is valued as more important by later-generation family firm managers as compared to founder managers.

Second, we propose that also *renewal of family bonds* referred to as the desire to hand over the business to the next generation and an overall long-term orientation of the firms (Berrone et al., 2012) becomes more important over time. That is, while some founders might build their business with the explicit desire to hand over the business to their offspring (Block et al., 2011; Miller et al., 2011) there is still an ongoing scholarly debate about whether family firms are actually “born” as such or “made” to such (Chua et

¹⁴ At the same time, the level of control that founders exert on their businesses is often lower than commonly assumed. For instance, the discretion of founders is severely limited by venture capitalists and other investors such as banks.

al., 2004). Indeed, one can assume that the desire to transfer the business to the children might develop over time. While founding generation members might still be ambiguous about the goal of renewal of family bonds, this changes for the subsequent generations. The reason is that a “legacy” builds up (Zahra, 2005) and that many family members will believe that this legacy needs to be continued. In other words, no one wants to be “the generation that sold the family business”. Moreover, founders typically focus more on firm issues than on family issues (Miller et al., 2011) and more often than later generations consider cashing out their firm by selling it or by engaging in an IPO (Begley & Boyd, 1987; Busenitz & Barney, 1997; Krueger, 1993; Villalonga & Amit, 2006). We thus expect:

H1b: The importance attributed to the non-financial goal “renewal of family bonds” is valued as more important by later-generation family firm managers as compared to founder managers.

Third, we continue to argue that the importance attributed to *emotional attachment* does not change over time. The root cause lies in two competing mechanisms. First, similar to the mechanisms described above, we assume that due to psychological ownership, the emotional attachment of family members to the firm might increase over generations (Dehlen et al., 2014; Shu & Peck, 2011). Moreover, this emotional attachment often is further nurtured by legacy building (Jaskiewicz et al., 2015) that evolves through storytelling within the family (Kammerlander et al., 2015b). Furthermore, social identity theory (Ashforth & Mael, 1989) suggest that the identity of a family and that of a founder lead to different organizational characteristics (Sundaramurthy & Kreiner, 2008). While later-generation family firms are rather familial, collective (Chrisman et al., 2005b), and influenced by family cohesion, a founder firm’s identity often is an expansion of the identity of the founder himself (Wasserman, 2006), who attempts to keep family issues e.g. intra-family conflicts and emotional considerations in decision-making off the business (Cannella et al., 2015). On the other hand, however, founders do not only have their money invested in the firm (Anderson et al., 2003), but they also dedicated high levels of personal effort into the foundation of the business. As such, they are directed by emotional considerations and often regard their firm as “their baby” (DeTienne, 2010; Wasserman, 2003) with strong emotions involved. We believe that, on average, those two counteracting

mechanisms will neutralize each other so that the importance given to emotional considerations will not change over time.

H1c: The importance attributed to the non-financial goal “emotional attachment” is valued as important by later-generation family firm managers as compared to founder managers.

Fourth, a similar argumentation as for emotional attachment is also considerable for *identification* with the family firm. On the one hand, identification might increase due to psychological ownership (Dehlen et al., 2014; Pierce et al., 2001) and legacy building (Jaskiewicz et al., 2015). In addition, it is likely that later-generation family firm owner-managers are already “infused” by family firm values and identify with these values from their early childhood (Kammerlander et al., 2015b), e.g., when they visited their parent’s company or in frequent debates over business issues at “the dinner table.” In other words, due to their long-term shared history with the firm, later-generation family members increasingly identify with the family firm as part of their endowments of socioemotional wealth (Chua et al., 2004; Sharma et al., 1997; Zellweger et al., 2012a). In addition, following the argumentation of social identity theory and organizational identification (Ashforth & Mael, 1989), later-generation family firms rather than founder firms focus on reputation and image (Cannella et al., 2015), both part of the goal dimension of identification with the firm. However, as stated above, also founders might particularly identify with “their baby” (DeTienne, 2010; Pierce et al., 2001) and build their identification around the firm since they have devoted a lot of time and vigor to nurture the business. This is—in contrast to later-generation family members—even more so as, during the firm’s foundation process, they were personally able to decide on central aspects of the firm, such as the its name, location, and products.

H1d: The importance attributed to the non-financial goal “identification with the firm” is valued as important by later-generation family firm managers as compared to founder managers.

Fifth, we propose that while founders attach high values to *binding ties*, this importance decreases over time. During the early stages of a business, founders need a vast number of resources e.g., information, capital, or human resources that can only be

obtained via outside entities (Dubini & Aldrich, 1991). That is, founders have to actively engage in building up a social network to get access to these resources (Greve & Salaff, 2003) and to increase the probability of firm survival (Brüderl & Preisendörfer, 1998). Moreover, founders often do not (yet) involve family members in the firm (Cannella et al., 2015) and, subsequently, dedicate more attention to family-outside contacts. As the number of family members active in the firm likely increases from founder to later-generation family firms, family-internal resources that stem from the interplay between the family and the business (e.g., Habbershon & Williams, 1999; Sirmon & Hitt, 2003) might become more dominant over time and replace the importance of family-external ties. In addition, founders are often personally involved in selecting partners and hiring employees that are employed in the firm, not only in top management positions or supervising committees. Such personal involvement in the process might tighten their relationship to firm-external and internal stakeholders and give those ties a “personal” in addition to the professional note.

In short, we argue that:

H1e: The importance attributed to the non-financial goal “binding ties” is valued as less important by later-generation family firm managers as compared to founder managers.

Sixth, we argue that the importance of *financial goals* decreases over time. In line with the rank order of an individual’s basic motivation (Maslow, 1943), the most important need of a founder is to make the business work. As long as the business does not perform properly, founders have only very limited possibilities to deal with further e.g., non-economic concerns. Stated differently, a baseline condition for the pursuit of non-financial goals is a sufficient level of growth and a satisfactory level of profit (Gordon, 1961) in the early stages of the business. Since newly founded businesses often suffer from a liability of newness, this concern becomes less relevant for later-generation family members, who can benefit from the existing assets and dividends associated with the ongoing business operations. Moreover, due to the history of the firm, later-generation family members might be also more aware of the business cycles and ups and downs and thus more able to accept that profit cannot grow each year. This argumentation is also in line with previous empirical findings that founders have a strong desire to grow their firm (Fahlenbrach, 2009), and when occupying a management position seem to be gain seeking and are “primarily related to a firm’s (...) growth and performance” (Block et al., 2013: 192), both

rather financial goals. Thus, following the reasoning that founders are rather inclined to the firm's growth and performance than its survival (Block et al., 2013) and that founder firms often outperform later-generation family firms (Miller et al., 2007), we argue that:

H1f: The importance attributed to financial goals is valued as less important by later-generation family firm managers as compared to founder managers.

Framing of the context and the importance of financial and non-financial goals

Besides the generation at the helm of the company, also the environmental favorability is likely to influence the importance attributed to specific goals. At the aggregate level, prior research (e.g., Chrisman & Patel, 2012) has already shown that non-financial goals in general seem to be considered as more relevant in case that firm performance is above (as compared to below) the aspiration level. In the following, we will build on family firm research (e.g., Astrachan & Jaskiewicz, 2008; König et al., 2013), psychology literature (Epstein, 1994, Gordon and Arian, 2001), and theory of loss aversion (Kahneman et al., 1991; Tversky & Kahneman, 1991) to hypothesize on the effects of economic unfavorability on the individual dimensions of non-financial goals.

First, we argue that family firms are more willing to give up family *control and influence* when the family firm's economic situation is unsatisfactory. To overcome the challenges posed by poor economic performance, firms are often in need of additional cash. Such money is then invested, for instance, in purchasing new machineries, developing new products, or marketing campaigns to increase competitive advantage or to finance and survive phases of financial loss. We propose that in phases of poor performance, family members are threatened by the risk of losing the family firm as a whole (Gomez-Mejia et al., 2007; Kahneman & Tversky, 1979) and thus the perceived need to raise such external capital will outweigh the need to keep control in the hands of the family. Moreover, dissatisfying firm performance and a pessimistic outlook into the future, often go along with and are an indicator of a changing business environment (e.g., in terms of customer needs or business models), which renders new capabilities necessary that are not easily available within the firm and/or the family (König et al., 2013). In order to be able to overcome such challenges and acquire the crucial capabilities, family firm owner-managers likely agree to cede control and influence to stakeholders or managers outside the family and/or the firm, who might be more familiar with the new business requirements (e.g., Daily & Dollinger, 1992; Gedajlovic et al., 2004).

H2a: The importance attributed to “control and influence” is valued as less important by family firm owner-managers when the business environment is unfavorable (as compared to favorable).

Second, we also propose that the desire of family firm owner-managers to pass on the business to a next generation member likely decreases in case of poor economic performance. The reason thereof is twofold: First, in case of poor performance and a pessimistic outlook, the family firm owner-managers likely want to protect their children from the business. In other words, they become reluctant to put the “burden” (Zellweger et al., 2011) to take over and lead a poorly performing business to their children. Second, as literature has revealed, parental altruism often induces family firm owner-managers to appoint their children as managers even if they fall short in managerial competences as compared to the best family-external candidate (Schulze et al., 2001) that might be better prepared for the job, given the larger pool of external versus internal candidates (Dehlen et al., 2014). While family firm owner-managers might deliberately compromise on competences under favorable economic circumstances, it is likely that “talent” becomes more important than “family membership” under unfavorable circumstances, since the focus on competences instead of blood ties will increase the chances of firm survival.

H2b: The importance attributed to “renewal of family bonds” is valued as less important by family firm owner-managers when the business environment is unfavorable (as compared to favorable).

Third, we argue that *emotions* become more important when the business environment is unfavorable as compared to a favorable business environment. While a tough business environment might require some decisions that harm family members’ emotions (e.g., sales of the historical family firm core), it is likely that family members refer to their emotional attachment in bad times and use it as legitimation for their own, continued involvement into the family business. Indeed, family members might replace or mentally compensate the (unsatisfactory) financial returns by “emotional returns” (Astrachan & Jaskiewicz, 2008) in unfavorable times. The argument that emotions become more important in “rainy days” as compared to “sunny days” is also in line with research

on politics and psychology that proposes that emotions dominate in times of crises or threat (Epstein, 1994; Gordon & Arian, 2001).

H2c: The importance attributed to “emotional attachment” is valued as more important by family firm owner-managers when the business environment is unfavorable (as compared to favorable).

Next, we propose that the *identification* of family members with the family business—and thus also their emphasis put on goals related to identification—diminishes in times of poor economic performance. The underlying reason for this argument is that if the family firm performs worse than its competitors or, likewise, if the family business is active in a sector that underperforms in comparison to other sectors, this might harm the family firm’s external reputation (Honey, 2009). The respective family members likely fear that with decreasing performance the increasingly negative image of the family firm amongst peer entrepreneurs or as displayed in the media, might spill over to their private life and thus their reputation as family entrepreneurs (Berrone et al., 2010). Consequently, family firm owner-managers will aim to reject any private responsibility for the family firm’s lack of success and thereby separate the “business circle” from the “family circle” (Habbershon et al., 2003; Tagiuri & Davis, 1992) by de-emphasizing their identification with the family firm in order to detach the firm’s reputation from their private reputation.

H2d: The importance attributed to “identification with the firm” is valued as less important by family firm owner-managers when the business environment is unfavorable (as compared to favorable).

Moreover, we suggest that the importance attributed to *binding ties* increases in times of poor economic performance. Family firm owner-managers that suffer from their firm’s lacking success might emphasize the goal of retaining and increasing their network access because of the following reasons: First, they might hope to receive rather unbureaucratic support and advice from network partners, such as suppliers or customers (McDonald & Westphal, 2003). Second, family firm owner-managers might find it encouraging to learn about the current problems that their peers suffer from and also potential best practices to tackle those challenges. This chain of argumentation is also in

line with findings from individual psychology that suggest that in times of crises, people largely rely on their network and the support thereof (Walsh, 1996).

H2e: The importance attributed to “binding ties” is valued as more important by family firm owner-managers when the business environment is unfavorable (as compared to favorable).

Lastly and in line with prior research (e.g., Chrisman & Patel, 2012) we argue that *financial goals* become more important under poor economic performance. In such “rainy days” family owner-managers are likely in a state of loss aversion (Kahneman & Tversky, 1979). As such, they are sensitive to potential future losses, which they aim to avoid. The most threatening potential loss in such situation is the ultimate failure of the business, as the discontinuity of the business operations would also entail a complete loss of socioemotional wealth. The underlying reason is that without continuing business operations, the value of transgenerational intentions, identification with and emotions related to as well as control over the family firm become obsolete (Gomez-Mejia et al., 2007). As such, family firm owner-managers are likely to emphasize financial over non-financial goals when the economic situation is unfavorable.

H2f: Family firms will attribute more importance to “financial goals” when the business environment is unfavorable (as compared to favorable).

2.5 Methodology

Research design

In order to test our above outlined hypotheses, applying best-worst scaling¹⁵—a survey-based experimental design (Louviere and Woodworth (1990)—is most appropriate (Louviere & Islam, 2008; Louviere et al., 2013). In a best-worst scaling (BWS) approach, also referred to as Max-Diff (Maximum-Difference) Conjoint Analysis, respondents receive an online-based survey in which they are confronted with a specific real-life scenario and several decision options out of which they are asked to choose their “best” and their “worst” option (see Appendices A to D for details on the design). In our specific study design, we asked founder and later-generation family owner-managers to make

¹⁵ More specifically, in this study we apply the so called case 1 design (Louviere et al., 2013).

trade-off decisions between the specific non-financial goals as well as financial goals under either a favorable (randomly assigned half of the participants) or an unfavorable (randomly assigned other half of the participants) framing of the firm's economic environment (see Appendices A and B for exemplary scaling tasks).

Best-worst scaling (BWS) enables us to concurrently observe preferences for the non-financial goal dimensions and to also include financial decision options. Specifically, best-worst scaling is an extension of the traditional choice-based conjoint analysis (Green et al., 2001; Green & Srinivasan, 1978), especially of the method of paired comparisons (Moore & Lehmann, 1989), grounded in Random Utility Theory (Thurstone, 1927). While traditional choice-based conjoint analysis only asks for the most preferred ("the best") option, BWS prompts the study participants to mark their best and worst option (Finn & Louviere, 1992) resulting in more fine-grained information. Specifically, BWS assumes that the best-worst pair chosen by a respondent, reflects the pair with the maximum difference on an underlying latent preference scale (Louviere & Islam, 2008).¹⁶

Prompting respondents to choose a best and a worst option mitigates common weaknesses of traditional rating or ranking tasks (Cohen, 2003) and enables us to measure individual (relative) preferences across several distinctive groups, in this study for example founders or later-generation family firm managers, since the distortion effects stemming from individual ranking and rating (ipsative measures) behaviors are partly eliminated in this design (Baumgartner & Steenkamp, 2001). Furthermore, the application of a BWS-design, in particular its trade-off mechanism between best and worst options, decreases social desirability bias (Auger et al., 2007), a problem that is likely to occur when studying goal preferences. Lastly, BWS reveals additional information, precisely the worst item, compared to that obtained in traditional choice-based conjoint analysis with only marginally increasing the cognitive efforts of our research participants (Flynn, 2010; Louviere & Islam, 2008; Yoo & Doiron, 2013).

When describing the task to the respondents we took care to avoid any potential distortion by confounding effects. For instance because respondents might assume that one of the non-financial goal options is particularly costly or particularly beneficial to increase the firm's financial performance, we explained in the introductory description that all subsequent decisions related to non-financial goals entail the same financial consequences

¹⁶ The underlying statistics of BWS assume that the distance between the best option and the worst option is proportional to its relative choice probability (Flynn et al., 2007).

for the business and emphasized that all decision options incorporate the same implementation costs.

Sample

Our sample contains two different groups of individuals: first, to pretest the questionnaire, we built on a student sample with students who major in entrepreneurship, both with and without a family business background¹⁷; second, a sample of family business owner-managers was used to test the derived hypotheses. In order to pretest the questionnaire, students were contacted via the university network. Building on 36 fully answered questionnaires of students allowed us to conduct effective yet cost-efficient pre-tests (Perdue & Summers, 1986). Based on the detailed feedback of the students, slight adaptations to the wording of the survey were made.

To build up the sample of founders and later-generation family firm managers, we first identified e-mail addresses of firm managers and owners of firms headquartered in one specific European region. We thereby relied on Bureau van Dijk's Orbis database and restricted our search to firms with an individual or family being the ultimate owner. In total, we received 300 complete datasets, thereof 167 answers of individuals that identified their firm as a "family firm" (those replies were used to test our hypotheses) and that were either founders or later-generation family managers of the respective firm.

Survey design and data collection

We collected the data with a web-based questionnaire using the online survey tool of Sawtooth Software¹⁸. The survey started with a brief situational description to establish either the positive or negative framing with a random assignment of the participants to one of these two groups. For the negative framing, the firm's situation was characterized by high uncertainty, loss, and performance below a reference point (see Appendix C for exact wording). Accordingly, in the positive framing the firm's situation was characterized by low uncertainty, gain, and performance above a reference point. To make sure that the respondents keep the framing in mind when performing the best-worst scaling task, we added a short summary as remainder of the context on top of every decision-set and furthermore displayed a graphic showing a downward spurt regarding the negative framing or an upward spurt to support the positive context, accordingly (see Appendix E).

¹⁷ Details on the pretest-sample and the pretesting procedure are available from the author.

¹⁸ www.sawtoothsoftware.com.

The respondents were then asked which decision option they, as family firm decision makers, would assume as “best” or “worst.” For instance, they could choose among decision options that would allow them to “grant employees generous benefits,” to “keep the company independent from third parties,” or to “maintain constant sales growth.” Appendix D lists all 18 decision-making options (three options for each of the five non-financial goal dimensions and three options representing financial goals) that were used in this study¹⁹. In line with best practice on BWS (Chrzan & Patterson, 2006; Orme, 2005), the respondents were asked to make a total of twelve trade-off decisions, in which they had to choose the “best” and the “worst” of five presented decision options. As such, each of the eighteen decision-making options was offered to each respondent for at least three times.

To gather information on the generation of the respondent and other individual and firm-level factors that might affect the decision-making, the respondents were asked to complete a short questionnaire on idiosyncratic family business characteristics (Klein et al., 2005) and individual respondent characteristics, e.g., gender, education, being the founder or a member of the owning family, and commitment to the family firm (see Appendix E for an abbreviated questionnaire). The questionnaire was presented to the respondents as the last part of the survey in order to avoid any bias resulting from that questionnaire (Perdue & Summers, 1986).

Measures

Dependent variables

To create the dependent variables, i.e. preference scores for each non-financial as well as financial goal dimension, a multi-step data preparation process was required. The raw data included information on which item (i.e. decision-making option) each respondent selected as best and which as worst option in each of the twelve trade-off scenarios. Building on

¹⁹ To create this list of decision-making options referring to non-financial goals, first, extant literature was searched for studies on non-financial goals of family firms and resulting strategic decisions. As a second step, the two authors independently clustered the decision options according to the non-financial goal dimensions and marked those three options per non-financial goal dimension that appeared most substantial and applicable to a broad range of family firms. In case of deviations, we discussed the underlying rationale until consensus was reached. Third, three fellow researchers with profound experience in family firm research were asked to double-check the assignment of options to non-financial goals. As language has been shown to be an important predictor of decision-making (Harzing, 2005), native speakers translated the decision options into the respective language of the country. Moreover, our objective was to keep the wording of the options as neutral as possible to avoid any bias resulting from the specific decision options' wording.

random utility theory (RUT) (McFadden, 1974; Thurstone, 1927) we can assume that a given respondent i attributes a certain utility $U_{ij,t}$ (consisting of observable attributes as well as a stochastic component) to each element j of a choice set $t=\{1,2,\dots, K\}$. The general form of a random utility model reads as follows (Erdem et al., 2012):

$$\text{Random utility model } (U_{ij,t}) = \beta_i X_{ij,t} + \varepsilon_{ij,t}$$

with β_i being the respondent i 's utility parameter, $X_{ij,t}$ being the vector of attributes and $\varepsilon_{ij,t}$ being a random stochastic component. Given the specific design of a BWS analysis, we can assume that respondents will pick those two choices j and k (one as best and one as worst) that have the maximum difference in utility (Louviere et al., 2013; Louviere & Woodworth, 1990). Building on those assumptions, we follow Erdem et al. (2012) and derive the following equation for the probability that respondent i chooses j as best and k as worst value:

$$\text{Probability } (j \text{ is chosen best and } k \text{ is chosen worst}) = \frac{e^{U_{ij,t}-U_{ik,t}}}{\sum_{l=1}^J \sum_{m=1}^J e^{U_{il,t}-U_{im,t}}}$$

Replacing $U_{ij,t}$ with $\beta_i X_{ij,t} + \varepsilon_{ij,t}$ and multiplying the probabilities not only of one but of all (in our case: twelve) trade-off scenarios leads to the following equation (Erdem et al., 2012):

$$\text{Probability } (\text{sequence of choices}) = L_i(\beta_i) = \prod_{t=1}^K \frac{e^{\beta_i X_{is,t}}}{\sum_{r=1}^J e^{\beta_i X_{ir,t}}}$$
²⁰

Multiplying this equation by a density function of individual utility parameters and integrating it, finally leads to the probability choice function P_i , which refers to the probability that an individual selects a specific sequence of choices conditional on the specific population distribution (Erdem et al., 2012). As there is no analytical solution to this integral (Brownstone & Train, 1998), we apply a Hierarchical Bayesian analysis, based on Monte Carlo Markov Chain algorithms, to estimate parameters.²¹

²⁰ In our specific research design, K equals 12.

²¹ For a similar approach and a more detailed explanation of the presented formulas, please see Erdem et al. (2012).

In a final step, the raw utility functions, that are the output of this Bayesian analysis, are transformed using zero-centered weights²² and then rescaled by a constant multiplier: the rescaled scores provided in our results section (see Tables 2 and 3) present positive values ranging from 0 to 100 that sum up to exactly 100. The higher the score, the more preferred the specific item is. Given the interval-like scale, one can even claim that, for example, an item with score 10 is half as much preferred as an item with score 20. In order to test our hypotheses, we had to aggregate the individual item preference scores to the formative preference scores for each of the six dimensions (i.e., five non-financial and one financial dimensions). Given the interval-type character, it was possible to add up the individual preference scores of the three respective items that were associated with each dimension. Those steps resulted in preference scores for each of the five non-financial as well as the financial goal dimension. The scores were available on an individual (used for subsequent regression analysis) as well as on an aggregate (used for descriptive analysis) base.

Independent variables

Data on the firm's economic situation was generated from a randomly assigned manipulation at the beginning of the BWS questionnaire. To do so, we confronted the study participants with one of two distinct situations, either a positive ("1") or a negative ("0") description of the economy in general and the firm's performance in particular (see Appendix C for exact wording). To ensure that our framing yields the intended effect, we followed the suggestion of Shoham and Fiegenbaum (2002) and combined three sub-dimensions of reference points: internal, external, and temporal. First, the firm's current sales and revenues as proxy for its resources reflected the internal dimension. Second, the firm's competition and competitors reflected the external dimension, and third, to account for a temporal dimension we included the overall development of the economy. Externally manipulating the economic situation (instead of asking the respondents for the actual economic situation of their own firm) is superior since such an approach mitigates effects of potential confounding variables, such as the respondent's education and entrepreneurial talent, which might affect both, firm performance and goal preferences.

²² The formula used to transform the raw utilities reads as follows: $\frac{e^{U_j}}{(e^{U_j+a}-1)}$. U_j represents the zero-centered raw weight for item j . Variable a represents the number of items shown per set (in this study, the number of items is 5) (Software Sawtooth, 2016).

In order to capture the respondent's generation, we included a dummy variable indicating whether the respondent of the survey was the founder of the company ("1") or a later-generation family manager ("0"). In addition, to ensure that we separated founder from later-generation family firms, we asked the respondents which generation is currently running the business and used this information to arrive at our final sample.

Control variables

We controlled for several variables that might influence the preferences for one or several goals. First, we asked the respondents to indicate their level of commitment to the firm based on a 7-item Likert-scale questionnaire, which was also used by prior studies (e.g., Chrisman et al., 2012). We included commitment as one could argue that family members that are more committed to the business have higher levels of non-financial goals. We also controlled for individual-level characteristics, such as the respondent's age (birth year), her or his gender (0 = female, 1 = male), and her or his education level, ranging from "1" to "6," with the lowest number indicating no formal school degree and the highest number relating to a PhD degree. We furthermore included a dummy capturing potential variance caused by industries (0 = reference group; 1 = firm active in services). Next, we also controlled for firm size, measured as the number of employees working for the family firm. Lastly, we control for the family's actual influence on the company. This variable is measured by using a 4-item, Likert-scale questionnaire asking, for instance about the actual family influence on the firm's strategy, reorganization both the organizational and operational structure, and appointing key management positions.

2.6 Results

Descriptives

Table 1 shows the descriptives of our data. Overall, the control variables show only low levels of correlation. An analysis of the VIF (variance inflation factor) values shows that VIFs are all far below the threshold of 10 with a maximum value of 1.19 and a mean of 1.09 (Hair et al., 2006), indicating only low levels of multicollinearity. On average, respondents of our survey were 49 years old. 12.9% of them were female. 63.2% of the respondents had at least a bachelor degree. The firms were mostly active in the service sector (25.21%) followed by the manufacturing and production sector (19.9%). 60.8% of

our respondents were founders and 39.2% were later-generation family members. On average, the firms of our respondents employed 66 employees.

TABLE 1: DESCRIPTIVES

Variable (obs.=167)	Mean	SD	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1 Positive Framing	0.49	0.50	1													
2 Commitment	4.71	2.33	0.0465	1												
3 Age	49.35	9.94	-0.0728	0.0013	1											
4 Gender	0.87	0.34	-0.0019	-0.1539*	0.0356	1										
5 Education	3.99	1.32	0.0987	0.0937	-0.0502	0.0933	1									
6 Service Dummy	0.26	0.44	0.0686	-0.0201	0.0124	0.0628	0.0951	1								
7 Size	66.04	299.24	0.0633	0.1068	0.0980	-0.0129	0.1448	-0.0827	1							
8 Family Influence	0.14	0.09	0.0852	-0.1847*	-0.0536	-0.0574	-0.0335	-0.0962	0.0021	1						
9 Founder	0.61	0.49	-0.0209	-0.1200	0.0963	0.2283*	-0.0490	0.2443*	-0.1501	-0.0760	1					
10 Control and Influence	21.23	8.27	0.2554*	-0.0189	-0.1063	0.1783*	-0.0253	-0.1067	0.1558*	0.1029	-0.1764*	1				
11 Identification	16.83	6.94	0.2161*	0.1193	0.0581	-0.0012	0.0421	0.0159	-0.0441	-0.0504	-0.1033	0.0244	1			
12 Binding Ties	20.24	8.47	0.0713	0.0353	-0.0115	-0.2554*	-0.0091	0.0862	-0.1614*	0.0504	0.1897*	-0.4421*	-0.1795*	1		
13 Emotional Attachment	10.23	7.22	-0.1057	0.1198	-0.0722	0.0694	-0.0987	0.0770	-0.0070	-0.0958	-0.1376	-0.1352*	-0.1666*	-0.2635*	1	
14 Renewal of Family Bonds	13.16	8.34	0.4877*	0.0162	0.0712	0.0690	0.0298	-0.1283	0.1581*	0.0258	-0.2726*	0.4933*	0.3401*	-0.4495*	-0.0987	1
15 Financial Goals	18.30	14.39	-0.5375*	-0.1398*	0.0343	-0.0267	0.0316	0.0404	-0.0614	-0.0323	0.2681*	-0.5582*	-0.5223*	0.1491*	-0.1272	-0.7348*

Correlations with absolute values greater or equal than .1398 are significant at the .05 level.

Tables 2 and 3 show the aggregated preference scores for the five non-financial goal dimensions and the financial goal dimension for both founders and later-generation family managers that were presented either the positive or the negative framing.²³ In founder firms that were presented the positive framing, four of the five non-financial dimensions are preferred to the financial dimension. The most important dimension is control and influence with a score of 22.785 followed by the dimension binding ties with a score of 21.910. The third most important dimension is identification of family members with the firm with a score of 18.202. The fourth most important dimension is renewal of family bonds with a score of 15.859. The fifth most important dimension is financial goals with a score of 13.635 and the least important dimension is emotional attachment with a score of 7.608. In the negative framing, the financial dimension with a score of 28.323 becomes the most important dimension. The second and third most important dimensions binding ties and are control and influence with scores of 21.301 and 17.646. The fourth most important dimension is identification of family members with the firm with a preference score of 14.443. The two least important dimensions are emotional attachment and renewal of family bonds with scores of 11.326 and 6.692.

In later-generation firms that were presented the positive framing, each non-financial goal dimension is preferred to financial goals (6.065). As for founder firms, the most important dimension is control and influence with a score of 24.212. Renewal of family bonds (21.343) is in second place, followed by identification (20.120), binding ties (18.221), and emotional attachment (10.039). In the negative framing, control and influence stays ahead with a score of 21.301 followed by financial goals (20.106), binding ties (16.598), and identification (15.987). To two least important goal dimensions are emotional attachment (13.277) and renewal of family bonds (12.731).

²³ In order to scrutinize the reliability of our results, we re-ran the analysis based on a logit analysis, instead of hierarchical Bayes. The analysis provided similar results with respect to the ranking of goal dimensions and magnitude of each goal dimension.

TABLE 2: HIERARCHICAL BAYES INDIVIDUAL PREFERENCE ORDER FOR FOUNDER FIRMS

Order of Preference	Positive Framing Ratio Scale	Goal Dimension	Negative Framing Ratio Scale	Goal Dimension
1	22.785	Control and influence	28.323	Financial goals
2	21.910	Binding ties	21.301	Binding Ties
3	18.202	Identification	17.646	Control and Influence
4	15.859	Renewal of family bonds	14.443	Identification
5	13.635	Financial goals	11.326	Emotional attachment
6	7.608	Emotional attachment	6.692	Renewal of family bonds

TABLE 3: HIERARCHICAL BAYES INDIVIDUAL PREFERENCE ORDER FOR LATER-GENERATION FAMILY FIRMS

Order of Preference	Positive Framing Ratio Scale	Goal Dimension	Negative Framing Ratio Scale	Goal Dimension
1	24.212	Control and influence	21.301	Control and influence
2	21.343	Renewal of family bonds	20.106	Financial goals
3	20.120	Identification	16.598	Binding ties
4	18.221	Binding ties	15.987	Identification
5	10.039	Emotional attachment	13.277	Emotional attachment
6	6.065	Financial goals	12.731	Renewal of family bonds

Multivariate regressions

In order to test the above outlined hypotheses, we applied multivariate regression techniques using the STATA mvreg command (see Table 4). Multivariate regression is most appropriate for our study since the six studied outcome variables—the preference scores for the non-financial and financial goals—are not independent from each other. The dependent variables are the preference scores for the non-financial goal dimensions “family control and influence” (Model 1), “renewal of family bonds” (Model 2), “emotional attachment” (Model 3) “identification of family members with the family firm” (Model 4), and “binding ties” (Model 5) as well as “financial goals” (Model 6). In Models “a” only the control variables are included, whereas in Models “b”, the two independent variables are added.

In Model 1a, gender is positively and significantly related to the importance attributed to control and influence ($\beta = 4.261$; $p < 0.05$). Furthermore size has a positive and significant effect on family control and influence ($\beta = 0.004$; $p < 0.05$). Lastly, family influence has a positive and marginally significant effect on family control and influence

($\beta = 11.646$; $p < 0.1$). In Model 1b, the independent variable founder is negatively and significantly related to family control and influence ($\beta = -3.392$; $p < 0.05$). In other words, later-generation family firm managers attach more value to the dimension of influence and control as compared to founders. Thus, H1a is supported. The independent variable positive framing is positively and significantly related to family control and influence ($\beta = 4.337$; $p < 0.001$). That is, family firm owner-managers assign less value to control and influence in an unfavorable as compared to a favorable economic situation. Thus, the result provides support for H2a.

In Model 2a, the service dummy has a negative and significant association with renewal of family bonds ($\beta = -3.080$; $p < 0.05$). In Model 2b, the independent variable founder is negatively and significantly related to renewal of family bonds ($\beta = -4.682$; $p < 0.001$), indicating that later generation family members attach more value to the renewal of family bonds than founders. Thus, H1b is supported. Furthermore, positive framing is positively and significantly related to renewal of family bonds ($\beta = 9.263$; $p < 0.001$), indicating that the renewal of family bonds is of lower importance given unfavorable economic circumstances. Thus, H2b is also supported.

In Model 3a, commitment positively and significantly relates to the importance attributed to emotional attachment ($\beta = 0.510$; $p < 0.05$). In Model 3b, the independent variables positive framing and founder negatively and significantly relate to the dimension of emotional attachment ($\beta = -2.820$; $p < 0.05$) and ($\beta = -2.438$; $p < 0.05$). Thus, the results support H2c, yet do not support H1c. Contrarily to what we expected, emotional aspects play a more dominant role in later generation as compared to founder-led family firms.

In Model 4b, the generation dummy has a negative, yet only marginally significant relationship to identification with the firm ($\beta = -2.113$; $p < 0.1$), hence providing weak support for H1d. The positive framing is positively and significantly related to the dimension of identification with the family firm ($\beta = 3.957$; $p < 0.001$), indicating that family firm owner-managers identify less with their firm under unfavorable economic circumstances. Thus, H2d is supported.

In Model 5a, gender and size are negatively and significantly related to binding ties ($\beta = -4.509$; $p < 0.05$) and ($\beta = -0.004$; $p < 0.05$). In Model 5b, the independent variable founder is positively and significantly related to binding ties ($\beta = 4.065$; $p < 0.01$), indicating that later generation family firm members attribute less importance to binding ties as compared to founders. Thus, H1e is supported. The independent variable positive

framing does not significantly relate to binding ties ($\beta = 0.712$; $p > 0.1$), leading us to reject H2e.

In Model 6a, commitment has a negative and significant effect on the importance attributed to financial goals ($\beta = -1.345$; $p < 0.01$). In model 6b, the independent variable founder has a positive and significant effect on financial goals ($\beta = 8.561$; $p < 0.001$), indicating that later-generation family managers attribute less importance to financial goals as compared to founders. Thus, H1f is supported. Moreover, the independent variable positive framing negatively and significantly relates to financial goals ($\beta = -15.449$; $p < 0.001$), thus indicating that financial goals become more important in “rainy days” and supporting H2f.²⁴

²⁴ In order to scrutinize the reliability of our results, we re-ran the OLS regressions based on a count analysis, instead of Hierarchical Bayes (HB). The analysis provided similar results with respect to the direction, magnitude, and significance of the effects. As a second robustness test, we re-ran the OLS regression (values based on HB) analysis for each of the 18 decision options (without aggregating them to the related goal dimension). The results for the respective three options that form one of the six goal dimensions were similar with respect to the direction, magnitude, and significance of the effects compared to the related aggregated goal dimensions.

2.7 Discussion

In this study on the non-financial goals in family firms we used a best-worst scaling approach to analyze the value attached by family firm members, more precisely founder and later-generation family owner-managers, to the various dimensions of non-financial goals. These goal dimensions are control and influence, renewal of family bonds, emotional attachment, identification of family members with the firm, and binding ties. By adding a financial goal dimension, we were furthermore able to study the order of preferences not only concerning non-financial goals but also their relation to a financial dimension.

Preference order of non-financial goals

While literature on socioemotional wealth has identified the above-mentioned five dimensions of non-financial goals in family firms (Berrone et al., 2012), we show that they are not perceived as equally important by family members. Specifically, we find that the desire to maintain the family's control and influence is the most important dimension of non-financial goals in family firms, followed by binding ties, financial goals, identification of family members with the firm, renewal of family bonds, and the least important dimension emotional attachment.²⁵ This order of preferences contributes to revealing the hierarchy of needs (Maslow, 1968) in family firms and might thus hopefully stimulate further research on the priorities of goals in family firms.

While this study is, to the best of our knowledge, the first one to study relative importance attributed to different dimensions of non-financial goals, the revealed preference order is surprisingly in accordance with empirical findings in other settings, namely the rank order of motivational factors of employees (Alpander & Carter, 1991). Based on Herzberg's Two-factor Theory (Herzberg, 1966) and Maslow's hierarchy of needs (Maslow, 1968), Alpander and Carter (1991) illuminated five categories that motivate employees: The need for economic security (which is closely related to financial goals of family managers in our study), the need for control (related to control and influence), the need for recognition (related to identification of family members), the need for personal self-worth (related to emotional attachment), and the need to belong (related

²⁵ This order of preferences relates to the aggregated scores shown in Tables 2 and 3 (irrespective of both the framing and the differentiation between founder firms and later-generation family firms. Summing up the scores for the financial as well as each non-financial goal dimension results in the following order of preferences: (1) Control and Influence (42.865), (2) Binding Ties (39.726), (3) Financial Goals (35.948), (4) Identification (33.792), (5) Renewal of Family Bonds (26.875), and (6) Emotional Attachment (20.795).

to binding ties).²⁶ According to their findings, the need to control is the most outstanding motivating factor, followed by economic security, and belongingness. The least motivating factors are recognition and personal self-worth, the latter one being the tailight.

Heterogeneity of family firms

Moreover, we add to the literature on heterogeneity in family firms (e.g., Chua et al., 2012) and literature on founders (Miller et al., 2011) by differentiating between family firms led by founders as opposed to later stage family members as well as by varying the favorability of the economic environment. Interestingly, the explained variances (as shown in Table 4) show that the control and independent variable explain only 10.7% for the dimension of emotional attachment, but up to 41.9% for renewal of family bonds. This might be a strong indicator that some of the non-financial goals of family firms might be more stable than others, which strongly depend on the life cycle or economic condition of the family firm. This finding does not only open up interesting research areas for further researchers, but also calls for caution about which operationalization of non-financial goals to use in future research.

A major contribution of our study is disentangling the effect of generation on the importance of non-financial goals. While non-financial goals are at the core of family business research (e.g., Berrone et al., 2012; Gomez-Mejia et al., 2007; Kets de Vries, 1993; Tagiuri & Davis, 1996; Tagiuri & Davis, 1992), extant research remains ambiguous about whether the family's focus on non-economic, socioemotional aspects decreases or increases over time (e.g., Block et al., 2013; Gomez-Mejia et al., 2007; Schulze & Kellermanns, 2015; Zellweger et al., 2012a). More specifically, we find that while overall financial goals and binding ties become less important over generations and hence time, several dimensions of non-financial goals (i.e., control and influence, renewal of family bonds, emotional attachment) gain in importance. Others (i.e., identification with the firm) remain rather constant. By showing that founders differ in their preferences regarding socioemotional wealth and financial goals we also contribute to the understanding of family firm performance. Recent family firm research (Anderson & Reeb, 2003; Miller et al., 2007) has shown that first-generation family firms outperform later-generation family firms. Interpreting those results through the lens of our study might indicate that those findings could also be explained by different priorities of founder vs. later-generation

²⁶ Due to the focus of Alpaender and Carter (1991) on employees, there is no category to match renewal of family bonds.

family firms. That is, founder firms theoretically might not be more effective than or superior to later-generation family firms in general, but they are just more focused on the achievement of ambitious financial goals.

Moreover, in line with findings of prior literature (Chrisman & Patel, 2012), being either in a favorable or an unfavorable situation leads to a reversal of family firms' goal preferences. In a favorable situation non-financial goals clearly dominate, whereas financial goals prevail in a negative situation. As such, the results of our study provide a replication of prior findings, yet based on a different methodological approach. But by differentiating between the various dimensions of non-financial goals, we also extend (as compared to merely replicate) prior findings. Interestingly, even the preference order of non-financial goals changes based on the framing of the context. Renewal of family bonds, for instance, is of very little importance when the economic outlook is rather pessimistic. However, in an optimistic outlook its importance rises from the least to the second most important goal in later-generation family firms and soars two places to fourth in founder firms. Emotional considerations, however, seem to substantially gain in importance when the economic situation worsens.

2.8 Limitations, further research, and conclusion

As any empirical investigation, our study comes along with several limitations, which open up interesting areas for further research. First, the decision options presented in our study are based on current literature on non-financial goals and socioemotional wealth in family firms. One could imagine that there are even more decision options or non-financial considerations that are of substantial importance to family firm decision makers but which are not considered in this study (Miller & Le Breton-Miller, 2014). Future research might be dedicated to reveal further non-financial goals considered by family managers.

Moreover, further family-related factors such as prevailing conflicts among family members in family firms (Kellermans & Eddleston, 2004) as well as personality of the family members in charge (Kammerlander et al., 2015a) might affect the priority given to specific goals and should, as such, be included in further research. Lastly, the priority given to specific non-financial (as well as financial) goals might be affected by a firm's culture (Hofstede et al., 1990), for instance the level of collectivism (Lansberg & Astrachan, 1994) or available resources (Zahra et al., 2004) might be decisive in which goals are preferred.

With this research we aim to make an important step towards a better understanding of the individual dimensions of non-financial goals of family firms—the most dominant form of organizations worldwide. Our findings reveal not only a general rank order of financial and non-financial goals but also illustrate how they depend on both the family firm’s life cycle and context. We hope that those insights will stimulate further nuanced research on non-financial goals not only in family but also in non-family firms.

3 LIGHTHOUSE OR IVORY TOWER? DIFFERENCES IN FAMILY FIRM PERCEPTION BETWEEN HEADQUARTERS AND SUBSIDIARIES²⁷

3.1 Chapter overview

The overlap of the family system and business system creates unique organizational characteristics. However, little is known on how managers in multinational enterprises vary in their perception of these characteristics. In this cross-national, empirical study, based on 359 managers of a multinational family firm we analyze perception differences between managers working at the headquarters and subsidiaries. We find that growing geographical distance between headquarters and subsidiaries decreases the perception of managers to work in a family firm. Moreover, we find that growing geographical distance increases perception differences regarding the dominant goals, values, and norms found at the headquarters and subsidiaries.

3.2 Introduction

A family firm's unique characteristics and hence its heterogeneity stems from the interplay of the family system and the business system (Melin & Nordqvist, 2007; Tagiuri & Davis, 1996). According to systems theory (e.g., Buckley, 1967) goals and values of family firms are instilled by the values of the owning families (Gomez-Mejia et al., 2011b; Lansberg, 1983; Tagiuri & Davis, 1992). As such, owning families define the firms' fundamental characteristics: its mindsets, goals, and values (Chua et al., 1999; Kets de Vries, 1993). These characteristics can be described as the fundamentals of a family firm, comprising the family's impact not only on goals and values but also on the firm's vision, strategy, and unique, inseparable resources and capabilities (Berrone et al., 2012; Chrisman et al., 2003; Chrisman et al., 2005a; Habbershon et al., 2003).

It is these resources, capabilities, goals, and values of family firms, e.g. their long-term orientation, trusting relationship with customers and suppliers, or their independence from third parties within the decision-making process (Berrone et al., 2012; Gomez-Mejia et al., 2007), that are made responsible for the success and particularity of family

²⁷ This chapter is based on a working paper co-authored with Alwine Mohnen and Nikolai Brosch.

businesses (e.g., Chrisman et al., 2013; Gomez-Mejia et al., 2011b; Miller & Le Breton-Miller, 2005).²⁸ Thus, to explain heterogeneity between family firms and non-family firms as well as within the group of family firms, family business scholars build on these goals and values (e.g., Kets de Vries, 1993; Tagiuri & Davis, 1992), unique resources and capabilities (e.g., Sirmon & Hitt, 2003), and discretion enabled by the unique interaction between the family and the business (e.g., Chrisman & Patel, 2012; Gomez-Mejia et al., 2007).

Prior research, however, builds on the implicit understanding that the identified unique resources, goals, and values as guiding principles are homogenous within the same (family) firm. Hence, prior research implicitly assumes that the influence of the family is similarly pronounced and perceived by managers within the whole firm. Whilst this may be true for small enterprises with a focus on domestic markets, large multinational (family) enterprises, operating in several countries, likely experience varying degrees of available resources and perceived values at its headquarters and foreign subsidiaries (Birkinshaw et al., 2000; Hofstede, 1994; Hofstede, 2001; Kogut & Singh, 1988; Monteiro et al., 2008). Moreover, these multinational companies (MNCs) are characterized by high levels of geographic and cultural diversity (Bouquet & Birkinshaw, 2008; Ghoshal & Bartlett, 1990; Hofstede, 1980), resulting in heterogeneous environmental and resource contingencies (Ghoshal & Nohria, 1989). The involved increasing information-processing demands and information asymmetries decrease the efficiency of monitoring system and may hinder alignment of goals and values at subsidiaries with those at the firm's headquarters (Asmussen & Goerzen, 2013; Gomez-Mejia et al., 2011b; Shenkar, 2001).

Thus, the question arises if the influence of the family and hence the associated capabilities, resources, and goals are actually similarly pronounced and perceived within a multinational (family) firm. That is, since the goals and values guide the way that various resources and capabilities, stemming from the interplay of the family and the business (and thus constitute familiness), are allocated and utilized (Gomez-Mejia et al., 2011b), differences in the perception of important goals and values at home and host countries of a MNC may lead to different behavior at headquarters and subsidiaries. Headquarters might place greater weight on non-economic goals due to the strong family influence compared to subsidiaries that might place greater weight on short-term profits, yielding distinctive types of resources (Dierickx & Cool, 1989). This raises the importance to understand

²⁸ For an overview of family firm characteristics, please see chapter 1.1.

whether managers in subsidiaries perceive different goals and values or differ in the importance attached to guiding principles and norms compared to their colleagues located at the headquarters.

However, to the best of our knowledge, research on family firms does not inquire into differences regarding managers' awareness of the firm as being a family firm and the different goals and values perceived at headquarters and subsidiaries. Following a recent call of Jaskiewicz and Luchak (2013: 1366) to "foster more research on the micro level of analysis in family firms" and the surprisingly scarce knowledge on divergences of perceptions within multinational firms (Chini et al., 2005), we aim to shed light on both the differences between managers' perceptions in headquarters and subsidiaries and on how geographical and cultural distances influence a multinational family firm's coverage with goals and values esteemed by the headquarters and instilled by the owning family.

Based on a cross-national, cross-cultural survey comprising 359 managers within the same multinational family firm, we investigate on the research questions:

- (1) Do managers at the family firm's subsidiaries perceive the firm as a family firm?*
- (2) Do the family firm's constituting characteristics differ across country-units within the same multinational firm?*
- (3) How do increasing cultural and geographical distances from the firm's headquarters effect both managers' perception of "being a family firm" and the constituting characteristics?*

This study intends to make several contributions to theory and practice. First, given the strong influence of managers on decision-making (Finkelstein & Hambrick, 1990; Hambrick & Mason, 1984), examining variations in managers' perceptions of the guiding principles, norms, and values is important to enhance understanding of organizational behavior and firm performance. To know about shared or diverging goals in family firm headquarters and subsidiaries increases the understanding of how strong the family's influence actually impacts the behavior of host country subsidiaries and thus helps explaining heterogeneity not only between family firms but also within a single multinational enterprise.

Second, knowing the extent to which international subsidiaries differ from the firm's headquarters in their perception of the guiding principles or more broadly in the perception of subsidiary managers of working in a family firm is relevant, because it determines to

what extent foreign subsidiaries are actually integrated into the core family business and, in particular, “to what degree the family firm specific characteristics spillover on the foreign subsidiaries” (Pukall & Calabrò, 2014: 118). Even if family firm specific resources, generated at the headquarters, can be transferred to host countries, they alone are not sufficient to create competitive advantages. They also have to be managed efficiently (Barney, 1991; Sirmon & Hitt, 2003). It is therefore important to know and understand differences in the perceptions of guiding principles of managers working at headquarters and subsidiaries. Stated differently, the consideration of managers’ perception differences in multinational family firms helps family members and headquarters’ managers to establish the capabilities needed to transfer competitive advantages from their home country to various host countries.

Related to practice, managers in family firms will benefit from an increased understanding of the influencing factors that account for regional differences in their workforce, like organizational commitment and its satisfaction level. This may help managers to better allocate scarce resources like management attention (Cyert & March, 1963) and to shape incentive systems that more accurately meet local requirements. Moreover, an understanding of the significance that managers in different locations give to certain goals and values helps to foster not only their commitment (Yaconi, 2001) but also increases the firms attractiveness for potential applicants by the ability to better shape the firms public image (Zellweger et al., 2010).

Lastly, we add to the scarce literature on the effect of geographical distance (Baaij & Slangen, 2013; Harzing & Noorderhaven, 2006) on goal diversity in multinational (family) firms.

3.3 Theoretical background

Goals, values, and the unique resources and capabilities of family firms

The unique sets of goals and values, explained by the influence of the families, facilitate and guide organizational behavior in family firms (Lansberg, 1983). Goals “are the value premises that can serve as inputs to decisions” (Simon, 1964: 3). Values “(1) serve the interests of some social entity, (2) they can motivate action—giving it direction and emotional intensity, (3) they function as standards for judging and justifying action, and (4) they are acquired both through socialization to dominant group values and through the unique learning experiences of individuals” (Schwartz, 1994: 21). In addition, values not

only “align organizational effort with the overall enterprise objectives, but also define a community to which individuals want to belong” (Bartlett & Ghoshal, 2002: 36). Hence, values constitute a central part of a firm’s culture (Dyer, 1988; Hofstede et al., 1990; Schein, 1984) and serve as reference point for individuals and organizations (Posner et al., 1985; Schwartz & Bilsky, 1987). The family as the dominant coalition of a family firm (Chua et al., 1999; Cyert & March, 1963; Hambrick & Mason, 1984) accounts for the implementation of a corporate culture consisting of values and behavior esteemed by the family (Zahra et al., 2004). Thus, research on family firms focuses intensively on the idiosyncratic characteristics and available resources due to the systemic interaction between the family and the business that distinguishes family firms from non-family firms (Habbershon et al., 2003; Habbershon & Williams, 1999; Miller & Le Breton-Miller, 2005; Tagiuri & Davis, 1992).

To determine family firms’ “distinctiveness” or “particularism” (Carney, 2005), scholars on family firms developed three constructs: the essence of a family firm, the family’s socioemotional wealth, and familiness (Dawson & Mussolino, 2014).²⁹ The overall result of the interaction between the family and the firm can be described as the essence of a family firm (Chrisman et al., 2003). The essence comprises not only the transgenerational intention of family members to exert a dominating influence over the firm, but also the firm’s idiosyncratic resources and capabilities, resulting from family involvement in order to pursue a long-term vision (Chrisman et al., 2003). This definition can be complemented with family-centered goals and values (Berrone et al., 2012). For example, Kammerlander and Ganter (2015) recently showed that differences in the perception of what defines a family business e.g., decision-makers’ values and beliefs, substantially effects firm behavior. In this regard, the concepts of socioemotional wealth (Berrone et al., 2012; Gomez-Mejia et al., 2007) and familiness (Habbershon & Williams, 1999; Sirmon & Hitt, 2003) have gained immense attention in family firm research (for an overview see Gomez-Mejia et al. (2011b)).

The family’s socioemotional wealth refers to the affective needs of family members (Gomez-Mejia et al., 2007) and comprises several dimensions of non-financial goals and values that serve as reference point for family firm behavior and describe the distinguishing feature of family firms (Berrone et al., 2012). Goals and values related to the family’s socioemotional wealth are, e.g., to remain in control and exert influence over

²⁹ For a review and discussion on the three constructs, e.g. their overlap and separation, please see Dawson and Mussolino (2014).

the firm's vision and strategy and to continue the business as family business over generations (Le Breton-Miller & Miller, 2006; Zellweger et al., 2012a).

The collectivity of a family firm's unique resources and capabilities can be described as its familiness, which is inseparably tied to the interplay between the family and the firm (Habbershon et al., 2003). Habbershon and Williams (1999: 11) refer to a family firm's familiness as its "unique bundle of resources a particular firm has because of the systems interaction between the family, its individual members, and the business." Examples of these resources and capabilities are the potential for trusting relationships (Cennamo et al., 2012), lower cost of capital (Habbershon et al., 2003), independent and efficient decision-making (Carney, 2005; Miller & Le Breton-Miller, 2005), high amounts of social capital (Arregle et al., 2007; Sirmon & Hitt, 2003), and patient capital (Anderson et al., 2003; Dreux, 1990).

Yet, socioemotional wealth as well as familiness is a double-edged sword, also comprising potential negative effects. These negative effects are termed "constrictive familiness" (Habbershon & Williams, 1999) and "restricted socioemotional wealth" (Miller & Le Breton-Miller, 2014). Examples of these negative effects of family influence are capital constraints that limit a family firm's ability to invest in R&D (Duran et al., 2015) or to internationalize (Fernández & Nieto, 2005; Gomez-Mejia et al., 2014). Moreover, the family's influence may lead to strategic stagnation and inferior growth (Miller & Le Breton-Miller, 2014).³⁰

Internationalization

Family firms embody the worldwide dominant form of organizations (Gomez-Mejia et al., 2001; La Porta et al., 1999), and great many generate their sales and revenues not only in their home countries but also internationally (Gallo & Garcia Pont, 1996; Simon, 1996; Zahra, 2003). To be more specific, two-thirds of all family firms in the world and approximately eighty-five percent of all German family firms generate sales abroad (Bartels et al., 2014). These multinational enterprises, defined as "a group of geographically dispersed and goal-disparate organizations that include its headquarters and the different national subsidiaries" (Ghoshal & Bartlett, 1990: 603) employ people according to their global footprint in its headquarters as well as in its worldwide subsidiaries.

³⁰ For more details on the negative effects of socioemotional wealth, please see chapter 1.1.2.

The interconnection of the global economy necessitates international value creation to defy competition (Birkinshaw et al., 2000). The internationalization of business activities enables both family and non-family firms to exploit global growth potential, thereby reducing the dependency on local markets (Gomez-Mejia et al., 2010). At the same time, internationalization enables (family) firms to diversify their business risk across countries (Kim et al., 1993), in particular compared to purely domestic firms (Fatemi, 1984). In the case of family firms, international expansion is an important step to reach and secure two major goals of these firms, sustainable growth (Gallo & Sveen, 1991; Kontinen & Ojala, 2010) and the family's long-term orientation (Pukall & Calabrò, 2014; Zahra, 2003).

The unique characteristics of family firms have important implications for the internationalization processes (Arregle et al., 2012; Gallo & Sveen, 1991; Gomez-Mejia et al., 2010). Research has shown that family firms indeed differ in their way to internationalize from both, other family firms, e.g., dependent on family involvement (percentage of ownership) and governance structures (number or percentage of non-family executives) (Arregle et al., 2012) and non-family firms. Regarding the latter, important differences have been found concerning the 'when', 'where', and 'how' family firms tend to internationalize.

Regarding the 'when', family firms tend to internationalize at a slower pace and at later stages of their lifecycle (Gallo & Garcia Pont, 1996; Gallo & Sveen, 1991). Regarding the 'where', in accord with the Uppsala model (Johanson & Vahlne, 1977) of internationalization, Gomez-Mejia et al. (2010) showed that family firms first internationalize in geographically as well as culturally close countries before entering more distant countries. These decisions can be explained by a strong centralization of decision-making process (Gomez-Mejia et al., 2010) and a strong relatedness to the headquarters' region (Berrone et al., 2010; Pukall & Calabrò, 2014). This behavior of family firms suggests that geographic as well as cultural distance indeed play a role in the considerations of family firms.

The question of 'how' to internationalize refers to the mode of entry, e.g., greenfields versus acquisitions and joint ventures (Harzing, 2002). Since greenfields enable the headquarters to exert high levels of control (Harzing, 2002) and to exert high levels of control is highly esteemed by family firms (Gomez-Mejia et al., 2007; Schulze et al., 2003a; Schulze et al., 2001), greenfields are most likely to be the preferred entry mode of family firms. Greenfields better enable the family to preserve the family's influence and

control at host countries and thus their socioemotional wealth to a higher extent compared to acquisitions or joint ventures (Gomez-Mejia et al., 2010).

Generally, the underlying factors for these differences between family and non-family firms are often rooted in socioemotional wealth considerations (Gomez-Mejia et al., 2010; Kontinen & Ojala, 2010). Gallo and Sveen (1991: 182) propose that “the ability of a family business to maintain its family-owned character may be challenged by internationalization” and Zahra (2003: 498) assume that “internationalization may alter the firm’s labor force, values and organizational culture.” Several authors (e.g., Chua et al., 2015; Gomez-Mejia et al., 2014; Gomez-Mejia et al., 2015) argue that decision-making in family firms entails trade-offs between potential gains in one dimension of socioemotional wealth and both losses in other dimensions and economic benefits.

Internationalization can be described as such a trade-off. That is, family businesses have to balance their need for international growth as well as to diversify business risk (Zahra, 2003) and their very own need to secure the family’s socioemotional wealth. For example, giving up family control due to the need of external expertise and funding in the process of internationalization (Gomez-Mejia et al., 2010) may be balanced or even overcompensated by (economic benefits) securing a healthy business for the next generation or sustainable growth.

3.4 Hypotheses development

Prior research has demonstrated systematic perception gaps between headquarters’ and subsidiary managers within multinational firms, for instance regarding the autonomy of R&D laboratories (Asakawa, 2001), the importance of local business networks (Holm et al., 1995), and information flows between headquarters (HQ) and subsidiaries (Chini et al., 2005). Birkinshaw et al. (2000: 322) even “expect to see significant differences in opinions between HQ and subsidiary managers on just about everything.” In the following, we focus on perception differences regarding the perception of working in a family firm as well as unique goals and values in family firms.

Theoretically, an unrestricted flow of information and frequent communication between managers at the firm’s headquarters and subsidiaries are baseline conditions for a common understanding of goals and values inside the whole MNC (Ghoshal & Bartlett, 1990; Ghoshal & Nohria, 1989; Nohria & Ghoshal, 1994). As Ouchi (1980: 138) states, these “common values and beliefs provide the harmony of interests that erase the

possibility of opportunistic behavior.” However, there are several factors responsible for impediments to the transfer of information and a common understanding (Birkinshaw et al., 2000; Chini et al., 2005; Monteiro et al., 2008). Some of them are especially salient in multinational family firms, e.g., centralization as leading type of family firm governance, latent and complex goals, or values related to the family’s socioemotional wealth. Others, like geographic and cultural distance, apply to all types of multinational enterprises.

Centralization

“The headquarters represents the strategic apex of the MNC. Ultimate responsibilities for strategic direction, decision-making, and overall coordination rest with the headquarters” (Ghoshal et al., 1994: 99). Headquarters in multinational firms fulfill critical functions e.g., strategic planning, strategic control, and financial control to secure the functioning and effective operation of the firm (Chandler, 1991).

This is especially true for family firms since these firms are supposed to have a strong focus on their headquarters (Berrone et al., 2010; Fernández & Nieto, 2005).³¹ Family firms are centralized, hierarchical organizations (Gallo & Garcia Pont, 1996; Le Breton-Miller & Miller, 2009; Tagiuri & Davis, 1996) and compared to non-family firms have more centralized decision-making processes (Morris et al., 1997). Centralization is “the extent of hierarchical authority exercised by the headquarters over various subsidiary decisions” (Nohria & Ghoshal, 1994: 492). Moreover, “centralization is the least expensive administrative mechanism in that it permits administration by fiat” (Ghoshal & Nohria, 1989: 327), the preferred governance mechanism found at family firms (Gomez-Mejia et al., 2010). Due to centralization and local embeddedness of family members (Gallo & Garcia Pont, 1996; Gallo & Sveen, 1991), the family is a substantive part of the firm at its headquarters, whereas, if at all, a more symbolic component at the firm’s subsidiaries (cf., Zellweger et al., 2010).

That is, family members value to have the headquarters close to the family members’ residence (Kahn & Henderson, 1992) and hence are most likely to have their office at the headquarters, resulting in higher accessibility and visibility than at other firm locations. This accessibility enables managers to communicate directly and informally with the family, enabling managers to grasp and understand latent goals and values (of the family) (Hendry, 2002). The family then serves as reference point or role model that guides

³¹ In this study, the firm under examination has several subsidiaries that are geographically close to its headquarters and hence the company is deeply embedded in the local community.

organizational behavior by demonstrating how to embrace change and take advantage of opportunities in the environment (Eddleston, 2008). Hence, managers and employees at subsidiaries, who are not in direct contact with family members or to a much lower degree than their colleagues at the headquarters, may have difficulties in understanding and implementing the goals and values esteemed at the headquarters. Finally, centralization limits subsidiaries' inclination to communicate with the headquarters (Ghoshal et al., 1994), and hence lowers the exchange of information, two key mechanisms to achieve shared beliefs and values (Ghoshal & Bartlett, 1990; Ghoshal et al., 1994).

To summarize, because of the centralization of family firms, we expect that both the prominence of family members and the goals and values are more distinct at the headquarters and hence lead to differences in subsidiary and headquarters managers' perceptions.

Latent goals and information asymmetry

In MNCs, (informal) communication helps in developing trusting relationships and a common set of values, which in turn facilitate a common understanding of collective goals, values, and individual decision-making, benefitting the whole organization (Ghoshal et al., 1994; Tsai & Ghoshal, 1998).

Yet, the unique goals and values in family firms are described as latent and complex (Chrisman et al., 2012; Schulze & Kellermanns, 2015). It is these types of information that are particularly difficult to communicate formally from headquarters to subsidiaries (Hendry, 2002; Szulanski, 1996; Zander & Kogut, 1995). Moreover, bounded rationality limits an agent's [subsidiary manager's] ability to assimilate and understand complex goals and performance criteria" (Pepper & Gore, 2012: 13). Whilst subsidiaries close to headquarters have various informal and ad-hoc mechanisms to communicate and exchange information with the headquarters, flow of information and informal communication with more distant subsidiaries is restricted (Bouquet & Birkinshaw, 2008). Yet, creating a common perception about shared values as a basis for aligned decision-making (compared to centralized decision-making) involves significant investment and administrative resources (Ouchi, 1980), both constrained by the family's desire to maintain control and influence (Gomez-Mejia et al., 2010).

In addition, managers in host countries are embedded in their own local system and community (Daniel, 2010; Ghoshal & Nohria, 1989). Dependent on the degrees of centralization and the subsidiaries' available resources provided by their local community,

the autonomy of subsidiaries increases and at the same time its dependence on the headquarters decreases (Birkinshaw et al., 2000; Ghoshal & Nohria, 1989; Nohria & Ghoshal, 1994). This headquarters-subsidiary relationship is very similar to the standard attributes of principal-agent theory (Nohria & Ghoshal, 1994). Due to lacking knowledge about local contingencies, headquarters as principals have to relinquish a certain degree of control and decision-making authority to subsidiaries. This at the same time enables subsidiaries to pursue goals and values that are not always aligned with those of the headquarters (Nohria & Ghoshal, 1994). According to agency theory (Jensen & Meckling, 1976), increasing autonomy of subsidiaries (agents) results in the development and pursuance of diverging goals, values, and behavior from headquarters (principals) (Nohria & Ghoshal, 1994). At the same time, with increasing autonomy and available resources, subsidiaries grow in their importance to local institutions and hence may become subject to local stakeholder interests (Nohria & Ghoshal, 1994; Prahalad & Doz, 1981). The attempt to meet this multitude of stakeholder interests, both internally and externally (local), may blur the managers' perceptions of the firm's guiding principles. As a result, subsidiaries likely pursue divergent goals to meet their local interests instead of adhering to family influenced principles (Tsai & Ghoshal, 1998). In sum, we propose that:

Hypothesis 1a: Managers' perceptions of the decisive and formative goals, values, and behavior of family firms (indirect perception of family firm) differ between headquarters and subsidiaries.

Hypothesis 1b: Managers' perceptions of working in a family firm (direct perception of family firm) differ between headquarters and subsidiaries.

Hypothesis 1c: Managers' perceptions of family essence differ between headquarters and subsidiaries.

Hypothesis 1d: Managers' perceptions of family prominence differ between headquarters and subsidiaries.

Geographic distance

The geographic distribution of business activities is the central characteristic of MNCs (Harzing & Noorderhaven, 2006). Geographic distance is seen as a major cause, accounting for the separation of subsidiaries from their headquarters (Bouquet & Birkinshaw, 2008; Harzing & Noorderhaven, 2006). Geographic distance decreases employees' integration in the MNC network and their understanding of home country

norms and values (Helliwell, 2002). Yet, close attachment of subsidiaries may reduce diverging goals and values, and hence the “likelihood that subsidiaries will pursue actions detrimental to overall corporate objectives” (Bouquet & Birkinshaw, 2008: 583). However, if such integration is lacking, conflicting interests may become more significant (Ghoshal & Bartlett, 1988).

To integrate subsidiaries into the MNC network, that is to align perceptions of goals and values (family firm characteristics), e.g. being perceived as family firm, frequent communication is of high importance (Ghoshal & Bartlett, 1988). Frequent communication between subsidiaries and headquarters is a fundamental condition to share information (Ghoshal & Bartlett, 1988; Ghoshal et al., 1994) and perceptions within an MNC (Tsai & Ghoshal, 1998). Yet, to cause such a common understanding requires significant investments “for both initial socialization and continued normative allegiance” (Nohria & Ghoshal, 1994: 499). The deployment of headquarters’ managers at host countries is an effective method to promote such a common understanding of goals and values (Edström & Gaibraith, 1977; Harzing, 2001a; Harzing & Noorderhaven, 2006; Shenkar, 2001). That is, the extent to which subsidiaries share both the MNC’s overall strategy and the goals and values is strongly affected by “extensive travel and transfer of managers between the headquarters and the subsidiary and through joint-work in teams, task forces, and committees” (Ghoshal & Bartlett, 1988: 371). Yet, following the logic of transaction cost theory, increasing geographic distance leads to higher travelling expenses, higher opportunity cost due to longer traveling time (Boeh & Beamish, 2012), and costs incurred by time differences (Asmussen & Goerzen, 2013; Zaheer, 1995), all resulting in lower communication and hence lower alignment between subsidiaries and headquarters (Ghoshal & Bartlett, 1988).

Furthermore, as set out above, it is difficult to communicate latent goals and values by means of formal communication (Hendry, 2002; Szulanski, 1996; Zander & Kogut, 1995). Hence, to align the interests of headquarters and subsidiaries, MNCs have to facilitate direct interaction and personal networking (Ghoshal et al., 1994). Yet, direct interaction and networking involves the employment of expatriates or inpatriates (Harzing, 2001a), both negatively influenced by growing geographic distance (Harzing & Noorderhaven, 2006). As a consequence, high geographic distance reduces personal contact and social interactions (Campbell et al., 2012) and renders face-to-face communication more difficult, resulting in confined perceptibility of headquarters’ goals

and values (family firms' characteristics) (Harzing & Noorderhaven, 2006; Tsai & Ghoshal, 1998).

Geographic distance also relates to the duration of subsidiaries' existence. As shown above, due to the importance that family members attach to their socioemotional wealth, e.g., the family's goal to remain control and assert influence over their subsidiaries, they first internationalize in geographically close countries (Gomez-Mejia et al., 2010). As a consequence, the subsidiaries' duration of existence likely decreases with growing distance and hence the time period to establish communication mechanisms as well as the amount of shared information (Birkinshaw et al., 2002). Both factors will possibly result in divergent perceptions about being a family firm and the perceptions of the family firm's constituting characteristics.

To summarize, all the integration mechanisms mentioned above lose efficiency with growing geographical distance of subsidiaries and hence lead to decreased perceptibility of the characteristics of the home country or the firm's headquarters. Thus, we propose:

Hypothesis 2a: Increasing geographic distance between headquarters and subsidiaries decreases managers' perceptions of the decisive and formative goals, values, and behavior of family firms (indirect perception of family firm).

Hypothesis 2b: Increasing geographic distance between headquarters and subsidiaries decreases managers' perceptions of working in a family firm (direct perception of family firm).

Hypothesis 2c: Increasing geographic distance between headquarters and subsidiaries decreases managers' perceptions of family essence.

Hypothesis 2d: Increasing geographic distance between headquarters and subsidiaries decreases managers' perceptions of family prominence.

Cultural distance

Cultural distance is one the most frequently used constructs in international business literature (Shenkar, 2001; Tung & Verbeke, 2010). Morosini et al. (1998: 139) define cultural distance "as the degree to which the cultural norms in one country are different from those in another country." Cultural distance between the locations in MNCs causes diverging mindsets, norms, and values of its organizational members (Hofstede, 1980).

Managers in (multinational) family firms are supposed to act in accordance with the perceived culture (Hofstede, 1980; Miller & Le Breton-Miller, 2005). However, managers

at host country subsidiaries are not only influenced by the headquarters corporate culture (which is primarily influenced by the home country culture (Pettigrew, 1979) and in the case of family firms also by the influence of the owning family) but also by their own national culture (Hofstede, 1980, 1994). If these two cultures are culturally distant, these divergent national cultures have been found to result in different organizational practices as well as managers' perceptions (Kogut & Singh, 1988). That is, in each of these countries, subsidiaries are embedded in their local business network and face very distinctive environmental and resource contingencies (Ghoshal & Nohria, 1989), shaping the organizational routines and behavior (Morosini et al., 1998). Moreover, a number of authors (e.g., Hofstede, 1980; Kogut & Singh, 1988; Shane, 1993) have established a direct (positive) link between the degree of variations of routines and behavior and the countries' national cultural distance between them. Consequently, increasing cultural distance likely has a positive relationship to perception differences between managers employed at the subsidiaries and managers employed at the headquarters.³²

Moreover, high levels of national culture distance likely lead to cultural ambiguity (Morosini et al., 1998), prompting employees with diverging requirements arising from both the headquarters and subsidiaries. This may result in confusion of managers regarding how to act properly or in a humble execution of organizational tasks (Tihanyi et al., 2005).

Furthermore, several studies (e.g., Edström & GaiBRAITH, 1977; Harzing, 2001a; Harzing, 2001b) demonstrated the importance attached to managers (e.g., expatriates) to transfer firm characteristics from home to host countries. Yet, Manev and Stevenson (2001) found that home country managers deployed at host countries primarily communicated and socially interacted with their national peers or peers with low (national) cultural distance. In a similar vein, Kumar and Karlshaus (1992) found that the process of socialization of host country managers proves to be increasingly difficult the more distant two national cultures are. That is, the intensity of communication and social interaction decreases with growing cultural distance of their foreign national colleagues. Hence, national cultural distance reduces the efficacy of international managers or expatriates to exchange and communicate headquarters perceptions about important goals and values.

Besides the previously explained cultural barriers that impede a common perception of goals, values, and favored behavior, several characteristics of cultural distance and their

³² Differences based on cultural distance have also been shown e.g., in the areas of internalization entry modes (Kogut & Singh, 1988), innovation efficiency (Shane, 1993), and knowledge transfer (Javidan et al., 2005).

consequences for normative integration of subsidiaries very much resemble those of geographic distance. First, cultural distance, due to language barriers, increases costs of communication (Campbell et al., 2012), which in turn leads to decreased flow of information and hence increased perception differences between headquarters and subsidiaries. Second, just as (family) firms have been found to internationalize in geographically close countries, they also prefer to internationalize first in culturally close countries (Gomez-Mejia et al., 2010; Johanson & Vahlne, 1977) resulting in longer periods of social interaction with the home country and hence higher normative integration of culturally close subsidiaries. Third, cultural distance leads to increased transaction costs (Li et al., 2014), like cost of monitoring and control (Gomez-Mejia et al., 2010) that may lead to increased autonomy and hence divergent goals and values (Nohria & Ghoshal, 1994). Finally, cultural differences require MNCs to adapt to local norms and requirements (Sapienza et al., 2006; Zaheer, 1995). This localization, however, may be in conflict with important values and behavior at the family firm's home country, e.g., local business practices like the exchange of gifts, handling of intellectual property, or lacking legal security.

All of the above suggest that the core values brought into the business by the family and the presence of the family itself are far less recognized or valued abroad. As a consequence, family-centered goals and values get more and more diluted with increasing cultural distance. Thus, we propose:

Hypothesis 3a: Increasing cultural distance between headquarters and subsidiaries decreases managers' perceptions of the decisive and formative goals, values, and behavior of family firms (indirect perception of family firm).

Hypothesis 3b: Increasing cultural distance between headquarters and subsidiaries decreases managers' perceptions of working in a family firm (direct perception of family firm).

Hypothesis 3c: Increasing cultural distance between headquarters and subsidiaries decreases managers' perceptions of family essence.

Hypothesis 3d: Increasing cultural distance between headquarters and subsidiaries decreases managers' perceptions of family prominence.

3.5 Data collection, methods, and measurement

The company from which the sample was drawn is a successful private multinational family firm within the automotive industry. In accordance with Yaconi (2001), we selected the company because of its international orientation, similar structures, and business units that facilitate high comparability across countries. The company was founded in Germany more than 100 years ago, currently (2015) employs more than 10,000 people in over 50 countries, and generates sales in excess of 2.5 billion euros. The share of foreign sales and employees is 73% and 70% respectively. The company is fully owned by the 4th and 5th generation of a single family. Two members of the family hold a position in the supervisory board, one being the Chairman. According to the family influence index proposed by Klein (2000), the company scores a value of 1.3 and thus can be described as a family firm. Moreover, family members as well as the current CEO refer to the firm as family firm and mentioned the clear intention to hand over the business to the next generation³³, an important characteristic of family firms.

We tested our hypotheses based on white-collar managers (henceforth, managers), working in the headquarters and 17 wholly owned subsidiaries, distributed over 9 countries³⁴ and 3 continents. To ensure a representative sample, each location was selected in consultation with the firm's head of human resource (e.g., Ghoshal & Bartlett, 1988). The data was collected by means of a web-based questionnaire³⁵ in German and English.³⁶ In each of the selected subsidiaries and the headquarters, we sent questionnaires to all top managers, departmental managers, and employees at lower management levels, based on lists and organizational charts provided by the firm. To increase the number of participants, we sent a remainder 7 days after the first approach. All respondents participated on a voluntary basis and were assured of their anonymity. The questionnaire was sent to 799 managers, resulting in 359 complete data sets and a response rate of 44.9%. The sample covers nearly 50% of the company's lower, middle, and top management positions. Based on the ratio of respondents and the actual number of employees at each location as well as the distribution of employees over different functional areas, this sample is considered as statistically representative. Table 5 provides an overview of the sample.

³³ In personal interviews prior to the data collection, we asked the family, the CEO, and a member of the supervisory board about the most important goals and values of the firm.

³⁴ We hence meet the large country number criterion (minimum 7 to 10 countries) to allow generalizations (Franke & Richey, 2010).

³⁵ We used the web-based software Unipark to design the questionnaire.

³⁶ According to Brislin (1970) a native speaker translated the English version.

TABLE 5: SAMPLE DESCRIPTIVES

Country	Respondents*	Cultural distance (\emptyset)	Geographic distance (1000 km)	Indirect perception (\emptyset)	Direct perception (\emptyset)	Family essence (\emptyset)	Family prominence (\emptyset)
China	44 (11)	3.40	8.67	5.65	4.42	5.05	2.24
Germany	192 (135)	0.00	0.10	5.36	5.13	5.27	2.56
France	13 (3)	0.74	0.93	4.99	4.21	4.45	0.73
England	9 (0)	0.48	1.06	5.64	4.03	4.35	0.00
Italy	32 (5)	0.14	0.42	5.37	4.42	4.93	0.83
Japan	16 (5)	1.38	9.14	4.35	3.51	3.53	1.09
Romania	10 (2)	1.95	0.78	5.65	5.05	4.76	0.30
Slovakia	8 (2)	2.46	0.47	5.03	4.18	4.17	0.81
United States	35 (9)	0.33	7.12	4.97	4.46	4.91	1.29
Total / Average	359 (172)	0.67	2.35	5.31	4.76	5.01	1.94

*Values in parentheses show numbers of lower level managers.

Prior to the actual data collection and with the intention to increase the quality of the data, we conducted several pretests with managers, the top management of the firm, and researchers on corporate management to ensure that the questionnaire is generally understandable and covered the relevant aspects (Hunt et al., 1982).³⁷

Analysis of non-response bias, using the method of Armstrong and Overton (1977), shows that this is not an issue in this study. Moreover, social desirability bias should not be an issue for several reasons. First, the questionnaire mainly comprises forced-choice items (Nederhof, 1985). Second, the respondents were assured of their anonymity, a purely scientific purpose of the data collection, and an aggregated analysis of the data (e.g., Arnold & Feldman, 1981; Nederhof, 1985). Lastly, the contact person in case of questions by respondents was external to the firm and thus created less motivation to answer in order to meet the expectations of the top management or the owning family.

Measurement of dependent variables

Perception as family firm. We applied two separate measures to capture a manager's perception of the firm as a family firm (henceforth, family firm perception). The first dependent variable – *direct perception* – consisted of 11 items, measured on a 7-point Likert scale (1 = strongly disagree; 7 = strongly agree) with a Cronbach's alpha of 0.861. The included items have a direct connection to family firm perception, since a majority of the items contained either the word family business or family, e.g. 'The business is a

³⁷ None of these persons took part in the final data collection process.

family business’, ‘I experience that the business is a family business in my everyday work’, and ‘I think, it is a good thing that the business publicly emphasizes the fact that it is a family business’ (see Appendix A for the complete measure).³⁸

The second variable – *indirect perception* – consisted of 15 items, measured on a 7-point Likert scale (1 = strongly disagree; 7 = strongly agree) with a Cronbach’s alpha of 0.911. The items to measure the indirect perception have been selected on the basis of frequently mentioned goals and values in family firm literature (e.g., Berrone et al., 2012; Kets de Vries, 1993; Miller & Le Breton-Miller, 2005; Tagiuri & Davis, 1996; Tagiuri & Davis, 1992). In a second step, these frequently mentioned goals and values have been matched with the firm’s goal and value statement. Included goals and values are e.g. the firm’s long-term orientation, financial independence, strong orientation to its employees, and commitment to society (see Appendix B for the complete measure).

The direct measurement of perception as family firm compared to the indirect measurement of the employees’ perception via typical family firm values derived from extant literature helps to eliminate country diverging interpretations of what constitutes a family firm. To attenuate varying understandings across different countries about what constitutes family firms, we displayed a short definition of a family firm.³⁹

Family essence. We applied two separate measures from which we aggregated the final variable. The first measure consisted of 4 items, measured on a 7-point-Likert scale (1 = strongly disagree; 7 = strongly agree). Items included are the most important and frequently used in family business research to capture family essence, namely the family’s intention for the transgenerational sustainability of control and family’s commitment (Chrisman et al., 2012). Transgenerational control reflects the intention of family members to remain the firm as a family firm. A high level of a family’s commitment to the firm denotes to the personal effort and resources, that family members are willing to invest in their business (Chua et al., 1999; Habbershon & Williams, 1999; Sirmon & Hitt, 2003). The remaining two items refer to the perceived general interest of the family towards the firm and the family’s representative function (Berrone et al., 2010; Cennamo et al., 2012).

The second measure also consists of 4 items, measured on a 7-point-Likert scale (1 = very weak; 7 = very strong). Instead of measuring the firm’s unique resources and capabilities as a part of family essence, this measure captures its precondition, the exerted

³⁸ Measure is based on Bergler and Pwinger (2000).

³⁹ The exact wording of this definition is: “A family business is defined as a company that is significantly influenced by one or more families.”

influence of family members over concrete and observable decision of high relevance (Chrisman et al., 2003). The first three items reflect the family's influence on organizational development (e.g., structure and staff), the selection of top management at first and second levels, and the development of business segments (e.g., Berrone et al., 2012; Chua et al., 1999; Miller & Le Breton-Miller, 2005; Schulze et al., 2003b). The fourth item measures the family's influence on corporate values. Overall Cronbach's alpha of the family essence variable is 0.863.⁴⁰

Family prominence. This variable measures the extent to which managers personally know members of the family. The final parameter value was calculated as follows:

$$\text{Family prominence (FP)}^{41} = P_{Fam} + \left[\frac{I_{Fam} \times N_{FAM}}{2} \right]$$

Family prominence was coded 0 if employees did not know a single member of the family (P_{Fam} coded 0). If they indicated to know a member of the family (P_{FAM} coded 1), then we asked about the number of family members they are acquainted with (I_{FAM}) as well as how well they know members of the family (N_{FAM}), the latter being measured on a 7-Point-Likert scale (0 = strongly disagree; 6 = strongly agree). The operationalization of family prominence thus is a combination of quantity (how many) and quality (how well), a method often used in marketing research (Keller, 1993; Keller & Staelin, 1987).⁴²

Measurement of independent variables

Cultural distance: This measure is based on Hofstede's 5 cultural dimensions (i.e. individualism, masculinity versus femininity, uncertainty avoidance, power distance, and long-term orientation) (Hofstede, 2001). To compute the combined cultural distance of all 5 dimensions, reflecting the distance between subsidiaries and headquarters, we built on the composite index formula by Kogut and Singh (1988) (for a similar approach see, e.g., Campbell et al., 2012; Gomez-Mejia et al., 2010). The cultural distance was calculated as

⁴⁰ Cronbach's alphas of the first and second measure are 0.882 and 0.834.

⁴¹ P_{Fam} is coded 0 if no member of the family is known (in that case the remaining two question were omitted), otherwise coded as 1. I_{Fam} indicates how well family members are known. N_{Fam} informs about the number of known family members. N_{Fam} can take on only the values 1 or 2, since there are only two family members active in the firm. In two cases, missing values were substituted with the mean of N_{Fam} .

⁴² We also conducted two robustness test yielding very similar results with respect to the direction, magnitude, and significance of the effects. In the first test, we squared the numerator. In the second test, we also squared the numerator and in addition divided that term by the number of known family members (N_{FAM}), instead of dividing by 2.

follows:

$$\text{Cultural distance} = \frac{1}{n} \times \sum_{i=1}^n \left[\frac{(I_{ij} - I_{ig})^2}{V_i} \right]$$

I_{ij} stands for the score of the i th cultural dimension and subsidiary country j , I_{ig} reflects the score of the i th cultural dimension at the headquarters in g (*Germany*). V_i stands for the variance of the index of cultural dimension i .

Geographic distance: We applied the great-circle distance⁴³ formula to precisely calculate physical distance in thousand kilometers between the locations of the firm's headquarters and its subsidiaries. We used the calculator provided by GPSVisualizer⁴⁴ for our computations. A similar approach can be found at Bouquet and Birkinshaw (2008).

Measurement of control variables

We also controlled for several subsidiary and manager characteristics that may influence family firm perceptions. Regarding subsidiaries, these include: *Sales*, which was calculated as the arithmetic mean of sales from 2013 to 2015. Sales were obtained at country level and logarithmized.

Size of subsidiary. Growing size of subsidiaries may heighten its overall importance to the firm (Ghoshal & Nohria, 1989; Gupta & Govindarajan, 2000) and hence receive higher management attention, resulting in intensified flow of information between headquarters and subsidiaries (Bouquet & Birkinshaw, 2008). We control for this effect by including the number of indirect employees in the subsidiary. To reduce the high variability in size, we used the natural log (Zahra, 2003).

Age of subsidiary. This variable is the number of years since the location's foundation up to 2015. Over time, mechanisms and routines may have developed, facilitating information exchange and leading to shared values and perceptions (Birkinshaw et al., 2002; Nohria & Ghoshal, 1994; Zahra, 2003). We also used the natural log to dampen the high variability.

Entry mode. This variable controls for the mode of establishment of the company site. Subsidiaries that emanated from acquisitions or joint ventures may have differing cultural and organizational backgrounds than greenfield investments (Kogut & Singh,

⁴³ The great-circle distance is the shortest distance between two points on the surface of a sphere.

⁴⁴ <http://www.gpsvisualizer.com>.

1988) and thus may likely vary in their policies and structures (Harzing, 2002). Entry mode was coded 1 in case the subsidiary was founded by the company itself (greenfield), otherwise coded 0.

Regarding managers, the control variables included are: *Management level*, as a dummy variable, which controls for the manager's position and was coded 1 if the respondent is a member of the local management team or reports directly to the local management board, otherwise 0. According to Yaconi (2001), expectations of employees and managers vary according to their position within a firm. Neglecting the position of employees within a company could result in misleading conclusions about the cognition of values, attitudes, and perceptions across countries and cultures (Yaconi, 2001).

Commitment of managers. To obtain the respondents' organizational commitment, we applied a short version of the commitment questionnaire used by Chrisman et al. (2012). The final index consisted of 4 items measured on a 7-point Likert scale (1 = strongly disagree; 7 = strongly agree) with a Cronbach's alpha of 0.8013. To derive at the 4 items included, we followed the suggestion of Cliff and Jennings (2005) and dropped items with low factor loadings⁴⁵. Since we asked managers and not members of the family, we used the exact wording of the original 'Organizational Commitment Questionnaire' developed by Mowday et al. (1979).

In addition, we included the variable *employment tenure* and four dummy variables to control for *expatriate status*, *business unit*, *functional area* (coded as 1 if managers work in operations, otherwise 0), and if respondents have worked at *other locations* within the firm (see Appendix C for the complete questionnaire).

Variables that consist of more than one item have been aggregated via the arithmetic mean. Measures that are not based on prior literature have been tested for face validity, defined as the extent to which respondents judge that the items of a measure reflect what they actually intend to measure (Nevo, 1985; Nunnally & Bernstein, 1994).

3.6 Analysis and results

In order to test hypotheses 1a, 1b, 1c, and 1d, we conducted an independent group t-test to compare the means of indirect perception, direct perception, family essence, and family prominence between headquarters and subsidiaries. Our results are shown in Table 6. These differences are completely consistent with the results of the pairwise correlations

⁴⁵ Factor loadings calculated by Klein et al. (2005).

(see Table 7). The mean comparison t-tests reveal that the perceptions of managers at the headquarters significantly differ from subsidiary managers for each of the tested variables. The differences between direct perception, family essence, and family prominence are significant at the 0.001 level, strongly supporting hypotheses 1b, 1c, and 1d. The difference regarding indirect perception is significant at the 0.05 level, thus supporting hypothesis 1a, too.

TABLE 6: DESCRIPTIVE STATISTICS AND MEAN COMPARISONS

		Whole sample		Headquarters (HQ)		Subsidiaries (SB)		t-test
		Mean	SD	Mean	SD	Mean	SD	
1	Cultural distance	0.671	1.155	0.000	0.000	0.839	1.236	***
2	Geographic distance	2.349	3.541	0.000	0.000	2.939	3.736	***
3	Indirect perception	5.307	0.756	5.474	0.662	5.266	0.773	*
4	Direct perception	4.755	0.935	5.206	0.812	4.642	0.931	***
5	Family essence	5.011	0.965	5.415	0.760	4.909	0.985	***
6	Family prominence	1.945	2.037	3.042	2.178	1.670	1.907	***
7	Sales ^o	12.978	0.851	13.533	0.000	12.839	0.899	***
8	Size of subsidiary ^o	5.719	0.652	6.485	0.000	5.527	0.590	***
9	Age of subsidiary ^o	3.358	0.897	4.673	0.000	3.028	0.681	***
10	Entry mode	0.214	0.411	0.000	0.000	0.268	0.444	***
11	Commitment	6.134	0.752	6.094	0.661	6.145	0.774	
12	Functional area	0.198	0.399	0.028	0.165	0.240	0.428	***
13	Employment tenure	4.387	1.315	4.597	1.252	4.334	1.327	
14	Management level	0.521	0.500	0.236	0.428	0.592	0.492	***
15	Expatriate status	0.061	0.240	0.000	0.000	0.077	0.267	*
16	Other location	0.276	0.448	0.292	0.458	0.272	0.446	

^oLogarithmized variable, *p < 0.05, **p < 0.01, ***p < 0.001, diff = mean(SB) - mean(HQ), Ha: diff != 0.

The standard errors of cross-sectional data gathered in various regions or subsidiaries are likely to correlate within one region or subsidiary but are independent across these units of analysis (Colin Cameron & Miller, 2015). We, therefore, used clustered data (we specified to which subsidiary each respondent belongs) to perform regression analyses, allowing for intragroup correlation. Individual variable variance inflation factor (VIF) values were below 3.23, and mean VIF was below 2.06 for all models, indicating that multicollinearity is not a concern (Hair et al., 2006).

TABLE 7: PAIRWISE CORRELATIONS

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
1 Cultural distance	1														
2 Geographic distance	0.7202*	1													
3 Indirect perception	0.0838*	-0.0918*	1												
4 Direct perception	-0.2499*	-0.3284*	0.4655*	1											
5 Family essence	-0.1436*	-0.1932*	0.4737*	0.5920*	1										
6 Family prominence	-0.0727*	-0.0887*	0.2269*	0.3779*	0.4084*	1									
7 Sales ^o	-0.1853*	-0.0571*	0.1332*	0.3397*	0.3303*	0.3580*	1								
8 Size of subsidiary ^o	0.1297*	0.0935*	0.0757*	0.1843*	0.2565*	0.3251*	0.5384*	1							
9 Age of subsidiary ^o	-0.4635*	-0.2733*	0.0885*	0.1482*	0.0936*	0.1633*	0.2397*	0.0804*	1						
10 Entry mode	-0.0237	-0.0237	-0.0887*	-0.1604*	-0.2243*	-0.1860*	-0.3154*	-0.6167*	0.0274	1					
11 Commitment	-0.0261	-0.0274	0.5789*	0.4488*	0.4669*	0.2859*	0.1944*	0.0978*	-0.0425*	-0.1860*	1				
12 Functional area	0.0513*	0.0385*	0.0227	-0.0027	0.0580*	-0.0100	-0.0754*	-0.1335*	-0.1294*	-0.0209	0.0810*	1			
13 Employment tenure	-0.1567*	-0.1291*	0.0349	0.1298*	0.2048*	0.2684*	0.1116*	0.1126*	0.1101*	-0.1902*	0.1766*	0.0400*	1		
14 Management level	0.2724*	0.2811*	0.0738*	-0.1155*	-0.0949*	0.0055	-0.3582*	-0.2115*	-0.2140*	0.0936*	0.1085*	0.1542*	-0.0442*	1	
15 Expatriate status	0.3592*	0.3544*	-0.0866*	-0.0269	-0.1054*	0.0241	0.0583*	0.1213*	-0.1392*	-0.0486*	-0.0187	-0.0394*	-0.0311	0.1056*	1
16 Other location	0.0062	0.0271	-0.0729*	0.0955*	0.0157	0.1638*	0.1934*	0.1529*	-0.0122	-0.0795*	0.1094*	-0.0091	0.2547*	0.0678*	0.2841*

^oLogarithmized variable, correlations with absolute values greater or equal than .0385 are significant at the .05 level, *p < 0.05.

The results regarding hypotheses 2a, 2b, 2c, and 2d as well as 3a, 3b, 3c, and 3d are shown in Table 8. Models “I” only include firm (subsidiary and headquarters) specific control variables. Models “II” include both firm (subsidiary and headquarters) specific and respondents’ individual control variables. Models “III” include the independent variables geographic distance and cultural distance, reporting the final regression results. In the following, the results from Models “II” and “III” are reported.

TABLE 8: REGRESSIONS

	Indirect perception			Direct perception			Family essence			Family prominence		
	Model 1I	Model 1II	Model 1III	Model 2I	Model 2II	Model 2III	Model 3I	Model 3II	Model 3III	Model 4I	Model 4II	Model 4III
Sales ^o	0.101	0.021	0.105+	0.351**	0.224*	0.238***	0.301*	0.197*	0.213*	0.556***	0.524***	0.566***
Size of subsidiary ^o	-0.046	0.068	-0.061	-0.074	0.007	0.083	0.058	0.198	0.219+	0.613***	0.757***	0.746***
Age of subsidiary ^o	0.056	0.095	0.189***	0.082	0.104	0.047	0.032	0.037	0.020	0.208**	0.24*	0.246***
Entry mode	-0.146	0.065	-0.010	-0.213	-0.023	0.018	-0.276	0.005	0.015	0.028	0.444+	0.435
Commitment		0.599***	0.587***		0.514***	0.493***		0.524***	0.513***		0.514***	0.498***
Functional area		-0.021	-0.036		0.003	0.017		0.136	0.141		0.053	0.055
Employment tenure		-0.029	-0.022		0.009	-0.007		0.08*	0.074*		0.293*	0.287*
Management level		0.096	0.110		-0.118	0.041		-0.059	0.017		0.551	0.646
Expatriate status		-0.122	-0.227+		-0.061	0.324		-0.348*	-0.178		-0.071	0.102
Other location		-0.216+	-0.199+		0.033	-0.022		-0.179*	-0.203**		0.078	0.054
Cultural distance			0.316***			0.030			0.050			0.148
Geographic distance			-0.074***			-0.095***			-0.054*			-0.085
Constant	4.103***	0.781	0.139	0.395	-1.673	-1.792+	0.731	-2.289**	-2.419**	-9.478***	-14.835***	0.102
R ²	2.50%	37.50%	46.14%	12.56%	28.30%	37.00%	12.67%	32.17%	34.28%	16.08%	26.61%	27.59%
sign. F	0.3103	0.0000	0.0000	0.0092	0.0000	0.0000	0.0000	0.0000	0.0000	0	0.0000	0.0000
N	359	359	359	359	359	359	359	359	359	359	359	359

^o Logarithmized variable; +p < 0.1; * p < 0.05; ** p < 0.01; *** p < 0.001.

Hypotheses 2 argue that increasing geographic distance negatively relates to indirect perception (H2a), direct perception (H2b), family essence (H2c), and family prominence (H2d). In Model 1III, the results show that geographic distance is negatively and significantly related to the dependent variable indirect perception ($\beta = -0.074$; $p < 0.001$), thus providing strong support for H2a. Similarly, in Model 2III, geographic distance negatively and significantly relates to direct perception ($\beta = -0.095$; $p < 0.001$), hence providing strong support for hypothesis H2b. In Model 3III, testing the relationship between geographic distance and family essence, the results show a negative and significant relationship ($\beta = -0.054$; $p < 0.05$), hence supporting H2c. So far, the results provide support for the general assumption that increasing geographic distance increases the perception gaps between headquarters and subsidiaries. In Model 4III, however, we cannot find a significant relationship between geographic distance and family prominence. Albeit the coefficient points towards the expected direction, H2d finds no support. Overall, our data indicates that managers at the headquarters and managers that are geographically close to the headquarters are more aware of the unique family firm characteristics.

Hypotheses 3 argue that increasing cultural distance negatively relates to indirect perception (H3a), direct perception (H3b), family essence (H3c), and family prominence (H3d). In Model 1III, contrarily to what we expected, cultural distance has a positive and highly significant relationship to indirect perception ($\beta = 0.316$; $p < 0.001$). Thus, H3a is not supported. The same applies to the hypotheses H3b, H3c, and H3d. In all Models 2III, 3III, and 4III cultural distance is not significantly related to the dependent variables. In sum, cultural distance seems to have no direct influence on the perception differences of managers working in the headquarters or subsidiaries.

In addition to the results that directly pertain to our hypotheses, some other results deserve attention. First, the relationships between commitment and all four dependent variables are positively related and are highly significant ($p < 0.001$) across all models. We hence can confirm the high importance of unique family firms characteristics regarding the commitment of organizational members (e.g., Lee, 2006; Miller et al., 2009; Vallejo, 2008). Second, in Models 4II and 4III our data show a strong positive and significant relationship between the firm specific control variables sales ($p < 0.001$ and $p < 0.001$), size of subsidiary ($p < 0.001$ and $p < 0.001$), and age of subsidiary ($p < 0.05$ and $p < 0.001$).⁴⁶ Family members hence are likely to focus their attention more on important

⁴⁶ Pairwise correlations are 0,5384 for sales and size, 0,2397 for sales and age, and 0,0804 for size and age.

locations of their family firm, like its headquarters or large subsidiaries. These findings are consistent with research on management attention in MNCs (e.g., Bouquet & Birkinshaw, 2008).

We also conducted several robustness tests, all yielding similar results. First, instead of using Hofstede's 5 dimensions, we used the cultural distance dimensions, surveyed in the Globe project (House et al., 2004). Second, we adjusted cultural distances for subsidiaries located in different parts of Germany to account for intra-country differences. Third we calculated the regressions with either cultural or geographic distance and calculated non-clustered regressions. Finally, since the underlying factors of each of the four dependent variables itself are used in research to define and distinguish family firms (Dawson & Mussolino, 2014), the several regression models (1 to 4) interchangeably can serve as a kind of robustness test.

3.7 Discussion

Retracing the maturity of family firm research, one can refer to the development as from macro to micro. The analysis of family firms started with a dichotomous differentiation between family and non-family businesses (e.g., Daily & Dollinger, 1992; Kets de Vries, 1993; Tagiuri & Davis, 1992) and continued to the examination of differences between family businesses (e.g., Duran et al., 2015; Miller et al., 2007; Villalonga & Amit, 2006). This study proceeds with a within-analysis of a single multinational family firm, analyzing the cross-country differences between the perceptions of managers at headquarters and subsidiaries regarding the unique characteristics of family firms.

First, we find that headquarters significantly differ from subsidiaries in their perception of being a family firm, the family's impact on organizational development, and the dominant goals and values that are instilled by the family. In particular, we find that the degree to which managers perceive to work in a family business declines with increasing geographic distance from the firm's headquarters. This decline pertains not only to managers' direct perception of working in a family firm but also to indirect perceptions, measured by both the dominant goals, values, and norms as well as the perceived degree of family essence. This combination of the most prominent measures used in family firm research to both define the degree of being a family firm and to distinguish family firms from other types or organizations (Dawson & Mussolino, 2014) allows for detailed insights regarding the heterogeneity of a single family firm.

Moreover, based on the assumptions that managers compared to common employees more often travel between headquarters and subsidiaries and more frequently communicate with each other and in addition are more likely to personally interact with the family, our results on decreasing perceptions of family firm characteristics are supposedly even higher for non-managers or blue-collar employees. Hence, overall perception gaps between headquarters and subsidiaries, taking both managers and common employees into consideration, may be even higher than those found in this study.

Second, we find that cultural distance seems to have no negative influence on the perception of subsidiary managers regarding the direct perception, perceived family essence, and family prominence. However, contrary to our expectations, we find a highly significant and positive relationship to indirect perception. That is, countries, which are more culturally distant relative to Germany, show a higher awareness of goals, values, and behavior that are typical for family firms. This result may be explained by several factors. First, in accordance with Morosini et al. (1998: 140), stating that “some routines, such as the process of innovating and inventing, decision-making practices, stakeholder relationships, strategies, structure and training, are more common in some national cultures than in others because of the institutional environment in which firms operate”, some of the characteristics, that we used to measure the indirect perception of managers, may be felt much stronger in culturally more distant than in culturally close subsidiaries. That is, if certain values, emphasized at the headquarters, are in addition deeply embedded in a subsidiary’s national culture (independent from its overall cultural distance), then these values are amplified by the subsidiary’s national culture, leading to a stronger perception at subsidiaries compared to the firm’s headquarters. For example, Hofstede’s dimension of long-term orientation is much more pronounced in Asian countries like China than in Germany (rank 7 out of 9, regarding the countries included in this study) and may reinforce the subsidiary managers’ perception of the measurement item “the firm’s long-term orientation”. A second example is Hofstede’s dimension of uncertainty avoidance that is most pronounced in, e.g., Japan and describes an individual’s orientation towards the norms of the organization. This may result in an amplified perception of each value communicated by the headquarters.

Moreover, the disregard of Hofstede’s cultural dimensions of within-country cultural differences (Zaheer et al., 2012), e.g. the differences between the eastern and western part of Germany or the many different cultures found within China, limits its accuracy. Lastly,

the data used to calculate cultural distance is rather old, hence ignoring possible recent changes in cultural characteristics.

The third finding of this study, the highly significant relationship between managers' commitment and family firm characteristics confirms prior research on the commitment of organizational members in family firms (e.g., Lee, 2006; Vallejo, 2008). This result implies that family firms are indeed likely to have high stocks of resources related to managers' commitment such as high levels of social capital (Sirmon & Hitt, 2003) or efficient decision-making processes (Pieper, 2010).

The fact that managers' perceptions differ across country-units has important implications for theory and practice. Goals and values serve not only as a guideline for managers' behavior but also as basis for incentives or dissuasions (Yaconi, 2001). Knowing the degree and direction of perception variances within MNCs helps to develop adequate human resource policies, allocate resources needed for knowledge transfer, and to establish processes, supporting socialization of less integrated subsidiaries.

It is important to note, that we are not proposing that family firms only perform well in their home countries. However, family firm-specific advantages may be location-bound advantages "whose benefits depend on their being used in one particular location (or a set of locations)" (Harzing, 2002: 213). As explained above, these advantages depend on the interplay between the family and the firm. Yet, at foreign subsidiaries, this interplay may not be valid or perceived by managers, since such location-bound advantages are very difficult to transfer to other locations (Harzing, 2002). That is, if managers in foreign subsidiaries differ in their perceptions about the basic characteristics of the firm and if these characteristics depend on the interplay between the family and the business and if this interplay or its outcomes are not visible or valid in foreign subsidiaries, then we assume that the competitive advantages of family firms, related to distinctive familiness (Chrisman et al., 2003) and the family's socioemotional wealth (Berrone et al., 2012) may play a minor role elsewhere than at the headquarters.

This argumentation regarding location-bound family specific advantages is in line with the family firms' preference for centralized organizational structures (Gallo & Garcia Pont, 1996; Le Breton-Miller & Miller, 2009; Tagiuri & Davis, 1996). Centralization only exploits the competencies available at the firm's headquarters, hence underutilizing the competencies available at the firm's subsidiaries (Ghoshal & Nohria, 1989).

We believe that multinational family firms, managed in the right way, can exploit both the advantages of family influence at its headquarters and at the same time those of

subsidiaries abroad, which may be less susceptible to inertial forces related to the family's socioemotional wealth (e.g., Kellermanns et al., 2012; Miller & Le Breton-Miller, 2014; Schulze & Kellermanns, 2015) or constrictive familiness (Habbershon et al., 2003; Habbershon & Williams, 1999). If family firms pursue an internationalization strategy based on a global footprint, including not only manufacturing plants or sales agencies but also subsidiaries responsible for research & development, the development of local products, or financing, then the results of the present study show that the owning families should be aware of their varying influence on these tasks. In practice, the family and the headquarters' management have to intensively engage in information exchange by means of, e.g., inpatriates and expatriates (Harzing, 2001b) as well as knowledge transfer (e.g., Gupta & Govindarajan, 2000; Monteiro et al., 2008) to ensure that the desired resources and advantages of the firm are available and utilizable at the firm's subsidiaries. Moreover, granting a certain amount of discretion to subsidiary managers may facilitate the exploitation of local competencies.

3.8 Limitations, further research, and conclusion

The present study is subject to some limitations. First, since our data is based on a one-site sampling scheme, the generalizability of our findings has to be treated with great care. Since the present study is the first to analyze perception differences within a single family firm regarding its central characteristics, the reduced generalizability of our results pertains not only to firms headquartered in another country but also to different family firms within Germany. Second, we did not account for non-managerial reports of perceptions. The consideration of both managerial and non-managerial reports might represent a more complete pattern of the firm. Yet, as common employees (non-managerial employees) compared to managers less frequently exchange information with the family or with their foreign colleagues, the incorporation of non-managerial reports might rather amplify our results than changing its direction or general proposition. Third, we did not account for perception of external stakeholders, like customers or suppliers.

Given the limitations of this study, there are several promising avenues for further research. First, replication studies in different organizations, based on both managerial and non-managerial respondents, preferably within firms headquartered in different countries and cultures, might greatly improve the understanding of intra-firm heterogeneity and enhance the generalizability of the present study.

Second, while this study focuses on the perception of positive implications of family influence, future research on intra-firm heterogeneity could analyze the perceptions of detrimental effects of family involvement, e.g., strategic inertia, capital constraints, or agency conflicts (Kellermanns et al., 2012; Schulze et al., 2003a, 2003b; Sirmon & Hitt, 2003).

Third, future research could elaborate on the questions if it is advisable for family firms to implement their traditional and often culturally dependent goals, values, and norms at its foreign subsidiaries or if they should allow more for other guiding principles, which may be better suited to meet local requirements and utilize local resource contingencies to generate competitive advantages (Prahalad & Doz, 1981). That is, understanding of the contingencies under which the unique resources of family firms (its familiness) can be effectively utilized in multinational family firms needs to be further researched.

Furthermore, this study only analyzed the perceptions of stakeholders within the firm. Further research could explore cross-country perception gaps regarding firm-external stakeholders like banks, suppliers, or customers. Zellweger et al. (2010) argue that the internal norms, values, and beliefs are not only promoted internally but also to external stakeholders, creating competitive advantages such as fairness, loyalty, and trust. The question is, if this is also true for foreign subsidiaries, allowing them to build on the same expectation advantages like the firm's headquarters.

Finally, further research based on longitudinal data could explore whether internationalization of family firms alters the firm's traditional set of goals and values by taking into account the repercussions between headquarters and subsidiaries' guiding principles.

To conclude, this study is the first to focus on intra-firm heterogeneity based on the perceptions of managers working either at the firm's headquarters or the firm's subsidiaries. Thus, this study contributes to research on family firm heterogeneity (Chua et al., 2012). Its deficiencies notwithstanding, this study may help both researchers to better capture the heterogeneity of family firms, and executives to better manage the complexity of values and beliefs in multinational (family) firms. By capturing the individual perceptions of managers within the same international family firm, we shed some light on the complexity of family firms' individual characteristics at headquarters and subsidiaries. The diminishing perceptions of the headquarters guiding principles and desired characteristics in geographically distant subsidiaries have several implications for practice.

If the strategy or the performance of a firm heavily depends on e.g., the image of the firm as a family firm or if the resources and capabilities of a family firm directly stem from the family's influence over the firm, then managers carefully have to ascertain that the goals and values are evenly perceived within the whole firm. In general terms, if the interplay between the family and the firm produces value-creating resources or competitive advantages at the firm's headquarters, then these resources or advantages have to be tested and controlled for their transferability to the firm's subsidiaries.

Our empirical results support the statement of Ghoshal and Bartlett (1990), that a multinational (family) firm should be considered as a heterogeneous entity, an internally differentiated inter-organizational network. Finally, we validate prior research on cultural and geographic distance that considers cultural differences as a "manageable barrier" and geographical distance as a real physical barrier that is more difficult to overcome (Asmussen & Goerzen, 2013).

4 MANAGERIAL DISCRETION IN FAMILY FIRMS – CONSTRAINTS TO NON-FAMILY CEOS AND EFFECTS ON FAMILY-CENTERED GOALS⁴⁷

4.1 Chapter overview

The pursuance of firm-level goals requires both owning families and non-family CEOs to have discretionary power. Yet, research in the field of family firms on non-family CEOs' influence on goals and their discretion to enforce them remains scarce. In this qualitative study, based on interviews with non-family CEOs and family members, we draw on the concepts of managerial discretion and socioemotional wealth to analyze the influence of non-family CEOs on goals and constraints to CEOs' discretion in large German family firms. We find that non-family CEOs adapt to family-centered goals, and, depending on operational understanding and trust of family members as well as governance applied, are clearly limited in their discretion.

4.2 Introduction

Family firms are characterized by high goal diversity (Chrisman & Patel, 2012; Kotlar & De Massis, 2013) and a special set of family-centered non-economic goals (Chua et al., 2009). These goals and values of the owning family as the dominant coalition are strong predictors of firm behavior (Bourgeois, 1980b; Cyert & March, 1963) and thus guide organizational decision-making in family firms (Chrisman et al., 2013). Beliefs, values, and traditions in these firms, sustained in the right way, possess a high binding character for employees, managers, and family members and substantially influence family firm behavior (Miller & Le Breton-Miller, 2005). In family firms, a substantial proportion of family ownership is the predominant source of discretionary power and control and hence determines which individuals have a major impact on the goals and values of the firm (Carney, 2005; Chrisman et al., 2012; Duran et al., 2015).

However, with growing size, family firms often (have to) appoint non-family CEOs (Klein, 2000). The challenge “of professionalizing a family business is one that most, if not

⁴⁷ This chapter is based on a working paper co-authored with Alwine Mohnen and Franz-Josef Kortüm.

all, leaders of growing family firms must grapple with at some point”⁴⁸ (Dyer, 1989: 233). That is, family firm owners often have to delegate power and control to non-family CEOs (Blumentritt et al., 2007). In that case, not only the family but also non-family CEOs have to rely on a substantial degree of discretionary power (Hambrick & Finkelstein, 1987) to be able to manage a firm successfully. If non-family CEOs are lacking sources of influence, they are limited in their ability to devise strategic actions that may, e.g., increase performance (Patel & Cooper, 2014).

Yet, earlier research on the actual effect of non-family CEOs has focused more on financial indicators, like firm performance and financing (e.g. Anderson et al., 2003; Anderson & Reeb, 2003; Morck et al., 1988), than studying its underlying processes. More recently, scholars began to analyze the underlying goals (e.g., Kotlar et al., 2014) and governance system (e.g., Miller et al., 2014) in an attempt to scrutinize the underlying factors that determine the often equivocal results on firm performance (for an overview, please see chapter 1.2.3).⁴⁹

Appointing non-family CEOs entails changes in goals, values, and governance that are likely to conflict with traditional family values (Gedajlovic et al., 2004; Miller et al., 2014; Patel & Cooper, 2014), the family’s idiosyncratic socioemotional wealth (SEW) (Berrone et al., 2012). Naldi et al. (2013: 1342) even assume that appointing a non-family CEO means losing “one major SEW-preserving mechanism: having as the firm’s chief executive officer (CEO) a member of the controlling family.” Yet, prior research suggests that concentrated ownership structures, like those in family firms, decrease managerial discretion of CEOs (Hambrick & Finkelstein, 1987; Jensen & Meckling, 1976; O’Toole et al., 2002) and hence a non-family CEO’s influence on the firm.

Nevertheless, non-family CEOs “are extremely valuable for the [family] firms they lead” (Bennedsen et al., 2007: 689), due to their direct influence on important intentions of family firms for transgenerational sustainability of control, the commitment of the controlling family (Chrisman et al., 2012), and both firm growth and survival (Blumentritt et al., 2007). Therefore, it is surprising that research on non-family CEOs’ impact on and constraints by family-centered goals is scarce (DeTienne & Chirico, 2013). Moreover,

⁴⁸ Dyer (1989) differentiates three ways to professionalize family firms, (1) the professionalization of family members, (2) the professionalization of non-family employees, and (3) the appointment of outside professional managers and further concludes that the subsequent strategies will differ substantially.

⁴⁹ For instance, Zellweger (2007) found that, due to trust-based relationships, all-family management teams outperform their mixed counterparts. This finding is partly contradictory to the research of e.g., Villalonga and Amit (2006), Miller et al. (2007), and Bloom et al. (2012), who found that founder descendants or family successors serving as CEOs are more likely to decrease firm value.

despite the explanatory power of socioemotional wealth regarding family firm behavior (Berrone et al., 2012; Gomez-Mejia et al., 2011b), we know little about the influence of non-family CEOs on the precedence of family-centered goals and the family's preservation actions to maintain or increase their socioemotional wealth.

To close this research gap, this study addresses how non-family CEOs in large family firms cope with constraints to their discretion to enact changes in the firm's goal set or strategy and deal with possible conflicting goals, for instance, conflicts related to non-economic goals set by the family and the goals pursued by a non-family CEO, like pursuit of power or career advancement (Chrisman et al., 2013; Shen & Cannella, 2002). In addition, we focus on the overall degree and influencing factors on non-family CEOs' managerial discretion in family firms, e.g., the governance structures applied. Following the call of various researchers (e.g., Berrone et al., 2010; Chrisman et al., 2013; Kotlar & De Massis, 2013; Miller et al., 2014) to study the effects of goals and non-family management in family firms, we build on the concepts of managerial discretion derived by Hambrick and Finkelstein (1987) and socioemotional wealth derived by Gomez-Mejia et al. (2007) addressing the following research questions:

- (1) How do non-family CEOs influence the pursuit of family-centered goals in family firms?*
- (2) How do family-centered goals and values constrain the degree of non-family CEOs' managerial discretion?*
- (3) How do family-centered goals and managerial discretion interact with the applied governance processes in order to influence strategic behavior and achieve families' and non-family CEOs' desired firm-level outcomes?*

To answer the research questions we build on a qualitative study, based on five large German family firms and conducted interviews with non-family CEOs, non-family employees, and family members active in the supervisory committees of the firms. To scrutinize influencing factors of managerial discretion we focus on goals related to the family's socioemotional wealth (SEW) for two reasons. First, a family's socioemotional wealth plays an important role in explaining family firm behavior (Berrone et al., 2012; Gomez-Mejia et al., 2011b). Second, researchers assume that the "reluctance of family firms to professionalize may have a socioemotional wealth explanation" (Gomez-Mejia et al., 2011b: 663). Hence, we expect that SEW-related goals that are largely non-financial,

family-centered goals (Berrone et al., 2012) will be those constraining CEOs the most, since non-family CEOs do not directly benefit from increased SEW and, hence, focus more on financial goals (Chrisman et al., 2012).

The study's contribution is fourfold. First, we add to the literature on family firms by applying the concept of managerial discretion on family firms. At the same time, by focusing on organizational forces (the owning family), we add to the concept of managerial discretion itself since organizational forces have mostly been neglected in prior research (Wangrow et al., 2015). Hence, studying managerial discretion in family firms with concentrated ownership structures and, thus, salient constraints to CEOs' discretion (Hambrick & Finkelstein, 1987) is a well suited setting to advance the understanding of how the political conditions in family firms constrain activities of non-family CEOs.

Second, we shed light on the complex social interaction processes between the family and their non-family CEOs. In particular, we contribute to the understanding of how and when formal or informal governance facilitates interaction between the family and the non-family CEO. We thus contribute to literature on family firms' goals by explaining changes in the goal system caused by the influence of non-family CEOs and the effect of managerial discretion on goal selection and precedence.

Third, we add to the understanding of family firms' heterogeneity, as we do not compare family firms with non-family firms but family firms among themselves. This allows us to identify the subtleties of family businesses to a level of detail unobtainable by means of comparing family business with their non-family counterparts.

Fourth, related to practice, this study develops an understanding of the idiosyncrasies of managerial discretion in family firms and provides CEOs and the family with a better assessment of their potential creative leeway. Knowing the degree of managerial discretion and its effect on goals and thus behavior is crucial, for instance, to predict the consequences on the continuation of family involvement, financial performance, and sustaining the family's socioemotional wealth. In doing so, this study gives information on the contingencies under which external CEOs will either only assist and execute the family's set of goals and values or will have enough managerial discretion to develop and pursue their own goals and thus are enabled to utilize their capabilities and contribute to the successful development of the family firms they lead.

4.3 Theoretical background

Managerial discretion

In preparation for the discussion on managerial discretion, we first explain its theoretical origin, namely Upper Echelon Theory (UET). UET mainly builds on the assumptions of theorists of the Carnegie School who see the “the organization as a reflection of its top managers” (Hambrick & Mason, 1984: 193) and argue that complex decisions are rather the outcomes of behavioral factors than a mechanical task based on perfect information (Cyert & March, 1963; Finkelstein & Hambrick, 1990; Hambrick & Mason, 1984; March & Simon, 1958).⁵⁰ This behavioral view of decision-making is particularly important for top managers like CEOs, who face great complexity and ambiguity in their position (Finkelstein & Hambrick, 1990). In their seminal paper, Hambrick and Mason (1984) argue that the characteristics of top executives closely relate to the organizational goals and behavior of a firm and thus help to understand top executives’ influence on organizational outcomes (Finkelstein & Hambrick, 1990). Hence, to be able to influence firm behavior, top executives must be able to make use of their given characteristics, explicitly having managerial discretion. Applied to family firms, sharing the family’s power and influence with non-family CEOs implies that the family has to overcome their reluctance to give up control (Daily & Dollinger, 1992; Gersick et al., 1997; Gomez-Mejia et al., 2007; Jones et al., 2008; Schulze et al., 2003b) and grant CEOs a certain degree of managerial discretion to more or less independently manage the firm.

Generally, managerial discretion is influenced by the degree (1) to which the environment permits variation and modifications, (2) to which the organization is willing and capable of allowing an array of numerous actions and strategies, and (3) the degree to which the characteristics of the CEO⁵² personally enable him or her to derive, create and execute multiple choices (Hambrick & Finkelstein, 1987). To date, most studies focused more on environmental forces than on organizational and top executive characteristics (for a comprehensive overview, see Wangrow et al., 2015). This study focuses on organizational forces, in particular the family as the most powerful inside force in family firms. As one major characteristic of family firms is concentrated, respectively controlling

⁵⁰ The contrary is stated by population ecologists like Hannan and Freeman (1977), who more or less negate the influence of CEOs, except founders. For a detailed discussion on the debate between population ecologists and Carnegie School theorists see Hambrick and Finkelstein (1987).

⁵¹ As such, Hambrick and Mason (1984) place their theory in the context of bounded rationality.

⁵² Although recent literature often focuses on the top management team (TMT) and its influence on organizational behavior and outcomes, we follow Hambrick and Mason (1984) and assume that the CEO is still credited the most power.

family ownership (Chua et al., 1999) and the most prominent factor related to organizational forces is the ownership structure of a firm (Hambrick & Finkelstein, 1987), one can assume that non-family CEOs' discretion is limited by a concentrated ownership structure in family firms.

Central to the concept of managerial discretion is the idea that managers across organizations differ in their latitude to select and enact decisions (Hambrick & Finkelstein, 1987) and that the variations in CEOs' discretion affect the goals and values present in (family) firms. Hambrick and Finkelstein (1987: 371, 378) define managerial discretion as the "latitude of managerial action" that lies inside the "zone of acceptance" of the dominant coalition(s). In this study we adapt a refinement of this definition proposed by Shen and Cho (2005) that encompasses not only managerial actions, but also the goals and objectives these actions are derived from. Latitude of action and latitude of objectives covers the "determination of the basic long-term goals and objectives of an enterprise, and the adoption of courses of action and the allocation of resources necessary for carrying out these goals" (Chandler Jr., 1962: 13). Referring to bounded rationality (Simon, 1955), one can assume that a CEO is not aware of all possible actions at once. Therefore, managerial discretion can be best understood as the intersection of actions aware to the CEO and the zone of acceptance of the dominant coalition (Hutzschenreuter & Kleindienst, 2013). Hence, constraints on managerial discretion exist when the intended options or actions of the CEO reside outside the zone of acceptance of the dominant coalition or other powerful stakeholders, like employees or financial investors. For example, options or actions are outside the zone of acceptance when they are considered too risky or a violation of goals and values (Hambrick & Finkelstein, 1987) of the dominant coalition (e.g., the owning family).

The zone of acceptance for non-family CEOs in family firms is largely defined by the family's socioemotional wealth since socioemotional wealth (SEW), as the most salient paradigm in family firms, both impedes family firms to engage non-family CEOs (Gomez-Mejia et al., 2011b) and, given its importance to family members, is one pivotal driver of family firm behavior (Berrone et al., 2010; Chrisman et al., 2005a; Sharma, 2004). This reasoning is in line with an argument of Hall and Nordqvist (2008) who state that culture in family firms serves as a frame for managerial actions. That is, as (family) firms grow and mature, they establish a culture that defines operational and organizational structures for coping with the increasing complexity and effectively allocating resources within the company (Gilbert, 2005; Hannan & Freeman, 1984). As such, these structures serve to

“sanction certain options while at the same time prohibit others” (Hambrick & Finkelstein, 1987: 384). This method of operation is strongly related to a firm’s tradition and values, both especially promoted in family firms (Gomez-Mejia et al., 2011b), for instance, their willingness to pursue noneconomic goals, even at the cost of overall performance (Gomez-Mejia et al., 2007), their long-term orientation (Berrone et al., 2012; Kets de Vries, 1993), their close relationships with employees and consideration of other stakeholders (Carney, 2005; Miller & Le Breton-Miller, 2003; Miller & Le Breton-Miller, 2005; Sirmon & Hitt, 2003), their use of rather conservative financing and preference for internal growth (Sirmon & Hitt, 2003), and the value family members attach to the family firm’s image and reputation (Berrone et al., 2010; Cennamo et al., 2012; Zellweger et al., 2013). As a consequence, the courses of action considered by the non-family CEO in family firms are, in addition to its primary purpose, evaluated by its effect on the family’s socioemotional wealth. This may constrain non-family CEOs in their ability to e.g. access capital markets, to sell traditional yet loss-making business divisions, or to diversify in unrelated business segments.

Managerial discretion, agency theory, and stewardship theory

Also from an agency perspective (Fama & Jensen, 1983), family firms are reluctant to dilute their influence and control over the firm (Wiseman & Gomez-Mejia, 1998). That is, “under the assumptions of standard agency theory, discretion is used to further the agent’s interests and, so, tends to act against the interests of the principal” (Hendry, 2002: 102). Hiring outside managers and granting them discretion will likely increase information asymmetries predominantly in domains where the non-family CEO is more experienced than family members (Gomez-Mejia et al., 2011a) and thus eroding a family’s socioemotional wealth (Galve Górriz & Salas Fumás, 2002; cited in: Gomez-Mejia et al., 2010). For instance, such information asymmetries might be crucial regarding internationalization activities, mergers & acquisitions, or daily intercourse with employees as soon as external CEOs follow more their own interests instead of the interests of the family.

Moreover, agency theory suggest that non-family CEOs may engage in entrenchment activities characterized by complexity, observability, and uncertainty (Finkelstein & Peteraf, 2007). These CEO specific investments make it difficult for the controlling family to monitor or replace the non-family CEO. Since such entrenchment activities are self-reinforcing (Shleifer & Vishny, 1989), they can be seen as a goal in itself or be used to

heighten managerial discretion to a certain level needed to pursue the actual goals of interest. Family members then use their power of control trying to constrain the activities taken by external managers to secure that external managers act in accordance with the goals and values of the family.

Yet, the ability to set up incentives (incentive systems) and a governance that aligns the interests of the non-family CEO with the interests of the family is difficult enough, regarding just financial goals and even worse for non-financial goals (Chua et al., 2009). The utility function of family members is composed of financial and non-financial goals (Chrisman et al., 2005a; Lee & Rogoff, 1996), the latter being hard to measure and thus making them very difficult to be part of a formal contract and incentive system. This is especially true for a family's socioemotional wealth, which, due to its manifold composition of various, often latent non-financial goals, is very difficult to measure and hence to serve as formal governance (Pepper & Gore, 2012). Thus, as family-centered non-financial goals may be difficult to specify, families as principals "are likely to communicate them through informal dialogue" (Hendry, 2002: 101).⁵³

Regarding stewardship theory, non-family CEOs tend to pursue the goals of the family and try to maximize the utility of the family, thereby maximizing their own utility function (Davis et al., 1997). Based on the stewardship theory as an alternative or supplemental explanation to agency considerations, CEOs' influence on goals and thus their managerial discretion may be that CEOs deliberately „choose to limit their discretion to create a credible commitment to a course of action“ (Finkelstein & Peteraf, 2007: 243) instead of actively enhancing their discretion by choosing high-discretion activities. Following the assumptions of stewardship theory, family-centered goals are no constraints to managerial discretion per se since non-family CEOs are intrinsically motivated to act in favor of the family (Davis et al., 1997).

Socioemotional wealth and competing goals

Research on the goals and values in family firms has a long history (Miller & Le Breton-Miller, 2014). Recently, Berrone et al. (2012) summarized family-centered non-financial goals and the purpose they serve as the perpetuation and enhancement of socioemotional wealth (SEW). SEW describes the "affective endowment" of family members, the "non-financial aspects of the firm that meet the family's affective needs" (Gomez-Mejia et al.,

⁵³ A valuable step to better understand this dialogue in family firms was taken by Kotlar and De Massis (2013).

2007: 106) and serves as an important predictor of family firm behavior (Berrone et al., 2012). SEW is a complex construct composed of five sub-dimensions. (1) *Family control and influence* involves the power to exert control over the company's strategic decisions and to assign key executive positions, for instance, the CEO or members of the supervisory board (Chua et al., 1999; Gomez-Mejia et al., 2007; Lee & Rogoff, 1996). (2) *Identification of family members with the firm* describes the interplay of the family and the business system, creating a unique identity, for example, a strong identification with the firm's products and services and a strong sense of corporate social responsibility (Berrone et al., 2010). (3) *Binding social ties* reflects the social relationships that help the family and the firm to raise social capital and build a strong sense of belonging with both family members and the local community, employees, suppliers, and other business stakeholders (Cennamo et al., 2012; Miller & Le Breton-Miller, 2005; Sirmon & Hitt, 2003). (4) *Emotional attachment to the firm* refers to affective considerations, like emotionally charged decisions based on traditional values, and to act altruistically (Allen & Meyer, 1990; Eddleston & Kellermanns, 2007). Lastly, (5) *renewal of family bonds through dynastic succession* is the intention to hand the firm over to the next generation, indicating an overall long-term strategy regarding planning horizons or the evaluation of assets (Berrone et al., 2012; Le Breton-Miller & Miller, 2006; Sirmon & Hitt, 2003).

Yet, a frequently stated assumption is that the pursuit of these family-centered goals is endangered by the engagement of non-family CEOs (Cruz et al., 2010; Gomez-Mejia et al., 2010; Jaskiewicz & Luchak, 2013; Naldi et al., 2013; Zellweger et al., 2012a). Scholars assume that assigning non-family CEOs increases the potential for goal conflicts (Gersick et al., 1997). In particular, family-centered goals often conflict with financial goals especially if these goals are more in favor of family members than non-family CEOs (Chrisman & Patel, 2012; Miller et al., 2014). The latter are likely to resist the adoption of these goals (Chrisman et al., 2012) and hence may limit the ability of family members to engage in particularistic behavior and pursue family-centered goals (Carney, 2005; Chrisman et al., 2012).

In comparison to the family, non-family CEOs are supposed to be more inclined towards shorter time horizons (Chua et al., 2009; Daily & Dollinger, 1992), show less identification with the firm (Gomez-Mejia et al., 2011b; Zellweger et al., 2013), and display a higher degree of risk taking behavior (Huybrechts et al., 2013). Moreover, non-family CEOs are rather focused on financial goals and maximizing performance (Jaskiewicz & Luchak, 2013) than valuing non-economic goals (Naldi et al., 2013). That

is, managers, in particular non-family CEOs bring their own goals and values into the business (Agle et al., 1999). Apart from family members, the non-family CEO has the most power to influence organizational goals (Hambrick & Mason, 1984). The dominant coalitions, both the non-family CEO and the controlling family, utilize their discretionary power to enforce their goals and interests (Chrisman et al., 2012). The complex set of economic and non-economic goals pursued by family firms (Chrisman et al., 2014; Tagiuri & Davis, 1992) is then defined by a negotiation process between the dominant coalitions within a firm (Cyert & March, 1963), namely the non-family CEO and the family. Higher degrees of managerial discretion may give CEOs a better position in the negotiation process and consequently greater influence on the firms' goals and performance. Accordingly, the goals of (non-family) top executives "are a part of the total value system" (Gordon, 1961: xii) and, therefore, influence the behavior of the firm (Bourgeois, 1980a). As a consequence, family members tend to be particularly reluctant to dilute their influence and control over the firm (Daily & Dollinger, 1992; Gersick et al., 1997; Gomez-Mejia et al., 2007; Jones et al., 2008; Schulze et al., 2003b).

4.4 Methodology

Research design and sample

This study applies an inductive, case-based approach to answer rather explanatory "how" and "why" questions than "how many" or how "much" questions (Yin, 2009). The advantage of using a qualitative research methodology is its potential to gain deep insights into complex social processes (Eisenhardt & Graebner, 2007; Reay, 2014). The multiple-case design used in this study is appropriate since our knowledge about non-family CEOs in (large) family businesses is scarce, and current studies often come up with ambiguous or conflicting results (Eisenhardt, 1989). Moreover, applying this approach is appropriate since the understanding of the investigated organizational goals and behavior depends on the interplay of numerous parameters and complex social interactions common in family firms (De Massis & Kotlar, 2014) and allows us to use replication logic to identify the similarities and differences within the sample firms (Yin, 2009).

This study builds on the family business definition by Chrisman and Patel (2012: 976): “A family firm is defined by a family’s involvement in ownership and governance and a vision for how the firm will benefit the family, potentially over generations.”⁵⁴

To select the firms included in this study, we concentrated on a list of the largest 500 German family firms, ranked after sales and number of employees, published in 2011 by the Foundation for Family Businesses (Gottschalk et al., 2011). We only focused on firms led by a non-family CEO and with members of the family in active roles in supervisory committees. In a next step, we matched the remaining firms with our network. The remaining firms all meet the following criteria: The controlling families exert influence on and control over the firm via supervisory committees, preferably as chairman, are not part of the top management team, and involve at least the second generation of family members. Furthermore, we attached importance to having a reasonable amount of variation in the sample, hence being able to better cope with alternative explanations and rival theory (Yin, 2009). In particular, the firms vary in terms of industrial sector⁵⁵, size, age, family involvement, and experience with non-family CEOs. As a final criterion, all interviewees must confirm that they view their businesses as a family business. The final sample consists of five family firms (see Table 9).

We decided to analyze large German family businesses for several reasons. First, large family businesses are often led by non-family CEOs while concurrently having a family member as a chairman or member of the supervisory board, thus being especially suited to observe changes in the goal set related to the family-centered goals. Second, non-family managers in smaller family businesses are more likely to fulfill primarily supervisory roles (Chrisman et al., 2012), thereby considerably mitigating various objects of investigation, like CEO-centered goals or managerial discretion. Furthermore, large family firms are characterized by a higher number and variety of internal and external stakeholders and have better access to capital markets than smaller firms, thereby enabling the non-family CEO to choose among a broad set of decision alternatives and thus broadening her or his discretion (Kotlar & De Massis, 2013).

⁵⁴ This definition is consistent with the notion of Chua et al. (1999) that a definition of a family business should be inclined toward being inclusive and therefore allows us to incorporate family businesses being managed by non-family CEOs (Hall & Nordqvist, 2008).

⁵⁵ Industrial sectors included are: automotive, chemical, security, and communication.

TABLE 9: FAMILY FIRM CHARACTERISTICS

Name & Equity		CEO Background		Chairman of the Supervisory Board		Family Firm		
Family firm	Equity share	Origin	Tenure [Years]	Family member	Former CEO	Sales [€]	Headcount	Age [Years]
A	100%	outsider / insider ^a	> 5 / > 1	yes	yes	> 2.5 bn	> 10,000	> 100
B	100%	insider	> 5	no	yes	> 4.5 bn	> 20,000	> 100
C	100%	insider	> 5	no	yes	> 2.5 bn	> 10,000	> 80
D	100%	outsider / insider ^a	> 5 / > 1	no	no	> 1.5 bn	> 10,000	> 150
E	> 70%	insider	> 5	yes	yes	> 4.5 bn	> 15,000	> 100

^a The former CEO was hired from outside; the current CEO was hired from inside.

Data collection

The data collection largely relies on personal, semi-structured interviews and group discussions with non-family CEOs and family members. The inclusion of forthright group discussions that included students enrolled at the Technical University of Munich enabled us to mitigate shortcomings of face-to-face interviews, like impression management (Ellis et al., 2002). Asking the non-family CEO and the family about the same objects of investigation created the opportunity to adopt different point of views, thus mitigating, for instance, single informant biases (De Massis & Kotlar, 2014).

We choose interviews and discussions (in the remainder referred to as interviews) as the primary source of data since the main topic of this study is about complex social interactions, personal relations, and behavioral events (Yin, 2009). In addition, we aim to gather information on ‘non-decisions’, that is decisions discussed between the CEO and the family but not made and thus hardly accessible with other forms of data gathering. This is important since managerial discretion not only involves concrete actions, real choices and decisions, but also conscious inaction, for instance, not going public (Hambrick & Finkelstein, 1987).

The interview guideline consisted of approximately 40 open-ended questions (see Appendices A and B), which, whenever interesting to the research question, were complemented with further questions. The interviews mainly focused on two levels, the individual level and the organizational level. At the individual level, we asked about the goals and values of and the relationship between the non-family CEO and the family to gather information on the importance of financial and non-financial goals, the interrelation among goals, and communication structures. At the organizational level, we asked the

interviewees about the role of the CEO regarding organizational changes and strategy to be able to assess the degree of discretion regarding important topics, like appointing top executives or deciding on major investment decisions. Moreover, we inquired about constraints set by the family, like founding additional supervisory committees, installing other formal or informal control mechanisms, or setting new investment thresholds.

The interviews were conducted between 2012 and 2015. All 38 interviews (thereof 11 additional expert interviews with non-family CEOs) were conducted by two researchers and lasted between 30 to 120 minutes with an average duration of more than one hour (see Table 10). The interviews were audio recorded and transcribed verbatim shortly after.

TABLE 10: GENERAL INFORMATION ON INTERVIEWEES

Family firm	Interviewee	Abbreviation	Interview / Discussion
A	Former non-family CEO	CEO1.A	yes / yes
	Current non-family CEO	CEO2.A	yes / yes
	Family member / Chairman of the supervisory board / Former CEO	FAM1.A	yes / yes
	Family member / Member of the supervisory board	FAM2.A	yes / yes
	Assistant to the board of management	EMP.A	yes / no
B	Current non-family CEO	CEO.B	yes / yes
	Family member / Chairman of shareholders' meeting / Former CEO	FAM.B	yes / yes
	Non-family member of the supervisory board	MOB.B	yes / no
	Assistant to the Chairman of shareholders' meeting	EMP.B	yes / no
C	Current non-family CEO	CEO.C	yes / no
	Member of the family (president) / Former CEO	FAM.C	yes / no
D	Former non-family CEO	CEO1.D	yes / no
	Current non-family CEO	CEO2.D	yes / yes
	Family member / Member of the supervisory board	FAM.D	yes / yes
E	Current non-family CEO	CEO.E	yes / yes
	Family member / Chairman of the supervisory board / Former CEO	FAM.E	yes / yes
	Non-family member of the supervisory board	MOB.E	yes / no
Total (5 family firms)		27 (average duration > 1 hour)	
Total (incl. 11 non-case specific interviews with non-family CEOs)¹		38 (average duration > 1 hour)	

¹The average duration of the 11 non-case specific interviews is > 45 minutes.

To triangulate our primary interview data we collected additional data by means of a questionnaire, which was handed over to the interviewees subsequent to the personal interviews (for a similar approach, see Eisenhardt and Bourgeois (1988)). The questionnaire aims to systematically gather additional information on several potentially relevant constructs to the research questions and to ensure the comparability between the cases. Furthermore, the data was used to foster the validity and robustness of the final model. The measures included in the questionnaire are e.g., commitment, stakeholder salience, and the CEO's and family's satisfaction with firm performance. For the complete list of constructs and our intention to incorporate them, please see Table 11 (see Appendices C and D for the complete questionnaire).

TABLE 11: SUMMARY OF QUESTIONNAIRE

Measure	Reference	Intention	Items
Policy & Strategy Conflict	(Eisenhardt, 1989; Eisenhardt & Bourgeois, 1988)	Obtain order of preference of strategic themes as well as potential for policy conflict between CEO and family.	13
Goals & Goal Conflicts	(Bourgeois, 1980a; Eisenhardt, 1989; Eisenhardt & Bourgeois, 1988)	Obtain order of preference of financial and non-financial goals as well as potential for goal conflicts between CEO and family.	21
Stakeholder Salience	(Agle et al., 1999; Mitchell et al., 1997)	Obtain order of preference of firm internal stakeholders like employees and external stakeholders like banks, customers, and suppliers.	9
Organizational Commitment	(Chrisman et al., 2012; Hambrick & Finkelstein, 1987)	Obtain organizational commitment score of CEO and family. Higher commitment scores relate to lower potential for conflict and lower managerial discretion.	7
Interpersonal Trust	(Mayer & Davis, 1999)	Obtain level of trust between CEO and family. High levels of trust indicate higher managerial discretion.	4
Risk Propensity	---	Obtain higher comparability between the cases.	1
Socioemotional Wealth	(Berrone et al., 2012)	Obtain precedence of family-centered goals (included in questionnaire on goals and goal conflicts).	11
Family Influence & Power	---	Validate the findings from interviews and obtain higher comparability between the cases.	4
Non-family CEO Influence & Power	---	Validate the findings from interviews and obtain higher comparability between the cases.	4
Basic information on the family firm	(Klein et al., 2005)	Obtain higher comparability between the cases. Additional assessment whether the interviewees classify the firm as a family firm.	10
Basic information on the non-family CEO	---	Obtain higher comparability between the cases and get information about the CEO's background.	6
Satisfaction with performance KPIs	(Reinartz et al., 2004)	Obtain assessment on differences between the aspiration level of the CEO and the family. High deviations relate to higher potential of goal conflicts.	5

To ensure a clearly-formulated and comprehensive interview guideline covering the relevant aspects, we conducted pretests with a former non-family CEO with more than 15 years of experience in working for a family business, a current CEO of a family business, and the owner of a family business, currently working as a chairman or member of the supervisory board.⁵⁶ Moreover, we discussed the interview guideline and the questionnaire with researchers experienced in the field of family business and management. Finally, all interviewees were asked to give their comments at the end of the interviews, thereby

⁵⁶ We carefully prepared two versions for both, the interview guideline and the questionnaire, to meet the requirements of the two recipients.

further complementing the interview guideline. To further triangulate our findings, we collected secondary data from various sources such as the firm's website, books about the organization or the family, firm-internal memos, press releases, and newspaper articles.

Data analysis

In search for orchestrating themes as well as recurring patterns, we first analyzed each case followed by a cross-case analysis (Eisenhardt, 1989; Yin, 2009). We described each firm by means of its organizational characteristics e.g., ownership, its key stakeholders, age, or the general precedence of financial and non-financial goals as well as the characteristics of its non-family CEO like commitment, trust, or aspiration level. Two researchers independently coded and interpreted the data in a reiterative process. The analysis of the textual material is based on the software programs NVivo and Microsoft Excel. We analyzed the data according to the three-step approach proposed by Miles and Huberman (1994). In a first step, we reduced and organized the data by means of an initial coding scheme. That is, we applied an abductive research approach (e.g., Dubois & Gadde, 2002; Hall & Nordqvist, 2008) to match the observations to a theory or set of constructs. The initial coding scheme for family-centered goals is derived from the socioemotional wealth dimensions proposed by Berrone et al. (2012) as well as the goal set provided by Tagiuri and Davis (1992). The coding scheme for managerial discretion is derived from its first, second, and third order effects proposed by Hambrick and Finkelstein (1987). During the process of coding and the adding of new data, we engaged in recursive reading and subsequent interpretation of the transcribed interviews and constantly refined the initial coding guideline via a recursive cycling between the data, literature, and the derived preliminary findings. Following Eisenhardt (1989) and Glaser and Strauss (1967) we stopped collecting additional data when we reached theoretical saturation.

To identify similar constructs and relationships as well as deviations between the cases, we used charts and excel tables to facilitate the comparison and drawing of conclusions (Miles & Huberman, 1994). We then added the constructs obtained via the questionnaire to account for alternative explanations in our sense-making process (Yin, 2009). In a next step, we merged our coding nodes and concepts into our final model. In a final step, we discussed our preliminary results with some of our interviewees and experts to test and refine our final propositions.

4.5 Results

As we compared the data from the five family firms included in this study, three main findings turned out to be evident. First, non-family CEOs' influence on the firms' values and strategic goals is limited and constrained by the families' socioemotional wealth. Yet the families' long-term orientation also grants the CEOs high levels of discretion regarding e.g., investment decisions or strategic planning. Moreover, family-centered goals are reflected in the goals of high importance to non-family CEOs. In other words, non-family CEOs adapt to the goals of the family rather than changing the goal set. Second, stakeholders and, in particular, employees, due to the families' intention to maintain a close relationship, limit discretion of non-family CEOs. Third, and somehow surprising, high levels of operational understanding of family members result in rather informal governance mechanisms accompanied by higher managerial discretion of non-family CEOs.

In the remainder of this section, we begin with a discussion on the goals pursued by family members and CEOs. We then discuss how managerial discretion is constrained by other forces than the family, yet related to the family-centered goals. Finally, we describe the mechanisms applied to monitor non-family CEOs, dependent on the family's operational understanding and trust in their non-family CEO. We conclude the result section by presenting a model that summarizes the main findings of this study (see Figure 3).

Whose goals count?

To develop a beginning picture of the actual influence of non-family CEOs on the dominant goals and of the actual degree of her or his managerial discretion, we conducted a three-step approach. Our first step was to gather information about the actual actions and decisions made in the firm. In a second step, we focused on the initial source of the respective actions and decisions to clarify that the decisions were made either by the CEO or by the family. Our final step dealt with so-called non-decision, that is, decisions or actions devised by the CEO, that he or she could not execute due to the influence of the family.

First, we asked both family members and CEOs about the most important decisions since the beginning of the CEOs tenure. We focused on goals, strategy, and the focal points of investments since a non-family CEO needs managerial discretion to be able to

trigger changes in these areas (Hambrick, 2007). The decisions were coded as goals relating to the five dimensions of socioemotional wealth (Berrone et al., 2012). We found that the most important goals and decisions mentioned by the family very much conform to those mentioned by the respective non-family CEO (see Table 12).

TABLE 12: OVERLAPPING GOALS OF FAMILY AND CEO

Case	Interviewee	Exemplary Evidence of overlapping Goals	SEW
A	FAM1.A	Maintain the family-owned company.	(R)
	FAM1.A	Maintain independence from banks, third parties, and external financing.	(F)
	FAM1.A	To strengthen our existing business units (via acquisitions) is of utmost importance.	(F)(I)
	FAM2.A	One leading point is to pass over the company from generation to generation.	(R)
	FAM2.A	To achieve a common purpose, namely to safeguard being a family business.	(F)
	CEO1.A	We want to remain our independence as a family business.... I think that's still a central issue.	(F)
	CEO1.A	To focus on our existing business units.	(F)(I)
B	FAM.B	Maintain the business as a family business together with the next generation.	(R)
	FAM.B	To protect our firm against becoming an anonymous and bureaucratic company. And to maintain our entrepreneurial spirit, to stay fast and straightforward.	(F)(I)
	FAM.B	True to the motto of my grandfather: Don't do business with other people's money.	(F)
	CEO.B	Core topics are first of all equity financing, stability, and independence.	(F)
	CEO.B	I spent my half live here. If the next generation continues the business, that would be a great story. I would be really happy about it.	(R)(I)
C	FAM.C	I have to say, employees are at the heart of our organization.	(B)
	CEO.C	One of the most striking things not just in this location, but also in the plants around this location is massive loyalty. Our employees stay with us a long, long time. ...Here was an environment where you could do the right thing for people, you could really pursue a long-term strategy.	(B)
D	FAM.D	My goal is to hand over the business as a family business to the next generation.	(R)
	CEO1.D	To secure our financial independence precedes everything else. Sustainably, over the long run. The greatest good. ...Tell me why you think, that the company will be an independent family firm in the next generation?	(R)
E	FAM.E	I will have reached my goal, when I handed over a prospering business to the next generation.	(R)
	CEO.E	I will do anything to secure that the business is going to be successful far beyond my time.	(R)

(F) Family Control and Influence; (I) Identification with the Firm; (B) Binding Ties; (R) Renewal of Family Bonds.

However, overlapping goals do not automatically signify that the family caused these goals. Instead, the non-family CEO could also have initiated the actual strategy and convinced the family of the usefulness of the observed activities to achieve the targeted goals. To assure that this was not the case, we asked about changes in goals and values due to the current CEO. Alterations would have pointed towards a change because of the influence of the non-family CEO. Yet, our interview data shows that most of the prevailing

goals and values of high importance to the family have been in place before the current CEO was in charge.

In addition, both the families and the CEOs described that the CEO did not change the goals and values of the family firm. For instance, FAM.E stated that: "It's actually a continuation." CEO.E made clear: "The important thing is, it's just not allowed to pursue own goals. ...There is no justification, I would say, to pursue goals that are somehow hidden." FAM.B responded to the question if the goals and strategy would have developed differently with a family member at the helm: "I don't think the company would have developed differently. ...I was still too close to the business." CEO B stated in almost the same manner: "There would have been no major differences. So, if FAM.B had taken the same effort, it would have run the same way." FAM.D and CEO2.D consistently responded: "The values that have emerged from tradition, that's what makes the company. You don't forget or blot them" and "I think the family is not so willing to leave the chosen path. ...I can only say, I would also like it to remain as it currently is." In case C, the family as well as the CEO highlighted the importance they attach to the firm's traditional values. FAM.C commented: "What I value is our corporate culture, which is based on my father. Whether it is humanity, openness, honesty... everyone performs differently, has a different management style. There is no doubt about that, but he [CEO.C] does not pull down fundamentals." CEO.C made clear: "There are certain clear values that the company has had for 80 years and so these would never change. I do not know whether I was told them or whether I saw them and liked them or adopted them. They became completely natural."

Consequently, we conclude that family-centered goals and values limit the set of strategic choices available to the CEO and guide his or her behavior. That is, the CEOs are not only aware of the families' goals and values (the families' zone of acceptance), but also adapt their behavior towards these goals. To the question if and how strategy and values changed because of her or his influence CEO2.A responded: "No. I don't think so. I think I act in the family's interest." He added: "(...) I would say, the moment you realize the family's ethical principles you orient towards them." His predecessor CEO1.A responded: "You act and you think like family and this is what ...this is the best you can do in family businesses. And when I retired, FAM.A said: 'Well, the best compliment I can pay you, you acted and you lived the company like being a family member.' You turn into this role."

Moreover, the CEOs know about their degree of discretion and seldom come forward with a proposal that collides with the families' goals or values even if the CEO is convinced of its profitability. For example, CEO1.A explained: "If you work in such a business for a long time, you become a part of its body of thought. You don't need to propose certain things; you know it will be refused." In a similar manner, MOB.B described: "CEO.B knows how the family feels and what they think. He complies with the family. There are certain things, that would be nice, but it

simply will not work.” CEO2.D explained: “As CEO, I could have come up with the idea to say, let’s go public to grow faster. ... This is a topic, I have never asked myself, because I knew that the family does not want to. ... You just have to accept that.”

Up to this point we can summarize our findings by three observations: First, strategies and goals pursued by non-family CEOs very much resemble those esteemed by the families. Second, there are rather incremental than radical changes in strategy and goals pursued due to the influence of non-family CEOs and, third, the families’ zone of acceptance is defined by their socioemotional wealth and, as such, limits non-family CEOs’ managerial discretion.

As an alternative explanation to our previous reasoning, pointing to a moderate or low level of managerial discretion, one could argue that CEOs are not constrained by the families’ goals per se, but rather they act like stewards and deliberately align their interest to that of the family (Davis et al., 1997). However, our data evidently suggest that this is not the case. Each CEO tried to enforce decisions that run against the goals and values of the respective family. These family-centered goals then served as constraints to managerial discretion, preventing the CEO from executing her or his goals. For instance, the families strongly focus on self-financed growth, are reluctant to conduct acquisitions, to diversify their firm, or to get involved with venture capitalists. This mindset is due to the families’ intention to retain independence and control. For instance, CEO1.A aimed to diversify the company’s portfolio and objects to invest in a new business segment by acquiring a new company. To illustrate, CEO1.A stated: “I wanted to diversify. We had the opportunity to buy the whole XY-Group. However the family had some reservations. ...New market, new environment, and new topics, well, there was just no incentive to tackle that issue.” Yet, one of the family’s most important goals is to strengthen its existing business segments and thus the family vetoed. FAM1.A described: “In such matters, I strongly disagree. In this context, I revised the acquisition strategy and made clear that I want to strengthen our existing business.” He added: “A cobbler should stick to his last.” However, the family thereby ignores that; from a clinical perspective they are by far the market leader with only very limited opportunities to expand any further. The family in this case was not willing to trade control for the potential for significant growth. EMP.A summarized: “If we would have bought [XY-Group], then the family would have gained a lot more money. ...However, this diversification was not wanted.”

Other examples of denied proposals are, for example, turning away from equity financing. FAM.B stated: “If you plan to expand, then you have to do it by your own effort. If you can’t do that, then there is no reason to expand.” One example of a proposal that was denied by the

family at each case in this study, relating to the families intention to strengthen binding ties to their employees and emotional attachment, is the CEOs attempt to close or relocate traditional, long existing sites. FAM1.A described: “Certainly triggered by emotionality, I took a closer look and decided not to close our site.” FAM.B described: “The company’s founding location was already under discussion. It is then up to the family to ensure that our values are maintained. There are choices that are not justified economically alone, but also with tradition and decency.” FAM.E stated: “I think that a family carefully considers, especially regarding employees, whether to close a plant or not.” Case C was the exception and was explained by the CEO and the family as a result of less emotional considerations in decision-making processes. FAM.C explained: “We closed the company’s founding site. That was very important for me since my father during his lifetime told me: ‘Don’t let emotions stop you if it relates to business’...it helped.”

Up to this point, we showed that family-centered goals limit non-family CEOs’ discretion. However, our data indicates that in particular the families’ inclination towards a long-term orientation also suits non-family CEOs. Each CEO stated that the renewal of family bonds and the intertwined, long-term orientation of the family firms increases their degree of managerial discretion and, contrary to expectations in literature, does not lead to conflict based on the frequently stated assumption that non-family CEOs are rather short-term oriented (e.g., Chua et al., 2009; Daily & Dollinger, 1992). As CEO.C illustrates: “This was a lovely example of how you could use that discretionary authority that an owner has ... to think long-term, treat people well, not worry about this year’s margins, and look at the investment horizon of the company and protect that. So, in the end I really was surprised by how good that made me feel.” CEO2.A described: “... to connect long-term orientation with high emotionality, that’s great”, and added an example of long-term investment in a new technology that caused unexpected high cost, yet is still supported by the family: “Our investment in thermoplastics would never be possible without the family. We don’t even know if it proves strategically successful.” CEO1.D also clearly valued the long-term orientation of the firm: “Well, I must say the discretion and support to develop a long-term strategy and the willingness to invest in the future ... that was delightful. ... I was supported a lot.” Based on these results, we thus propose:

Proposition 1: The family exerts a dominating influence on the predominant goals, despite of having a non-family CEO. Non-family CEOs’ managerial discretion is too small to substantially change the overall goal set due to limitations caused by family-centered goals.

Our data, so far, evidence that non-family CEOs in large family businesses have only limited degrees of managerial discretion. Non-family CEOs are expected and actually do discuss important strategic decision with the family. Moreover, non-family CEOs clearly value the families' long-term orientation. We thus conclude that the family instead of the CEO mainly influences the overall goal set and that both the related socioemotional wealth and the pursuit of family-centered goals remain high, independent of a non-family CEO.

Bypassing as a constraint to managerial discretion

In addition to constraints by family-centered goals, we observed a two-sided interaction between employees and the family limiting a CEO's managerial discretion. Although the family knows about the importance of granting the CEO leadership rights through formal as well as symbolic actions thus providing him or her discretion (Gabarro, 1987), as exemplified by FAM.B: "The day I retired, I handed over my office, my parking place, and my secretary so that my successor can more easily learn the ropes", both, the family and employees sustain an informal channel that undermines the CEO's authority and thereby poses obstacles to his or her managerial discretion. We named this informal channel "bypassing", defined as a direct and unobservable contact between employees or other salient stakeholders and family members resulting from the families' accessibility.

Bypassing confronts the CEO with vague agendas and divergent requirements stated by the family (Le Breton-Miller & Miller, 2013), resulting in an inability to make clear or quick decisions. Bypassing can have its starting point either on the family or employee side. The former arises from inappropriate communication by family members with employees. That is family members may exceed their responsibilities and bypass committees or boards designated to interact with the management of the firm. To illustrate, MOB.B described: "(...) whenever FAM.B directly intervenes in CEO.B's operational business, then CEO.B is under massive pressure. If the family then starts to debate, to co-decide, and to overturn CEO.B's decisions, it really becomes difficult." CEO2.A conceded: "I know there are still ... informal circles that FAM1.A definitely uses to get information, ... probably at levels that I do not know, so that he gets an overall picture from different perspectives. When he notices breaks in the overall picture ... a conflict may arise and he could say that something is going wrong here." CEO1.D was even more specific and described the interaction between the family and employees as follows: "The second governance, a personal one, has been informal and was used to get information that confirms what FAM.D wants to hear... So, the family is looking for channels ... that confirm that their intuitive feeling is factually correct.... But

that's not transparent governance. ... It's bypassing of the management." The described interaction and resulting governance finally led to the CEO's dismissal.

We observed bypassing by employees if employees suppose that the non-family CEO violates goals and values of the family as well as if they suppose that the family is not fully informed of the CEO's activities. Employees are then hesitant to excel the course of action expressed by the CEO and therefore bypass management by addressing their concerns directly to the family. As CEO.B explained: "Needless to say, there are always employees that do not agree with my decisions and then try to improve their position by the use of bypassing." FAM2.A commented: "We are not living in a vacuum, employees often contact us and inform us about issues in the business. It's not just a theory. You get some information and these are at odds with the information you get from the CEO." In such a situation, the non-family CEOs face information asymmetries that constrain their discretion and independence in decision-making. MOB.E described: "Well, the employees, they say we talk directly to the family. ... CEO.E has to take care not to be caught in crossfire. If that was not the case, CEO.E would act differently and take more severe measures." CEO1.D emphasized frequent bypassing and illustrates the challenge in decision processes using the example of an acquisition: "There was an additional channel, an often used one.... We were in the process of acquiring a company and one younger family member was somehow involved in discussions about the pros and cons. ... One group below the top management knew how to impact that. They knew if you expressed concerns in presence of this family member, then these concerns intensified and resulted in critical enquiries at top management level by FAM.D."

At times the business or important projects were in a difficult situation, bypassing activities by employees became especially salient. Our data revealed that CEOs then needed a publicly stated endorsement by the family to enforce their authority. The decision that it is necessary to ask for and get support from the family originated from the management side and was interpreted by the authors as political acumen; one way to increase their discretion. Without that kind of family support, employees continued to question and challenge the non-family CEOs. For instance, CEO.C explained: "(...) we were in a critical situation and we were making decisions. ...Something that came out, even after one year is people then said to me, quite openly, they said, 'look, does the family really know what you are doing? Do they really approve of all of this?' and I was like, you know, do you think it is a secret? You know, I really had to push FAM.C a little bit. But we were not able to convince the company and we needed to tell them [employees] somehow. ...So we decided to do a video.... It was necessary to publicly give me an endorsement. And then people actually were saying to me, 'No we always thought you were a good guy. We do believe in you, it is a very difficult situation, you are doing a really good job.' They thought it, but at the same time because we were changing things, there was really this, 'I do not know whether to listen to him. He is changing FAM.C's company'. I needed his endorsement." CEO1.A explained: "We had a crisis in

2006 ... and we had to let people go. It was like: 'He [CEO1.A] totally screwed things up.' A member of the management board tried to take advantage of that. At that point, FAM1.A called an employee meeting and clarified that the family knows exactly what happened and that it is not my fault and that the family doesn't want to hear or read anything more about it. That settled the case. If such support is missing, you find yourself in an awkward position." As a consequence, we argue:

Proposition 2: Informal interaction between the family and employees undermines non-family CEOs' decision-making authority and encourages employees to address their concerns directly to the family, both constraining non-family CEOs' discretion, particularly in times of crises.

To summarize, employees and family members take the opportunity to directly interact with each other without prior consultation with the non-family CEO. This interaction, as often welcomed by the family, conveys divergent information and poses obstacles to CEOs' discretion. Moreover, by doing so, employees serve as an additional control mechanism to secure that non-family CEOs act in accordance with the family.

Formal and informal governance related to managerial discretion

In this final part of our results, we discuss how governance processes relate to managerial discretion. Our performed cross-case analysis shows that the actual governance system and the degree of managerial discretion closely relate to the "operational understanding" of family members. We defined "operational understanding"⁵⁷ as the ability of the family to openly communicate their goals and priorities to non-family CEOs and a profound comprehension of the firm's current strategy and operations. In those cases, characterized by high operational understanding, formal governance mechanism were rather used to formally legitimize decisions made by the CEO, but informal governance, reflected by frequent and intense face-to-face communication (Hendry, 2002), was used to actually make decisions and communicate the goals and values of the family to non-family CEOs.

In each firm A, B, C, and E one of the interviewed family members has led the company as CEO for at least a decade and currently holds an appointment at the supervisory board or at the company's general meeting. They consequently do have high operational understanding. To illustrate, CEO.C said: "He [FAM.C] always has a feeling for what goes well, what goes badly, ... and what our biggest customers are doing at the moment." FAM1.A

⁵⁷ High (low) operational understanding does not equal a close (distant) relation of the family towards the business.

emphasized: “Here we have the situation that I, as a family member, do have expertise.” FAM.E commented: “I don’t know better, but I can ask more precisely and give support. It’s easy for me because I thoroughly know the company.”

It is in these firms that we observed informal, frequent interactions between the CEO and the family. For example FAM1.A stated: “(...) I’m in the office twice a week. We [CEO and FAM] meet and I catch up with the current development. It’s quite informal.” FAM2.A emphasized: “Here we have a close relationship between the family and the CEO. They meet once or twice a week and discuss new developments and what to do next and what not to do.” CEO.B was very specific: “We [CEO and FAM] started weekly consultations. If possible, every Monday for two hours. In addition, we have a frequent communication via email and phone. I ask him whenever I suppose that something could be interesting for him or if I need his opinion.” In these cases, regardless of the installation of a formal governance system (albeit often statutory due to the size of the firms), we find that family members, having operational understanding, privilege informal governance systems over formal ones. To illustrate, FAM.E stated: “I’d say, it doesn’t need to be formal. You don’t need to record everything. We make a phone call, come to a decision, and CEO.E goes on without the requirement of my signature.” CEO.E described the governance as follows: “If we need a decision... we get one. Whether or not a board meeting is imminent. We handle that quite flexibly.” FAM1.A made clear: “We do have rules and regulations... but I must confess that since we formulated them, we never had a look at them again. Over time... our modus operandi somehow became less and less formal.”

CEO2.A described the decision-making process as follows: “It’s rather informal. I would say that we make decisions rather in direct conversations than within our committees. Basically, decisions have already been made way before a board meeting. ... We decide informal, not formal and subject to regulations.” CEO.B described the decision process as follows: “We keep it simple... and our relationship is a very direct one.” FAM.B described: “We didn’t formulate a paper. To my knowledge, we don’t have any kind of guideline or checklist to describe that process.”

In firm D, however, the family is lacking operational understanding and thus relies heavily on two formal committees, the advisory council and the supervisory board. As CEO2.D stressed: “FAM.D always says – I [FAM.D] am not able to manage the company.” The predecessor CEO1.D was more specific and commented: “FAM.D is not able to challenge the content of a decision paper, FAM.D doesn’t have the know-how. ...FAM.D never attended a business school and has no leadership experience. That is to say, FAM.D has to rely on the advisory council.” In this case, CEO2.D explained that informal meetings between the family and the CEO take place at rare intervals every six to seven weeks. CEO1.D concedes that: “We met directly. ...Maybe we should have done this more often.” As a consequence, we observed that the CEOs find themselves controlled by a more formal governance structure and have to align their course

of action with the families' supervising committees. To illustrate, FAM.D described the governance and decision-making as follows: "We installed a co-determined supervisory board and an advisory council. At the advisory council we discuss strategies and how to proceed, what to consider or not" and emphasized the central role of that council: "As I said before, the advisory council has great power. It really decides on important projects." In one example mentioned by CEO1.D, the advisory council forced management to adjust a proposal in a manner that suits or justifies the direction that the family envisioned: "FAM.D always wanted to have their intuitive wish matched with the actual matter of facts. In consequence you could consider either coming into conflict with the family... or proposing according to the family's wish. And at that time, the advisory council recommended... reevaluating certain aspects to be able to conclude that the family is right. You then turn governance upside down." His successor CEO2.D concedes: "The advisory council is the decision-making body." Thus, we argue:

Proposition 3: High operational understanding of the family leads to informal governance and serves as substitute to formal governance.

To summarize, operational understanding enables the family to informally interact with their CEO and to control the impact of decisions made or proposed by the CEO on family-centered goals. Otherwise, missing operational understanding leads to formal governance and formalized decision-making processes.

But how does formal governance, informal governance, and operational understanding relate to managerial discretion? One could argue that the informal governance accompanying intense communication and discussions between the family and their CEO are constraints to CEOs' discretion per se. However, our data indicates a different conclusion. On the one hand, non-family CEOs clearly value the opportunity to consult with the family, which is then acting as a sounding board or sparring partner. On the other hand, the family esteems to act as an advisor and thus guides the CEO according to their goals and values. As CEO.B stated: "...I involve FAM.B whenever I realize that I need his backing, support, and good advice." The family FAM.B explained: "...if someone has managed a company for such a long time like I did, successfully, ...then a CEO doesn't lose face if he reconciles important issues and consults with me." CEO1.A accented the importance of informal governance, operational understanding of the family, and related decision-making: "We discussed technical questions, FAM1.A served as advisor and that again and again simplified decision-making. ... However, that only makes sense if the family has relevant knowhow."

Moreover, our data shows that operational understanding is one important precondition to fast decision-making by non-family CEOs. As the ability to quickly decide indicates high managerial discretion (Hambrick & Finkelstein, 1987), we argue that operational understanding increases managerial discretion. As FAM1.A explained: “Basically, I think if family members know about the business and know how to guide and support the CEO then they definitely enjoy their job and have more discretion. I am absolutely sure.” Family FAM1.A added on decision-making: “If a family understands their business and knows how to support management, then they have more discretion and in particular prompt decisions. And that counts, too. It’s not only about discretion but also about decisions he can’t make by himself. If something exceeds his authority, then he just comes by and leaves with a decision.” CEO1.A emphasized: “[If you have to decide quickly], then it’s an advantage if you don’t need to call a supervisory board meeting.” His successor CEO2.A stated regarding decision-making: “Decisions can be made in very pragmatic manner and not bound to formal requirements....”

Although there are regular and informal meetings in case D, albeit a few, these meetings are characterized by less input by the family, as stated by CEO2.D. Due to missing operational understanding of FAM.D, these meetings do not comprise decision-making and as such do not increase the non-family CEO’s amount of discretion. CEO2.D described: “We don’t take decision during our informal meetings.” In accordance with this statement, his predecessor CEO1.D described: “The family doesn’t make quick decisions. Decisions go through the whole governance process. Well, it’s [decision-making] not that straightforward.” Thus, we propose:

Proposition 4a: Operational understanding of the family enables non-bureaucratic, informal governance and decision-making processes and thus increases non-family CEOs’ managerial discretion.

Proposition 4b: Missing operational understanding leads to bureaucratic, formal governance and decision-making processes and thus decreases non-family CEOs’ managerial discretion.

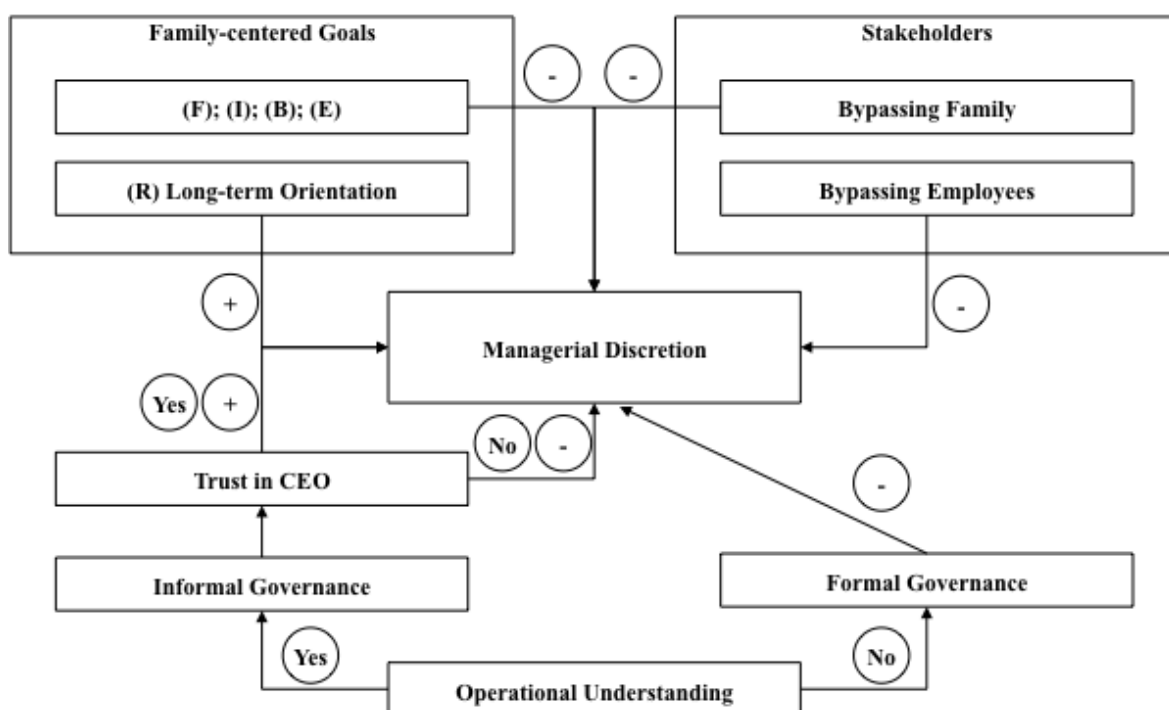
The influence of trust on managerial discretion and operational understanding

At the same time, our data indicates that operational understanding is a double-edged sword and does not necessarily appear with high managerial discretion. Provided that family members trust in the formal competencies of their CEOs, then operational understanding allows family members to serve as a sparring partner or sounding board, and

thereby increases non-family CEOs' managerial discretion. In cases A, C, and D, both the family and the CEO accented the importance of trust in relation to the level of managerial discretion. For instance, CEO1.A explained: "My experience is ...that the more the family trusts in you the more discretion you get, despite a more intense communication. ...But at the same time, curiously both more intense and nevertheless more independent." CEO.E stressed: "You can work properly only if you enjoy the owning family's trust." FAM.E commented: "...From the beginning, CEO.E had the amount of discretion he needed, and still has. Well, certainly there is a basis of trust and therefore, from the beginning, a high degree of discretion."

Yet, operational understanding also involves the risk that family members assume to know everything better and, consequently, restrict non-family CEOs' discretion. The family in that situation, as exemplified by case B, does not sufficiently trust in the formal competencies of CEO.B and acts more as a decision maker than a sparring partner or sounding board. In that case and in line with our proposition 4a, operational understanding of the family indeed reduces the need for formal governance systems and the family hence forgoes formally controlling the non-family CEO. EMP.B explained: "...we have one link towards the owners and that is CEO.B towards FAM.B." However, as the family does not fully trust in the formal competencies of the CEO (albeit existent) the CEO has only little discretion. MOB.B described: "The relationship between the family and the CEO worsened. Why? Because FAM.B questions CEO.B's managerial skills and senses deficits. ...In particular regarding leadership and organizational development." EMP.B described the situation in a similar manner: "CEO.B... now has many years of experience and it's of course annoying if someone intervenes and decides to do things differently for various reasons. From CEO.B's point of view he could decide more decisively without the family." CEO.B concedes: "He [FAM.B] can do whatever he wants, he is the owner. ...And he compares how he would have acted and how I do. And that certainly is a different approach." MOB.B stressed: "There is no doubt...that CEO.B can't override the family's approach." Based on this evidence, we thus propose:

Proposition 5: Trust in the formal competencies of non-family CEOs directs the relationship between operational understanding of family members and managerial discretion of non-family CEOs.

FIGURE 3: MANAGERIAL DISCRETION IN FAMILY FIRMS

4.6 Discussion

Overall, prior literature on the effect of non-family CEOs suggests that non-family CEOs will alter the goal set of family firms towards a more financial direction (e.g., Jaskiewicz & Luchak, 2013; Naldi et al., 2013) and reduce the family's socioemotional wealth (e.g., Gedajlovic et al., 2004; Gomez-Mejia et al., 2011b; Miller et al., 2014; Patel & Cooper, 2014). However, this study arrives at a different conclusion. Non-family managers behave far less as self-serving agents, which are only interested in maximizing their own utility function than previous literature might suggest. By applying the concepts of socioemotional wealth (Berrone et al., 2012) and managerial discretion (Hambrick & Finkelstein, 1987) to analyze the discretion of non-family CEOs, we aimed to shed some light on the effect of non-family CEOs' discretion on the precedence of family-centered goals in large family firms and to understand if and how family-centered goals constrain or increase CEOs' discretion as well as the governance enacted to align the goals of the family with those of non-family CEOs.

We find that the prevailing goals in family firms are family-centered goals that serve as a clear guideline for non-family CEOs and are not substantially changed by them. Non-family CEOs are not only conscious about the goals and values of the family, they also

orient their behavior towards these goals and values. To reveal their intentions, family members make use of extensive informal governance, reflected in intense communication with their non-family CEOs. In line with Hendry (2002: 110), we find that this informal and frequent dialogue likely not only comprises monitoring but also “guidance, feedback, and the benefits of experience.” That is, if the family has high operational understanding, then informal governance serves as a substitute to formal, more costly and thus unfavorable governance systems (Wangrow et al., 2015) and, furthermore, enables the family to monitor and align actions pursued by non-family CEOs to sustain their socioemotional wealth. Lacking operational understanding limits the family’s ability to closely monitor operational steps taken by the non-family CEOs to pursue a defined strategy and may lead to an undermining of the family’s goals and values and thus increases the need for formal governance mechanisms. Yet, as the manifold and complex goal set derived from a family’s socioemotional wealth is difficult to put in formal governance (contracts) (Hendry, 2002), the attempt to specify these complex, latent objectives may even be dysfunctional “as agents [non-family CEOs] perform to the specific terms of the incentives offered, rather than in the more general interests of their principals [the family]” (Hendry, 2002: 99). In addition, referring to bounded rationality, it is doubtful that external managers are able to fully anticipate the rationales of the family and to anticipate the utility function of the family (Chrisman et al., 2014). Bounded rationality “can make goal alignment and achievement difficult regardless of intentions” (Chrisman et al., 2014: 19). Both difficulties in specifying complex family-centered goals as well as the bounded rationality of non-family CEOs emphasize the importance of informal governance and frequent communication to align the interests of the family with those of the non-family CEO.

Related to managerial discretion, we find that operational understanding in combination with a trusting relationship between the family and the CEO allows the family to serve as a sparring partner to the CEO. That is, the degree of managerial discretion of a non-family CEO depends on the level of trust and thus on the question of whether the CEO is enabled by the family to utilize her or his professional and cultural skills.

If the family lacks operational understanding, then CEOs find themselves controlled by formal governance and less discretion due to higher administrative intensity and slower decision-making processes. Our argumentation regarding the importance of operational understanding is in line with Block et al. (2013). That is, family members in large family businesses where they are still major owners of the family firm leave a “significant legacy

of managerial competency” (Block et al., 2013: 184). Block et al. (2013) argue that such owner shareholders are unlikely to accept changes to what has worked for them in the past. Their perception and response to a situation is influenced by their former experience and derived procedures they can rely on (Cyert & March, 1963; March & Simon, 1958). If these family members are not able or unwilling to maintain their understanding of the business, then they constrain the current leader of their family firm.⁵⁸

Lastly, we find that due to the family’s visibility and closeness to the business, stakeholders and, in particular, employees play an important role for the level of discretion of non-family CEOs. From a managerial perspective, they take the opportunity to directly interact with the family, thus posing obstacles to managerial discretion. From a family’s perspective, this interaction also serves as an opportune control mechanism to align the actions of non-family CEOs with the interests of the family.

Contributions

This study makes several contributions to literature. First, our findings on managerial discretion contribute to agency theory and governance discussions on non-family management in family firms, especially the advantages of informal governance that simplifies the alignment of the family’s (principal’s) and the management’s (agent’s) interests. Previous studies regarding non-family management focused more on agency problems and how those can be minimized with e.g. performance pay and other incentives structures (e.g., Chua et al., 2009) or how the family is formally empowered to control non-family managers (e.g., Villalonga et al., 2015). This study explores how a trusting relationship between the family and the CEO and the characteristics of family members, in particular operational understanding, lead to goal alignment and how these factors relate to formal or informal governance mechanisms.

Second, we add to literature on goal negotiation processes in family firms. As Williamson (1963: 1053) state: “In order to explain and predict (...) business behavior, it may be necessary to make managerial objectives an integral part of the analysis.” Yet, to date, we know little about the influence of non-family CEOs on the overall goal set of family firms and how CEOs attempt to incorporate their interests. By applying the concept

⁵⁸ At this point it is important to note that constraints to managerial discretion do not necessarily imply a negative effect on firm performance. Young and less experienced leaders may feel comfortable to have their predecessor as a sounding board and advisor (Quigley & Hambrick, 2012) since they are possibly disposed to share their experience and knowledge with successors. This may be especially true in the case of family firms where family members are most likely interested in having their firm prosper.

of managerial discretion, this study helps to close this gap and adds to recent findings on goal setting processes in family firms derived by Kotlar and De Massis (2013) and helps to assess the actual impact that non-family CEOs have on goals, values, and behavior of family firms.

Moreover, knowing the degree of non-family CEOs' discretion helps to reconcile ambiguous findings regarding the applicability of principal agent theory and stewardship theory, since low discretion managers more or less supersede the need for complex and costly control mechanisms. In a similar vein, the concept of managerial discretion could help explain equivocal results on performance effects in prior studies related to family and non-family CEOs. The finding of Kowalewski et al. (2010) that family CEOs in entrepreneurial markets outperform non-family CEOs is a good example. Performance in entrepreneurial markets is highly responsive to the decisions of individual executives. Since family CEOs are expected to have greater discretion than non-family CEOs, they can take advantage of this situation, make brisk decisions and thereby outperform non-family CEOs who may be more constrained in their speed and course of action.

Lastly, this study contributes to the issue of how non-family CEOs actually affect the socioemotional wealth endowments of families. That is, do non-family CEOs really decrease a family's socioemotional wealth? Our data shows that this is not the case. The affective endowment of family members is not threatened by non-family CEOs per se. Our findings thus confirm the theoretical surmise of Berrone et al. (2010: 105) that family members as a matter of fact effectively control their CEOs and are "very vigilant and monitor what the CEO does to ensure that the family's socioemotional endowment is not jeopardized."

Related to practice, first, our findings highlight the importance of a profound training and education of family members who intend to work in the family business. Substantial operational understanding can act as an alternative or supplement to formal governance when it comes to latent and complex goals (Hendry, 2002), like family-centered non-financial goals. If family members are both able and willing to informally guide their non-family CEOs, then operational understanding represents a reliable mechanism to secure the family's socioemotional wealth without losing competitive advantages like quick decision-making and low administrative intensity.

Second, our results have valuable implications for managers as well as family members. An appropriate assessment of tasks and responsibilities of the CEO reduces failing CEO appointments, one main cause of a subsequent decline of performance or,

even worse, failure. If a non-family CEO is either not granted with a substantial degree of managerial discretion or if the family deters the CEO from drawing on the full range of decisions and actions available to her or him in order to preserve their socioemotional wealth, the CEO will not be able to achieve the best performance and will probably sooner or later leave the firm. Yet, family firms only have a limited human resource pool and hence cannot easily substitute the CEO (Miller et al., 2014). Thus, our findings help family firms to better assess the challenges of future successions and help in defining the degree of a non-family CEO's managerial discretion needed to successfully operate and at the same time to maintain the family business 'unchanged'. That is, to keep the goal preferences and strategy as intended by the family, for instance, in a situation where no qualified and willing family successor is in place or not yet developed, and the family thus has to appoint a non-family CEO.

Moreover, we shed some light on how non-family CEOs can be supported by the family in enforcing authority. The family and the CEO must acknowledge that establishing authority is an enduring process that involves employees as well as other powerful stakeholders (Gabarro, 1987; Shen & Cannella, 2002) and that sending a clear signal at the very beginning of a non-family CEO's tenure might not be enough to persuade employees that the CEO acts in accordance with the family.

Finally, our findings may be of interest not only to family businesses, but also to a broader general management community. The constraints that stem from the family as the dominant coalition may also be valid for CEOs in publicly-held companies with major institutional shareholders or companies in the portfolio of private equity firms, both bound by their very own priorities and thus constraining the CEO in her or his set of available options.

4.7 Limitations, further research, and conclusion

This study is subject to some limitations. First, regarding our qualitative research methodology, external validity of our results must be verified. Second, this study focuses on large German family businesses. Therefore, conclusions for small or medium-sized family firms or firms operating in other countries and with diverging cultural backgrounds have to be handled with great care. Third, the families in this study display a high degree of intra-family consensus on goals and strategy. Hence, constraints to the CEO based on family conflicts and ambiguous agendas e.g. extracting resources vs. reinvestment of

profits, an issue of high relevance in family business research (e.g., Eddleston & Kellermanns, 2007; Schulze et al., 2003a), could not be observed. Moreover, the observed firms did not employ family members in key operational management positions. That is, we could not observe potential constraints to the CEO that stem from daily operational team play with family members. Lastly, we only gathered information from CEOs and neglected the influence of the entire top management team on strategy and decision-making.

Based on these limitations, the interplay between managerial discretion, goals pursued, and the governance systems enacted open avenues for further research. For instance, research could be done on managerial discretion in different countries, especially in Germany and the United States, since varying governance structures, that is the “one-tier”-system in the United States and the “two-tier”-system in Germany, will have a distinct influence on managerial discretion. In addition, further research could explore the influence of the whole top management team on goals and values, especially if family members are part of the team.

Moreover, scholars on professionalization of family firms could explore the specific job demand of non-family CEOs, a second important extension of the original upper echelon theory (Hambrick, 2007). When studying the degree of a CEO’s influence on goals, strategy, and decision-making, the reason why a family has decided in favor for a non-family CEO should have an influence on a CEO’s managerial discretion. If a CEO is assigned to restructure the family business, then he or she will likely have a degree of managerial discretion in excess of being assigned to merely sustain the current status quo.

Following the assumption of Miller and Toulouse (1986) that managerial characteristics are more influential in small firms, further research on the effect of non-family managers’ personality traits like narcissism (Gerstner et al., 2013) and Machiavellianism (Paulhus & Williams, 2002) or the Big Five personality traits of human personality (Gosling et al., 2003) is a needed supplement to better understand family firm behavior. In a similar vein, further research on the effect of non-family CEOs in smaller firms is needed since large companies often have difficulties changing (e.g., Hannan & Freeman, 1984; Tripsas & Gavetti, 2000), hence limiting a CEOs actual degree of managerial discretion.

Further research on conflicts within the family seems promising, as such conflicts can lead to the extraction of resources from the business (Block et al., 2013) that are needed for “building organizational capabilities towards the pursuit of any strategy and

especially a perceived risky strategy” (Sharma & Sharma, 2011: 324) and therefore deteriorate managerial discretion. Moreover, opposing intra-family interests confront the CEO with vague agendas that make it difficult to follow a clear strategy and act in a way that is comprehensible for employees and other important stakeholders like banks or customers.

Finally, future research should examine the differences in the means used by a family CEO and a non-family CEO to achieve their goals in more detail. Even if the goals of a family and a non-family CEO are aligned, there may be considerable differences between the operational steps taken by the CEO and those contemplated by the family to achieve the goals. “One way of expressing this might be to say that the ends are clear but the means are not” (Hendry, 2002: 101).

To conclude, by taking non-family CEOs’ discretion into account, this study helps to understand why particular goals and behaviors in family firms persist while others do not. We find that the interplay between the family and non-family CEOs can create unique advantages. However, if family members lose understanding of the business and are no longer able to lead the business by themselves or guide family external management, then the family has to challenge the question whether or not they are still the ‘best owners’.

5 CONCLUSION

5.1 Summary of main results and contributions

By focusing on founder compared to later-generation family firms (chapter 2), intra-firm heterogeneity (chapter 3), and non-family CEOs' managerial discretion (chapter 4), this doctoral thesis addresses several important themes in the field of family firm research.

First, disentangling the group of non-financial goals (chapter 2) and comparing the importance attached to each dimension of the socioemotional wealth concept with the importance attached to financial goals allows for detailed insights on the order of goal preferences for both founder and later-generation family firms. The results of chapter 2 show that the orders of preference of financial and non-financial goals of founder and later-generation family firms differ significantly. In particular, the results show that the orders of goal preference depend on the favorability of the economic situation. To be more specific, the pursuance of non-financial goals as a primary objective of family firms (Berrone et al., 2012) only proves true in consideration of a positive environmental framing. A negative loading of the economic situation decreases the importance attached to non-financial goals and at the same time increased the importance attached to financial goals.

Moreover, chapter 2 reveals that founder-led firms attach more importance to financial goals than later-generation family firms. This finding is in line with prior research on family firms (e.g., Anderson & Reeb, 2003; Miller et al., 2007) showing that first-generation family firms outperform later-generation family firms. Yet, this finding may be readily explained by a stronger focus on financial performance in founder-led firms. A second explanation for the superior performance of founder-led firms can be derived from chapter 4's findings regarding the importance of business understanding of family members. The results of chapter 4 show that the operational understanding of family members increases the amount of managerial discretion of non-family CEOs. Higher levels of managerial discretion enable CEOs to draw on a broader range of decision alternatives and hence to better utilize their capabilities. Applied to founder-led firms, one could argue that founders certainly understand their business, hence being able to advise and guide employees and managers to an extent that may exceed those of later-generation family members, ultimately leading to superior performance.

Second, by elaborating on perception gaps between managers working at the headquarters and managers working at the subsidiaries within the same multinational

family firm (chapter 3), this thesis adds to the understanding of heterogeneity within family firms (Chua et al., 2012). The results show that a family firm's constituting characteristics, like its essence (Chrisman et al., 2003; Chrisman et al., 2005a), the dominant goals, values, and the perception of managers of the firm as a family firm, all decrease in their awareness to subsidiary managers with growing geographical distance from the firm's headquarters. Hence, the decisive characteristics arising from the family's influence on the firm are supposed to be weaker at subsidiaries compared to the firm's headquarters, resulting in a lower ability to generate competitive advantages based on these characteristics. Furthermore, the results show no significant relationship between cultural distance and the constituting characteristics, thereby contributing to prior findings of, e.g. Dastidar and Zaheer (2010) and Dow and Karunaratna (2006), stating that geographic distance outweighs cultural distance as an obstacle to the flow and exchange of information.

Third, the analysis of varying degrees of non-family CEOs' managerial discretion (chapter 4) helps explaining heterogeneity between family businesses (Chrisman et al., 2012; Chrisman & Patel, 2012; Chua et al., 2012). To date, heterogeneity between family firms refers to e.g. family influence, goals, values, governance structures, organizational behavior, and risk taking propensity (for an overview, see Chua et al., 2012). Heterogeneity regarding managerial discretion, in particular (non-family) chief executive discretion (Hambrick & Finkelstein, 1987) has yet not been considered as a driver for heterogeneity regarding family firm behavior and performance. Moreover, the incorporation of the concept of managerial discretion (Hambrick & Finkelstein, 1987) into research on family business helps to increase the understanding of important themes like administrative intensity and strategic inertia (Hambrick & Abrahamson, 1995) in family firms. More precisely, chapter 4 adds to the concept of formal and cultural competence introduced by Hall and Nordqvist (2008). These authors highlight the importance of a CEO's cultural competence, defined by the authors as the understanding of the organizational purpose, values, the firm's strategy, and the operationalization of that strategy, proposing that "no matter how formally competent, a CEO without cultural competence is relatively more likely to fail as CEO of a family firm" (Hall & Nordqvist, 2008: 63). The findings of chapter 4 add to this notion by proposing that, even if the CEO has formal as well as cultural competence, the family firm has to trust in the CEO's formal competencies to grant her or him discretion. That is, the effect of a non-family CEO on firm behavior and performance depends on the level of trust and thus on the question if a

non-family CEO is enabled by the family to utilize her or his professional and cultural skills.

In addition, the results of chapter 4 show that one of the most important features that characterizes family firms, the pursuit of family-centered non-financial goals (e.g., Berrone et al., 2012; Gomez-Mejia et al., 2007; Kets de Vries, 1993; Tagiuri & Davis, 1996; Tagiuri & Davis, 1992), remains high, independent of non-family membership in top management positions. This result attenuates the assumption of Gomez-Mejia et al. (2010: 227) that “the family firm (especially with a family CEO) will be more likely to stay closer to the core” by showing that this does not necessarily prove to be true in the case of large family firms having a non-family CEO at the helm.

Finally, this doctoral thesis also contributes to a methodological issue in the field of family firm research. To date, most studies applied rather coarse measures or built on the ownership stakes of the owning families as proxy for the families’ socioemotional wealth (Block et al., 2013; Miller & Le Breton-Miller, 2014; Zellweger et al., 2012a), hence neglecting its other dimensions. The separate measurement of each dimension of the socioemotional wealth concept addresses this recent criticism on the concept (Chua et al., 2015; Miller & Le Breton-Miller, 2014; Schulze & Kellermanns, 2015) and may help future researchers to further advance the operationalization of socioemotional wealth. Otherwise, the concept of socioemotional wealth won’t develop towards a testable theory and remain a collection of non-financial goal dimensions.

5.2 Concluding remarks

By examining, first, differences between goal preferences of founder and later-generation family firms, second, perception differences between managers working at the firm’s headquarters and managers working at the subsidiaries within a single multinational family firm, and, third, the actual effect of non-family CEOs on the behavior of family firms, this doctoral thesis contributes to the understanding of family firm behavior and helps in distinguishing different types of family firms within the heterogeneous group of family businesses. Overall, this doctoral thesis adds important insights on the management and behavior of family firms having a founder, a later-generation family member, or a non-family CEO at the helm of the company. Hopefully, the presented findings will encourage future researchers to further advance the promising field of family firm research.

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APPENDICES

CHAPTER 2

APPENDIX A—EXAMPLE OF BEST-WORST SCALING TASK (NEGATIVE)

As decision maker and in face of the troublesome situation of the firm, please select your “most” and “least” important decision option.*		
MOST	- 1 of 12 -	LEAST
<input type="checkbox"/>	Enable family members to exert control over strategic decisions	<input type="checkbox"/>
<input type="checkbox"/>	Grant employees generous benefits	<input type="checkbox"/>
<input type="checkbox"/>	Engage in fewer employee layoffs	<input type="checkbox"/>
<input type="checkbox"/>	Equally weight emotional and economic considerations in decision-making	<input type="checkbox"/>
<input type="checkbox"/>	Continue the family legacy and tradition	<input type="checkbox"/>

* In addition to the short summary of the situation we displayed a downward spurt.

APPENDIX B—EXAMPLE OF BEST-WORST SCALING TASK (POSITIVE)

As decision maker and in face of the comfortable situation of the firm, please select your “most” and “least” important decision option.*		
MOST	- 10 of 12 -	LEAST
<input type="checkbox"/>	Appoint a relative to succeed, even if that person is less qualified than a non-family member	<input type="checkbox"/>
<input type="checkbox"/>	Equally weight emotional and economic considerations in decision-making	<input type="checkbox"/>
<input type="checkbox"/>	Place the family’s objectives ahead of firm's objectives	<input type="checkbox"/>
<input type="checkbox"/>	Successful transfer the business to the next generation	<input type="checkbox"/>
<input type="checkbox"/>	Maintain constant sales growth	<input type="checkbox"/>

* In addition to the short summary of the situation we displayed an upward spurt.

APPENDIX C—DESCRIPTIONS OF THE FIRM’S SITUATION

Framing	Description (originally displayed in native language of the respondents)
Positively framed situation	A situation characterized by low risk, gain, and performance above reference point: The economy is in a state of constant growth, there are no major competitors, and the company’s sales and revenues exceeded your expectations. Overall, the company is in a very comfortable situation.
Negatively framed situation	A situation characterized by high risk, loss, and performance below reference point: The economy is in a state of constant decline, the company faces heavy competition, and the company’s sales and revenues missed your expectations. Overall, the company is in a very troublesome situation.

APPENDIX D—STRATEGIC DECISION OPTION USED IN BEST-WORST

SCALING TASK

Item No.	Non-financial goal dimensions	Family firm research references	Strategic decision options
1	Control & influence	Klein et al. (2005)	Enable family members to exert control over strategic decisions
2	Control & influence	Klein et al. (2005)	Keep the majority of shares owned by the family
3	Control & influence	Gomez-Mejia et al. (2007)	Retain the company independent from third parties
4	Identification	Berrone et al. (2010)	Pay attention to be seen as good corporate citizens
5	Identification	Allen and Meyer (1990)	Maintain the family members' sense of belonging to the firm
6	Identification	Berrone et al. (2010)	Sustain good environmental reputation of the firm to safeguard the family's name
7	Binding ties	Zellweger et al. (2013)	Develop and maintain trusting relationships with suppliers
8	Binding ties	Miller and Le Breton-Miller (2003)	Engage in fewer employee layoffs
9	Binding ties	Le Breton-Miller and Miller (2006)	Grant employees generous benefits
10	Emotional attachment	Gomez-Mejia et al. (2007)	Equally weight emotional and economic considerations in decision-making
11	Emotional attachment	Zahra (2003)	Place the family's objectives ahead of firm's objectives
12	Emotional attachment	Berrone et al. (2012); Tagiuri and Davis (1992)	Protect the welfare of family members
13	Renewal of family bonds	Cruz et al. (2012)	Appoint a relative to succeed, even if that person is less qualified than a non-family member
14	Renewal of family bonds	Zellweger et al. (2012a)	Continue the family legacy and tradition
15	Renewal of family bonds	Lee and Rogoff (1996); Zellweger et al. (2012a)	Successful transfer the business to the next generation
16	Financial goal	---	Favor short-term financial objectives over long-term investments
17	Financial goal	---	Maintain constant sales growth
18	Financial goal	---	Steadily increase profit

APPENDIX E—ABBREVIATED QUESTIONNAIRE

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Beschreibung der Forschung

Mit Ihrer Teilnahme an dieser Studie unterstützen Sie uns dabei, einen detaillierten Einblick in die Entscheidungsgrundlagen von Unternehmern zu gewinnen. Dafür werden wir Ihnen im Folgenden eine Reihe von Szenarien darlegen.

Was Sie erwartet

- Der Fragebogen ist in 2 Teile gegliedert und Sie benötigen ca. 20 Minuten Zeit zur Beantwortung.
- Im ersten Teil bitten wir Sie, aus mehreren Entscheidungsoptionen die aus Ihrer Sicht jeweils „wichtigste“ und „unwichtigste“ Entscheidungsoption auszuwählen.
- Wir werden Ihnen insgesamt 18 Entscheidungsoptionen präsentieren, die in 12 Tradeoff-Szenarien kombiniert sind. Pro Tradeoff-Szenario werden jeweils 5 der 18 Entscheidungsoptionen kombiniert und somit ergeben sich sehr ähnliche Szenarien. Wir bitten Sie dafür um Ihr Verständnis.
- Im zweiten Teil bitten wir Sie, Fragen zu Ihrer Person und gegebenenfalls zu Ihrem Unternehmen zu beantworten.
- Bitte antworten Sie auf alle Fragen. Auch ein guter Schätzwert hilft uns weiter.
- Alle erhobenen Daten dienen rein wissenschaftlichen Zwecken und werden streng vertraulich behandelt. Die Auswertung der Daten erfolgt anonymisiert, so dass keine Rückschlüsse auf Ihre Person möglich sind.
- Wichtig zu beachten ist, dass sich die Entscheidungsoptionen bezüglich der benötigten Investitionen und der Implementierungskosten nicht unterscheiden.

Ihr Nutzen

Sie profitieren von einer praxisorientierten Auswertung dieser Studie. Auf Basis der Studienergebnisse können Sie erfahren, wie Unternehmer ihre Entscheidungsgrundlagen wählen um den nachhaltigen Erfolg des Unternehmens sichern.



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Bitte halten Sie sich stets den folgenden Kontext vor Augen wenn Sie Ihre Entscheidung treffen:



Die Wirtschaft befindet sich in einer Phase dauerhaften Abschwungs, das Unternehmen sieht sich sehr hartem Wettbewerb gegenüber und die Umsätze und Gewinne des Unternehmens bleiben weit hinter Ihren Erwartungen zurück. Zusammengefasst befindet sich das Unternehmen in einer sehr bedrohlichen Lage.

Bitte versetzen Sie sich nun in die Rolle des Eigentümers & Managers des Unternehmens und wählen Sie aus, basierend auf dem obigen Kontext, für welche der vorgegebenen Optionen Sie sich entscheiden würden.



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Bitte wählen Sie als Eigentümer & Manager in Anbetracht der bedrohlichen Lage des Unternehmens die Ihrer Meinung nach "wichtigste" und "unwichtigste" Entscheidungsoption.

wichtigste	- 1 von 12 -	unwichtigste
<input type="radio"/>	Familienmitgliedern Kontrolle über strategische Entscheidungen ermöglichen	<input type="radio"/>
<input checked="" type="radio"/>	Mitarbeitern großzügige Prämien oder Boni gewähren	<input type="radio"/>
<input type="radio"/>	Betriebsbedingte Kündigungen möglichst vermeiden	<input type="radio"/>
<input checked="" type="radio"/>	Emotionale und rationale Überlegungen bei Entscheidungen ähnlich gewichten	<input type="radio"/>
<input type="radio"/>	Die Familientradition und die Familienwerte im Unternehmen fortführen	<input type="radio"/>

Klicken Sie auf den entsprechenden Pfeil um fortzufahren oder zur vorherigen Seite zurückzukehren...



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Bitte halten Sie sich stets den folgenden Kontext vor Augen wenn Sie Ihre Entscheidung treffen:



Die Wirtschaft befindet sich in einer Phase dauerhaften Aufschwungs, das Unternehmen sieht sich so gut wie keinem Wettbewerb gegenüber und die Umsätze und Gewinne des Unternehmens übertreffen bei weitem Ihre Erwartungen. Zusammengefasst befindet sich das Unternehmen in einer sehr komfortablen Lage.

Bitte versetzen Sie sich nun in die Rolle des Eigentümers & Managers des Unternehmens und wählen Sie aus, basierend auf dem obigen Kontext, für welche der vorgegebenen Optionen Sie sich entscheiden würden.



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Bitte wählen Sie als Eigentümer & Manager in Anbetracht der komfortablen Lage des Unternehmens die Ihrer Meinung nach "wichtigste" und "unwichtigste" Entscheidungsoption.

wichtigste	- 1 von 12 -	unwichtigste
<input type="radio"/>	Familienmitgliedern Kontrolle über strategische Entscheidungen ermöglichen	<input type="radio"/>
<input type="radio"/>	Mitarbeitern großzügige Prämien oder Boni gewähren	<input type="radio"/>
<input type="radio"/>	Betriebsbedingte Kündigungen möglichst vermeiden	<input type="radio"/>
<input type="radio"/>	Emotionale und rationale Überlegungen bei Entscheidungen ähnlich gewichten	<input type="radio"/>
<input type="radio"/>	Die Familientradition und die Familienwerte im Unternehmen fortführen	<input type="radio"/>

Klicken Sie auf den entsprechenden Pfeil um fortzufahren oder zur vorherigen Seite zurückzukehren...



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Allgemeine Informationen zu Ihrer Person

Bitte geben Sie Ihre Muttersprache an.

- Deutsch
 Englisch
 Sonstige

Bitte geben Sie Ihr Geburtsjahr an.

Bitte geben Sie Ihr Geschlecht an.

- weiblich
 männlich

Bitte geben Sie Ihren höchsten Abschluss an.

- Ohne beruflichen Bildungsabschluss
 Lehre/Berufsausbildung im dualen System
 Fachschulabschluss
 Fachhochschulabschluss
 Hochschulabschluss
 Promotion
 Ohne Angabe zur Art des Abschlusses



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Bitte geben Sie an, inwieweit Sie den folgenden Aussagen zustimmen.

(1 = stimme gar nicht zu, 7 = stimme voll zu)	1	2	3	4	5	6	7
Ich gehe regelmäßig Risiken ein.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Sicherheit geht vor.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Ich ziehe es vor, Risiken zu vermeiden.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Ich setze meine Gesundheit nicht aufs Spiel.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Normalerweise betrachte ich Risiken als eine Herausforderung.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Ich kann es nicht leiden, wenn ich nicht weiß, was passieren wird.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Ich würde mich selbst beschreiben als... (1 = risikoavers, 7 risikofreudig)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>



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Haben Sie ein eigenes Unternehmen, sind Sie Mitglied einer Unternehmerfamilie oder haben Sie eine leitende Funktion in einem Unternehmen inne?

- Ja
- Nein



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1 Allgemeine Informationen bezüglich des Unternehmens (Seite 1 von 2)

Haben Sie das Unternehmen gegründet?

Ja Nein

Würden Sie das Unternehmen als Familienunternehmen beschreiben?

Ja Nein

Sind Sie ein Mitglied der Unternehmerfamilie(n)?

Ja Nein

Wie viel Prozent der Anteile am Unternehmen werden von Ihnen gehalten?

Wie viel Prozent der Anteile am Unternehmen sind in Familienhand?

In welchem Jahr wurde das Unternehmen gegründet?

Hat die Familie eine Untergrenze der Eigenkapitalquote, die sie gerade noch akzeptieren würde? Wenn Ja, wo liegt die Grenze? (Wenn Nein, lassen Sie das Feld bitte frei)

(Optional) Wie viel Prozent des Vermögens der Familie sind im Unternehmen gebunden?

In welcher Branche ist das Unternehmen tätig?

Wie viele Mitarbeiter beschäftigte das Unternehmen im Jahr 2013?

Wie hoch war der Umsatz des Unternehmens 2013 in Mio. €?



1 Allgemeine Informationen bezüglich des Unternehmens (Seite 2 von 2)

Sind Sie in der Geschäftsführung bzw. im Vorstand des Unternehmens tätig?

Ja Nein

Sind Sie in einer kontrollierenden Funktion (Aufsichts-/Beirat) im Unternehmen tätig?

Ja Nein

Wie viele Familienmitglieder sind im Vorstand (Top-Management) des Unternehmens tätig?

Aus wie vielen Mitgliedern besteht der Vorstand / die Geschäftsführung?

Wie viele Familienmitglieder sind im Aufsichts-/Beirat des Unternehmens tätig?

Aus wie vielen Mitgliedern besteht der Aufsichts-/Beirat?

Generation, die im Unternehmen aktiv sind	1. Generation	2. Generation	3. Generation	4. Generation	= 5. Generation
Bitte geben Sie an, welche Generation(en) aktuell operativ und/oder kontrollierend im Unternehmen tätig ist (sind)? (Mehrere Antworten möglich).	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Generationen, die Anteile am Unternehmen halten	1. Generation	2. Generation	3. Generation	4. Generation	= 5. Generation
Bitte geben Sie an, welche Generation(en) aktuell Anteile am Unternehmen hält (halten)? (Mehrere Antworten möglich).	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>



1 Bewertung der wirtschaftlichen Rahmenbedingungen

Wie zufrieden sind Sie mit der Entwicklung folgender Kennzahlen Ihres Unternehmens in den letzten 3 Jahren?

(1 = sehr zufrieden, 7 = sehr unzufrieden)	1	2	3	4	5	6	7
Umsatz	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Gewinn	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Profitabilität	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Marktanteil	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Gesamtsituation des Unternehmens	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

2 Einfluss und Verantwortlichkeiten der Familie

Bitte bewerten Sie den aktuellen Einfluss/die Verantwortlichkeiten der Familie auf die folgenden Entscheidungen.

(1 = sehr groß, 7 = sehr gering)	1	2	3	4	5	6	7
Restrukturierungen, z. B. Veränderung der Aufbau- oder Ablauforganisation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Geschäftsfeldentwicklung, z. B. Akquisitionen, Ausstieg aus bestehenden Geschäftsfeldern oder Märkten	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Auswahl des Top-Management-Teams	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Ressourcenallokation, z. B. Forschungs- & Entwicklungsprojekte oder Marketing	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>



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3 Beziehung zum Unternehmen

Bitte geben Sie an, inwieweit Sie den folgenden Aussagen zustimmen.

(1 = stimme gar nicht zu, 7 = stimme voll zu)	1	2	3	4	5	6	7
Die Familienmitglieder sind mit den Zielen, Plänen und Grundsätzen des Unternehmens einverstanden.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Die Familienmitglieder sehen in der Öffentlichkeit hinter dem Unternehmen.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Den Familienmitgliedern liegt das Schicksal des Unternehmens sehr am Herzen.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Die Wertvorstellungen der Familienmitglieder und die des Unternehmens sind sehr ähnlich.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Die Familienmitglieder sind stolz ein Teil des Unternehmens zu sein.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Die Familienmitglieder sind bereit, sich mehr als nötig zu engagieren, um zum Erfolg des Unternehmens beizutragen.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Die Familienmitglieder fühlen sich dem Unternehmen eng verbunden.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>



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CHAPTER 3

APPENDIX A—DIRECT PERCEPTION AS FAMILY FIRM

Please specify the extent to which you agree with the following statements.							
	Strongly disagree	Disagree	Slightly disagree	Neutral	Slightly agree	Agree	Strongly agree
The business* is a family business.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The business may once have been a family business, but today there is no longer much trace of that.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I experience that the business is a family business in my everyday work.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Whether or not the business is a family business does not matter to me.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I chose to work for the business as my employer because it is a family business.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I think it is a good thing that the business publicly emphasizes the fact that it is a family business.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
For the most part, I associate positive characteristics with a family business.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Because the business belongs to a family, its decision-makers take a more prudent and responsible attitude to the business.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The business keeps up traditions more than do other companies.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Things are done at the business in a more personal and less anonymous way than at other	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Whether the business continues in business, and how it operates, depends entirely on the family.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

*Name of the company replaced by "the business" at each item.

Please specify the extent to which you agree with the following statements.

	Strongly disagree	Disagree	Slightly disagree	Neutral	Slightly agree	Agree	Strongly agree
I am in frequent contact with colleagues from the headquarters in [redacted]	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Communications with colleagues from the headquarters in [redacted] tend to be difficult.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

4 Commitment

Please specify the extent to which you agree with the following statements.

	Strongly disagree	Disagree	Slightly disagree	Neutral	Slightly agree	Agree	Strongly agree
I feel loyalty to [redacted]	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I really care about the fate of [redacted]	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I am willing to put in a great deal of effort beyond that normally expected in order to help [redacted] be successful.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I find that my values and the values of [redacted] are very similar.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I am very satisfied with my job at [redacted]	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

5 Eigenschaften [redacted]

Please specify the extent to which you agree with the following statements.

[redacted] is characterised by ...

	Strongly disagree	Disagree	Slightly disagree	Neutral	Slightly agree	Agree	Strongly agree
... long-term orientation.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
... strong orientation to its employees.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
... strong orientation to its customers.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
... commitment to society.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
... financial independence.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
... fairness.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
... responsibility.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
... tradition.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
... employee loyalty.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
... openness.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
... team spirit.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
... quality.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
... willingness to perform.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
... innovativeness.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
... flexibility.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

6.1 Bekanntheit TMT/ Familie [redacted]

Do you know the following persons?

Members of the headquarters management board in [redacted] Yes No

Members of [redacted] owner family Yes No

6.2.1 Persönliche Bekanntheit [redacted]

Please specify the extent to which you agree with the following statements.

	Strongly disagree	Disagree	Slightly disagree	Neutral	Slightly agree	Agree	Strongly agree
I am personally very well acquainted with members of the headquarters	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

management board in [redacted]

I am personally very well acquainted with members of the owner family.

How many members of the following group(s) of persons do you know?

Number of members

Headquarters management board in [redacted]

Please select
0
1
2
>2

Owner family

Please select
0
1
2
>2

7.1 Bekanntheit TMT/ Familie [redacted]

Do you know the following persons?

Members of the headquarters management board in [redacted] Yes No

Members of [redacted] owner family Yes No

7.2.1 Persönliche Bekanntheit [redacted]

Please specify the extent to which you agree with the following statements.

	Strongly disagree	Disagree	Slightly disagree	Neutral	Slightly agree	Agree	Strongly agree
I am personally very well acquainted with members of the headquarters management board in [redacted]	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I am personally very well acquainted with members of the owner family.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

How many members of the following group(s) of persons do you know?

Number of members

Headquarters management board in [redacted]

Please select
0
1
2
>2

Owner family

Please select
0
1
2
>2

8.1 Bekanntheit TMT/ Familie [redacted]

Do you know the following persons?

Members of the headquarters management board in [redacted] Yes No

Members of [redacted] owner family Yes No

8.2.1 Persönliche Bekanntheit [redacted]

Please specify the extent to which you agree with the following statements.

	Strongly disagree	Disagree	Slightly disagree	Neutral	Slightly agree	Agree	Strongly agree
I am personally very well acquainted with members of the headquarters management board in [redacted]	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I am personally very well acquainted with members of the owner family.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

How many members of the following group(s) of persons do you know?

	Number of members
Headquarters management board in [redacted]	Please select 0 1 2 > 2
Owner family	Please select 0 1 2 > 2

9 Eigentümerfamilie

Please specify the extent to which you agree with the following statements.

The owner family ...

	Strongly disagree	Disagree	Slightly disagree	Neutral	Slightly agree	Agree	Strongly agree
... exhibits a strong interest in the company.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
... represents [redacted] to outsiders.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
... has a strong emotional attachment to [redacted]	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
... will retain [redacted] in family ownership in the long term.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

At your location, how strong do you think the influence exercised by the owner family is on ...

	Very weak	Weak	Moderately weak	Neutral	Moderately strong	Strong	Very strong
... the organisational development, e.g. structure, staff	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
... the selection of top management at 1. & 2. level	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
... the development of business segments, e.g. new products	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
... the corporate values.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

10 Familienunternehmen

Please specify the extent to which you agree with the following statements.

Note: A family business is defined as a company that is significantly influenced by one or more families.

	Strongly disagree	Disagree	Slightly disagree	Neutral	Slightly agree	Agree	Strongly agree
[redacted] is a family business.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
[redacted] may once have been a family business, but today there is no longer much trace of that.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I experience that [redacted] is a family business in my everyday work.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Whether or not [redacted] is a family business does not matter to me.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I chose to work for [redacted] as my employer because it is a family business.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I think it is a good thing that [redacted] publicly emphasizes the fact that it is a family business.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
For the most part, I associate positive characteristics with a family business.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Because [redacted] belongs to a family, its decision-makers take a more prudent and responsible attitude to the business.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
[redacted] keeps up traditions more than do other companies.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Things are done at [redacted] in a more	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

personal and less anonymous way than at other companies.

Whether [redacted] continues in business, and how it operates, depends entirely on the family.

11 Endseite

Thank you for participating.

CHAPTER 4

APPENDIX A—INTERVIEW GUIDELINE FAMILY

Interviewleitfaden Familie

1. Einleitung des Interviews

- a. Beschreibung der Forschungsfragen und des Untersuchungsdesigns.
- b. Wenn nötig, Bitte um kurze Vorstellung der Person und des Unternehmens.

2. Entscheidung für das Familienunternehmen und Integrationsprozess des externen CEO

- a. Würden Sie das Unternehmen als ein Familienunternehmen beschreiben?
- b. Bitte beschreiben Sie kurz, warum Sie sich für die Anstellung eines familienexternen CEO entschieden haben und warum Sie dabei geblieben sind?
- c. Welche Gründe könnten Sie davon abhalten, erneut einen familienexternen CEO anzustellen?
- d. Was waren für Sie die kritischen Faktoren im Integrationsprozess des CEO in Ihr Unternehmen?
- e. Wie hat sich das Verhältnis zwischen Ihnen (der Familie) und dem CEO im Laufe der bisherigen Amtszeit des CEO verändert?

3. Einflussnahme der Familie und des CEO im Unternehmen

- a. Wie sichert sich die Familie (Sie) die Kontrolle über wichtige Entscheidungen im Unternehmen?
 - i. Haben sich Ihre Rolle und Ihr Einfluss auf das Unternehmen seit Beginn der Amtszeit des CEO verändert?
 - ii. Wie bringen Sie (die Familie) und der CEO ihre Werte und Interessen in das Unternehmen ein?
 - iii. Wurden seit der Anstellung des CEO von Seiten der Familie neue Gremien geschaffen oder erweitert, die den Einfluss der Familie auf das Unternehmen sichern sollen?
 - iv. Wie sieht die Kommunikation zwischen der Familie (Ihnen) und den Arbeitnehmern aus?
 - v. Kommt es zu „Bypassing“? Arbeitnehmer wenden sich bspw. direkt an die Familie und nicht zuerst an den CEO? Wie gehen Sie damit um?
 - vi. Können Sie ein Beispiel für aktuell anstehende Entscheidungen geben und Ihren Einfluss und den Einfluss des CEO auf diese Entscheidungen beschreiben?
- b. Welche Themenbereiche sind der Familie besonders wichtig?
 - i. Haben sich die Themenbereiche , die der Familie (Ihnen) besonders wichtig sind, in ihrer Priorität geändert, seitdem ein familienexterner CEO die Leitung des Unternehmens übernommen hat?
 - ii. Sind (Ihre) die Gründe der Familie Für oder Wider eine Entscheidung für den CEO immer nachvollziehbar und transparent? Wann nicht?
- c. Waren die Entscheidungskompetenz und die Entscheidungsbefugnis des CEOs von Beginn an festgeschrieben oder haben sie sich geändert? Warum haben sie sich geändert?
 - i. Gibt es Entscheidungen im Unternehmen, die Sie (die Familie) ohne den CEO treffen, Entscheidungen auf die der CEO keinen Einfluss hat?

- ii. Beeinflussen emotionale Überlegungen der Familie die Entscheidungen im Unternehmen?
- iii. Wie sieht die Kommunikation zwischen Ihnen und dem CEO aus? Was sind häufige Themen? Wie oft finden Rücksprachen statt?
- iv. Denken Sie, dass der CEO mehr oder weniger Freiraum bei seinen Entscheidungen hat, als in einem Nicht-Familienunternehmen / Publikumsgesellschaft?

4. Ziele und mögliche Konfliktfelder / Dialoge zwischen der Familie und dem CEO

- a. Wie beurteilen Sie Ihr Anspruchsniveau bzgl. der möglichen zu erreichenden Ziele im Vergleich zum CEO? Kam es zu einer Angleichung in Ihre Richtung oder in Richtung des CEOs?
- b. Bitte beschreiben Sie die wesentlichen Konfliktfelder / Meinungsverschiedenheiten zwischen Ihnen und dem CEO.
 - i. Haben sich die Konfliktfelder / Themen / Dialoge, bei denen es zu Meinungsverschiedenheiten zwischen Ihnen und dem CEO kommt, über die Zeit verändert? Wenn ja, welche?
 - ii. Gab es Zeiten mit erhöhtem Konfliktpotential zwischen Ihnen (der Familie) und dem CEO? Welche Zeiten waren das?
 - iii. Wie kommt es in der Regel zu einer Einigung? Woran liegt es, wenn keine Einigung erzielt werden kann?
- c. Wurde aufgrund (konfliktnäher Ziele) unterschiedlicher Ansichten zwischen dem CEO und der Familie Entscheidungen seitens der Familie abgelehnt? Wenn ja, welche?
- d. Können Sie ein Beispiel nennen, bei dem Ihre Ziele nicht mit denen des CEOs übereinstimmen?
- e. Wer trägt die Verantwortung für diejenigen Ziele und getroffenen Entscheidungen, die rein von der Familie (Ihnen) vorgegeben werden?
- f. Existiert eine Art „Entlastung“ (Neutralisierung der Ergebniseffekte) des CEO für Ziele und Entscheidungen, die rein von der Familie getroffen werden?
- g. Ein viel diskutiertes Thema ist die Orientierung von Familienunternehmen an finanziellen & nicht-finanziellen Zielen. Können Sie Ziele des Unternehmens einer der beiden Kategorien zuordnen? Welche sind (Ihnen) der Familie und welche sind dem CEO wichtiger?
- h. Welches sind die 3 wichtigsten Ziele finanzieller und nicht-finanzieller Art, die Sie erreichen möchten?
 - i. Gibt es ein „wichtigstes Ziel“ finanzieller und/oder nicht-finanzieller Art? Hat sich das „wichtigste Ziel“ über die Zeit verändert?
 - ii. Besteht Einigkeit zwischen Ihnen und dem CEO bezüglich der Maßnahmen, die zur Umsetzung der Ziele ergriffen werden?
- i. Ist ein Teil der Entlohnung des CEO an die Erreichung nicht-finanzieller Ziele gekoppelt? Wenn ja, an welche?
- j. Wie definieren Sie "Erfolg", bzw. welche Ziele müssen erfüllt sein, damit sie das Unternehmen als erfolgreich bezeichnen würden?

5. Strategie und Investitionen

- a. Was ist die wichtigste (strategische) Entscheidung, die in der bisherigen Amtszeit des CEOs getroffen wurde?

-
- b. Können Sie Beispiele für Ziele oder Entscheidungen geben, die der CEO aufgrund des Familieneinflusses nicht umsetzen konnte?
 - c. Können Sie Beispiele für Ziele oder Entscheidungen geben, die der CEO nur aufgrund der Familie umsetzen konnte oder umsetzen wird?
 - d. Wurden durch den CEO Investitionen in Geschäftsfelder, Technologien oder Märkte getätigt, die nur aufgrund seines spezifischen Knowhows möglich wurden?
 - e. Haben sich unter der Verantwortung des CEO die Schwerpunkte, bspw. R&D, Geschäftsfelddiversifikation oder Mitarbeiterentwicklung geändert?

6. Abschließende Fragen

- a. Was würden Sie rückblickend und mit Ihrer heutigen Erfahrung in der Zusammenarbeit mit einem familienexternen CEO anders machen?
- b. Denken Sie, dass sich das Unternehmen anders entwickelt hätte, andere Ziele und Werte verfolgen würde, wenn ein familieninterner (ein Familienmitglied als CEO) CEO die Geschicke des Unternehmens lenken würde?
- c. Haben wir einen wichtigen Punkt in der Zusammenarbeit und in der Beziehung zwischen Ihnen und dem CEO vergessen? Haben wir alle relevanten Punkte angesprochen?
- d. Bitte beschreiben Sie die Kultur des Unternehmens und den Einfluss der Familie auf die Kultur.
- e. Gibt es bzw. welche Vorgaben von der Familie schränken Sie in Ihrem Handeln ein?

APPENDIX B—INTERVIEW GUIDELINE MANAGEMENT (CEO)

Interviewleitfaden CEO

1. Einleitung des Interviews

- a. Beschreibung der Forschungsfragen und des Untersuchungsdesigns.
- b. Wenn nötig, Bitte um kurze Vorstellung der Person und des Unternehmens.

2. Entscheidung für das Familienunternehmen und Integrationsprozess des externen CEO

- a. Würden Sie das Unternehmen als ein Familienunternehmen beschreiben?
- b. Bitte beschreiben Sie kurz, warum Sie sich für die Tätigkeit in diesem Unternehmen entschieden haben und warum Sie dabei geblieben sind?
- c. Welche Gründe könnten Sie davon abhalten, erneut in diesem Familienunternehmen zu arbeiten?
- d. Was waren für Sie die kritischen Faktoren im Integrationsprozess in das Familienunternehmen und welche Rolle spielt dabei die Familie?
- e. Wie hat sich das Verhältnis zwischen Ihnen und der Familie im Laufe Ihrer bisherigen Amtszeit verändert?

3. Einflussnahme der Familie und des CEO im Unternehmen

- a. Wie sichert sich die Familie die Kontrolle über wichtige Entscheidungen im Unternehmen?
 - i. Haben sich die Rolle und der Einfluss der Familie im Unternehmen seit Beginn Ihrer Amtszeit verändert?
 - ii. Wie bringen Sie und wie bringt die Familie ihre Werte und Interessen in das Unternehmen ein?
 - iii. Wurden seit Ihrer Anstellung von Seiten der Familie neue Gremien geschaffen oder erweitert, die den Einfluss der Familie auf das Unternehmen sichern sollen?
 - iv. Wie sieht die Kommunikation zwischen der Familie und den Arbeitnehmern aus?
 - v. Kommt es zu „Bypassing“? Arbeitnehmer wenden sich bspw. direkt an die Familie und nicht zuerst an den CEO. Wie gehen Sie damit um?
 - vi. Können Sie ein Beispiel für aktuell anstehende Entscheidungen geben und Ihren Einfluss und den Einfluss der Familie auf diese Entscheidungen beschreiben?
- b. Welche Themenbereiche sind der Familie besonders wichtig?
 - i. Haben sich die Themenbereiche, die der Familie besonders wichtig sind, in ihrer Priorität geändert, seitdem Sie die Leitung des Unternehmens übernommen haben?
 - ii. Sind die Gründe der Familie Für oder Wider eine Entscheidung für Sie immer nachvollziehbar und transparent? Wann nicht?
- c. Waren Ihre Entscheidungskompetenz und Ihre Entscheidungsbefugnis von Beginn an festgeschrieben oder haben sie sich geändert? Warum haben sie sich geändert?
 - i. Gibt es Entscheidungen im Unternehmen, die die Familie ohne Sie trifft, Entscheidungen auf die Sie als CEO keinen Einfluss haben?
 - ii. Beeinflussen emotionale Überlegungen der Familie die Entscheidungen im Unternehmen?
 - iii. Wie sieht die Kommunikation zwischen Ihnen und der Familie aus? Was sind häufige Themen? Wie oft finden Rücksprachen statt?
 - iv. Denken Sie, dass der CEO mehr oder weniger Freiraum bei seinen Entscheidungen hat, als in einem Nicht-Familienunternehmen / Publikumsgesellschaft?

4. Ziele und mögliche Konfliktfelder / häufige Dialoge zwischen der Familie und dem CEO

- a. Wie beurteilen Sie Ihr Anspruchsniveau bzgl. der möglichen zu erreichenden Ziele im Vergleich zur Familie? Kam es zu einer Angleichung in Ihre Richtung oder in Richtung der Familie?
- b. Bitte beschreiben Sie die wesentlichen Konfliktfelder / Meinungsverschiedenheiten zwischen Ihnen und der Familie.
 - i. Haben sich die Konfliktfelder / Themen / Dialoge, bei denen es zu Meinungsverschiedenheiten zwischen Ihnen und der Familie kommt, über die Zeit verändert? Wenn ja, welche?
 - ii. Gab es Zeiten mit erhöhtem Konfliktpotential zwischen Ihnen und der Familie? Welche Zeiten waren das?
 - iii. Wie kommt es in der Regel zu einer Einigung? Woran liegt es, wenn keine Einigung erzielt werden kann?
- c. Wurde aufgrund (konfliktonärer Ziele) unterschiedlicher Ansichten zwischen dem CEO und der Familie Entscheidungen seitens der Familie abgelehnt? Wenn ja, welche?
- d. Können Sie ein Beispiel nennen, bei dem Ihre Ziele nicht mit denen der Familie übereinstimmen?
- e. Wer trägt die Verantwortung für diejenigen Ziele und getroffenen Entscheidungen, die rein von der Familie vorgegeben werden?
- f. Existiert eine Art „Entlastung“ (Neutralisierung der Ergebniseffekte) des CEO für Ziele und Entscheidungen, die rein von der Familie getroffen werden?
- g. Ein viel diskutiertes Thema ist die Orientierung von Familienunternehmen an finanziellen & nicht-finanziellen Zielen. Können Sie Ziele des Unternehmens einer der beiden Kategorien zuordnen? Welche sind der Familie und welche sind Ihnen wichtiger?
- h. Welches sind die 3 wichtigsten Ziele finanzieller und nicht-finanzieller Art, die Sie erreichen möchten?
 - i. Gibt es ein „wichtigstes Ziel“ finanzieller und/oder nicht-finanzieller Art? Hat sich das „wichtigste Ziel“ über die Zeit verändert?
 - ii. Besteht Einigkeit zwischen Ihnen und der Familie bezüglich der Maßnahmen, die zur Umsetzung der Ziele ergriffen werden?
- i. Ist ein Teil Ihrer Entlohnung an die Erreichung nicht-finanzieller Ziele gekoppelt? Wenn ja, an welche?
- j. Wie definieren Sie "Erfolg", bzw. welche Ziele müssen erfüllt sein, damit sie das Unternehmen als erfolgreich bezeichnen würden?

5. Strategie und Investitionen

- a. Was war die wichtigste (strategische Entscheidung) Ihrer Amtszeit?
- b. Können Sie Beispiele für Ziele oder Entscheidungen geben, die Sie aufgrund des Familieneinflusses nicht umsetzen konnten?
- c. Können Sie Beispiele für Ziele oder Entscheidungen geben, die Sie nur aufgrund der Familie umsetzen konnten oder umsetzen werden?
- d. Haben Sie Investitionen in Geschäftsfelder, Technologien oder Märkte getätigt, die nur aufgrund Ihres spezifischen Knowhows möglich wurden?
- e. Haben sich unter Ihrer Verantwortung die Schwerpunkte, bspw. R&D, Geschäftsfelddiversifikation oder Mitarbeiterentwicklung geändert?

6. Abschließende Fragen

- a. Was würden Sie rückblickend und mit Ihrer heutigen Erfahrung in der Führung des Familienunternehmens anders machen?
- b. Denken Sie, dass sich das Unternehmen anders entwickelt hätte, andere Ziele und Werte verfolgen würde, wenn ein familieninterner CEO die Geschicke des Unternehmens lenken würde?
- c. Haben wir einen wichtigen Punkt in der Zusammenarbeit und in der Beziehung zwischen Ihnen und der Familie vergessen? Haben wir alle relevanten Punkte angesprochen?
- d. Bitte beschreiben Sie die Kultur des Unternehmens und den Einfluss der Familie auf die Kultur
- e. Gibt es bzw. welche Vorgaben von der Familie schränken Sie in Ihrem Handeln ein
- f. Wie beurteilen Sie die operativen Kenntnisse der Familie? Sind diese eher von Vorteil (als Sparringspartner) oder hinderlich durch Konflikte bei der Umsetzung der Strategie?

p. Anonymität der Familie in der Öffentlichkeit	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
q. Behandlung der Mitarbeiter wie einen Teil der Familie	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
r. Langfristige Beziehungen mit Kunden & Lieferanten	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
s. Harmonie innerhalb der Familie	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
t. Fortführung der Familientradition	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
u. Verkauf des Unternehmens	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

VI Themen im Zusammenhang mit der langfristigen Entwicklung des Unternehmens

Bitte bewerten Sie, wie wichtig der Familie die folgenden Themenbereiche für eine langfristig erfolgreiche Entwicklung des Unternehmens sind. (0 überhaupt nicht wichtig, 10 äußerst wichtig)

	0	1	2	3	4	5	6	7	8	9	10
a. Marken- / Marketingstrategie	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. Forschung und Entwicklung	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c. Finanzierung durch Aktien oder Anleihen	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d. Finanzierung durch Bankkredite	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e. Restrukturierung des Unternehmens	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
f. Produktdiversifikation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
g. Geschäftsfelddiversifikation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
h. Ausbau bestehender Geschäftsbereiche	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
i. Akquisitionen und Joint Ventures	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
j. Internationaler „Footprint“	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
k. Mitarbeiterentwicklung	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
l. Hohe Liquidität	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
m. Hohe Eigenkapitalquote	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

VII Verantwortlichkeiten der Familie und des CEO

1. Bitte bewerten Sie den Einfluss der Familie auf die folgenden Entscheidungen.

	Sehr groß	Groß	Eher groß	Eher gering	Gering	Sehr gering
a. Budget / Investitionen, z. B. R&D, Marketing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. Organisationsentwicklung, z. B. Struktur, Personal	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c. Auswahl des Top-Managements auf 1. & 2. Ebene	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d. Geschäftsfeldentwicklung, z. B. Akquisitionen, Ausstieg aus bestehenden Geschäftsfeldern oder Märkten	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

2. Bitte bewerten Sie den Einfluss des CEO auf die folgenden Entscheidungen.

	Sehr groß	Groß	Eher groß	Eher gering	Gering	Sehr gering
a. Budget / Investitionen, z. B. R&D, Marketing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. Organisationsentwicklung, z. B. Struktur, Personal	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c. Auswahl des Top-Managements auf 1. & 2. Ebene	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d. Geschäftsfeldentwicklung, z. B. Akquisitionen, Ausstieg aus bestehenden Geschäftsfeldern oder Märkten	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

VIII Organisationale Verbundenheit

Bitte geben Sie an, inwieweit Sie den folgenden Aussagen zustimmen.

	Stimme voll zu	Stimme zu	Neutral	Stimme nicht zu	Stimme gar nicht zu
a. Die Familienmitglieder fühlen sich dem Unternehmen eng verbunden.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. Die Wertvorstellungen der Familienmitglieder und die des Unternehmens sind sehr ähnlich.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c. Die Familienmitglieder stehen in der Öffentlichkeit hinter dem Unternehmen.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d. Die Familienmitglieder sind stolz ein Teil des Unternehmens zu sein.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e. Die Familienmitglieder sind mit den Zielen, Plänen und Grundsätzen des Unternehmens einverstanden.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
f. Den Familienmitgliedern liegt das Schicksal des Unternehmens sehr am Herzen.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
g. Die Familienmitglieder sind bereit, sich mehr als nötig zu engagieren, um zum Erfolg des Unternehmens beizutragen.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

IX Generelle Risikoneigung der Familie und des CEO

1. Ich würde den CEO eher beschreiben als...

...risikoavers	1	2	3	4	5	6	7	8	9	...risikofreudig
----------------	---	---	---	---	---	---	---	---	---	------------------

2. Ich würde die Familie eher beschreiben als...

...risikoavers	1	2	3	4	5	6	7	8	9	...risikofreudig
----------------	---	---	---	---	---	---	---	---	---	------------------

X Beschreibung der Beziehung zwischen der Familie und dem CEO

Bitte geben Sie an, inwieweit Sie den folgenden Aussagen zustimmen.

	Stimme voll zu	Stimme zu	Neutral	Stimme nicht zu	Stimme gar nicht zu
a. Wenn es nach mir ginge, würde ich nicht zulassen, dass der CEO Einfluss auf die Themen hat, die der Familie wichtig sind.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. Ich wäre bereit, dem CEO die vollständige Kontrolle über die Zukunft der Familie im Unternehmen zu überlassen.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c. Ich würde es sehr begrüßen, wenn die Familie eine Möglichkeit hätte, ein Auge auf den CEO zu haben.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d. Ich hätte kein Problem damit, dem CEO eine der Familie sehr wichtige Aufgabe zu übertragen, auch wenn ich ihn dabei nicht kontrollieren kann.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

p. Anonymität der Familie in der Öffentlichkeit	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
q. Behandlung der Mitarbeiter wie einen Teil der Familie	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
r. Langfristige Beziehungen mit Kunden & Lieferanten	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
s. Harmonie innerhalb der Familie	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
t. Fortführung der Familientradition	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
u. Verkauf des Unternehmens	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

VI Themen im Zusammenhang mit der langfristigen Entwicklung des Unternehmens

Bitte bewerten Sie, wie wichtig Ihnen die folgenden Themenbereiche für eine langfristig erfolgreiche Entwicklung des Unternehmens sind. (0 überhaupt nicht wichtig, 10 äußerst wichtig)

	0	1	2	3	4	5	6	7	8	9	10
a. Marken- / Marketingstrategie	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. Forschung und Entwicklung	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c. Finanzierung durch Aktien oder Anleihen	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d. Finanzierung durch Bankkredite	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e. Restrukturierung des Unternehmens	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
f. Produktdiversifikation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
g. Geschäftsfelddiversifikation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
h. Ausbau bestehender Geschäftsbereiche	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
i. Akquisitionen und Joint Ventures	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
j. Internationaler „Footprint“	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
k. Mitarbeiterentwicklung	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
l. Hohe Liquidität	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
m. Hohe Eigenkapitalquote	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

VII Verantwortlichkeiten der Familie und des CEO

1. Bitte bewerten Sie den Einfluss der Familie auf die folgenden Entscheidungen.

	Sehr groß	Groß	Eher groß	Eher gering	Gering	Sehr gering
a. Budget / Investitionen, z. B. R&D, Marketing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. Organisationsentwicklung, z. B. Struktur, Personal	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c. Auswahl des Top-Managements auf 1. & 2. Ebene	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d. Geschäftsfeldentwicklung, z. B. Akquisitionen, Ausstieg aus bestehenden Geschäftsfeldern oder Märkten	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

2. Bitte bewerten Sie Ihren Einfluss auf die folgenden Entscheidungen.

	Sehr groß	Groß	Eher groß	Eher gering	Gering	Sehr gering
a. Budget / Investitionen, z. B. R&D, Marketing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. Organisationsentwicklung, z. B. Struktur, Personal	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c. Auswahl des Top-Managements auf 1. & 2. Ebene	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d. Geschäftsfeldentwicklung, z. B. Akquisitionen, Ausstieg aus bestehenden Geschäftsfeldern oder Märkten	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

VIII Organisationale Verbundenheit

Bitte geben Sie an, inwieweit Sie den folgenden Aussagen zustimmen.

	Stimme voll zu	Stimme zu	Neutral	Stimme nicht zu	Stimme gar nicht zu
a. Ich fühle mich dem Unternehmen eng verbunden.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. Meine Wertvorstellungen und die des Unternehmens sind sehr ähnlich.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c. Ich stehe in der Öffentlichkeit hinter dem Unternehmen.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d. Ich bin stolz ein Teil des Unternehmens zu sein.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e. Ich bin mit den Zielen, Plänen und Grundsätzen des Unternehmens einverstanden.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
f. Mir liegt das Schicksal des Unternehmens sehr am Herzen.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
g. Ich bin bereit, mich mehr als nötig zu engagieren, um zum Erfolg des Unternehmens beizutragen.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

IX Generelle Risikoneigung des CEO und der Familie

1. Ich würde mich eher beschreiben als..

...risikoavers	1	2	3	4	5	6	7	8	9	...risikofreudig
----------------	---	---	---	---	---	---	---	---	---	------------------

2. Ich würde die Familie eher beschreiben als..

...risikoavers	1	2	3	4	5	6	7	8	9	...risikofreudig
----------------	---	---	---	---	---	---	---	---	---	------------------

X Beschreibung der Beziehung zwischen der Familie und dem CEO

Bitte geben Sie an, inwieweit Sie den folgenden Aussagen zustimmen.

	Stimme voll zu	Stimme zu	Neutral	Stimme nicht zu	Stimme gar nicht zu
a. Wenn es nach mir ginge, würde ich nicht zulassen, dass die Familie Einfluss auf die Themen hat, die mir wichtig sind.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. Ich wäre bereit, der Familie die vollständige Kontrolle über meine Zukunft im Unternehmen zu überlassen.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c. Ich würde es sehr begrüßen, wenn ich eine Möglichkeit hätte, ein Auge auf die Familie zu haben.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d. Ich hätte kein Problem damit, der Familie eine mir sehr wichtige Aufgabe zu übertragen, auch wenn ich sie dabei nicht kontrollieren kann.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

CONTRIBUTION TO WORKING PAPERS

WORKING PAPER 1 (CHAPTER 2)

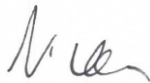
Working paper 1 (Chapter 2)

I was responsible for the development of the research questions and the design of the study. I planned and supervised the data collection process, conducted a significant part of the data analysis, and wrote the most part of the article.

Maximilian Rupprecht (lead author)



Nadine Kammerlander (co-author)



WORKING PAPER 2 (CHAPTER 3)**Working paper 2 (Chapter 3)**

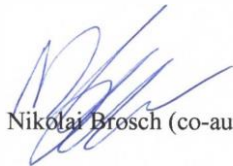
I was responsible for the development of the research questions and the design of the study. I planned and supervised the data collection process, conducted all of the data analysis, and wrote main parts of the article.



Maximilian Rupprecht (lead author)



Alwine Mohnen (co-author)



Nikolai Brosch (co-author)

WORKING PAPER 3 (CHAPTER 4)**Working paper 3 (Chapter 4)**

I was responsible for the development of the research questions and the design of the study. I planned and conducted the data collection process, conducted all of the data analysis, and wrote the whole article. The co-authors contributed to the process of writing and to the development of the research question.



Maximilian Rupprecht (lead author)



Alwine Mohnen (co-author)



Franz-Josef Kortüm (co-author)
