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The role of cognitive appraisal and emotions of family members in the family business system☆

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ABSTRACT

Emotions are valenced and specific affective reactions to the perception of situations, events, objects, or people. They influence thoughts, motivations, and behaviors and can play an important role in family business strategy and decision making. We, therefore, explore the process of discrete emotional response and the factors that elicit emotions of family members in the context of the family business system. Our discussion: (1) defines and differentiates emotions and related terms, (2) applies appraisal theory as a framework for understanding discrete emotions from the perspective of a family member in the context of the family business system, (3) identifies the consequences of discrete emotions, and (4) discusses areas of future research for examining emotions in family business systems.

1. Introduction

Emotions influence thoughts, motivations, and behaviors, and have the potential to play an important role in the strategy and decision making of family businesses (e.g., Morris, Allen, Kuratko, & Brannon, 2010; Podoynitsyna, Van der Bij, & Song, 2012; Rafaeli, 2013; Stanley, 2010). Therefore, it is important to explore the process of emotional responses and the factors that elicit emotions in family members in the context of the family business system. While there is widespread agreement that family business systems are subject to the effects of emotional responses (Labaki, Michael-Tsabari, & Zachary, 2013a), relatively little research has examined the causes or tied these responses to decision making or organizational outcomes.

The traditional approach to studying family business strategy and decision making has taken a financial perspective, largely drawn from the financial economics and strategic management literatures (Berrone, Cruz, & Gomez-Mejia, 2012). For example, early research in family business emphasized the unique governance system present in family businesses. Due to highly concentrated family ownership and the alignment of the interests between shareholders and managers, family firms were identified for their unique governance regime (Amihud & Lev, 1999). The benefits of such a regime were often touted and researchers argued these benefits could reduce agency costs and improve organizational outcomes, such as financial performance (e.g., Anderson & Reeb, 2003; Villalonga & Amit, 2006).

However, recent research (e.g., Gomez-Mejia, Haynes, Nunez-Nickel, Jacobson, & Moyano-Fuentes, 2007; Miller, Le Breton-Miller, & Lester, 2013; Zellweger, Kellermans, Chrisman, & Chua, 2011) suggests that the primary difference between family and non-family firms is not one of the governance or agency issues, but stems from family firms' motivation to make decisions based on nonfinancial or socioemotional concerns. Specifically, these scholars believe the "affect-related value that a family derives from its controlling position in a particular firm" (Berrone et al., 2012, p. 259), or their socioemotional wealth, affects these firms' strategic choices as the desire to capture and preserve socio-emotional wealth becomes the reference point from which family principals will make decisions.

Similar to the socioemotional perspective, the concept of emotional considerations in family business systems has drawn increased attention as scholars have called for further study of the emotional context within which families make decisions about their businesses (Astrachan & Jaskiewicz, 2008; Labaki et al., 2013a). For example, Bjornberg and Nicholson (2008) refer to the notion of emotional ownership as a reflection of both the extent to which a family member identifies with, and is attached to, the family business, irrespective of their financial interests in the firm (Bjornberg & Nicholson, 2012). Similarly, Pieper's (2007) work on family and business cohesion highlights the fact that within both

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family and business systems, cohesion among members can be financially as well as emotionally motivated. Further, Astrachan and his colleagues (Astrachan & Jaskiewicz, 2008; Zellweger & Astrachan, 2008) define emotional value as the residual value above and beyond any financial value the family derives from ownership. Emotional returns include "achieving financial and non-financial business, family and individual goals (e.g., pride, self-worth, educational opportunities, family involvement/togetherness, opportunities for self/offspring, community recognition, and independence)" (Astrachan & Jaskiewicz, 2008, p. 143), and not achieving such outcomes. Tension, conflict, obligations, rivalries, and loss of leisure time are examples of emotional costs.

Previous conceptualizations of emotional considerations (e.g., socioemotional wealth and emotional ownership) in family business systems are important because they bring to light how non-financial considerations influence families' strategic decision making (Bjornberg & Nicholson, 2008; Gomez-Mejia et al., 2007). We expand on the discussion of non-financial considerations by considering appraisal theory and the role of discrete emotional responses of family members in family business systems. Thus, emotions can occur in response to either the family or business, or a combination of family and business (Labaki, Michael-Tsabari, & Zachary, 2013b; Rau, 2013). Cognitive appraisal theory suggests that emotions are elicited from a subjective evaluation or appraisal of a situation or event. According to appraisal theory, it is not the specific event that produces the emotion but the psychological appraisal of the event that elicits a discrete emotion (Lazarus, 1991; Ortony, Clore, & Collins, 1988). Thus, two individuals exposed to the same event may experience different emotional responses. For example, while one parent within a family business may experience pride when transferring managerial control of the family business to an offspring, the other parent may experience concern or remorse for having to choose one sibling over another. Specific patterns of appraisal, however, are associated with specific emotions that influence decision making and behavioral outcomes.

Thus, discrete emotional responses are valenced and specific affective reactions (e.g., hope, joy, anger) to the perception of situations (Ortony et al., 1988), whereas socioemotional wealth and emotional ownership represent more general feelings of belongingness, attachment, and identification (Bjornberg & Nicholson, 2008; Gomez-Mejia et al., 2007). Discrete emotions are the result of an evaluation of personally relevant stimuli, have a specific target (e.g., person, event, object), are more intense and relatively short-lived, involve physiological arousal, and often result in behavioral tendencies, such as aggression or withdrawal (Bagozzi, Gopinath, & Nyer, 1999; Johnson & Stewart, 2005). The study of discrete emotions is critical as specific emotions have been found to have differential effects on thoughts and behaviors compared to generalized positive or negative affect (e.g., Lerner & Keltner, 2000). Thus, the consideration of discrete emotions in the family business system allows researchers to assess and study antecedents as well as the specific cognitive and behavioral consequences of an emotional response. This approach also accounts for the complexity of the family business system.

There has been growing interest in the influence of emotions on strategy, decision making, and subsequent behaviors of family members in the context of family business systems and other contexts (e.g., organizations, consumers, and investing). Similarly, recent discussions in the behavioral strategy (Powell, Lovallo, & Fox, 2011) and strategy-as-practice (Jarzabkowski & Spee, 2009; Nordqvist & Melin, 2010) literatures have highlighted the lack of strategic decision making research at the individual-level. As suggested by Jarzabkowski and Spee (2009), more research on individuals whose emotions, motivations, and actions shape strategic outcomes is sorely needed. Consistent with this observation, we present cognitive appraisal theory as a framework for examining emotions at the individual level. We discuss the antecedents (e.g., appraisals) and consequences (e.g., cognitions and behaviors) of discrete emotions and their influence on strategic decisions within family business systems. Thus, the purpose of the current research is to advance the discussion and integration of emotions in the family business literature by providing a strong theoretical base upon which future scholars may build. Further, it provides examples of the types of issues typically faced by family firms and discusses how the emotions stirred by those issues might influence strategic decision making processes and outcomes. In doing so, our work extends the socioemotional wealth literature by suggesting how appraisals of socioemotional wealth might be influenced by emotional responses. Toward these ends, this article: (1) discusses, defines and differentiates emotions and related terms, (2) presents cognitive appraisal theory as a framework for understanding emotions from family members' perspectives in the context of family business systems, (3) identifies the consequences of emotions, and (4) discusses areas of future research for emotions in the context of family business.

2. Overview of terms and definitions related to emotions

To date, limited research (i.e., Labaki et al., 2013a; Morris et al., 2010; Stanley, 2010) has addressed specific emotions and the role they play within family business systems. For example, in their study comparing the personal experience of family founders and managers of startups, Morris et al. (2010) found that emotional experiences (e.g., excitement or passion) varied between founders and managers. This research, however, only identified how family and non-family business systems elicit different emotions in organizational actors but did not identify the causes or consequences of specific emotions.

2.1. Affect, mood, attitudes, and emotions

As suggested above, the term emotion has been widely used in family business research. However, before more rigorous and theoretically driven studies of emotions in family businesses can be conducted, it is critical to clarify relevant definitions and to distinguish between emotions and related states. The terms affect, mood, attitude, and emotion are related and have been used interchangeably in previous research (Bagozzi et al., 1999; Johnson & Stewart, 2005). However, these interrelated terms have different meanings and are conceptually distinct.

Affect refers to an overall mental process that includes emotions, moods, and attitudes (Bagozzi et al., 1999; Fredrickson, 2001; Johnson & Stewart, 2005). Affect is often conceptualized in global positive or negative terms and is considered an important and necessary characteristic of emotions and other affect-related feelings (e.g., attitudes and moods); however, it alone does not constitute an emotion (Fredrickson, 2001; Ortony et al., 1988). Emotions are a reaction to an evaluation of the environment related to a specific goal. They are based on the personal relevance and individual interpretation of the situation. Emotions often result in intense physiological arousal and are associated with actions to cope with or affirm the emotion (Bagozzi et al., 1999; Lazarus, 1991). In the case of emotions, we are referring to a specific or discrete emotional response (e.g., pride in the family name, anger at the unwillingness of offspring to be involved in the family business, or joy from successful generational transitions).

Moods are global or diffused feeling states that tend to last longer than emotional experiences and, unlike emotions, do not have a referent (Lazarus, 1991). For example, individuals can be in a good mood or a bad mood without knowing exactly why they are feeling good or bad. Furthermore, the affective reaction from an emotion is more intense and arousing than moods. Mood can also

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be elicited and maintained without conscious awareness of the feeling state, its cause, or its influence on current activities (Bagozzi et al., 1999; Cohen & Areni, 1991).

Attitudes are defined as evaluative judgments and assessments (i.e., like or dislike, favorable or unfavorable) instead of an emotional state (Lutz, 1991). Attitudes are learned predispositions that allow individuals to respond consistently to various attitude objects (e.g., people, ideas, businesses). While attitudes can occur in response to ordinary stimuli, emotions are elicited in response to motivationally relevant stimuli (Bagozzi et al., 1999). Compared to emotions, attitudes are more enduring and require a greater degree of processing due to their cognitive nature (Bagozzi et al., 1999).

In summary, emotions, from a cognitive appraisal theory perspective, are the result of an evaluation of personally relevant stimuli, have a specific target (e.g., person, event, object), are more intense and relatively short-lived (vs. affect, moods, attitudes), involve physiological arousal, and often result in behavioral tendencies (e.g., fight or flight) (see Bagozzi et al., 1999; Johnson & Stewart, 2005).

2.2. Emotion research in family business

Much of the research conducted to date in the family business (e.g., Podoynitsyna et al., 2012; Stanley, 2010) and organizational decision making (e.g., Baron, 2008; Kim, 2012; Seo & Barrett, 2007) literature has approached the study of emotion from a valence-based or dimensional approach, where emotions are viewed as broad positive and negative affective states.

In the context of family business research, Stanley (2010) considered the implications of positive or negative emotions (which is closer to our definition of positive and negative affect) on risk-taking behaviors. While the study of positive or negative affect can be important, a tacit assumption of valence-based research is that emotions of the same valence lead to a similar outcome (Lerner & Keltner, 2000). For example, this research assumes that all negative emotions (e.g., fear, anger) would influence decision making and risk-taking in a similar fashion. Similarly, Morris et al. (2010) assessed discrete emotions but then categorized them into dimensions of positive or negative valence (i.e., valence-based approach). However, while fear and anger are both negative emotions, individuals experiencing fear tend to retreat and pursue avoidance tactics while individuals feeling anger tend to respond with aggression. Because of the potential for specific emotional responses to have differential effects on thoughts and behaviors, we believe the study of emotion and decision making in family businesses requires a more fine-grained approach with the consideration discrete emotions.

Recent research has advocated for an examination of how discrete emotions individually affect judgments and decision-making (e.g., Bagozzi, Baumgartner, Pieters, & Zeelenberg, 2000; Lerner & Keltner, 2000). Cognitive appraisal theory is a useful theoretical framework for examining discrete emotions. In the current research, an appraisal theory perspective is used to understand the role of emotions in the context of family members in the family business system. Appraisal theories provide a comprehensive approach to studying emotions and offer researchers with a number of benefits which enable rigorous and theoretically driven means to study emotions and decision making outcomes. In particular, a cognitive appraisal approach offers researchers three specific benefits: (1) it enables researchers to identify specific antecedents of emotions, (2) it enables researchers to predict what and when emotions are likely to occur, and (3) it helps researchers account for a broad range of emotional responses. In the section below, we discuss cognitive appraisal theory in the context of the family business system.

3. Cognitive appraisals and emotional responses in the family business context

According to cognitive appraisal theory, situations can be appraised along several dimensions and it is the combination of some subset of these dimensions that creates a specific emotion (Lerner & Keltner, 2000). In the following sections, we explain how appraisal dimensions relate to family businesses and identify associated emotional responses. Although we integrate multiple appraisal theory perspectives (e.g., Lazarus, 1991; Ortony et al., 1988; Smith & Ellsworth, 1985), we use Lazarus' (1991) cognitive-motivation-relational theory of emotion as a guide for selecting relevant appraisal dimensions. Lazarus (1991) proposes that individuals conduct primary and secondary appraisals which are the result of the relationship between an individual and his/her environmental situation. Primary appraisals (e.g., relevance, congruence or ego-involvement) refer to the motivational relevance of the situation. Secondary appraisals (e.g. responsibility, future expectations, or control potential) identify expectations and options for coping. Each of these is discussed in the paragraphs below.

3.1. Relevance

Emotions only occur in response to information that individuals appraise as being personally relevant or important. Relevance is crucial for all emotions (Lazarus, 1991; Scherer, 2001). If the situation or information is not important to an individual, then an emotional response is not likely to occur. Information is deemed relevant if a potential outcome affects an individual's major preferences and desires. Because of the personal relevance of many decisions made by family members in family businesses, emotional responses are likely to occur. Furthermore, relevance determines the intensity of emotions. As the situation becomes more relevant, more intense emotions are likely to be experienced. Although relevance determines the likelihood and intensity of an emotion occurring, information must also be appraised within the particular situational context (Johnson & Stewart, 2005).

Family businesses are characterized by varying levels of social embeddedness of the business within the family unit (Le Breton-Miller, Miller, & Lester, 2011), which in turn will affect the extent to which family business issues are relevant to individual family members. Social embeddedness refers to a setting where the social actors within the system have strong ties which shape the group's motivations and actions, and as a consequence, its decisions (Granovetter, 1985). Individuals are loyal to and supportive of groups to which they are most closely tied (Ashforth & Johnson, 2002). Thus, the more embedded family members are within the family business system, the more relevant and important the actions of the family firm become for family members (Le Breton-Miller et al., 2011). Embeddedness can be a function of the frequency, duration and intensity of communication of information and emotion. These types of interactions fostering embeddedness are typical of family business systems, and these interactions are likely to result in highly emotional and intense interactions among family members (Le Breton-Miller et al., 2011). Under some circumstances, family members can be so embedded within their family system that they feel "locked" into the firm and face very high exit costs should they desire to leave the family firm (Kellermanns & Eddleston, 2004). This high level of frustration may or may not lead to expressions of emotions. Nevertheless, for a family member who is highly embedded within their family business, the actions and decisions of the family business take on increased relevance for those individuals.

The notion of embeddedness can also arise in families' desire to maintain interest and control of their firms. Due to their level of

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embeddedness, and hence the relevance of family ownership, family firms may endeavor to maintain and preserve the control and socioemotional wealth the family currently possesses (Zellweger et al., 2011). As such, family members have high levels of involvement and identification with the family firm. Decisions are viewed as relevant and important. Family members (vs. non-family members) likely view more situations, events, and decisions as highly relevant. Given the high levels of embeddedness and loyalty which can exist within family firms, intense emotional responses are likely. The family's identification with the business can be so strong that the "personification of the business" can create a feeling that the deeds of the firm are ascribed to the family and its intentions (Miller & Le Breton-Miller, 2003, p. 131), making them highly relevant.

3.2. Congruence

The family business system is often dynamic and complex as a consequence of the interaction and integration of the family, ownership and business systems. The goals and desires of individual family members are frequently facilitated or hindered by divergent needs and expectations of other members in the family business system. Congruence refers to the extent to which the situation or information is consistent or inconsistent with the goals, needs, or desires of the individual (Lazarus, 1991). Congruence determines the valence of emotion: positive, negative, or mixed. Situations appraised as congruent or consistent with an individual's motives and desires will elicit positive emotions, whereas an appraisal that is incongruent or inconsistent with a person's motives and desires will elicit negative emotions. Berrone et al. (2012) highlight that families are characterized by both positive (e.g., joy, happy, or pleased) and negative (e.g., distress, unhappy, or displeased) emotions. For example, a family business founder might experience joy after achieving an important business goal or milestone. Joy is associated with an overall sense of security and well-being and is elicited in response to a congruent and certain outcome (Johnson & Stewart, 2005; Lazarus, 1991). On the other hand, distress, which is one consequence of an incongruent and certain outcome, might arise when an important business transaction falls through, leading to financial stress for both the business and the welfare of the entire family.

Despite the governance benefits family firms may offer (Amihud & Lev, 1999), scholars also note their potential for conflict and discord is far greater than all other forms of ownership and management (Kellermanns & Eddleston, 2004; Lee & Rogoff, 1996). Family businesses are particularly susceptible to conflict due to the "dominant presence of the family, setting the rules and having ultimate power, the lack of formalized systems and structures to deal with conflict, and having no formal organizational structure or operative system and the co-mingling of business and family roles" (Harvey & Evans, 1994, p. 345). Conflicting appraisals or situations appraised as both congruent and incongruent with desires and goals elicit both positive and negative emotions resulting in conflicting mixed emotions or emotional ambivalence. For example, a family founder might experience both a negative (e.g., sadness from the loss of personal recognition) and a positive (e.g., pride in an offspring) emotion after leadership of the firm is transitioned to the next generation. This type of emotional ambivalence is particularly relevant to the family business environment as there is a high likelihood for conflict given the intertwining of family and business decisions. Furthermore, although dysfunctional and conflicting relationships exist in both family and non-family firms, in family businesses, the conflict among family members in family businesses is more likely to be preserved with the hope that it will eventually be resolved (Berrone et al., 2012).

3.3. Ego-involvement and responsibility

Ego-involvement refers to the effect of the situation on an individual's self and/or social identity (Lazarus, 1991). Situations that arise in family business can either enhance or threaten an individual's ego-identity. Emotions associated with appraisals of ego-involvement include anger, pride, shame, and guilt (Lazarus, 1991; Ortony et al., 1988).

Anger results from an appraisal of an incongruent and certain outcome that is also appraised as a threat to one's ego or self-esteem. Anger is a complicated emotion that is also associated with an agency appraisal with elements of blame and unfairness. An agency appraisal involves an assessment of responsibility to either the self or others. In the case of anger, events are often appraised as being responsible by other entities (e.g., person, object). When an appraisal indicates that another entity is responsible for the situation, blame is assigned and outward-directed anger is the result (Lazarus, 1991). It is also possible to direct anger at oneself as if we were an external object. For example, due to intense pressure to see the family business succeed, family founders may experience self-directed anger during times of financial or competitive uncertainty. Family members may also experience anger against other members of the family who are perceived as investing too much time and effort in developing the family business while ignoring the social needs of the family unit. Conversely, family members highly engaged in matters of the family business might experience anger toward family members who are not as personally invested in the success of the family business.

Pride is associated with a positive event that enhances one's self-worth and results from the appraisal dimensions of congruence, self-responsibility, and ego-enhancement (Lazarus, 1991). Shame and guilt are closely related emotions that both include appraisals of goal incongruence, self-responsibility, and ego threat. However, the type of ego-involvement in shame is the failure to live up to an ego ideal, whereas in guilt it is about managing an act viewed as morally reprehensible (Lazarus, 1991). Regret is associated with the feeling that something could have been done about a negative event and is associated with the appraisals of goal incongruence and self-responsibility (van Dijk & Zeelenberg, 2002). Pride, shame, guilt and regret may be commonly experienced emotions of family members in the family business system and these feelings are likely to be particularly strong when the family business is strongly embedded in the family dynamic.

Due to the strong connection between the family business and the reputation of the family and its name (Binz, Hair, Pieper, & Baldauf, 2010), family members in the family business system are likely to experience high levels of ego-involvement (Craig & Dibrell, 2006). These reputational forces, which are exacerbated when the family's name is connected to the business, will strongly stir the ego-involvement of family members. Public condemnation can be particularly painful for a family to incur; as a result they often take great aims to develop and perpetuate a positive family reputation and image (Neubaum, Dibrell, & Craig, 2012; Sharma & Manikuti, 2005; Westhead, Cowling, & Howorth, 2001). Family firms are also frequently viewed as symbols of the family's dynasty, heritage and traditions (Tagiuri & Davis, 1992). As such, family business members are motived to preserve or enhance their ego or self-esteem as these are frequently and tightly wrapped with the success, continuance, and integrity of the family firm (Habbershon & Pistrui, 2002). In such circumstances, strategic decisions which enhance family members sense of pride are likely to be pursued while actions which may lead to shame, guilt or regret may be avoided.

3.4. Future expectations

Family business development is a temporal experience (Morris et al., 2010). Although many aspects of family business involve elements of uncertainty, the early stages of family business creation are particularly unpredictable. This is a time when the business is being developed and established and its liability of newness is particularly threatening. In this stage, family business founders are likely to experience high levels of uncertainty and ambiguity in thinking about the future (Morris et al., 2010). Members of more mature family businesses, however, are also likely to experience issues of uncertainty regarding the future as the goal of maintaining the legacy of the family enterprise grows. As a result, it is important to consider emotions elicited in response to uncertain future events because emotions are often used as a source of information when considering future decisions (Bagozzi et al., 2000).

The appraisal dimension of future expectations refers to the likelihood of the future changing for the better or worse (Lazarus, 1991). It is similar to the certainty/uncertainty dimension (Roseman, 1984; Smith & Ellsworth, 1985) and prospect-based appraisals (Ortony et al., 1988). Situations with unknown outcomes elicit emotions referred to as anticipatory emotions (Lazarus, 1991; Ortony et al., 1988). Such emotions are valenced and are also tied to the appraisal dimension of congruence. They occur in response to the prospect of goal success (i.e., congruence) or goal failure (i.e., incongruence). For example, hope refers to being pleased about the prospect of a congruent or favorable situation, whereas fear reflects displeasure about the prospect of an incongruent or unfavorable event (Ortony et al., 1988; Roseman, 1991). Related emotion terms for hope include optimism, excitement, and anticipation. For fear, related emotion terms include apprehension, worry, anxiety, and nervous. In the context of family businesses, early stage family founders are likely to be excited about the future and the possibilities of their new business venture. Alternatively, the uncertainty of success may elicit worry in the minds of founders' spouses.

There are also elements of certainty within the context of family business, such as when family members achieve an important goal. Situations with known outcomes elicit a category of emotions referred to as disconfirmation emotions (Ortony et al., 1988). Relief is elicited when an incongruent or undesirable outcome has been eliminated or changed for the better. In contrast, disappointment is experienced when a congruent or desirable outcome is disconfirmed (Lazarus, 1991; Ortony et al., 1988). Satisfaction (dissatisfaction) is another emotion associated with known outcomes (Ortony et al., 1988) and is experienced with the confirmation (disconfirmation) of a desirable outcome. For example, in the context of family businesses, family members might experience relief when a previously disengaged offspring chooses to give up their pursuit of their career and return to the family business. Alternatively, disappointment may arise when family member managers' performance is so troubling that the firm must seek non-family member replacements.

3.5. Control potential

Control potential refers to one's ability to cope with or do something about a situation (Scherer, 1982). The individual considers the extent to which they have the ability to change, influence, or control a situation. When control potential is high, people feel they are able to control or change their situation, whereas when control potential is low, their perceived ability for control is also low (Smith & Ellsworth, 1985). Control potential is relevant for many of the previously mentioned negative emotions. For example, the emotions of fear, sadness, disappointment, frustration, and regret are associated with low levels of perceived control.

While emotional responses stemming from the perception of the lack of control are typical in the business setting, several scenarios particular to the family business system present unique situations of control potential. First, from the founder's perspective, sense of control is likely to be enacted during succession planning, as well as when control of the firm is transitioned to another member of the family or a non-family leader (Nordqvist & Melin, 2010; Schein, 1983). The lack of viable candidates, as well as the feeling of loss of control when the executive's reigns are passed on to others, can foster negative emotions such as anxiety, regret and resentment (Nordqvist & Melin, 2010).

Second, assessments of control potential are also likely to be common when non-family members are widely engaged in managing the firm. Non-family managers may be viewed by family members as outsiders with interests and agendas not fully aligned with the family (Guidice, Mero, & Greene, 2013; Nordqvist & Melin, 2010). As a consequence, family owners often fulfill multiple roles within the family business structure as the ability to "wear many hats" is a means by which these individuals increase their perception of control over the strategies and decisions of the firm (Mustakallio, Autio, & Zahra, 2002). Family members may also feel they have greater control and influence over their own (Zellweger et al., 2011) and that family members can be trusted to make decisions consistent with the family's goals and values.

Third, members of the later generation may feel their sense of control is impinged by the expectations of their parents or other relatives (Lumpkin, Martin, & Vaughn, 2008). Family businesses are unique in the sense that membership is more often a function of obligation than contract (Lumpkin et al., 2008), a condition which influences the members' appraisals of control. Pressures to join the family business and obligations to serve are widely experienced by later-generation family members. When control of the family business is dispersed across many family members, or outsiders, each family members may feel a loss of control over the welfare and direction of the family firm (Miller, Le Breton Miller, & Lester, 2010).

The section above presented an introduction and a discussion of the appraisal dimensions of emotions which we believe are most likely tied to strategic decision making in family businesses. Appraisal theory was presented as a framework for studying several discrete emotional responses. In the section below, we discuss the effects of various emotions likely to be found in family business settings.

4. Cognitive and behavioral effects of emotions

Discrete emotions are important because they have been found to lead to specific cognitive and behavioral responses in the individuals experiencing the emotion and have been shown to influence many judgments and decision making processes (Han, Lerner, & Keltner, 2007). It is also important to recognize that the study of discrete emotions allows for not only complexity in the experience of emotions but also in the consequences of emotion. Depending on the situation and resulting appraisals, the outcomes for positive and negative emotions can be mixed (e.g., negative emotions can lead to both positive and negative outcomes). Thus, the following discussion summarizes research examining the general outcomes of discrete emotions, as well as how these consequences can be applied in a family business system. We first discuss the consequences of negative discrete emotions (i.e., fear, anger, sadness, disappointment, guilt, and regret) and then positive discrete emotions (i.e., joy, hope, and pride).

4.1. Cognitive and behavioral effects of negative discrete emotions

Fear and fear-related emotions (e.g., anxiety, worry) have been found to increase perceptions of risk, result in avoidance strategies, cause individuals to seek low risk/low reward options, and result in systematic processing where individuals are likely to attend to their environment and the quality of information (Bagozzi et al., 2000; Lazarus, 1991; Maitlis & Ozcelik, 2004; Raghunathan & Pham, 1999; Tiedens & Linton, 2001). In the context of family businesses, fear, worry and anxiety can lead to both beneficial and harmful outcomes. On one hand, the success of multi-generational family firms is often a function of their ability to innovate, invest in R&D, and maintain its leadership in new product development projects (De Massis, Frattini, & Lichtenthaler, 2013). If fear-related emotions lead to increased risk perceptions and avoidance strategies, then the long-term success of the family firm might be compromised (Memili, Eddleston, Kellermanns, Zellweger, & Barnett, 2010). Alternatively, if fear-based emotions lead to increased attention to environmental cues and information processing, then family firms may be able to make more reasoned and rational strategic decisions (Lindow, Stubner, & Wulf, 2010). Consistent with the arguments of socioemotional wealth, in cases where the welfare of the family is closely associated with the success of the family business, growing concerns sparked by worry and fear may have a particularly strong effect on the strategic and decision making processes of the family business (Berrone et al., 2012).

Anger, on the other hand, results in decreased perceptions of risk that lead to risk-seeking choices, heuristic processing where individuals are more likely to attend to superficial cues in the environment, and a behavioral tendency toward aggression and action against those perceived as responsible (Angie, Connelly, Wagles, & Kligyte, 2011; Bagozzi et al., 2000; Lazarus, 1991; Lerner & Keltner, 2000; Tiedens & Linton, 2001). Such responses could prove detrimental to the long-term success of the family business. For example, disagreements among family members resulting in anger may result in hasty, poorly conceived decisions. Rather than appropriately weighing and evaluating the potential risk of a decision, family members who are angry may behave aggressively (Lazarus, 1991) and disregard the input of fellow family members. Anger as an emotional response can overwhelm an individual's rational decision making process where being right or getting their own way drives the decision criteria. When individuals experience anger in response to family business situations, the strategic and decision making processes might be susceptible to the pursuit of overly risky options (Kellermanns & Eddleston, 2004; Lerner & Keltner, 2000).

Sadness is associated with feelings of loss for a goal that cannot be reinstated and is often accompanied by a behavioral tendency to withdraw (Lazarus, 1991). There is also a tendency toward risk-seeking behavior and an attempt to change one's circumstances with reward-seeking behavior (Raghunathan & Pham, 1999). Sadness is also associated with increased processing and thoughtfulness. In the context of family businesses, sadness experienced by one family member may lead that individual to withdraw from the family firm and be less socially embedded or psychologically invested in it. Similar to a reaction in anger, family members experiencing sadness over an outcome might pursue alternatives which are particularly risky in nature in hopes of positive future gains.

Like sadness, disappointment is also associated with a sense of loss, but the loss is the result of unmet expectations for a better outcome. With disappointment, goal abandonment is possible where individuals want to get away from a situation, do nothing, and/or attempt to understand the situation (van Dijk & Zeelenberg, 2002). Thus, if one family member experiences disappointment in the actions or behaviors of the firm, then the family member may choose to withdraw from the firm in an effort to shield themselves from the sense of loss. Alternatively, the individual might become more engaged as a means to seek more information about the situation. For family businesses which have suffered a series of losses or disappointing news, there might be a tendency for family members to disengage or lose interest in the activities of the family business. Perhaps it is the emotions associated with loss and disappointment that make sustaining a family business beyond the first generation so difficult.

Guilt and regret are emotions that are high in self-responsibility appraisals. Both, therefore, result in a desire for preventive or corrective behaviors (Lazarus, 1991; Roseman, Antonious, & Jose, 1996). More specifically, regret is associated with wanting to undo the event and thoughts that the individual should have known better (van Dijk & Zeelenberg, 2002). Regret and disappointment are similar emotions that occur in response to negative decision outcomes (Martinez, Zeelenberg, & Rijsman, 2011). Regret (vs. disappointment), however, increases an individual's tendency to exhibit prosocial behaviors (i.e., more generous offers in negotiation). For family businesses, these desires to make amends might be evident in the way parents or spouses interact and engage with their offspring or other family members. Guilt or regret from spending too much time doing the work of the business, or perceptions of advancing the career of one child over another might lead to subsequent efforts to "rebalance" feelings of favoritism or neglect.

4.2. Cognitive and behavioral effects of positive discrete emotions

The focus of most research to date appears to be on the consequences of discrete negative emotions. Research is limited on the effect of discrete positive emotions (Fredrickson, 2001; Fredrickson & Branigan, 2005). Thus, we integrate Fredrickson's (2001) broaden-and-build theory of positive emotions and discuss how positive emotions both signal and promote well-being. Fredrickson's (2001) broaden-and-build theory of emotion suggests that positive emotions have the ability to broaden traditional ways of thinking and acting and to increase the range of thoughts and actions that come to mind when an individual experiences a discrete positive emotion (e.g., joy, pride, love, contentment). For example, individuals who experience happiness are found to be open to new ideas and diverse perspectives. These individuals push the limits and are apt to exhibit more creativity (Fredrickson, 2001). Pride also broadens thoughts and actions through the urge to share achievements with others and imagine greater achievements in the future (Fredrickson, 2001; Fredrickson & Branigan, 2005). Hope is associated with approach behaviors and commitment to the future outcome (Lazarus, 1991). Actions also include working harder and more persistently toward future goals (Averill, Catlin, & Chon, 1990).

Many of the previously mentioned cognitive and behavioral effects (e.g., open mind, creativity, or persistence) have important implications for family businesses. First, discrete positive emotions have the ability to broaden ways of thinking and acting. In a family business setting, this way of thinking may enhance the firm's ability to innovate or introduce novel products and technologies to the marketplace. While many of the negative discrete emotions lead decision makers within family businesses to withdraw or take on unwarranted risk, positive discrete emotions may enable families to increase their success and chance for long-term survival by providing the fuel for thoughtful innovation.

Second, through the broaden-and-build perspective, the experience of positive emotions has been found to create social bonds and attachments and build physical, intellectual, and social resources that can be drawn from in the future (Fredrickson, 2001;

Table 1
Summary of appraisal dimensions and emotions.

Appraisal dimension	Description	Role	Emotion experience	Connection to family business
Relevance	Importance or personal significance of a situation	Affects the intensity of emotion	Low intensity: pleased, contentment, sad High intensity: excitement, fear, anger	Reflected in the social embeddedness and strength of family members social, managerial and ownership ties to the business
Congruence	Extent to which situation is consistent or inconsistent with goals	Affects the valence of emotion	Congruent: joy, contentment, pride; Incongruent: fear, anger, guilt Both congruent and incongruent: conflicting mixed emotions	Reflected in the extent to which family members share goals and values of the firm
Ego-involvement	Effect of the situation on an individual's self and/or social identity	Level of ego enhancement or threat	Enhance: pride Threat: anger	Reflected in the extent to which family members' feelings of pride, success and accomplishment are tied to the actions and welfare of the family business
Responsibility	Assessment of responsibility	Assignment of responsibility to self or other	Self: regret, shame, guilt, pride Other: anger	Reflected in the extent to which family members feel personally responsible for the actions of the family firm
Future expectations	Degree to which a future outcome is known	Differentiates between outcome-based and future-directed emotions	Future-directed: hope, fear, optimism, worry Outcome-based: joy, anger, relief disappointment	Reflected in the development stage of the family firm. Uncertainty may stem from concerns for survival or may shift to concerns over transgenerational sustainability
Control potential	Ability to cope with or do something about a situation	Results in low or high control potential	Low control: fear, sadness, disappointment	Stem from the extent to which ownership and managerial control is shared or passed on to family and non-family members

Fredrickson & Branigan, 2005). From a family business perspective, these positive discrete emotions can lead to the development of a family firm where members of the family are strongly embedded and invested in the success of the business. Long term, transgenerational management and ownership requires family members from multiple generations to be engaged in the business of the firm. Positive discrete emotions such as joy, pride and contentment may be a powerful source of advantage for the enduring family firm (Kets de Vries, 1993). In Table 1, we present a summary of the appraisal dimensions, emotions, and their connection to family business as discussed above.

4.3. Cognitive and behavioral effects of mixed emotions

Despite the presence of conflict in the family business environment (Danes, Zuiker, Kean, & Arbutnot, 1999) and the high likelihood of experiencing mixed emotions or emotional ambivalence, research has not examined the role of mixed emotions in family business. Although not conducted in the context of family business, recent research (e.g., Bee & Madrigal, 2013; Podoynitsyna et al., 2012) has examined mixed emotions using appraisal theory as a framework and found that the mixed emotional experiences play an important role in judgments, decision making, and associated behaviors. Specifically, emotional ambivalence has been found to increase feelings of uncertainty and indecisiveness, as well as increase risk perceptions and likelihood of delay (Bee & Madrigal, 2013; Podoynitsyna et al., 2012). Clearly, the study of emotions in family businesses is incomplete without the thoughtful consideration of the role of mixed emotions.

5. Future research

Emotions are an important component to consider in the family business system. As mentioned in the previous discussion, limited research exists on appraisals, discrete emotions, and subsequent thoughts and behaviors in the context of family business. However, this introduction to appraisal theory and related outcomes leads to other opportunities for research on emotion in family business. The following discussion identifies several fruitful areas for future research: emotion expression and management, measurement and assessment of emotions, and culture.

5.1. Emotion expression and management in the context of family business

The current discussion has primarily focused on genuinely experienced and expressed emotions of family members in a family business system. Although appraisal theory is based on an individual's interpretation of situations and events occurring in the environment, there are many social factors, particularly within the family business system, that can affect the interpretation, experience, and expression of emotion. Family business systems provide a unique opportunity to examine this social context of emotion expression and management.

For example, it is possible for individuals to experience but not display emotions (e.g., Gardner, Fischer, & Hunt, 2009; Scott, Barnes, & Wagner, 2012). Emotional labor or the self-managing of emotional displays occurs when individuals alter their genuine emotions in order to express situationally appropriate emotions (Morris & Feldman, 1996; Scott & Barnes, 2011). There are two types of emotional labor: surface acting or modifying displayed emotions but not underlying feelings (i.e., faking emotional expression to meet family expectations) and deep acting or modifying actual feelings to match display emotions (i.e., internalizing emotions) (Mesmer-Magnus, Dechurch, Wax, & Anderson, 2011; Scott & Barnes, 2011). Emotional dissonance results from having to display specific emotions that contrast with those genuinely felt by an individual (i.e., surface). Dissonance and surface acting are detrimental to well-being and are predictors of burnout, whereas deep acting can have a positive impact on individuals (Scott & Barnes, 2011).

Limited research exists on the concept of emotional labor in the context of family business (Collins, Thornton, & Grisoni, 2010). Future research in family business should not only consider genuinely displayed emotions of family members but also the effects of emotional labor and dissonance. Family member emotional expressions can influence other family members, employees, and customers. Future research should consider how and the extent to which family members exert emotional labor, how others perceive their efforts (e.g., authenticity and credibility), and the consequences of such efforts (e.g., dissonance, burnout, well-being).

Also, emotional expression and regulation is important for family business leaders because emotions not only affect the behavior of the individuals who experience them but also the behavior of those who perceive them (Brundin, Patzelt, & Shepherd, 2008; Gardner et al., 2009; Van Kleef & Cote, 2007). For example, Brundin et al. (2008) found that the emotional displays of managers' specific positive emotions (e.g., satisfaction) resulted in an increase in employees' willingness to act entrepreneurially, whereas specific negative emotions (e.g., worry) resulted in a decrease in employees' willingness to act entrepreneurially. Emotional contagion or the sharing of emotions that occurs within group settings (Barsade, 2002) is also an important consideration in the family business environment. In contrast to cognitive transfer (e.g., ideas, processes), emotional contagion occurs through interpersonal interaction, nonverbal cues, and with less conscious effect (Barsade, 2002). Family business researchers should also take into account the effect of expressed emotions on other family members and employees within the family business system. Given the previously discussed appraisal dimensions (e.g., relevance), family members and employees may interpret and respond differently to various emotional displays of family members.

Finally, our work informs the literature on socioemotional wealth in that it suggests how appraisals of socioemotional wealth might be influenced by emotions. If fears, worries, or anxieties over the potential loss of socioemotional wealth are critical factors in the assessment of family businesses' strategic decisions, then future researchers would clearly benefit from examining socioemotional wealth from a cognitive appraisal perspective.

5.2. Measurement and assessment

Much of the previously mentioned research has been conducted in other contexts (e.g., consumers, organizations, or psychology). Family business researchers need to consider appraisals within the context of family business, the specific emotions that are elicited, and the subsequent cognitive and behavioral outcomes of those specific emotions. Currently, family business researchers have very little information about the nature of discrete emotions in the family business environment, as well as how to best use or assess them.

Emotions can be inferred from a variety of responses and can be collected with a variety of methods. Common methods include the measurement and examination of self-reports, facial expressions, physiological responses, body movements, and actions. Family business researchers have most frequently used self-reports of subjective feeling states (e.g., Morris et al., 2010). Given the importance of clearly assessing discrete emotions and the possibility of mixed emotions, a unipolar response format is more appropriate than a bipolar semantic differential (Thompson, Zanna, & Griffin, 1995). A benefit of using a self-report measure of subjective feeling states is the ability to directly measure the experience of discrete or specific emotions, as well as the underlying mental processes of emotions. Although self-report measures have been developed to formally evaluate emotional experiences, they are often developed for a specific context (e.g., consumption, see Richins, 1997). These measures have demonstrated more than adequate reliability and validity in the context for which they were developed. However, because emotions are context specific and research on specific emotions in the context of family business ownership is limited, future research should consider the specific combinations of existing emotions that are relevant to family business researchers. Thus, depending on the research questions being addressed, this could include an examination of the emotions experienced by not only owners but also family and non-family members associated with the family business.

The most common approach to studying discrete emotions in many of the previously mentioned studies has been with lab experiments (e.g., Raghunathan & Pham, 1999; Tiedens & Linton, 2001) where researchers elicit specific emotions through scenarios or recall of emotional events, surveys (Morris et al., 2010; Podoynitsyna et al., 2012), or qualitative (e.g., Maitlis & Ozcelik, 2004) research. Field studies and quasi experiments are an opportunity for advancing the field of emotion and family business research, particularly given the previously mentioned research opportunities of emotional expression and management. A method particularly suited for studying emotions in field settings includes the experiential sampling method (e.g., Scott & Barnes, 2011; Scott et al., 2012), as discussed below.

The majority of previous research on emotion in organizational settings has been cross-sectional and often measured in an atypical setting (e.g., Barsade, 2002; Mesmer-Magnus et al., 2011), however, emotional experiences in a family business environment are dynamic and changing. The experiential sampling method (see Christensen, Feldman Barrett, Bliss-Moreau, Lebo, & Kaschub, 2003) offers researchers the opportunity to examine emotional responses (and thoughts and behaviors) longitudinally as they occur (Scott & Barnes, 2011; Scott et al., 2012). Applied to family business, respondents would self-report their experiences (e.g., emotions, thoughts, behaviors) while they are occurring. Response settings could include both work and home, as emotional response related to the family business is likely to occur in both contexts. Self-reports can be recorded in response to a signal at various times during the sampling period (e.g., Prescott, Csikszentmihalyi, & Graef, 1981), at a set interval (e.g., morning) throughout the sampling period (e.g., Scott & Barnes, 2011; Scott et al., 2012), or after a focal event (e.g., Pietromonaco & Feldman Barrett, 1997). Although the experiential sampling method is challenging to implement, family business researchers can gain valuable insight into the emotional experiences, thoughts, decisions, and behaviors of family members and employees. It could capture not only individually experienced genuine emotions but also the social context of emotion.

Another measurement issue relevant to the family business environment is how to examine and assess emotional experience at the individual and group level. From a family business perspective, future research should consider how individuals experience emotions when they think of themselves as individuals in the family business, as well as emotions that arise based on varying levels of identification and membership in the family business. Smith, Seger, and Mackie (2007) assessed both individual and group level emotions with self-report measures. They specifically asked the extent to which specific emotions were experienced as an individual and then as a member of a group. They found differences between group-level and individual-level emotions, meaning that individuals can experience different emotions based on their affiliation with a group. Therefore, family business researchers should consider not only individually experienced emotions but also group-level emotions based on identification with the family business. Possible areas of examination include assessment of individual and group-level emotions across generations, as well as between family members who work in the firm and family members who do not work in the family firm.

5.3. Culture

Another opportunity for family business researchers includes an examination of cultural influences on appraisals, emotional experience and expression, and interpretation in the context of family businesses. Given the subjective nature of appraisals, culture has a significant influence on how individuals interpret situations and events, as well as how they experience emotions (Matsumoto, 1993). For example, a significant personal accomplishment might result in feelings of pride and joy in an independent-oriented culture, whereas the same accomplishment might elicit feelings of guilt and embarrassment in an interdependent culture where collective welfare is a priority (Markus & Kitayama, 1991). Thus, appraisals and emotions are "socially shared, constructed, and often conventionalized, and they are collectively enacted within a given cultural group" (Kitayama & Masuda, 1995, p. 22). Given the ubiquity of family businesses around the globe, future research might consider how culture influences the appraisal dimensions or emotions likely to be exhibited in family businesses. For example, how do cultural dimensions, such as masculinity or uncertainty avoidance effect discrete emotions felt in family firms? For example, in masculine cultures, are the emotions associated with succession planning different based on whether or not the next generation of leaders are male or female? What effect does uncertainty avoidance have on the emotional response family firms experience during the strategic planning process? Does culture influence the relevancy or ego-involvement of certain family business dynamics? These and other similar questions offer fruitful opportunities for researchers of family businesses.

5.4. Implications for strategic management and future behavioral strategy research

Previous research in strategic management has often used the firm or business unit as the unit of analysis. Recent discussions in behavioral strategy (Powell et al., 2011) and strategy-as-practice (Jarzabkowski & Spee, 2009; Nordqvist & Melin, 2010) have suggested there is an absence of research in strategic management at the individual-level, specifically research examining "living beings whose emotions, motivations, and actions shape strategy" (Jarzabkowski & Spee, 2009, p. 70). Thus, consistent with these recent discussions, the cognitive appraisal framework of emotions presented in this article considers the individual as the unit of analysis. Behavioral strategy takes a broad psychological/social psychological perspective and examines the impact of human emotions, cognitions, and behaviors on strategic management (Levinthal, 2011; Powell et al., 2011). In order for an individual perspective, and more specifically our appraisal-based framework, to apply to the broader context of strategic management and family business, future research in behavioral strategy needs to connect individual emotional experiences with subsequent decisions and behaviors, as well as with collective outcomes and firm performance (Huy, 2011).

Similarly, the strategy-as-practice literature (e.g., Jarzabkowski & Spee, 2009; Nordqvist & Melin, 2010) emphasizes attention on the human and social elements of strategic management. Given that "*people* do strategy," it is important to consider how practitioners or the people who make decisions influence strategy, as well as the practices and praxis or connection between individual activity and the larger organizational strategy (Jarzabkowski & Spee, 2009). Our appraisal theory framework contributes to both the behavioral strategy and the strategy-as-practice perspectives with the consideration of antecedents (e.g., appraisals) and consequences (e.g., cognitions and behaviors) of discrete emotions. Further, we suggest that future researchers replicate our use of the cognitive appraisal framework and consider its use in other strategic decision making settings. While we used cognitive appraisals within the context of family business systems, other behavioral strategy research may benefit from a similar perspective. For example, future researchers might consider the roles cognitive appraisals and emotions may play in the strategic decisions of top management or new venture teams.

6. Conclusions

It is hoped that not only family business researchers but also family businesses will benefit from an improved understanding of the influence of discrete emotions on business strategy and decision making. An understanding of appraisals and specific emotions is important because it can help family business researchers understand how the characteristics of situations and interpersonal dynamics relate to emotional response and subsequent decisions and behavior. Future research should consider not only dimensions of affect but also appraisals and specific emotions in order to determine the experiences within family businesses, as well as how those emotional experiences impact decisions and behaviors.

Our discussion makes a contribution by going beyond the vague notion of viewing "people in family firms as happy (or angry)" (Rafaeli, 2013, p. 297). We discuss and answer challenging questions regarding research on emotion in family business. Using an appraisal theory framework we: (1) provide a very specific definition of emotion, (2) consider possible antecedents or causes of emotions in the family business system, (3) discuss the consequences and outcomes of specific emotions, (4) recommend various ways to measure and assess emotions, including both individual and group-level emotions, and (5) discuss implications of individual-level emotion research within a broader strategic management framework.

There are many opportunities for future research in the area of discrete emotions and family business. For example, researchers might examine which emotions are relevant and experienced most frequently in the context of family business. Do factors such as generation, relationship to the founder, or the level of managerial involvement in the firm affect the type of emotions experienced? Do non-family managers experience different emotions than managers at non-family businesses? How are the intensity and frequency of these emotions related to strategic decision making? It is also important to consider the cognitive and behavioral effects specific to the context of family business decision making and strategy: firm development, transitions, successions, leadership, and interpersonal dynamics.

In summary, we have provided an overview of cognitive appraisal theory as a framework for understanding discrete emotions, applied appraisal theory to the family business system, identified possible cognitive and behavioral effects of emotions, and offered suggestions for future research in the area of emotions and family business. An appraisal theory perspective can provide family business researchers and practitioners with a framework for better understanding the experience and impact of emotions in the family business system.

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