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A theory of family employee involvement during resource paucity☆

Soo-Hoon Lee[a,*], Phillip H. Phan[b], Hung-bin Ding[c]

[a] Strome College of Business, Old Dominion University, 2027 Constant Hall, Norfolk, VA 23529, United States
[b] Carey Business School, The Johns Hopkins University, 100 International Drive, Baltimore, MD 21202, United States
[c] Sellinger School of Business and Management, Loyola College in Maryland, 4501 N. Charles Street, Baltimore, MD 21210, United States

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ABSTRACT

All organizations experience resource paucity at some point in their life-cycles. In this paper, we derive a human resource theory of family employee involvement in the family enterprise when it experiences resource paucity. We use a combination of social identity and stewardship theories to explain why family employees provide a competitive advantage to the family enterprise in such situations. Our paper contributes to ongoing theory development in familiness by showing that family identification and stewardship behaviors during resource paucity differentiate family and non-family employees. These differences explain the higher odds of survival among family enterprises facing resource paucity compared to non-family ones.

1. Introduction

> Paucity
> Noun \ pau·ci·ty \ˈpȯ-sə-tē\: a small amount of something: an amount that is less than what is needed or wanted. Merriam-Webster, 2015 (Date accessed 10/25/2015).

When an organization's survival is threatened by unanticipated declines in its fortunes, it will attempt to reduce its dependency on the environment by acting to amass and protect vital resources or increase its own influence over external stakeholders (Pfeffer & Salancik, 1978). Depending on the circumstances in which this happens and the constraints facing the organization, responses to resource paucity can range from trimming resource use (e.g., laying workers off) to accelerating resource acquisition activities (e.g., seeking a merger partner). Large firms may establish interlocking board memberships, increase political action to garner support from public agencies and regulators, or even appoint new management with better externals ties to needed resource pools. In this article, we theorize how family employees, defined as family members who work in the enterprise, might behave when the family enterprise[1] is threatened by resource paucity.

We seek to add to the literature in several ways. First, our theorizing provides a plausible explanation for the mixed findings on the relationship between family involvement and firm performance. By introducing economic exigency as a contingency, we explain *when* family employee involvement has a positive influence on firm survival and when it does not. Second, few studies have looked at the effects of resource paucity on family enterprises. Yet, many family enterprises tend to be resource poor and are at higher risks of failure (Cooper, Gimeno-Gascon, & Woo, 1994; Freeman, Carroll, & Hannan, 1983). Since enterprises in many, particularly developing, countries are dominated by family businesses (IFERA, 2003), we address a gap in the literature by focusing on a prevalent challenge faced by family enterprises. We spotlight the trade-offs that family employees may have to make during episodes of resource paucity. Using social identity theory (Tajfel & Turner, 1986) and stewardship theory (Davis, Schoorman, & Donaldson, 1997), we explain how family identification and behaviors of family employees, who are bound by kinship ties, represent a strategic and valuable resource that can

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* Corresponding author.
E-mail addresses: slee@odu.edu (S.-H. Lee), pphan@jhu.edu (P.H. Phan), hding@loyola.edu (H.-b. Ding).

[1] 'Family enterprise', 'family firm', and 'family business' are used interchangeably, and is defined as "a business governed and/or managed with the intention to shape and pursue a . . . vision 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" (Chua, Chrisman, & Sharma, 1999, p. 25).

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sustain the continuity of the family enterprise, which non-family enterprises do not enjoy. We present an argument for the distinctiveness of family employee employment that extends the 'familiness' construct (Frank, Lueger, Nosé, & Suchy, 2010; Habbershon & Williams, 1999; Zellweger, Eddleston, & Kellermanns, 2010).

2. Conceptual development

2.1. The boundary of the family enterprise

Denison, Lief, and Ward (2004)showed that family enterprises are differentiated from non-family ones by *who* they are and what they do to build corporate cultures that maximize economic, social, *and* kinship goals. The kinship implications of the interplay between economics, family dynamics, and enterprise survival are central to the theorizing of the family enterprise (Chrisman, Chua, & Sharma, 2005). Chua et al. (1999) defined a family business as one that is *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 family in a manner that is potentially sustainable across generations of the family* (p. 25). This definition of a family enterprise has implications for transgenerational economic sustainability. This means that in times of resource paucity, relinquishing ownership through a merger or laying off family employees may be emotionally difficult and untenable, even though such measures may reduce cashflow pressures.

Past research has found mixed results in the nature and impact of family involvement on firm performance. Some report a positive relationship (Anderson & Reeb, 2003), while others, a negative one (Le Breton-Miller, Miller, & Lester, 2011), and yet others find no relationship (Chrisman, Chua, & Litz, 2004). These mixed results suggest that the term family involvement may be too broad as it includes both family employees as well as family members who are non-employees for purposes of ownership, management, and control (Chrisman et al., 2005). Consequently, family members who are non-employees may sometimes benefit the firm while, at other times, subordinate the interests of the firm to the family, for example by calling for the transfer of firm assets to the family. Hence, we are not focusing on the contributions of family members who are non-employees in this paper. Instead, we focus our discussions on family employees who have day-to-day decisional responsibilities for the enterprise. The mixed results on family involvement and firm performance may also suggest that family firm performance is too general a construct to be useful. Instead, researchers should use more specific definitions, such as firm survival, cash flows, or size as measures of resiliency in their studies. In this article, we focus on firm survival to theorize the involvement of family employees as ways to preserve the family enterprise during a crisis. We apply social identity and stewardship theories to predict and explain the impact of family employee involvement in the enterprise during periods of resource paucity.

2.2. Social identity theory

Social identity theory (Tajfel & Turner, 1986) posits that an individual identifies with a group through a socialization process that involves repeated interactions, resulting in self-categorization and self-enhancement. In self-categorization, a person classifies herself as a member of a collective to obtain emotional and value significance from the group, while in self-enhancement, a person perceives her in-group more favorably than out-groups to confirm her beliefs regarding the value of belonging (Dutton, Dukerich, & Harquail, 1994). The result of high levels of social identity is the individual's perception of 'oneness' with other individuals in the in-group.

In the same manner, an *organizational* identity provides employees with a shared understanding of what is *central* to the organization, what makes it *distinctive*, and what its members perceive as *enduring* (Albert & Whetten, 1985). Strong organizational identification occurs when employees perceive that the organizational identity is attractive, distinctive, and *consistent* with her self-concept (Dutton & Dukerich, 1991). Employees' feelings of affirmation and enhanced self-esteem from organizational identification facilitate consistent in-group behaviors, strengthen cohesion, reduce uncertainties, and foster social order (Tajfel & Turner, 1986). An individual who identifies with an organization is psychologically intertwined with its successes and failures and would experience psychic loss when separated from it (Ashforth & Mael, 1989).

Thus, the added dimension of social identity from the family sub-system intensifies the effect of organizational identification for family employees compared to employees in non-family firms. Family employees who perceive oneness with the family's values become extraordinarily committed to and involved in the firm's economic and social objectives (Chrisman, Chua, Kellermanns, & Chang, 2007; Le Breton-Miller & Miller, 2009). In a review of the literature by Frank et al. (2010), 'familiness' has been used to describe the emotional bonds in the social system of the family enterprise. Habbershon and Williams (1999) first define familiness "as the unique bundle of resources a particular firm has because of the systems interactions between the family, its individual members, and the business" (page 11). Familiness is regarded as a capability (Chrisman et al., 2004) and a resource (i.e., social capital per Pearson, Carr, & Shaw, 2008). Thus, Chirico (2008) found that strong emotional attachments and possessive feelings of 'mine' or 'ours' motivated successors to be committed to perpetuate the enterprise. It is common that family members rally around the family enterprise in times of need (Sundaramurthy & Kreiner, 2008). For example, Karra, Tracey, and Phillips (2006) and Klyver (2007) found that family involvement tends to be greatest at start-up, when the enterprise has the greatest resource needs. Zahra's (2003) study on the internationalization of family businesses reports heavy and risky resource commitments for firms taking that leap. These demanding commitments motivate family members to become involved in the enterprise due to strong feelings of personal identification with the family enterprise. The imperative for firm survival to protect their social identity with the family drives family members to cooperate more intensely. Zellweger et al. (2010) named this construct 'family firm identity'.

Based on social identity theory, we argue that family firm identification occurs through two enduring socialization processes, namely, early exposure to the founder's business orientation and emotional bonds with the family (García-Álvarez, López-Sintas, & Gonzalvo, 2002). The family enterprise's distinctiveness arises from the integration of kinship roles, a shared family name, a common history, and trust resulting from repeated long-term interactions and familiarity among members (Reay, 2009). Descendants are socialized by family members 'at the kitchen table' into the dominant logic of the business, which is to serve the family. When family values are transmitted through repeated interactions with family members within a closed network in the socialization process, the transcultural quality of family values tend to endure over long periods across generations with a relatively high degree of fidelity (Steier, Chua, & Chrisman, 2009; Zellweger et al., 2010). Consequently, the family employee perceives the family enterprise as central, distinctive, and enduring to her identity (Whetten & Godfrey, 1998) and defines herself with the same attributes that she believes positively defines the family enterprise (Dutton et al., 1994), which inspires her to be involved in the family enterprise to uphold its values and goals.

We provide a few case examples to illustrate this process. The Beretta Holding Company[2] is the world's oldest firm that designs, manufactures, and sells firearms. The 15-generation northern Italian family enterprise exists in the same form today as it has been for more than 500 years. Centuries since the company's founding, the Berettas still grow up in the same family home near the factory that manufactures the products (Lief, 2006). The founder's ideas about business management and vision regarding accuracy, quality, and elegance needed for a reputable firearm designer and manufacturer were passed down the generations as a daily part of the young Berettas' 'kitchen table conversations'. Although the children of the Beretta family are free to choose their careers, they view helping out the family business and being involved in working in the family enterprise as a 'natural thing to do' (Lief, 2006).

Likewise, Royal Selangor, the largest pewter manufacturing company in the world has survived wars, economic distress, and political turmoil since 1885. Yong Koon, the founder of this Malaysian family enterprise, started the business with his four sons and wife to design, manufacture, and market high quality gifts and tableware. The entire third generation of the Yong family resided on the second floor of the small factory and grew up around its machines and products (Chen, 2003). Four of the eleven descendants from the fourth generation returned to work in the family enterprise despite having successful professional careers outside the firm. Even those who do not work for the family enterprise participate in family decisions that affect the enterprise.

The examples of Beretta and Royal Selangor describe the *developmental* process of family firm involvement. Children of founders are more likely to join the family firm or take over the management of the business when they are socialized from a young age into the values of the family (Sharma & Irving, 2005). Early involvement of the next generation in the family enterprise ensures the durability of the founder's values and vision. The effects of these early-stage socialization processes are illustrated in Birley's (1986) survey of final year college students in business. Fifty percent of the descendants from family enterprises reported their desire to return to the 'fold' even though only 20% of the families had that expectation. These students viewed their return to the family enterprise as an affirmation of their membership in the family. Their decisions to be involved in the family enterprise as a family employee were driven by a sense of personal responsibility and duty to the family, a belief that the enterprise is critical to the success of the family and their endorsement of the enterprise's goals, direction, and strategies. The subsequent affirmation, emotional, and career support that descendants receive for their involvement in the enterprise further deepen their identification with the family.

Family members who are deeply socialized into the family report a greater sense of belonging and closeness as they view the family enterprise as an extension of their family (Chrisman, Chua, & Steier, 2003). The family enterprise's core values and shared histories that arise from interactions among kin drive family employees' identification with the firm. In sum, family firm identification facilitates high levels of cohesion, cooperation, loyalty, pride, and extra-role behaviors in family employees. Family employees exhibit strong cultural competences (Hall & Nordqvist, 2008), which is reflected in their innate understanding of the enterprise's goals, values, norms, and raison d'être. Family employee involvement that arises from strong ties to the enterprise together with the deep levels of firm-specific tacit knowledge the family employee possesses represent idiosyncratic internal resources that are not available from non-family employees or in non-family enterprises (Sirmon & Hitt, 2003). Hence, we posit that when the family enterprise experiences economic reversals or deteriorations in work conditions, family employees with higher levels of family firm identification are likely to exert more effort to help the firm out. Hence, we predict that:

Proposition 1a. *Family firm identification is positively associated with family employee involvement.*

Proposition 1b. *Higher levels of family firm identification attenuate the negative consequences of resource paucity on firm survival.*

2.3. Stewardship theory

In the above propositions, we explain *why* family firm identification matters to family employee involvement and the survival of firms undergoing economic stress. In this section, we use stewardship theory to explain *how* family employee involvement enhances firm survival. According to Davis et al. (1997), managers make decisions in their organizations according to the agency or stewardship perspectives. The agency perspective views managerial choice as maximizing self-interests and thus emphasizes the use of organizational mechanisms of control and coordination to align the interests of managers with owners (Davis et al., 1997; Sundaramurthy & Lewis, 2003). Family enterprises minimize agency costs in two ways (Anderson & Reeb, 2003; Le Breton-Miller & Miller, 2009). Those that are still actively managed by their owners naturally combine ownership and control of the firm, which lowers the costs of managerial on-the-job consumption. Second, since the assets of the firm are usually transferred across generations (inheritance), the implied long-term perspective ensures a commitment to the preservation of the business that cannot be assumed in non-family firms (Vallejo, 2008). Hence, agency costs in family firms are less severe compared to non-family firms.

The stewardship perspective views managerial choice as seeking to advance the common good for others out of altruism (Donaldson & Davis, 1991). Stewardship theory posits that individuals aspire to act altruistically for the collective benefit of the organization and its stakeholders to attain higher intrinsic utilities (Davis et al., 1997). Altruism is the selfless concern for the well-being of others and is core to stewardship theory (Schulze, Lubatkin, & Dino, 2003). Individuals who subordinate their personal goals to pursue long-term benefits for the enterprise exhibit stewardship behaviors (Corbetta & Salvato, 2004; Davis et al., 1997; Ward, 2004).

Family members who believe that joining the family enterprise is the 'right thing to do' despite having better career options (Sharma & Irving, 2005; Vallejo, 2008) or seek to maintain the viability of the enterprise and protect its organizational culture, vision, and strategic orientation through great personal sacrifices are acting as stewards (Kelly, Athanassiou, & Crittenden, 2000). Stewardship behaviors promote family bonding by fostering loyalty, interdependence, and commitment to the family's long-term prosperity (Ward, 2004). Family employees who act strongly as stewards in the family enterprise do so to ensure the economic well-being of the family and protect its reputation by ensuring positive outcomes from the business (Miller & Le Breton-Miller, 2006).

[2] Most such long-lived companies, of which there are more than 5500 over 200 years old in 41 countries, are still in family hands. The oldest continuous operating family company is the Nishiyama Onsen Keiunkan, a hotel started in 705AD in Japan.

Results from a study on distressed Korean and Singaporean family firms suggest that family employee stewardship behaviors are not unusual nor culture specific (Tsui-Auch & Lee, 2003). We cite case examples here to illustrate how family employees act as stewards for the family enterprise during difficult times rather than as self-interest maximizing agents. Lupo S.A., a 95-year old family enterprise and leading Brazilian manufacturer of apparel, replaced its non-family general manager and non-family board members in the early 1990s when the firm faced mounting costs and heavy losses. All seven branches of the family set aside their differences to unite behind a family general manager who eventually led the firm out of the crisis (Ward, 2009). Similarly, William Clay Ford Jr. appointed himself Chief Executive Officer of the 100-year old Ford Motor Company in October 2001 when the family enterprise was in trouble even though he previously had no interest in leading the firm. Likewise, in the late 1990s, C.A. Ron Santa Teresa (CARST), a 200-year old rum manufacturer in Venezuela, faced a financial crisis so severe that the board considered selling it to a large multinational conglomerate. Faced with the possibility of losing a family legacy, brothers Alberto and Henrique Vollmer assumed the reins to eventually lead the company out of the crisis (Gonzalez & Marquez, 2005), as the Lupos had done. These cases are particularly notable because family employee involvement was enhanced only when the enterprise was threatened.

These examples correspond with the results from the Global University Entrepreneurial Spirit Students' Survey (GUESSS).[3] This multi-year, multi-country study reported that only 6.9% of college students with family business backgrounds intended to take over the family enterprise immediately after completing their studies. Zellweger, Sieger, and Halter (2011) reported, from the GUESSS data, that these students had only moderate levels of intention to be a successor at the family enterprise, preferring instead employment outside the family firm. However, five years later, 12.8% of these respondents reported their intentions to join the family firm. Since assuming a leadership role in the family enterprise was not the preferred career choice in these studies, we surmise that those who intended to be actively involved in the family enterprise did so as an expression of stewardship behaviors as 'necessity' successors (Zellweger et al., 2011). We postulate that in situations of resource paucity, since family employees' economic and familial obligations are tied to the family enterprise, family employees are more likely to engage in stewardship behaviors by increasing personal sacrifices and committed effort while refraining from self-interest maximizing behaviors and policing family employees' consumption-on-the-job behaviors.

Proposition 2a. *Family stewardship behaviors are positively associated with family employee involvement.*

Proposition 2b. *Higher levels of family stewardship behaviors attenuate the negative consequences of resource paucity on firm survival.*

During financial distress, firms may attempt to increase liquidity through additional equity investments from key stakeholders or by liquidating underperforming assets (Wennberg, Wiklund, DeTienne, & Cardon, 2010). Smaller, resource-poor family enterprises often do not have access to these options. Instead, in times of difficulty, family enterprises usually depend on above marginal productivity human capital contributions from family employees. Family entrepreneurs are often able to extract unpaid work from family employees for extended periods of time. However, non-family employees are unlikely to work for free and non-family enterprises also do not have the option to make their employees work for free or at below marginal productivity wages for long periods of time. Hence, family employees provide the family enterprise with a resource that non-family do not enjoy and non-family employees may not provide for a protracted length of time.

Since the family name carries a particular meaning to family employees, the reputations of the family and enterprise are intertwined. The more the family employee invests effort into the enterprise, the stronger the commitment (Staw, 1981) and the lower the likelihood to exit (DeTienne, 2010). As commitment increases over time, with increased feelings of attachment, family employees are more likely to increase stewardship behaviors to preserve their self-identities rather than accept exit as an option. Those family employees who strongly identify with the business and are committed to its success can be expected to embrace its economic and social objectives and exhibit stewardship behaviors even at personal expense (Chrisman et al., 2007; Le Breton-Miller & Miller, 2009). Hence, family identification interacts with stewardship behaviors to create slack resources (Wu, Chua, & Chrisman, 2007). The 'sweat equity' from family employees releases financial resources that can be applied to other critical needs in a firm facing economic distress. Accordingly, we postulate that when the family enterprise experiences resource paucity, family employees who have high levels of family identification *and* stewardship behaviors will attenuate these negative effects even more effectively. We expect that in times of crisis, this effect is more evident among family employees than non-family employees and more in family than non-family firms, even when the latter have strong organizational identification and/or managerial stewardship behaviors. Fig. 1 illustrates our conceptual model.

Proposition 3. *All else equal, the interaction of family firm identification and family stewardship behaviors will attenuate the negative consequences of resource paucity on firm survival. This effect is stronger for family versus non-family employees, and among family versus non-family firms.*

3. Discussions and conclusion

A family enterprise, which is an amalgam of a social system and an economic organization, requires a different paradigm to explain its structure and existence because the economic imperative of the family enterprise is materially different from those of non-family ones because of the presence of kinship ties. Concepts of performance and wealth maximization have different meanings in that the former can take on welfare overtones while the latter is defined over several generations. Thus, while the notion that family members *can* provide a family enterprise with a ready supply of trustworthy and satisfied employees is generally accepted (Ram & Holliday, 1993), the literature reports mixed

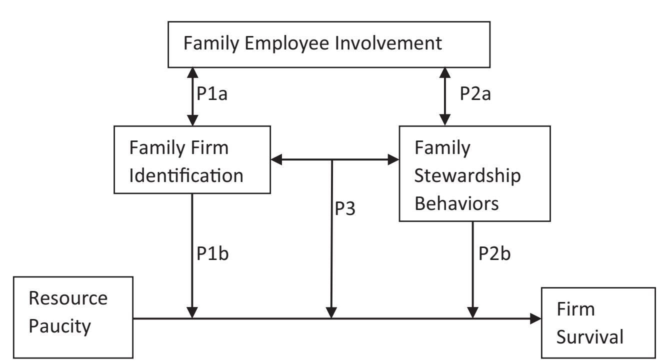

Fig. 1. The conceptual model.

[3] http://guesssurvey.org/e_publication_int.html Accessed May 06.05.16.

empirical findings on the relationship between family involvement and firm performance. To shed light, we approached the question by limiting the discussion of family involvement to family employee involvement during periods of resource paucity and explaining its impact on firm survival using social identity and stewardship theories.

We theorized in this article that in resource paucity, family employee involvement mitigates the pressure on family enterprises because of family identification and stewardship behaviors. We provided examples in this article to illustrate our discussions and showed that when a family enterprise encounters a crisis, family employees step in to act sacrificially to stem the loss of their identities that are connected to the enterprise. Family enterprises are therefore an ideal context to investigate the application of social identity theory in entrepreneurship research. This is because identification is socially constructed and the behavioral expectations associated with a given role are defined by that identity (Shepherd & Haynie, 2009; Fiske & Taylor, 1991). From social identity theory, we propose that family employees with high levels of family identification with the family enterprise as enduring, central, and distinctive will participate willingly without having to be co-opted. Stewardship theory explains why family employees are willing to sacrifice for the enterprise, particularly when the firm faces tough times. When a family enterprise encounters a crisis, family employees not only risk the loss of personal financial security but also the part of their identities that are connected to the enterprise and the family. As a result, they may choose stewardship behaviors to ensure the long-term viability of the firm. Their willingness to go out of their way to invest in the family enterprise arises because of their collective patrimony in which fate, honor, and economic well-being of other family members are linked to the long-run survival of the enterprise. When an employee's family identification is threatened by the potential demise of the enterprise, greater stewardship behaviors by the family employee could happen without the accompanying risk of agency problems. The emotional resources and sacrificial choices may explain why family enterprises behave differently from their non-family counterparts through the mechanisms of family firm identity and family stewardship behaviors.

What is also remarkable in these examples is that the family employees often had less operational and technical experience than the professional managers they replaced. However, since family employees have greater access to social capital with the family than a non-family manager, the former can bargain with other family members for resources, support, and forbearance as the enterprise undergoes change (Carey, Simnett, & Tanewski, 2000). Their involvement may act as catalysts to solidify their family firm identification and rally stakeholders whose social identities are intertwined with the family. Though not empirically tested, this could be one reason that Ford Motor was able to avoid an industry crisis a decade later that sent Chrysler and General Motors to the U.S. federal government for financial assistance.

To complete the theory, we propose that under conditions of slack resources, family involvement may actually lead to inferior outcomes since slack may allow self-maximizing behaviors to emerge. Here, standard agency theory arguments apply, making family enterprises no different from non-family firms. In this case, the usual forms of moral hazard such as hiring under-qualified family members to promote family member employment or the lax monitoring of family employee on-the-job consumption are likely to manifest. In the family enterprise, such behaviors can have severe consequences on economic value because kinship ties make it emotionally difficult to discipline errant family employees (Schulze et al., 2003).

As well, during periods of plenty, family coalitions may compete over the control of excess resources. Identification with coalitions in the family system can supersede the identification with the overall firm. This is because the personal networks in such groups are likely to be composed of strong ties, whereas the ties typified by large family groups are likely to be weaker. Hence, the formation of coalitions will likely cause the identity of the family enterprise to fragment (Corley & Gioia, 2004). Although agency monitoring mechanisms such as internal audits may serve to slow down the rate of expropriation by more powerful coalitions, such external control mechanisms can also work to create distance between family coalitions and dilute the common interests of the family. The net result is an attenuation of the emotional valence attached to family identification in the enterprise (Sundaramurthy & Lewis, 2003). Consequently, succession events will more likely become tournaments since they represent opportunities for competing coalitions to wrest control of the family's wealth. In short, the limits of stewardship behaviors in family enterprises are given by the level of available resources. In well-resourced family enterprises, the behaviors of the family employees are indistinguishable from those of the non-family employees, so that familiness may recede from view. Hence, not considering the resources available to family firms may have brought about mixed results for the relationship between family involvement and performance in past studies.

Our article suggests two fruitful avenues for future research. The first relates to questions of other contingencies that may explain the mixed results between family involvement and firm performance. Different *forms* of organizational resources, such as intellectual, human capital, social capital, reputational, market access, financial, physical, technological, and sources of supply (Hanlon & Saunders, 2007) may affect the involvement-performance relationship differently. For example, it is conceivable that family employees who have high levels of human and social capital may have greater impact in the involvement-performance dynamic. On the other hand, firms with greater financial resources and size may benefit less from family employee involvement. Hence, in collecting data for research, it is not enough to measure what these firms do strategically or tactically, but it is critical that we know the composition of the management team, the organization structure of the business, the knowledge, skills, and attitudes (KSA) of the family employees, and the individual differences of these employees relative to non-family employees. Additionally, our model suggests that we need to take baseline measures of their financial situation (such as cash flows or profitability trends) to test for firm exits (DeTienne, 2010; Wennberg et al., 2010), which can be estimated with standard proportionate hazard models (i.e., survival analysis).

A second avenue for future research lies in the domain of business succession. Succession is one of the more important subjects in family business research. It is a critical event in the life of a family enterprise because it represents the transfer of control, wealth, and vision to the next generation of managers. Hence, it is not just a leadership change or a change in the control of the family assets, but also a change in the social identity for the family and the family enterprise. Traditionally, this stream of literature focused on the normative aspects of successor preparation, the succession process, and post-succession performance of the family enterprise (e.g. Davis & Harveston, 1998; Lee, Lim, & Lim, 2003). The discussions we presented in this article could potentially provide a different way to view succession. Specifically, the factors important to succession may be family firm identification, stewardship behaviors, and resource distress rather than successor demography or competency. For example, identification-shaping socialization processes can reveal natural successors, who are family members who view involvement in the firm as an extension of their emotional attachment to the family and therefore understand the criticality of the succession event. Successors with high levels of family identification are more likely to work harder because their self-identity is threatened if the succession process fails. During episodes of resource paucity, a high level of family identification will lower the probability of a tournament (in which members from different strands of the family tree compete for leadership positions) since the natural successor will be the one that embodies the most salient values of the family and is best positioned to rally the stakeholders. Hence, succession research should measure the context in which the event takes place, such as indicators of economic distress such as bankruptcy risk (e.g. Altman's Z) and the presence of a tournament (e.g., number of reported potential successors for a leadership position). In short, we believe that succession is as much a political process, informed by identity, as it is a socioeconomic one. Therefore, research on family business succession should also include affect measures of identification (Mael & Ashforth, 1992), stewardship behaviors (Waters, Bortree, & Tindall, 2013) as well as measures of coalition formation and family structure such as the number of first (siblings, in-laws, nephews and nieces), second (cousins, uncles, and aunts) and third order relatives involved in the business.

Finally, an important managerial implication from our theory is that, because the incentive to behave opportunistically increases with slack resources, family managers should strive to reduce slack, by minimizing free cash flows or managing perceptions, at all times. They can accomplish the latter by creating evaluation apprehension or emphasizing the continuing fragility of the enterprise to family employees. In some ways, the managerial implications of our article is an expanded form of Jensen's (1986) free cash flow hypothesis, in which he argues that public corporation managers with control over slack resources and little opportunity for value creation are likely to squander them in self-interest maximizing projects.

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