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## 31 Emotional dimensions within the family business: towards a conceptualization

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### INTRODUCTION

For over two decades, there has been a growing research interest in the role of emotions in organizations (Rafaeli et al., 2007; Rafaeli and Sutton, 1987). Emotions have been found to influence critical organizational outcomes such as job performance, decision-making, creativity, turnover, prosocial behavior, teamwork, negotiation and leadership (Barsade and Gibson, 2007), to the degree that recently scholars referred to an ‘affective revolution’ taking place in organizational behaviour (Barsade et al., 2003).

In the family business field, emotions were mainly attributed to the family system (Carlock and Ward, 2001; Fleming, 2000; Kepner, 1983; Whiteside and Brown, 1991), which is the least studied part of the family business phenomena (Dyer, 2003; Rogoff and Heck, 2003). But in recent years, more and more scholars have called for the study of emotions within the family business (Astrachan and Jaskiewicz, 2008; Brundin, Florin-Samuelsson and Melin, 2008; Van-den-Heuvel et al., 2007) and suggested their own emotional constructs specific to the family business, such as emotional ownership (Bjornberg and Nicholson, 2008), family and business emotional cohesion (Pieper, 2007), emotional returns and costs (Astrachan and Jaskiewicz, 2008), and emotional value (Zellweger and Astrachan, 2008). By limiting the analysis to their own constructs, scholars restrict generalizability of their findings and add to the complexity and confusion of the notion of emotions in the family business field. In addition, at the opposite of the organizational behaviour field, emotions in the family business field have been mainly studied from the family point of view (Carlock and Ward, 2001), whereas the business is also a highly emotional arena.

To overcome these gaps in research, our chapter aims to offer a comprehensive framework for studying emotions in the family business. We look systematically at the relevance of studying emotions in family businesses and enhance our understanding of their influence in the family business context. We wish to set the ground for future studies on emotions by presenting a first analytical literature review that establishes the theoretical scope, constructs and definitions of emotions in this field. Our state-of-the-art review captures the contributions and limitations of the main research studies on emotions in the family business as presented in Table 31.1.

We maintain that a systems view is necessary to understand the emotions rooted in each family and business system as well as their interfaces and their evolution from one system to another. We propose using Bowen’s family systems theory, the social exchange theory and the emotional dissonance theory as possible and appropriate theoretical frameworks to study emotions in the family business. In addition, we contribute to the

Table 31.1 Research studies on emotions within the family business field

Findings	Hypotheses	Samples	Type of emotion	Subsystem	Type of paper	Citation
The family system						
Offered a typology of 4 types of FB along the family and the business axis: low/high emotional capital – low/high financial capital			Emotional capital	Family	Theoretical	(1) Sharma (2004)
Offered a construct of emotional messiness caused by different charged events or issues			Emotional messiness	Family	Theoretical – conference paper	(2) Kets de Vries et al. (2007)  (3) Brundin and Sharma (2010)
The family and business systems						
Offered 4 types of cohesion mechanisms to assure longevity of FB: family/business emotional cohesion and family/business financial cohesion		8 multi-generational family businesses in Germany	Family emotional cohesion and business emotional cohesion	Family + business (Ownership)	Dissertation, qualitative	(4) Pieper (2007)
EO comes from involvement and personal career investment in the business, an adaptive flexible family, having support structures. EO is culturally and gender influenced		600 next-generation members from 67 countries	Emotional ownership (EO)	Family + business (ownership)	Empirical	(5) Bjornberg and Nicholson (2008)
			Family emotional cohesion and business emotional cohesion	Family + business (ownership)	Theoretical	(6) Pieper and Astrachan (2008)

Table 31.1 (continued)

Findings	Hypotheses	Samples	Type of emotion	Subsystem	Type of paper	Citation
The family and business systems						
		Emotional labor in a well-known UK family business	Emotional labor Emotional energy	Family + business Business (entrepreneurship)	Theoretical – conference paper Theoretical	(7) Collins et al. (2010) (8) Goss (2005)
The Business System						
Emotions can work either as driving or as counteracting forces in strategizing; the crucial point is whether the emotions experienced and displayed actually conform	Emotions and display of emotions influence strategizing	2 in-depth field studies with 2 CEOs of private SMEs	Confidence and frustration, emotional energy	Business	Empirical	(9) Brundin and Melin (2006)
Managers' displays of confidence and satisfaction enhance employees' willingness to act entrepreneurially while displays of frustration, worry and bewilderment diminish it	Emotions displayed by managers influence employees' willingness to act entrepreneurially	91 employees from 31 small firms	Displayed emotions: frustration, worry, bewilderment, confidence and satisfaction	Business	Empirical	(10) Brundin et al. (2008)
Offered a model that encompasses social interaction, emotion and cognition to explain entrepreneurial behavior, especially in the family firm			Emotional energy (EE)	Business (entrepreneurship)	Theoretical	(11) Goss (2007)

<p>To avoid losing their socio-emotional wealth, family firms are willing to accept a significant risk to their performance, yet avoid risky business decisions that might aggravate the risk</p>	<p>To avoid losing their socio-emotional wealth, family firms are willing to accept a significant risk to their performance, yet avoid risky business decisions that might aggravate the risk</p>	<p>Socio-emotional wealth</p>	<p>Business (ownership)</p>	<p>Empirical</p>	<p>(12) Gómez-Mejía et al. (2007)</p>
<p>Family CEO's level of empathic concern has a positive influence on the importance of family-oriented goals, but the presence of an external board attenuates this relationship</p>	<p>The higher the family CEO's empathy level, the more importance he will place on family-oriented goals, the presence of an external board attenuates this relationship</p>	<p>Empathy emotions</p>	<p>Business Business (ownership)</p>	<p>Empirical – conference paper Theoretical – conference paper</p>	<p>(13) Van-den-Heuvel et al. (2007) (14) Brundin et al. (2008)</p>
<p>Emotions are sources of energy that play a role depending on the interpretations that board members assign to them. Emotions can be viewed as long term and have an impact as power and status energizers</p>	<p>Emotions play a role in boardroom dynamics</p>	<p>Emotions, emotional energy</p>	<p>Business</p>	<p>Empirical</p>	<p>(15) Brundin and Nordqvist (2008)</p>
	<p>A case study of a Swedish privately held firm</p>	<p>Emotional capital</p>	<p>Family/business/ community</p>	<p>Theoretical</p>	<p>(16) Danes et al. (2008)</p>

Table 31.1 (continued)

Findings	Hypotheses	Samples	Type of emotion	Subsystem	Type of paper	Citation
The Business System						
Transgenerational sustainability expectations influence the CEO's valuations of firm value	There is a positive relationship between the desire for transgenerational sustainability of the firm and the family owner's valuation of the firm	69 CEOs of Swiss family firms	Socio-emotional wealth	Business (ownership)	Empirical – conference paper	(17) Zellweger et al. (2008)
			Emotional value (EV), emotional costs and emotional benefits	Business (ownership)	Theoretical	(18) Zellweger and Astrachan (2008)
			Emotional costs (EC) and emotional returns (ER)	Business (ownership)	Theoretical	(19) Astrachan and Jaskiewicz (2008)
Offered a general frame of dealing with passion in entrepreneurship			Passion	Business (entrepreneurship)	Theoretical	(20) Cardon et al. (2005, 2009)

Creativity and proactivity fully mediated the positive effect of trait EI on attitudes towards entrepreneurship. Attitudes towards entrepreneurship fully mediated the effects of creativity and proactivity on entrepreneurial intent	Relationships among EI, creativity, proactivity and attitudes towards entrepreneurship and entrepreneurial intent	280 undergraduate students	Emotional intelligence (EI)	Business (entrepreneurship)	Empirical	(21) Zampetakis et al. (2009)
Hypothesis rejected	Owner's EI can predict entrepreneurial orientation (EI)	35 owner-managers of small Swedish high-tech industry	Emotional intelligence (EI)	Business	Empirical – unpublished thesis	(22) Pachulia and Henderson (2009)

existing literature on emotions and organizational behavior because we suggest transposing existing theoretical frameworks from the organizational behavior field to the family business field on the one hand, and on the other hand, enriching the theories of emotions by shedding light on an original and complex organizational setting, that is the family business.

The chapter opens with an introduction to emotions in general and looks at the relevance of studying emotions in the family business from both a systems and a dynamic perspective. It then presents a critical overview of the family business literature on emotions and builds on selected theories in the social sciences field while highlighting their potential contributions to the family business field. This leads to focusing the analysis on emotional involvement (EE) throughout the stages of the family business life span with a series of suggested propositions. Finally, the chapter concludes with the implications, limitations and future research orientations that derive from our analysis.

## THE NATURE OF EMOTIONS: CONCEPTS AND DEFINITIONS

‘What is an emotion?’ (James, 1884) – this question was first formulated in the psychology field by William James over a hundred years ago and is still a current issue for the research community. Indeed, the first challenge researchers have to face when dealing with emotions is that of delineating their content and boundaries. Despite the conceptual debate among different disciplines – mainly philosophy, psychology and neurobiology – a consensus exists regarding the complexity of emotions.

Etymologically speaking, ‘emotion’ is derived from Latin *emovēre* to remove or displace, and from Middle French, *émouvoir*, to stir up. Emotions thus emerge because of a stimulus. Among general definitions, *The Merriam Webster Dictionary* defines emotion as a state of feeling or a conscious mental reaction (such as anger or fear), subjectively experienced as strong feeling, usually directed toward a specific object, and typically accompanied by physiological and behavioral changes in the body.

Several terms have been often used to refer to emotions. Affect is a general term that encompasses a wide range of discrete emotions, moods and negative or positive dispositional affects (Barsade and Gibson, 2007). These terms differ in the way they relate to different dimensions such as intensity, physiological, cognitive or behavioral expressions, duration, cause and complexity. Emotions are elicited by a specific target or cause, often include physiological dimensions and action sequences, and are relatively intense and short lived (Frijda, 1986; Lazarus, 1991). Moods are more diffuse, take the form of a general positive or negative feeling, and tend not to be focused on a particular cause (Frijda, 1986; Tellegen, 1985). Dispositional affect is a personality trait referring to a person’s relatively stable, underlying tendency to experience positive and negative moods and emotions (Watson and Petre, 1990).

Primary emotions can be perceived as being discrete, including joy, love, anger, fear, sadness, disgust and surprise, but their precise number and identity varies among scholars (Barsade and Gibson, 2007). Moods and dispositional affects are however often defined on a continuum, such as along two main axes of pleasant or unpleasant and high- or low-energy attributes (Russell, 1980).

The range of approaches to define and study emotions in organizations is wide



(Barsade and Gibson, 2007) and beyond the scope of this chapter. Three main levels of analysis of emotions can be distinguished. Whereas the research focus was primarily on the antecedents and consequences of individual affect, only scarce research focused on emotions on the interpersonal level (Hareli and Rafaeli, 2008; Rafaeli et al., 2007). The collective level of emotion in work groups or in organizations was defined as combinations of individual-level affective factors that group members possess as well as group or contextual-level factors that define or shape the affective experience of the group (Kelly and Barsade, 2001).

Hence there are three main directions of research on emotions: (1) meta concepts such as emotional intelligence; (2) regulation of individual emotions; and (3) group emotion (Barsade and Gibson, 2007). We will now look at the study of emotions in the family business field so far. We will address the subject of emotions by looking at its relevance to family businesses, critically reviewing all the literature that has dealt with it so far and suggesting new directions for future studies.

## THE RELEVANCE OF EMOTIONS TO THE STUDY OF FAMILY BUSINESS

Emotions have gained only little attention in family business studies. Although most researchers distinguish family businesses from their non-family counterparts based on the family component, only few researchers explicitly included emotional characteristics of the family in their family business definition (Carsrud, 1994). In addition, most studies used to attribute emotions to the family rather than to the business system (Carlock and Ward, 2001; Fleming, 2000; Kepner, 1983; Whiteside and Brown, 1991), although an emotional relationship exists between the family members and their business (Shepherd, 2003). It is therefore important to enlarge our understanding of emotions in the family business by exploring how the family business literature deals with emotions in each of the family and business systems.

We build upon the premise according to which both the family and the business are emotional and rational organizations to a certain extent. We do not link *a priori* emotion to the family and rationality to the business, although we observe that the family business literature predominantly does so. As Steier (2003) notes, exchange in the family rarely has a pure economic motive and, as a consequence, leads to behavior that differs from 'pure economic rationality' in the sense of Simon (1955). We believe in the same vein as Steier (2003) in a continuum of family altruistic rationality and business economic rationality that makes it possible to position each system, especially as they differ according to the cultural setting. The family can thus be sometimes viewed as a long-term institution that grants economic survival rather than a nexus of emotional well-being.

The dual approach to the family business that was dominant in earlier literature describes a model of two separate entities of business and family in terms of structure, goals and tasks (Carlock and Ward, 2001; Tagiuri and Davis, 1996; Whiteside and Brown, 1991). This duality tends to encourage contrast and radicalization of the two systems' characteristics, and supports the stereotypical view of each (Whiteside and Brown, 1991). This shows itself in definitions (Walsh, 2003) such as '[A] family business is a unique form of business organization since it involves the overlap of a system

structured on rational economic principles with a system organized and driven by emotions' (Kets-de-Vries et al., 2007, p. 26).

The identification of the family as an organization with emotional characteristics influenced the earlier approaches seeking to separate the family from the business operations in the name of 'right' and 'professional' management while the family was seen as contributing to the 'irrationality' of the business function (Denison et al., 2004; Hollander and Elman, 1988; Kepner, 1983; Nordqvist, 2005; Whiteside and Brown, 1991). As stated by Whiteside and Brown (1991, p. 384), 'Since the purpose of business was to be logical and profit making, the emotional aspects of the family were an interference that needed to be excluded'. Hollander and Elman (1988, p. 146) noted: 'Many writers . . . advocated placing the firm's interests before the family's interests and condemned family emotional processes as the prime source of contamination'. This may imply that up until recently the family business field, with its focus on the business subsystem (Chua et al., 2003; Dyer, 2003), referred to emotions mainly as the opposite of finance (Astrachan and Jaskiewicz, 2008; Zellweger and Astrachan, 2008), as being irrational (Hollander and Elman, 1988), as having a possibly negative influence on the family business as a whole (Astrachan and Jaskiewicz, 2008; Brundin, Florin-Samuelsson, and Melin, 2008; Hollander and Elman, 1988), and did not look into their characteristics and mechanisms.

Emotions may be considered as part of the family's resources according to Hobfoll's definition used by Danes et al.: '[O]bjects, personal characteristics, conditions, or energies that are valued in their own right, or that are valued because they act as conduits to the protection or achievement of valued goals (Hobfoll, 1989)' (Danes et al., 2008, p. 246).

Two contributions within the family business field in recent years led to a change in the way emotions are perceived: moving from a dual to a holistic view of the family firm (Pieper and Klein, 2007), and empirical findings showing that the family influences the financial performance of the family business (Anderson and Reeb, 2003; Olson et al., 2003; Villalonga and Amit, 2006). This has allowed for a change in the conceptual and theoretical approaches of family businesses, while occurring simultaneously with the rise of interest in emotions in the more general organizational behavior literature.

In updated models like the sustainable family business theory (SFBT), the family and the business are equal and overlapping systems moving simultaneously towards mutual existence, when success in one system leads to success in the other, and in the same way problems or changes in one manifest in problems or changes in the other (Danes et al., 2008; Heck et al., 2006). The mechanisms of the family that might 'carry' emotions apply also to the business in terms of roles, rules, and/or forms of social and human capital.

The second contribution concerns the influence of the business family on the organization. Studies that show that family businesses financially outperform non-family businesses (Anderson and Reeb, 2003; Villalonga and Amit, 2006) highlight a series of competitive advantages. This leads to new definitions valuing for the first time non-economic components (Chrisman et al., 2003). The concept of familiness is presented as the unique bundle of resources a family business has due to systematic interaction between the family, the individuals constituting it, and the business (Chrisman et al., 2003; Habbershon et al., 2006; Habbershon and Williams, 1999). It has received significant attention from family business scholars trying to understand its components and

essence (Sharma, 2008). Current studies define familiness as a positive influence of family involvement in the firm, but their scope of analysis is restricted to social capital theory and constructs (Ensley and Pearson, 2005), the resource-based view (RBV) (Irava, 2009), and organizational identity theory (Zellweger et al., 2010) while excluding existing theories on emotions.

Although there was a risk that it might become an obscure umbrella concept, at this point in time familiness is seen as a combination of social, human, financial and physical capital resources resulting from interactions between family and business systems (Ensley and Pearson, 2005; Habbershon and Williams, 1999; Sharma, 2008). Emotions would therefore be part of the human capital: '[H]uman capital refers to the knowledge, technical abilities, emotional strength or carrying capability, and intellectual capital of family and nonfamily members' (Sharma, 2008, p. 974).

We will look into emotions within the family and the business systems and their interfaces – the influences that may transfer from one system into another – and the context of the family business as a whole encompassing its environment (Pieper and Klein, 2007). Ownership includes the family and/or non family members that own the business while the family system includes all family members. We consider therefore ownership issues as part of the business system.

## THE FAMILY SYSTEM

### Definition

Many scholars recognize the controversy surrounding the definition of the 'family' in general (Walsh, 2003), and the lack of clarity regarding the family in business in particular (Winter et al., 1998). Only few family business scholars have presented a definition of 'the family' in their research (Klein, 2000; Winter et al., 1998). Building on a literature review of basic definitions in multiple disciplinary fields (Labaki, 1999, pp. 14–19), we suggest viewing the family as 'a group of people related by blood, alliance and adoption' while maintaining that its relationships characteristics are not only financial, political and informational, but also emotional (Labaki, 2005).

### Current State of Family Business Literature

The family remains the missing variable in family business research (Dyer, 2003; Rogoff and Heck, 2003). In particular, the dynamics and characteristics of the family that owns the business have been only little researched (Chua et al., 2003; Dyer, 2003; Winter et al., 1998). When researchers do refer to the family, the majority look at the influence of the family on the business rather than the characteristics of the family itself (Kepner, 1983; Rogoff and Heck, 2003; Sten, 2007; Uhlaner, 2006).

Every family business reflects the family behind it; hence no family business can be understood without understanding its family (Fukuyama, 1999). Emotions play an important role in describing the healthy business family (Fukuyama, 1999). While most research on emotions in the family business is based on anecdotal evidence, we could not find a direct study of the business family's emotions in the literature. The family business

literature looks mainly into the characteristics of the business family to define its influence on the business (Uhlener, 2006). Emotions are discussed indirectly when referring to several phenomena that influence the business, such as family conflicts (Beehr et al., 1997; Danes et al., 1999; Kaye, 1996; Kellermanns and Eddleston, 2007; Lee and Rogoff, 1996; Levinson, 1971), relationships (Kaye, 1996), and culture (Danes et al., 2008; Dyer, 1986).

Whereas Danes et al. (1999) did not look directly into negative emotions, they studied predictors of tensions in the family as well as in the business, and their connection to achievement of family and business goals. Kaye (1996) explored the sustained family conflict cycle and noted that motivations and emotions in this cycle can be varied and complex.

Cramton (1993) studied the entrepreneurial phase of the family business using the life-cycle perspective that stems from Bowen's family systems theory (Bowen, 1978). The changing emotional relationships within the owning family provided a better explanation for the story of a business foundation than what is suggested by traditional theories of entrepreneurship (Cramton, 1993). This is an example of the positive influence that emotions in the business family may have on the family business itself.

Most researchers, however, referred to a negative connotation of emotions in business families such as anxiety during the critical stage of succession (Dunn, 1999), guilt and emotional unavailability (Kets-de-Vries, 1993), conflicts (Eddleston and Kellermanns, 2007; Kaye, 1996), rivalry (Friedman, 1991), and discrete emotions like jealousy (Astrachan and Jaskiewicz, 2008; Davis and Harveston, 1999; Dyer, 2003).

### **Bowen's Family Systems Theory as a Proposed Theoretical Perspective**

Despite the focus of social psychology and family therapy on emotions, few references in the family business literature build on these fields to cast light on the emotions of the family in business. Among the predominant theoretical contributions lies Bowen's family systems theory, which has been considered as the most comprehensive theory in family therapy (Nichols and Schwartz, 2006).

Bowen's theory is especially relevant to family businesses because it deals with the emotional forces that operate in the family over the years in recurrent patterns. We inherit styles of differentiation from our parents, choose our mates according to our own level of differentiation, and incorporate our children into our emotional atmosphere (Bowen, 1978). Hence emotional patterns are transferred from generation to generation (Bowen, 1978; Nichols and Schwartz, 2006).

This fundamental assumption has relevant implications for business families that encourage a culture of connections between generations and a long-term view. Normative expectations in a business family include a strong set of family values and history which are passed on to the next generations (Denison et al., 2004; Rothstein, 1992). A historical perspective can help explain current emotional functioning in the family because some patterns are reproduced across generations, and allow for predictions of emotional functioning for next generations. As a theory that looks into the long-term development and function of emotional patterns within families, Bowen's theory can be applied as a rich framework to the study of the business family emotions.

## THE BUSINESS SYSTEM

### Emotions in Organizations

Relative to the family system predominantly viewed as embedded in emotions, the business has been considered a purely rational system aimed at generating goods and services that provide financial and social interests for the family and other stakeholders (Carlock and Ward, 2001; [Kepner, 1983](#)). Although organizational behavior researchers have acknowledged the role of emotions in the business, most family business researchers still consider the business system as emotionless.

After being widely researched in the 1930s, affect in organizations knew a faded interest for about half a century (Barsade et al., 2003). There are two notable exceptions to the long neglect of 'feelings at work' during these decades: research on job satisfaction and stress at work (Rafaeli et al., in press). Hochschild's (1983) book on emotional labor is believed to be the starting point for the modern research on emotion ([Fisher and Ashkanasy, 2000](#)). Building on the case of flight attendants, Hochschild (1983) described how '[T]he emotional style of offering the service is part of the service itself', and when they have been asked to help, the airlines compete in the marketplace: 'flight attendants have been asked to hand out commercial love at an ever faster rate, to more people in the same amount of time' (Hochschild, 1983, p. 5).

Hochschild (1983) inspired management scholars to focus attention on emotional expression as part of the work role ([Rafaeli and Sutton, 1987](#); [Sutton and Rafaeli, 1988](#)). Towards the end of the twentieth century, affect in organizations was taken up so intensely that an 'affective revolution' in organizational psychology research has been proclaimed (Barsade et al., 2003; Rafaeli et al., in press).

Economic behavior and most early decision-making models were based on the notion that economic decisions follow a rational and systematic pattern ([Simon, 1945, 1978](#)). Emotions were regarded as interference with rationality, as judgment mistakes, errors to be minimized, repaired or simply ignored and not regarded as intrinsic to decision-making (Fineman, 2003). The growing attention to emotions in organizations in recent years looked at emotions as an integral and inseparable part of organizational life ([Ashforth and Humphrey, 1995](#)), and started referring to the 'emotional organization' (Fineman, 2003).

In the organizational behavior literature, emotions have been found to be connected to many individual and organizational outcomes: positive moods and emotions are associated with an increase in work performance measures including higher income, enhanced negotiating ability and performing discretionary acts for the benefit of the organization ([Barsade and Gibson, 2007](#)). Positive affect can facilitate the efficient and flexible use of new information, which increases the effectiveness of decision-making, and influences creativity positively ([Barsade and Gibson, 2007](#)). Overall, there is strong support for the connection between positive emotions and prosocial behaviors ([Barsade and Gibson, 2007](#)). Negotiators with positive moods tend to be more cooperative and come to more agreements that enhance joint gains ([Barsade, 2002](#)). Positive moods induce more innovative problem-solving strategies, which are connected to more integrative ('win-win') solutions ([Carnevale and Isen, 1986](#)). In a broader perspective, negative and positive emotional dissonance have been found to increase customer satisfaction ([Pugh, 2001](#)) but

to worsen job satisfaction (Lewig and Dollard, 2003; Morris and Feldman, 1996; Rutner et al., 2008), increase emotional exhaustion (Rutner et al., 2008), lead to job burnout (Erickson and Ritter, 2001) and lower organizational commitment (Abraham, 1999).

### **Current State of Family Business Literature**

Recently, there has been a growing research interest in the aspects of family businesses that are beyond the sole pursuit of performance towards more focus on non-economic activities which are intertwined with individual emotions (Klein and Kellermanns, 2008). Researchers suggest that family businesses would appear to be especially rich contexts in which emotions influence processes and behavior (Van-den-Heuval et al., 2007). As family businesses are located at the intersection of the family and the business systems, they offer pronounced characteristics to learn about non-economic behavior and its outcomes in a business environment (Klein and Kellermanns, 2008).

Entrepreneurship is also a research area that has investigated emotions (Baron, 2008; Brundin et al., 2008b; Cardon et al., 2005; Goss, 2005, 2007; Pachulia and Henderson, 2009; Zampetakis et al., 2009). Recent studies view entrepreneurship as a form of social action rather than as a systemic function and suggest looking specifically at the emotions involved from an entrepreneur's perspective (Goss, 2005, 2007) and offer a framework to study them (Cardon et al., 2005; Goss, 2007).

Brundin et al. (2008b) measured employees' willingness to act entrepreneurially and showed that displaying different emotions by managers influenced their employees' behavior. Specifically, displays of confidence and satisfaction with an entrepreneurial project enhance the employees' willingness to act entrepreneurially, whereas displays of frustration, worry and bewilderment, respectively, diminish it (Brundin et al., 2008b).

Goss (2007) suggests capitalizing on the widely recognized developments in studying emotions in social sciences and develops a model of entrepreneurial behavior that links social interaction, emotion and cognition.

Given this overview, it is possible to note a growing interest in empirical studies that look directly at emotions and their influence within the business organization of a family business.

As for the ownership component of the family business, it refers mainly to the family voting shares or voting power over a trust (Ward and Dolan, 1998). This entails a direct influence of the shareholders over the management, which – in a simplistic hypothesis of insignificant agency problems – further justifies including ownership into the business system. Studies that looked into emotions in ownership generally define 'emotional' as standing for human or psychological processes linked to voting shares rather than to emotions as they are studied in the research of affect.

It seems that in the family business literature emotions are defined more by either what they are *not*: when a variable is *not* financial (Astrachan and Jaskiewicz, 2008; Pieper and Astrachan, 2008; Zellweger and Astrachan, 2008), *not* rational (Whiteside and Brown, 1991), or *not* easy to explain and define (Gómez-Mejía et al., 2007), and by connecting them to other constructs such as cohesion, possessions, capital, values and costs (Astrachan and Jaskiewicz, 2008; Pieper, 2007; Pieper and Astrachan, 2008).

In recent years several empirical studies started looking into the link between emotions and organizational outcomes in family businesses. Van-den-Heuval et al. (2007) meas-

ured empathy levels of family CEOs and their influence on the importance of family-oriented goals. They claim that not only emotions related to empathy play a role in the conduct of family businesses, but that other emotions such as fear, anger, jealousy and loyalty should be studied as well (Van-den-Heuval et al., 2007).

Brundin and Melin (2006) studied the dynamics of emotions as an important part of strategizing. They looked at the emotions of confidence and frustration as displayed by two CEOs during an in-depth field study. Their conclusion is that emotions exert an influence as driving or as counteracting forces, depending on how the emotions are displayed and interpreted over time. The crucial point according to this study is whether conformity between emotional experiences and emotional displays actually exists.

Brundin and Nordqvist (2008) looked into the role of emotions in boardroom dynamics. They realized that emotions are sources of energy that play a role depending on the interpretations that board members assign to them. Emotions can also be viewed as long term and impact power and status energizers.

Therefore there has been a growing interest in the emotional aspects of ownership in family business over recent years. This led researchers to call for including emotions in ownership and business processes (Brundin et al., 2008s) and suggested several emotional constructs like emotional capital (Sharma, 2004), emotional ownership (Bjornberg and Nicholson, 2008), emotional returns and costs (Astrachan and Jaskiewicz, 2008), emotional value (Zellweger and Astrachan, 2008), family and business emotional cohesion (Pieper, 2007; Pieper and Astrachan, 2008) and socio-emotional wealth (Gómez-Mejía et al., 2007).

Gómez-Mejía et al. (2007) argue that family businesses are willing to protect their socio-emotional wealth even at the cost of significant risk to their performance. The definition of socio-emotional wealth in this study is however not operational, nor has it been directly measured (Zellweger and Astrachan, 2008), but rather implied by the results. Zellweger et al. (2008) suggest that the central aspect of socio-emotional wealth is trans-generational sustainability, beside other aspects of tradition, status and family legacy. While their study shows that the desire to keep the business for the next generations influences the value that owners ascribe to their firms, it is still a long way from defining the emotional aspects of the ownership subsystem.

Pieper (2007) and Pieper and Astrachan (2008) study the mechanisms that assure long-term family business survival, and look into cohesion as a necessary condition for family business success and sustainability. They identify four cohesion constructs: business financial cohesion, family financial cohesion, and also family emotional cohesion and business emotional cohesion. Among the dimensions of family emotional cohesion as measured in Pieper's (2007) qualitative study are disappointment, fear and jealousy, which are part of discrete emotions. However, the definition of *family emotional cohesion* does not refer to emotions, but rather to a process of attachment and bonding that satisfies needs for security and affiliation (Pieper and Astrachan, 2008). This is evident in the following example of family emotional cohesion from this study: '[Despite all criticism that I used to have for the business] I think the bonding to the family – wherein my grandmother, who meant a lot to me, certainly plays an important role – this attachment has always been there subliminally. It reduced the distance; there has always been a certain sense of belonging' (Pieper and Astrachan, 2008, p. 5).

Bjornberg and Nicholson (2008) define emotional ownership (EO) as what

psychologists call 'identification' (Bjornberg and Nicholson, 2008, p.3). So, like the former family and business emotional cohesion construct, this too is a psychological construct which refers to the interpersonal and cognitive processes of attachment and identification and not directly to emotions. More than that, when they tried to connect EO to positive and negative feelings of family members towards the business, results indicated that EO is not compromised by having feelings about the firm (Bjornberg and Nicholson, 2008).

Sharma (2004) describes a possible typology of family firms in terms of family and business dimensions. She assumes that good business performance indicates high financial capital while good family performance 'indicates firms with high cumulative emotional capital' (Sharma, 2004, p.6). Whereas there is no clear definition for this kind of emotional capital, some explanations are provided – as when emotional capital is high it is synonymous with family harmony and warm hearts, and when it is low it denotes tension or failed family relationships. Emotional capital stands parallel to financial capital in the business, as a kind of familial currency. Families with high levels of emotional and financial capital '[E]njoy high cumulative stocks of both financial and emotional capital that may help sustain the family and business through turbulent economic and emotional times' (Sharma, 2004, p.7).

Zellweger and Astrachan (2008) use financial theories of possession attachment and endowment literature to define the emotional value (EV) of owning a firm. They propose a research framework to measure EV that includes perceived emotional benefits and costs from ownership. As seen in previous suggested emotional constructs within ownership, these costs and benefits relate more to psychological and/or social characteristics of family business ownership, and less to emotional ones.

Astrachan and Jaskiewicz (2008) suggest a valuation formula of a family business from an owner's perspective that addresses emotional costs and returns. In this model, 'emotional' stands for non-financial components. While the non-financial aspects of the family business include emotional dimensions, the term 'emotional' is used to capture *all* possible components of psychological, behavioral, social and cognitive aspects.

To sum up this review of the existing literature on emotions in the business system, it is clear that scholars tend to use emotional aspects now more often than previously. But these new constructs are either not well defined, or encompass many social, psychological and behavioral aspects, and not only emotional ones. It seems that whatever is not purely rational and financially related falls into the emotional domain.

We suggest focusing on the emotional side of ownership as defined in the research of affect. This means looking into different discrete emotions like jealousy, anger or love and their influence on different aspects within ownership like governance or control mechanisms, and elaborating on the first findings of positive and negative feelings to influence ownership issues (Bjornberg and Nicholson, 2008). Moreover, we suggest looking into group emotions and positive/negative affect that have been studied in organizations and applying them to the family business field. We will now look into the interfaces between the family and the business systems and suggest a possible theoretical approach for the mechanism of transference between these systems.



## THE OVERLAP BETWEEN THE FAMILY SYSTEM AND THE BUSINESS SYSTEM

### **Current State of Family Business Literature**

The discussion about the interfaces between the family and business systems has evolved during the last decade. The overlap area between the business and the family was first perceived as a possible source of conflict ([Miller et al., 1999](#)), or a factor that needs to be effectively managed in order to succeed in the family business ([Danes et al., 2008](#); [Sharma, 2004](#)). The current search for the unique resources and capabilities that the family brings into the business ([Habbershon and Williams, 1999](#)) transformed the interface between the family and the firm into a synergetic and symbiotic connection between the two systems that is necessary in order for the family business to survive the competitive market of the twenty-first century ([Chua et al., 2003](#)).

The two systems of family and business interaction and emotions may transfer from one system to another. This is suggested at the group level, like other resources that the family brings to the business or ownership since '[F]amily and business interact by exchanging resources across their boundaries' ([Danes et al., 2008](#), pp.244–5). At the individual level, the mechanism designed to link the systems should be explained by an appropriate theoretical framework, such as the exchange theory from the family research field ([Pieper, 2007](#)).

### **The Exchange Theory as a Proposed Theoretical Perspective**

The exchange theory is based on basic behaviorist and economics ideas – the assumption is that social structural patterns are a reflection of individuals' economic motives ([Sabatelli and Shehan, 1993](#)) and the paradigm explores the interplay of economic and social factors in family life ([Ruben, 1998](#)). Emotions are one component of socio-emotional and symbolic resources and returns ([Bagarozzi, 1993](#); [Ruben, 1998](#); [Sabatelli and Shehan, 1993](#)). For example, love is thought of as one out of six types of resources ([Sabatelli and Shehan, 1993](#)). Emotions are not only components of resources and/or rewards, but can also be the results of exchanges. Individuals in inequitable exchanges feel more distressed than equitably treated individuals: an under-benefited individual may feel anger while an over-benefited may feel guilt ([Longmore and Demaris, 1997](#)).

The exchange theory is widely used to explain marital relationships, and it may have special relevance to the family business field. The two systems of family and business coexist side by side, with cost and reward calculations in each system, and the overlap between them could lead towards an utilitarian calculation of costs in one system and rewards in another, and vice versa ([Michael-Tsabari and Lavee, 2008](#)). This could lead to implementing the exchange theory not only between the family members in their marital and personal relationships, but also across the systems of family and business. Emotional costs and emotional rewards need not come only from one system – an individual can invest in one system and get his or her reward in the other. We offer the exchange theory as a valuable theory for future family business studies on the transference of emotions from one system to the other.

### **The Role of Culture in Shaping Family Business Emotions**

Recent and open-systems approaches incorporate the surrounding environment within family business models ([Danes et al., 2008](#); [Pieper and Klein, 2007](#)). The integration of this perspective helps to understand how the business and the environment interact and allows comparisons across different cultures or nations ([Pieper and Klein, 2007](#)). [Wortman \(1994\)](#) refers to the differences between family businesses in varying types of contexts, including local, multicultural and global ones. Hence we suggest looking into cultural factors that may influence emotions in the family business.

Hofstede's (2001) study was the first to introduce cultural differences across nations ([Hofstede, 1993](#)). The idea that cultural differences may influence emotions in the family business is demonstrated in [Brundin and Nordqvist's \(2008\)](#) note in their study of emotions in the boardroom, suggesting that emotions, given the Swedish context of the company, may be different in other contexts. [Bjornberg and Nicholson \(2008\)](#) found that emotional ownership (EO) is especially strong in Latin cultures, suggesting a cultural difference in terms of EO intensity between family firms in different cultures.

[Sharma and Manikutty \(2005\)](#) refer to the contextual culture of a family business when they suggest a frame to study divestment decisions. They do not directly include emotions in their model, but their interest is to understand the role of social and psychological pressures on these decisions, as part of the non-rational impacts on divestment ([Chrisman et al., 2005](#)).

The cultural dimension of collectivism–individualism, to which several scholars referred in their studies of family businesses ([Alwuhaibi, 2009](#); [Chrisman et al., 2005](#)), has been recognized by researchers of emotions as having significant implications for shaping emotional experiences across cultures ([Markus and Kitayama, 1991](#)). In recent decades, research has shown that cultures exert considerable influence over emotion ([Matsumoto, 1993](#)). In individualistic cultures, ego-focused emotions such as anger, frustration and pride will be more frequently expressed. In these cultures, people will attend more to these feelings and act on the basis of them ([Markus and Kitayama, 1991](#)).

In contrast, in the collectivistic cultures, other-focused emotions such as sympathy, feelings of interpersonal communication and shame will be more frequently expressed ([Markus and Kitayama, 1991](#)). Many collectivistic cultures have well-developed strategies that render them experts in avoiding the expression of negative emotions like anger. The differences between expressing and regulating emotions in different cultures, and the findings concerning anger and negative emotions in particular, show the importance of including the cultural context when studying the role of emotions in the family business.

After examining the systems of the family firm, their interfaces and their environmental culture, we will look at the family business from a dynamic perspective. In order to do so, we will incorporate the theory of emotional dissonance and use it to suggest one possible dynamic perspective of the family business, and the emotion's involvement over time. Our claim is that existing theories from social sciences, like the emotional dissonance theory, can be fruitful in studying emotions within family businesses. More in-depth analysis based on the full development of this theory and others should be part of future studies to explain the family business phenomena.

## A DYNAMIC PERSPECTIVE OF EMOTIONS IN FAMILY BUSINESSES

The basic aim and characteristic of emotional experience is emotional expression (Andersen and Guerrero, 1998). Understanding the influence of emotions in the family business system requires taking into account how and why key family members express or not their emotions. Beyond potential differences in the families' cultural perspectives that explain families encouraging or not the expression of emotions, it is important to analyze the potential gap between expressed and experienced emotions of family members, and its effects. The theory of emotional dissonance (ED) (Abraham, 1998b; Morris and Feldman, 1996; Zerbe, 2000) is useful to complement this analysis.<sup>1</sup>

### **Emotional Dissonance: A Brief Overview**

Emotional dissonance, also called emotive dissonance, derives from the concept of cognitive dissonance and stems from the emotional labor theory.<sup>2</sup> Emotional labor is a process of emotion management whereby individuals control their emotions by displaying what is perceived as 'acceptable' (Ashforth and Humphrey, 1993; Hochschild, 1983). The ED is a process that originates from the conflict between expressed and experienced emotions (Abraham, 1998a) and leads to suppressing felt but undesired emotions (neutral, positive or negative), while expressing unexpressed emotions (neutral, positive or negative) instead (Hochschild, 1983).

The organizational behavior literature studied the expression of emotions of employees who work in specific industry sectors and positions, mainly services industries, where they are expected to display predefined emotions. Scholars studied the emotional dissonance of flight attendants and bill collectors (Hochschild, 1983), convenience store clerks (Sutton and Rafaeli, 1988), medical representatives (Mishra and Bhatnagar, 2009), IT professionals (Rutner et al., 2008), police detectives (Stenross and Kleinman, 1989), Disney employees (Van Maanen and Kunda, 1989), call centre workers (Lewig and Dollard, 2003), who are required to comply with external demands of displaying neutral, positive or negative emotions in order to influence the clients' feelings and satisfaction, leading to organizational performance. However, no research has yet investigated in depth emotional dissonance in the family business.

### **Emotional Dissonance Characteristics in the Family Business**

Although family business researchers did not coin the expression ED, they presented some evidence of existing ED. Tagiuri and Davis (1996) observed that all family members do not express their emotions in a similar manner. Hubler (1999) noted that the most involved family members do not express their feelings and desires. When emotions (love or hate) arise from the unconscious to the conscious, family members must decide whether to express them or not. Some families publicly prohibit the expression of conflict to avoid embarrassing situations (Tagiuri and Davis, 1996). Some family members are psychologically strictly prohibited from explicit conflicts with others, leading to prohibiting the expression of feelings and even the exclusion of a feeling (Tagiuri and Davis, 1996). Kepner (1983) characterizes the expression of emotions in some families in

business as resigned, inhibited or ritualized. While other families easily express negative emotions, some families encourage both the expression of positive and negative emotions that are appropriate to the context (Kepner, 1983).

This discrepancy between experienced and expressed emotions can be either thought of as a spontaneous or automatic process – such as emotional harmony (Ashforth and Humphrey, 1993) or as passive deep acting (Hochschild, 1983), either as an intentional process designed to abide by certain occupational (Hochschild, 1979), behavioural (Sutton, 1991) and organizational norms (Rafaeli and Sutton, 1989). In both cases, it aims at attaining a positive outcome that is beneficial to all parties involved in the emotional process.

No scholar to date has explicitly studied ED of family members in the family business systems, the nature of family business norms regarding emotional expression, and the outcomes of ED. In the family business, we maintain that there are ED norms designed by family members to conform to both family and business objectives. For example, family members may seek to protect the family and business systems' reputation through prohibiting the expression of negative emotions that would put the family business at stake, and to serve the individual interests of family members. Some families fear that an open discussion of critical issues – such as inheritance and succession – would serve only to fuel unpleasant comparisons among the heirs that could destroy the fabric of the family (Lansberg, 1988). Hence, in opposition to other businesses, we suggest that in the family business the desired norms of emotional expression may stem not only from the business system but also from the family system. Family members are impelled to comply both with organizationally desired emotions and family desired emotions. Given the overlap between both systems, one can suppose that these norms should not be conflicting but congruent. To better understand the existing norms and influence of ED in the family business, it is important to consider the evolution of the family and business life spans.

### **Toward a Conceptualization of 'Emotional Evolvment' (EE) in the Family Business**

The family and business systems evolve over the family business life span leading to a change in the ED norms to meet the evolving challenges of each system. Conflicting objectives between family and business systems at some stages of the life span might make the gap between norms of desirability in the family and the business narrower or wider, and make the ED evolve across the life cycle as well. Given the characteristics of the family business interfaces described previously, emotional experience can be transferred from one system to another. Emotions follow a cycle with reciprocal influences among the participants (Hareli and Rafaeli, 2008). In a family business, the individual family members' experience of emotions can be transmitted to other family members, and contribute to create a collective emotional climate (emotional contagion) that influences the business positively or negatively. This influence may, however, depend on the extent of ED.

Emotions are not static as they emerge and evolve given more or less critical events in each family business system (succession, divorce, illness, family or business loss, economic downturn etc.) (Dunn, 1999; Gersick et al., 1997; Post and Robins, 1993; Rosenblatt et al., 1985; Shepherd, 2003). The evolution of emotions refers mainly to a change in the intensity and importance of emotions, and the consequent gap between the expressed and experienced ones, that is ED. Depending on the level of analysis (individ-

ual, interpersonal, group or organizational), this evolution might affect organizational and behavioral outcomes, such as efficiency of decision-making, social and financial performance, family health and satisfaction.

In the family business, despite the fact that emotional communication has been scarcely studied, researchers tend to converge towards the idea that the expression of emotions leads to positive effects on family and business performance. The communication of emotions is considered as central to the development, maintenance and change of relations (Dillard, 1998). These emotions were found to affect mainly the relations within the family business (Mustakallio, 2002). An inability to communicate emotions is associated with conflicting relations, whereas emotional expression is associated with relationship satisfaction (Gaelick et al., 1985). The degree of emotional expression of family members promotes or hinders the balance of family ties (Olson, 2000).

On the other hand, the expression of emotions like love has positive effects such as motivation, cemented loyalty and increasing trust among family members (Tagiuri and Davis, 1996). However, according to these authors, the absence of emotional expression has negative effects. The feelings of hatred combined with a sense of guilt severely complicate the relations within the family business. The denial of negative feelings results in the exclusion of discussions on natural differences of opinion and leads to obscure expressions of hostility in the form of mistrust, avoidance of other family members, refusal of emotional support and escalating conflicts in the business. Accordingly, the lack of emotional expression between family members may affect family ties and relationships at work and thus seriously affect the family business.

According to Hubler (1999), the absence of emotional expression in the family is an indicator of a weak and inefficient communication. Active and non-active family members may communicate indirectly, which creates a triangle that deteriorates the quality of family ties (Bowen, 1978; Hubler, 1999). Thus the expression of negative emotions can be regarded as useful in better addressing problems and solving them on a direct basis (Kepner, 1983).

We suggest reconciling the extreme approaches sustaining the good or bad effects of positive and negative emotions' expression through the concept of ED, that is focusing on the existing gap between felt and expressed emotions, whether these emotions are positive or negative. In addition, transposing this analysis to the family business needs to consider several possible issues: At which stages of the life span are emotions more or less critical? How does ED evolve over the life span and impact the family and business outcomes? What is the difference between day-to-day ED and ED during critical events?

Given the complexity of the family business, we propose to analyze ED in three different life span stages of the family business as outlined by Gersick et al. (1997), although we are conscious that it conveys a restricted and simplistic analysis. The first stage relates to a young founding family that starts up a business. The second stage refers to a siblings' partnership involved in the expansion of the business. The third stage relates to a cousins' consortium in a mature business.

### **First stage of the family business life span**

The first stage of the family business life span coincides with the start-up phase of the business system, a founder's controlling ownership (business system) and a young family in business (family system) (Gersick et al., 1997). The founder-entrepreneur generally

starts the business by creating a product or service that corresponds to his/her own internal desires and needs, to express subjective conceptions of beauty, emotion or some aesthetic ideal (Cova and Svanfeldt, 1993). In the business system, the founder brings to the management his/her individual propensities, values and operating rules, which in turn stem from his/her development and history (Kelly et al., 2000). At this stage, the degree of the founder's centrality is known to be relatively high. The critical emotions are mainly rooted in the founder, who, due to his/her central position, may transmit them through emotional contagion to the other organizational actors. By doing so, the founder's emotions might impact his/her motivation and others' motivation to make the entrepreneurial business successful as explained herein.

We suggest that the extent of ED highly differs between the founder and other family members at this stage. This difference might be explained by the centrality of the founder who mainly inspires the norms of ED. Whereas the ED of the founder is relatively weak during the first stage of the family business life cycle, the ED of other family members is supposed to be relatively higher and to comply with the norms that are implicitly derived from the founder's characteristics. Additional explanations can be found in the research work on entrepreneurial emotions. Although the existing studies do not refer directly to ED, the issues of the founder's centrality in the emotional set-up, the gap between experienced and expressed emotions, and the mechanism of emotional contagion are often addressed.

For example, Cardon et al. (2005) offer a framework for studying emotions in entrepreneurship. They propose the notion of entrepreneurial passion as the enduring emotional meta-experience that the entrepreneur consciously attributes to the venture and that is characterized by a quite intense discrete emotion (Cardon et al., 2005, p. 6). They investigate why passion matters in entrepreneurial effectiveness and discuss the essential role that emotional regulation plays in converting strong affective experiences into drivers of entrepreneurial behavior.

Given the frequently reported emotional expression at the entrepreneurial stage and its outcomes, we suggest a series of possible propositions.

*Proposition 1a* In the first family business life stage, the founder predominates the emotional dimension within the family and business systems.

*Proposition 1b* In the first family business life stage, emotional norms mainly emerge from the founder's characteristics rather than family and business characteristics.

*Proposition 1c* In the first family business life stage, the emotional dissonance of the founder is relatively weak as compared with the emotional dissonance of other family members.

*Proposition 1e* In the first family business life stage, the mechanism of emotional contagion from the founder to other family members begins to develop and is carried over to the next family business life stages.

As soon as the founder approaches retirement and as the passing of the baton to the second generation is being prepared, many new issues which are emotionally loaded in

both the business and the family emerge, such as business challenges, identity preservation and succession issues.

### **Second stage of the family business life span**

At the second stage, emotions become more diffuse and encompass more family members. They also touch upon a wider variety of issues in both the business and the family systems. The second stage of the family business life span, known as the siblings' partnership stage, is considered by the literature as a fertile ground for rivalries that infect family ties between the 'newcomers' in the business sphere (Casson, 1999; [Davis and Herrera, 1998](#); Harvey and Evans, 1994; Kenyon-Rouvinez and Ward, 2004), while increasing the risk of business failure.

At this stage, the emotional norms not only stem from the founder but also relate to the family and the business. The family norms of emotional expression are designed to regulate family behavior. These norms are functional in ensuring that relationships within the family are guided by personal caring rather than economic opportunism ([Lansberg, 1988](#)). The same norms within the family system can be transposed to the business system and serve to discourage discussions of critical business-related issues. Some emotionally charged issues can hence be prohibited from being displayed in order to maintain the family harmony.<sup>3</sup> These issues may include succession, economic and financial matters, such as estate or succession planning and inheritance, since an open discussion about them may denote self-interest and mistrust ([Lansberg, 1988](#)).

Lansberg (1988) reports a case of a family business where children are actively discouraged from engaging in discussions about the future of the family business while the founder's spouse is playing the role of 'emotional guardian of the family', constantly shielding the family from the emotionally upsetting issues of succession.

In addition to succession, identity forms an important emotionally rooted component. For members of a family business, the firm may not only be a source of income but also a context for family activity and the embodiment of family pride and identity (Meyer and Zucker, 1989, p. 78).

Family pride, personal sacrifice, loyalty and reputation are valuable factors which influence business operations, especially their continuity during periods of hardship (Donnelley, 1964). As Donnelley (1964, p. 97) observes, 'Reinforced and perpetuated by family pride, identification and tradition, the unity of purpose between the family and the business represents a factor in the success of many family firms.'

Hence, family members may be impelled to not display their felt emotions in order to preserve the reputation of the family and consequently of the business, and vice versa. This implies that the ED of all family members would increase at the second stage of the family business life span – as compared with the first stage of the life span where differences in ED exist between the founder and other family members – in order to allow for the survival of the business and for the harmony of the family, at least in the short run.

Given the evolution of emotional expression at the second stage of the life span in terms of members involved, norms and intensity, we suggest a series of possible propositions.

*Proposition 2a* In the second family business life stage, emotions are more diffuse and encompass multiple family members.

*Proposition 2b* In the second family business life stage, family and business norms of emotional expression regulate emotional dissonance.

*Proposition 2c* In the second family business life stage, sibling rivalries are more likely to occur and affect family ties, increasing the risk of business failure.

*Proposition 2d* In the second family business life stage, strong emotional expression is more likely prohibited in order to maintain family harmony.

### **Third stage of the family business life span**

The potential for conflicting relationships is increased as long as the family spans many generations and the family business moves from the founder's controlled business to the cousins' consortium (Gersick et al., 1997; Mustakallio et al., 2002; Ward and Dolan, 1998), mainly exacerbated by the emotions of the different cousins' branches. While not documented in the literature yet, ED may evolve in different directions – growing, declining or remaining stable. This opens up an interesting avenue for future studies that should take into account one important variable, the formal family and business governance structures which are mostly set up at this stage of the family business. Effective governance encourages social interaction and communication among family members (Mustakallio, 2002; Mustakallio et al., 2002), hence leading to lower their ED. At the third stage, the implicit family and business emotional norms may prove to be less effective in adjusting the ED of family members. Family businesses have then to find the way to survive and build different formal governance systems in order to handle their ED more effectively. Building upon these insights, we suggest a series of possible propositions.

*Proposition 3a* In the third family business life stage, the possibility of conflicting relationships increases in likelihood.

*Proposition 3b* In the third family business life stage, weak family relationships are generally associated with high emotional dissonance for all family members.

*Proposition 3c* In the third family business life stage, the relationship between family relationships' quality and emotional dissonance is moderated by the cultural context.

*Proposition 3d* In the third family business life stage, effective formal governance systems regulate emotional dissonance among family members.

In sum, we suggest that ED differs given the life-cycle span and the roles of family members involved in the family business. It does not necessarily continuously grow from the first stage to the third stage of the life span. It may follow an inverted U curve – that is, ED is relatively low for the key family member represented by the founder–entrepreneur during the first stage where ED norms are mainly inspired by the founder (Propositions 1a through 1d), expands to more family members and turns into higher at the second stage where ED norms are inspired both by the family and the business (Propositions 2a through 2d), and has two extreme tendencies at the third stage depending on the efficiency



of formal governance structures and the cultural context (Propositions 3a through 3d): ED would be either very heightened or very weakened. Each extreme would then have different outcomes. The first extreme, as the cousins show openly their emotions and discontent, may be harmful for the business – if not managed appropriately. It is important for the family business to maintain a balance according to the context – such as increasing the level of ED above the one present at the second stage to reduce conflicts and allow for the survival of the business. On the other hand, very high ED can be harmful for the family, since weak communication has been reported to lead to low family cohesion and adaptability (Labaki, 2007).

## CONCLUSIONS AND FUTURE RESEARCH DIRECTIONS

In the family business literature to date, emotions have been partly conceptualized and analyzed with a focus on the family system. It is this chapter's contention that this perspective may have prevented us from fully examining the nature of emotions in the family business and from exploring their influence on the family and the business systems.

By suggesting a first and more in-depth analysis of emotions in the family business, the contributions of our chapter are twofold:

- *Conceptual* By focusing on the construct of emotions, which has not been given much of attention in the family business field, we bring together the main theoretical and empirical studies that explored this construct in the family business, and suggest several ways of incorporating emotions into the understanding of family business behavior.
- *Theoretical* By suggesting and adopting several theories from the social and organizational fields, we contribute to building a theory of the family business from one side and broadening the scope of these theories towards new implementations in the family business setting from the other.

Since this chapter is a first dynamic description of emotions within and across family business systems, we used several simplistic assumptions to outline the topic and set the stage for the analysis. Emotions play a role in many systems, stages and critical events, and have several outcomes. The stages of the life-cycle span that we build upon to suggest our preliminary propositions are questionable since the family business does not necessarily follow a linear and three-stage evolution from the founder's controlling ownership to the cousin's consortium (Labaki, 2007). The scope of the current analysis does not allow for a deeper look at separate phenomena, which should be the concern of future research. These studies should include a more refined analysis of the different stages of the family business life span.

We suggested mainly the exchange theory from the family and marital relationships field and the emotional dissonance theory from organizational behavior field to explain the stages, mechanisms and behaviors related to emotions. Other theories may be relevant and could provide further knowledge and understanding.

These limitations open up new avenues for research. In order to discuss the place and contribution of emotions, emotional constructs and emotional theories, there is a need to

define emotions as theoretically and practically separate from other constructs (psychological, behavioral, social or cognitive). As the tendency of research on emotions within the organizational field moves into emotions at the group level and the different mechanisms that operate at this level (emotional cycles, emotional contagion etc.), the family business can benefit from incorporating this perspective. The affective culture of the family system, of the business system and of the whole complex phenomena can be studied.

In addition, since emotions can be analyzed at three different levels – mega constructs, individual emotions and regulation of emotions – future research should inquire about the level of analysis to gain a better understanding of the individuals within the family business and their behavior within the systems. The interfaces of the systems and the relationship with the cultural environment may show unique characteristics of family businesses and therefore contribute to other theories of families and/or organizational behavior.

Lastly, the refinement of emotional involvement and its propositions within and over the stages of the family business life span is now possible. Further, we are posed to embark on more developed research studies in the future on emotions in both the family and the business systems.

## NOTES

1. Other emotions theories might enlighten our knowledge of family business emotions. We will not discuss them in depth but we will use some of their insights: the affective events theory (Weiss and Cropanzano, 1996), emotion regulation theory (Gross, 1998, 1999), emotional contagion theory (Côté and Morgan, 2002; Pugh, 2001), intergroup emotions theory (Mackie et al., 2000; Smith, 1993).
2. We choose to focus on emotional dissonance, among other important dimensions of emotional labor, since emotional dissonance is the most relevant and most connected to emotional consequences (Lewig and Dollard, 2003; Morris and Feldman, 1996; Rutner et al., 2008).
3. For example, Lansberg explains that Western cultures have norms regulating family behavior that discourage parents and offspring from openly discussing the future of the family beyond the lifetime of the parents (Lansberg, 1988).

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