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TOO CLOSE AND TOO RIGID: APPLYING THE CIRCUMPLEX MODEL OF FAMILY SYSTEMS TO FIRST-GENERATION FAMILY FIRMS

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Despite growing research interest in family businesses, little is known about the characteristics of the families engaging in them. The present paper uses Olson's (Journal of Psychotherapy & the Family, 1988, **4***(12), 7–49; Journal of Family Therapy, 2000,* **22***, 144–167) Circumplex Model of Marital and Family Systems to look at first-generation family firms. We describe existing typologies of family businesses and discuss similarities between the characteristics of first-generation family firms and the rigidly enmeshed family type described in the Circumplex Model. The Steinberg family business (Gibbon & Hadekel (1990) Steinberg: The breakup of a family empire. ON, Canada: MacMillan) serves to illustrate the difficulties of rigidly enmeshed first-generation family firms. Implications for understanding troubled family businesses are discussed together with guidelines for the assessment of a family business in crisis and for intervention: enhancing open communication; allowing for more flexible leadership style, roles, and rules; and maintaining a balance between togetherness and separateness.*

Despite growing research interest in family businesses, little is known about the unique characteristics of these businesses compared with non-family ones (Sharma, 2004). Even less is known about the unique characteristics of families that own the businesses compared with families that do not own a business.

The family business phenomenon is usually perceived as consisting of two parallel components: family and business. The two are connected and interdependent (Miller, Fitzgerald, Winter, & Paul, 1999). Unlike earlier approaches that sought to separate the family from the business operation in the name of rationality and "professional" management, the current view tends to acknowledge that the family's influence on the business provides a competitive advantage to the latter (Chrisman, Chua, & Sharma, 2003; Nordqvist, 2005).

Despite the claim that the success of family businesses depends on the effective management of the overlap between the business and the family (Sharma, 2004), and despite the notion that understanding of the family is the missing component in family business research (Chua, Chrisman, & Steier, 2003; Dyer, 2003), the dynamics within the family that owns the business have been scarcely researched from the standpoint of family theories. Even when researchers call on various sciences to expand the knowledge about family businesses, the disciplines mentioned are anthropology, economics, entrepreneurship, organizational behavior, sociology, and strategic management (Chua et al., 2003), and not theories derived from family studies.

In this article, we propose a link between the Circumplex Model of Family Systems (Olson, 1988, 2000; Olson & Gorall, 2003) and research on first-generation family businesses. We maintain that first-generation family firms resemble rigidly enmeshed families, as described by the Circumplex Model. The resemblance may have important implications for families and family

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professionals. To substantiate this claim, we review typologies described in the family business literature referring to the first generation, present the Circumplex Model of Family Systems, and discuss the links between these models. Finally, we point out the practical implications of these links for family therapists.

FIRST-GENERATION FAMILY FIRMS

Family Firm Typologies

Every family business reflects the family behind it, hence no family business can be understood without understanding its family (Francis, 1999). Despite this notion, understanding of the family has been the missing component in family business research (Dyer, 2003; Rogoff & Heck, 2003). The dynamics and characteristics of the family that owns the business have been investigated only marginally (Chua et al., 2003; Dyer, 2003; Winter, Fitzgerald, Heck, Haynes, & Danes, 1998). When researchers do refer to the family, they commonly look at its influence on the business rather than at the characteristics of the family itself (Kepner, 1983; Rogoff & Heck, 2003; Sten, 2007; Uhlaner, 2006).

Family firms constitute the majority of businesses worldwide (Lee, 2006), which indicates that the group is highly heterogeneous (Birley, 2001; Dyer, 2006; Gomez-Betancourt, 2002; Westhead & Howorth, 2007). Different typologies have been suggested to characterize family firms, including by ownership structure (Gersick, Davis, Hampton, & Lansberg, 1997), culture, and behavior (Dyer, 1986, 2003).

Lansberg (1999) offered a model to describe family businesses according to the *structure* of business ownership. He described three phases of the family firm: (a) the *Controlling Owner,* typical of the first generation of the family; (b) the *Sibling Partnership*, more typical of the second generation, and (c) the *Cousin Consortium*, typical of the third generation.

Dyer (1986) identified three patterns of families that own a business, differing from one another in the way in which they deal with authority, pursuit of goals, decision making, and conflict management: *Patriarchal* (matriarchal), *Collaborative,* and *Conflicted*. The patterns of businesses owned by the families are *Paternalistic*, *Lassez-faire*, *Participative*, and *Professional*. The most common combination is that of a Paternalistic business owned by a Patriarchal family (Dyer, 1986).

Building upon new insights into family businesses based on the contribution of two theories borrowed from economy/strategy, the Resource-Based View and the Agency Theory, Dyer (2006) recently suggested a new typology with two dimensions: family assets and liabilities on one axis, and agency costs on the other. This scheme produces four types of family firms: *Mom & Pop, Clan, Professional, and Self-Interested* (Dyer, 2006).

Looking at the first generation, Lansberg (1999) described a business founder with a dominant character who controls the business and family affairs, and a centralistic management in which the progress of the business is due to loyalty and seniority. Kets de Vries (1996, p. 319) characterized family business founders as "domineering personalities," and Dyer (1986) described a dominant and authoritative father who makes all important family decisions, whereas all family members are expected to cooperate obediently. The wife and children have a submissive role and depend mostly on the family leader for guidance.

> In the first generation, all the power tends to be concentrated in a single individual: the founder. Along with their charismatic qualities, founders have the power to reward and punish others; they have formal authority, they have certain expertise, information, and connection with key clients that make them indispensable. On the other hand, other players in the family firm system – the spouse of the founder, the children, the in-laws, non-family employees – have relatively few power bases from which to operate (Dyer, 1986, pp. 72–73).

On the basis of in-depth interviews with 300 executives associated with family firms as owners, owner-managers, family members, and managers, Kets de Vries (1996) found first generation of family businesses to be run by a "Padrone" founder. The employees attracted to this organization are "yes-men" with dependent personalities. Dyer (2006) referred to first-generation family firms as "Mom-Pop family business" or "Clan family business" characterized by high levels of loyalty and better business performance than other types of family firms.

The resemblance between Lansberg's (1999) model and Dyer's (1986, 2003) two models is manifest in the characterization of the first-generation phase and in its typical description. Lansberg focuses on the founder figure and his dominance, whereas Dyer focuses on the Patriarch and his paternalistic style, or on Mom-Pop and Clan in his later model that describes a highly cohesive family unit. These descriptions also resemble the Rigidly Enmeshed family type in the Circumplex Model of Family Systems (Olson, 1988; Olson & Gorall, 2003), described below.

THE CIRCUMPLEX MODEL OF MARITAL AND FAMILY SYSTEMS

Olson and colleagues (Olson, Sprenkle, & Russell, 1979; see also Olson, 1988, 2000) developed the Circumplex Model of Marital and Family Systems in an attempt to bridge the gap between theory, research, and practice. Out of more than 50 terms to describe a family's behavior, they focused on two primary factors: *cohesion* and *adaptability/flexibility*, each divided into four levels.[1] A third dimension in the Circumplex, *Communication*, is considered a facilitating dimension available to couples and families to alter their levels of cohesion and flexibility. The model is presented in Figure 1.

Cohesion (also referred to as *togetherness* and *closeness*) is described as "the emotional bonding that family members have toward one another" (Olson & Gorall, 2003, p. 516). It focuses on the balance within the family system between extreme separateness (i.e., *Disengaged* family) and extreme togetherness (i.e., *Enmeshed* family). The two mid-levels between the extremes are *Separated* and *Connected* families.

Adaptability (also referred to as *flexibility*) is defined as "the amount of change in ... leadership, role relationships, and relationship rules" (Olson & Gorall, 2003, p. 519). Adaptability focuses on how the family systems balance extreme stability (i.e., *Rigid* family) with extreme

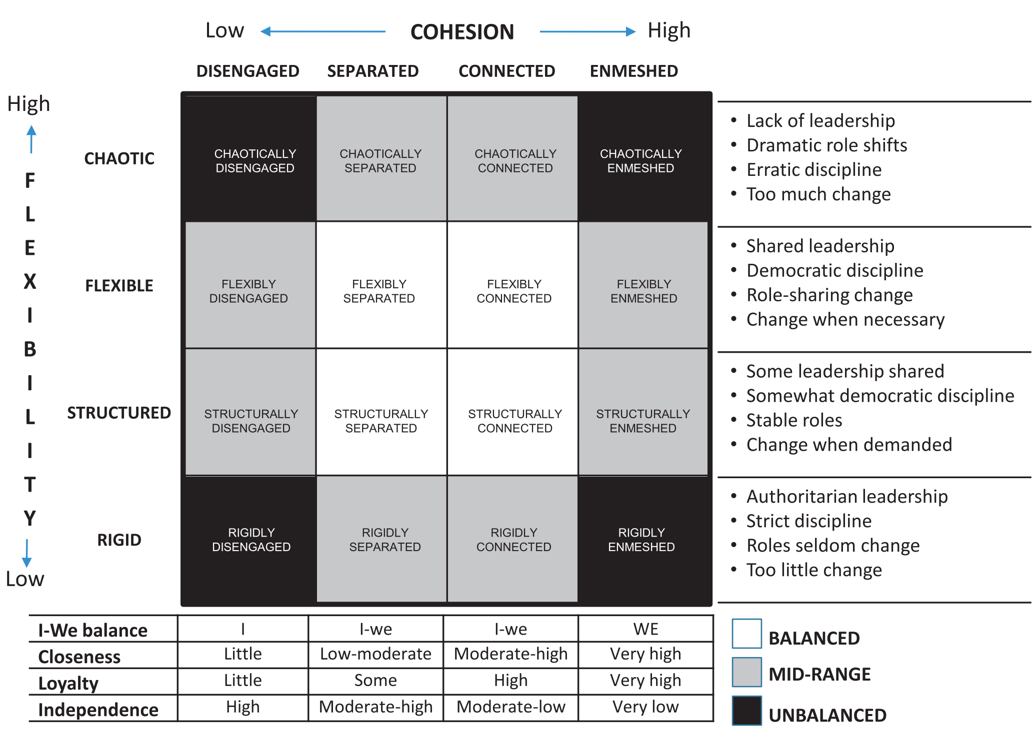

Figure 1. The Circumplex Model of Marital and Family systems (Source: Olson, 2000).

change (i.e., *Chaotic* family). The two mid-levels between these extremes are *Structured* and *Flexible* families.

With four levels on each continuum, the Circumplex creates a typology of 16 types of families, in which the four types at the center describe optimal functioning of the family and the four types in the corners describe problematic functioning. Dozens of studies have validated the Model (Olson, 2000, 2011; Olson & Gorall, 2003). Empirical evidence supports the assumption that families of the balanced types (at the center of the model) perform better than those of the extreme types because of their ability to deal with crises and change more efficiently.

Rigidly Enmeshed Families

Although specific types of families cannot be tied to specific symptoms, many families that seek therapy fall into one of the extreme or unbalanced types (Olson, 2000). A Rigidly Enmeshed family is one with extremely high levels of cohesion and extreme low level of flexibility. When cohesion is too high, there is too much consensus within the family and too little autonomy and independence of its members (Olson, 2000; Olson & Gorall, 2003). The family is characterized as a closed system, with rigid external boundaries and blurred internal boundaries between members. There is an extreme amount of emotional closeness, and individuals are highly reactive to each other, with a lack of personal separateness and little private space allowed. Loyalty to the family is demanded, the energy of individuals is focused mainly on the family, and there are few outside friends or interests.

These characteristics have been identified by family system researchers and therapists as dysfunctional. Minuchin (1974) described the enmeshed family as a pattern of family organization in which boundaries between family members are diffused and individuals are so tightly locked that autonomy is impossible. He suggested that ideal family functioning occurs when the boundaries are clear, permitting a balance of connection and autonomy. Bowen (1978) used the term *undifferentiated family ego mass* to describe emotional "stuck-togetherness" or fusion in the family, which results in the impairment of individual members or in family dysfunction that may be transmitted across generations.

Extremely low level of flexibility leads to rigid relationships, roles, and rules. In rigid family systems, one individual is in charge and is highly controlling. There tend to be limited negotiations, and most decisions are imposed by the leader. Roles are strictly defined and the rules seldom change (Olson, 2000). Consequently, rigid family systems are not well equipped to face changing environmental demands and challenges, and may become dysfunctional under stressful circumstances.

First-Generation Family Firms as Rigidly Enmeshed Systems

Table 1 compares the main concepts and characteristics of Rigidly Enmeshed families in the Circumplex Model (Olson, 1988, 2000) with descriptions of first-generation family firms as portrayed by family business researchers (Chua et al., 2003; Dyer, 1986, 2006; Ensley & Pearson, 2005; Fleming, 2000; Kets de Vries, 1996; Kets de Vries, Carlock, & Florent-Treacy, 2007; Lansberg, 1999).

The founder's era is characterized by high cohesion that tends to diminish in later generations, when more family members are involved and family ties become more distant. Ensley and Pearson (2005), who compared behavioral dynamics of Top Management Teams (TMT) in new family venture firms with non-family ones, found that first-generation TMTs tend to be significantly higher in cohesion than next generation or non-family TMTs. Several scholars addressed the boundaries within the family business. Kets de Vries et al. (2007), for example, noted that in some family businesses, people become stuck and never attain a true sense of separateness. Fleming (2000, p. 91) said that "individuality is viewed as betrayal ... these [business] families are riddled with boundary issues. People don't understand where their identity ends and other's begins." Kaye (1996) went even further:

> The field of family-business therapy has now progressed to the point where we can draw a powerful conclusion: Contrary to the course of normal life-cycle development, family-owned and -managed enterprises are often used to *resist* the differentiation and

Table 1
Comparison of Rigidly Enmeshed Family Systems and First-Generation Family Business

	Rigidly enmeshed family	First-generation family business
Cohesion		
System cohesion	Very high emotional closeness Energy of individuals focused inside the family	First-generation TMT significantly higher in cohesion than next generation or non-family TMT (Ensley & Pearson, 2005) Family business employees become "part of the family" (Kets de Vries, 1996) Emotional bond of employees, who are part of an "extended family" (Chua et al., 2003)
Boundaries	Very high closeness Minimal emotional boundaries Lack of personal separateness	Business families are riddled with boundary issues. People do not understand where their identity ends and another's begins (Fleming, 2000) People become stuck, never attain a true sense of separateness (Kets de Vries et al., 2007)
Loyalty	High loyalty to the family demanded Little autonomy permitted	Individuality is viewed as a betrayal (Fleming, 2000) Individuation and the family business are at odds (Kaye, 1996) Loyalty and seniority important for success (Lansberg, 1999)
Dependence	High dependence High level of member reactivity to one another	Family members depend on the family leader (i.e., the founder) (Dyer, 1986)
Flexibility		
Leadership (control, discipline)	Authoritarian Highly controlling parent(s) Limited negotiation	Patriarchal family with paternalistic firm; the founder sets the goals for the family (Dyer, 1986) Controlling owner controls the business and family affairs (Lansberg, 1999) Mom-Pop/clan family business (Dyer, 2006)
Roles	Strictly defined traditional roles; little change	Wife and children play a submissive role; members are expected to cooperate obediently (Dyer, 1986)
Rules	Strict discipline; decisions imposed Rules seldom change	Important family decisions are made by a dominant and authoritative father (Dyer, 1986)

development of children who join the business, and sometimes even of children who don't. I am saying that *individuation and the family business are at odds* (Kaye, 1996, p. 355) (italics in the original).

The view of in-group versus out-groups and the feelings of belonging to a cohesive group apply not only to family members but also to business employees. During the founder's tenure, employees in the family business tend to develop long-term loyalties and to become "part of the family" (Kets de Vries, 1996; Ward, 1987). The family firm at this stage is described as gaining from the emotional bond that employees feel toward the organization and from their sense of being part of an "extended family" (Chua et al., 2003).

First-generation family businesses may also be compared with family systems from the point of view of *flexibility*. In the Circumplex Model (Olson, 1988, 2000), a low level of flexibility is characterized by authoritarian leadership and highly controlling parents, limited negotiations, strictly defined roles, and unchanging rules. These descriptions are similar to Dyer's (1986), Lansberg's (1999), and Kets de Vries (1996) descriptions of the patriarchal family and the paternalistic firm, in which a founder/owner controls the business and family affairs, is dominant, and makes all the important decisions, while others play submissive roles and are expected to cooperate obediently.

Thus, the typical first-generation firm, as portrayed by family business scholars, resembles in many respects the rigidly enmeshed family described in Olson's (1988, 2000) Circumplex Model. Both systems are characterized by extremely high levels of cohesion between members and low levels of flexibility in roles, rules, and leadership style.

IMPLICATIONS FOR FAMILIES AND THE FUNCTIONING OF FAMILY FIRMS

Although unbalanced, rigidly enmeshed families are most often found to be dysfunctional, the family businesses literature finds that the Controlling Owner firm or the Clan Family Firm performs better than other business types (Dyer, 2006; Villalonga & Amit, 2006). There is an apparent contradiction between the definition, in the Circumplex Model, of this type of family as unbalanced and the evaluation of these families as owning successful family businesses. The seemingly contradictory implication that very high cohesion and very low flexibility have in families versus family firms may be explained by considering family expectations and values.

Family Expectations and Values

Olson (1988, 2000) noted that unbalanced family types are not necessarily dysfunctional. If the family belongs to a culture in which normative expectations support extreme behaviors in the cohesion and flexibility dimensions, an "unbalanced" system of this type may be functional as long as family members are satisfied with it. Normative expectations include a strong set of family values that are passed from one generation to the next. In family businesses, these values include trust and loyalty to the family, passed down through stories told at family gatherings (Rothstein, 1992). Family strengths are conveyed to family members by shared history and identity; the unique story of each family business tells about the family's way of leaving its imprint on the world (Denison, Leif, & Ward, 2004). The *culture of a family business* has been found to differ from that of a non-family business because the behavior of family firms is not the result of outer pressure, but rather of "a deeply ingrained, learned-at-the-dinner-table sense of history and morality" (Denison et al., 2004, p. 64). Therefore, when the culture of the business family supports extreme levels of cohesion and role rigidity, the unbalanced type may function well as long as all family members are satisfied. This implies also that an unsatisfied family member can alter the status quo and unleash the hurdles of the unbalanced family type.

Separation between the Family and the Business

Focusing on the boundary characteristics of family and business systems, Zody, Sprenkle, MacDermid, and Schrank (2006) proposed to apply the Circumplex Model to the family business and identify both family and business typologies based on the degrees of permeability of the boundaries. The authors suggested that enmeshment of the family and the business systems can be thought of as the outcome of extremely permeable boundaries between the systems, whereas disengagement is the outcome of extremely rigid boundaries. Using Bowen's (1978) theory, Distelberg and Sorenson (2009) considered the first generation of family firms to be characterized by enmeshment between the family and business systems. Labaki, Michael-Tsabari, and

Zachary (2011) suggested a typology based on different levels of enmeshment between the two systems, with the first generation typically tending to be rigidly enmeshed. Taking into account the inherent overlap between family and firm during the first generation (Tagiuri & Davis, 1996), we argue that the business *family* in the early stages is rigidly enmeshed, allowing and enabling further enmeshment between the family and the business as a whole.

Families and Family Businesses Over the Life-course

Both the theory and research of the Circumplex Model consider families as changing in cohesion and flexibility over the life-course of the family. What is expected and functional for families with young children may become inadequate and problematic when children grow up. The Circumplex provides a dynamic look at families as they develop and change:

> The Circumplex model ... assumes that changes can and do occur in family types over time. Families can move in any direction that the situation, stage of the family life cycle, or socialization of family members may require (Olson & Gorall, 2003, p. 524).

Similarly, family businesses change in their cohesion and flexibility with transition from the first generation to second and third generations. Transition between two generations in the family firm typically results in a different ownership structure for the second generation. The *Sibling Partnership* stage that follows the Controlling Owner of the first generation (Gersick et al., 1997; Lansberg, 1999) is characterized by different levels of cohesion and flexibility: with several siblings participating, the processes of communication and decision making are more collaborative, democratic, and less centralized. As far as the conceptualization of the Circumplex Model is concerned, the family business becomes more balanced.

When Things go Wrong

As noted above, an unbalanced family business can perform well within the business culture (Dyer, 2006; Villalonga & Amit, 2006), and rigidly enmeshed families can function well as long as they meet the family's cultural values and individual members' expectations (Olson, 2000). But things may go wrong, and the family business may become dysfunctional if (a) family members become dissatisfied with extreme cohesion, the lack of flexibility, and lack of personal autonomy; (b) the family experiences stress or crisis, or problems emerge in family functioning that affect the business negatively; or (c) inadequate adjustment to the family or business development requires a change in cohesion and adaptability.

In the Circumplex Model, balanced families are known to be better equipped to cope with stress than those of the extreme, unbalanced types (Lavee & Olson, 1991; Olson & Lavee, 1989; Olson, Lavee, & McCubbin, 1988). When facing a crisis (either an acute life event or a normative-developmental one), rigidly enmeshed families often lack the requisite variety to shift their system in an adaptive move or to manage the stress effectively. This deficiency may be the reason why the majority of first generation family firms fail during the succession process, after the founder's death (Miller, Steier, & Le-Breton-Miller, 2003; Sharma, Chrisman, & Chua, 1997). The following case illustrates the difficulties encountered by first-generation family firms.

A Case Study: The Steinberg Family Business

The rise and fall of Sam Steinberg's family business illustrate the success and failure of first-generation family businesses. The story of the Steinberg family has been described in Gibbon and Hadekel's (1990) book, *Steinberg: The breakup of a Family Empire*. Briefly, Sam developed his mother's tiny grocery store in Montreal, Canada, into a chain of over 170 stores with 17,500 employees. His siblings, his four daughters, and his sons-in-law were also employed in managerial positions at one time or another, but the business failed during the succession to the second generation. "Steinberg is about the legacy of his failure: a bitter fight that ripped apart the Steinberg family and led to the sale and breakup of the company" (Gibbon & Hadekel, 1990, front cover flap).

The family is described as rigidly enmeshed in many respects. Gibbon and Hadekel (1990) reported that Sam ran the company in a paternalistic, controlling style. Leadership was authoritarian, decisions were imposed with limited negotiation, roles were strictly defined, and rules were strictly enforced. "To his siblings, Sam acted more like a father than a brother ... But what a father! He could intimidate them shamelessly, order them around, pick on them and blast them when they failed to carry out his instructions. He would dictate their every move" (p. 84).

The family was characterized by extreme closeness. Loyalty was demanded, and little autonomy was allowed. The family and the company were fused: "the line between the Steinbergs and Steinberg Inc. was at times almost invisible... If you were a part of the family and you weren't part of the Steinberg organization, you almost felt like an outsider... you felt like a deaf-mute" (p. 97).

At the same time, there were tensions between Sam's daughters, and the competition intensified with time. Two years before Sam's death, the narrow fissures in the sisters' relationships had widened to a gigantic crack; a feeling of alienation spread throughout the Steinberg family, and after Sam's death, they were no longer able to maintain their attachment to the company. The family business collapsed on August 23, 1989, when the company was purchased by Michel Gaucher. "This, then, is the story of the rise and the fall of a family empire. As a business venture, it may well rise again. As an enterprise run and bound by family ties, it is forever gone" (Gibbon & Hadekel, 1990, p. xix).

IMPLICATIONS FOR PRACTICE

The above review has several implications for family therapists. When a business-owning family seeks help, it is usually associated with a change in the family or in the business. The two affect each other, and the family lacks the ability to cope with the change. Gibbon and Hadekel (1990) noted that when a dispute arises in family businesses, the emotional tensions and rivalries are often greatly magnified because money is at stake and membership in the family is threatened. As a result, members often lash out in irrational ways.

The primary goal of family therapists is to change dysfunctional patterns in the family system. The intervention process may begin by a thorough assessment of the family-firm system: cohesion, flexibility, and communication patterns in the family, family–firm boundaries, and family members' satisfaction with the family business system. Olson and colleagues (Olson, 1988, 2000, 2011; Olson & Gorall, 2003; Olson, Gorall, & Tiesel, 2002) introduced a self-report instrument, FACES IV, and a clinical rating scale (CRS), based on the Circumplex model that provides both insider (family members') and outsider (therapist's) views of family functioning. The self-report instrument can reveal different views of family members about their location and desired location on the Circumplex Model. Therapists can use the CRS to assess the family on the cohesion and adaptability dimensions, and to evaluate their communication patterns. A family satisfaction scale (Olson & Wilson, 1985) can also be used to collect information about family member satisfaction with the family, the business, and the family–business boundaries (cf. Zody et al., 2006).

The therapist can share the assessment with the family, then focus on communication, negotiation, and problem-solving patterns within the family. Communication is perceived as the most important tool for achieving a change in the family's levels of cohesion and flexibility toward balanced types. The therapist can work with the family to improve communication skills, freedom of expression, respect and regard for different views, and the skill of listening and providing empathic feedback to each other.

Building on improved communication and negotiation skills, the family may begin devising solutions for moving from one level of family functioning to another, that is, negotiating some decrease in cohesion and increase in flexibility. Major change is not always necessary or even desirable. Olson and Gorall (2003) suggested that an achievable therapeutic goal would be to move the family one level on the cohesion dimension toward a *connected* family business and one level in on the flexibility dimension toward a *structured* family. They further suggested that in treating troubled families, change in cohesion may be more difficult to achieve than change in flexibility, and advised therapists to work on changing the latter dimension first to reach the desired goals.

Appendix A lists clinical rating categories based on the Circumplex Model and the Clinical Rating Scale that may help guide family therapists in their efforts to change the family system's functioning. In treating the Steinberg family, for example, therapists may begin by establishing more open communication to enable the direct transfer of clear messages, and by encouraging sharing of feelings, affective listening, and constructive feedback. The therapist would then work with the family to evaluate its leadership style, decision making, roles, and rules. Following the categories in the bottom part of Appendix A, the therapist would encourage more flexible *negotiations* and agreed-upon decisions, less authoritarian *leadership*, and greater flexibility in *role* sharing, with some role changes when needed. Family and business *rules* may also be reconsidered, negotiated, and changed as the family and the business develop and change.

The family therapist would probably appreciate the Steinberg's emotional bonding and involvement, but raise issues of the fusion between the family and the business, and overdependence of family members on Sam, on the business, and on one another. The therapist should also respect the manifestations of closeness in the family, while helping family members acknowledge and respect individuals' needs for separateness, autonomy in personal decisions, time apart, and privacy.

In the case of the Steinberg family, this intervention could have helped the family to improve interpersonal relationships between Sam and his siblings as well as between the Steinberg sisters and Sam's sons-in-law. Moreover, it would have prepared the Steinberg company for a more effective succession to the second generation.

CONCLUSION

This article suggested a correspondence between the first generation of family firms and rigidly enmeshed family types as described by the Circumplex Model of Marital and Family Systems. The correspondence is based on several typologies and descriptions of family firms as unbalanced families in their levels of cohesion and adaptability. The resemblance can shed light on the family that owns a business and on its difficulties in overcoming such crises as succession, and suggests practical guidelines for family counselors in treating such families. It can also provide important insights for stakeholders and family business consultants who work with family firms.

By adapting a model of family systems to the family firm, the present article contributes in two ways to family business consultants: (a) it enables a closer look at the *family* that owns a business, and (b) it utilizes the insights gained in family research and family therapy in helping family businesses in need. First, as noted above, having identified the family as being under-researched in family business studies (Chua et al., 2003; Dyer, 2003; Winter et al., 1998), the present article takes a closer look at the family system. Second, it uses a well-defined and studied model of family therapy to describe the first generation of a family firm. The family business literature can gain from applying theoretical concepts derived from the family therapy literature. At the same time, the suggested similarity with an unbalanced system that functions successfully can expand the knowledge of family therapists.

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APPENDIX A

Clinical Rating Categories (Adapted from Olson & Gorall, 2003)

Family ohesion			
	Disengaged	Connected	Enmeshed
	Very low cohesion	Balanced cohesion	Very high cohesion
Emotional bonding	Extreme separateness Lack of family loyalty	Emotional closeness Loyalty to the family	Extreme closeness Little separateness Loyalty demanded
Family involvement	Very low involvement or interaction	Family involvement Some personal distance	Very high involvement Fusion Overdependence
Marital relationships	Infrequent affective responsiveness Limited closeness	Affective responsiveness Emotional closeness Some separateness	High responsiveness and control Extreme closeness Little separateness
Intergenerational relationships	Low parent-child closeness Rigid generational boundaries	Good parent-child relationships Clear generational boundaries	Excessive parent-child closeness Lack of generational boundaries
Internal boundaries (time and space)	Separateness dominates Little time together Preference for separate space	Balanced togetherness and separateness Time together and apart Sharing of space but private space respected	Togetherness dominates Little time alone permitted Little private space permitted
Family adaptability/flexibility			
	Rigid	Flexible	Chaotic
	Very low flexibility	Moderate flexibility	Very high flexibility
Leadership	Authoritarian	Generally egalitarian	Limited and/or erratic
Discipline	Strict, autocratic “law and order”	Democratic	Laissez-faire Very lenient
Negotiation	Limited negotiation Decisions imposed	Flexible negotiation Agreed-upon decisions	Endless negotiations Impulsive decisions
Roles	Strictly defined roles Unchanging routines	Role sharing Some changes of roles Some routine changes	Lack of role clarity Role shifts and reversals Few routines
Rules	Unchanging rules Strictly enforced rules	Some rule changes Rules generally enforced	Frequent role changes Rules inconsistently enforced

NOTE

[1]More recently, Olson and colleagues (Olson, 2011; Olson & Gorall, 2003) presented a model in which the two axes of the circumplex are divided into five levels each, for a better fit with the FACES IV assessment tool. In the current article, we refer primarily to the original model.