Leveraging family-based brand identity to enhance firm competitiveness and performance in family businesses

Craig, Justin B.; Dibrell, Clay; Davis, Peter S.

Published in:
Journal of Small Business Management

DOI:
10.1111/j.1540-627X.2008.00248.x

1-1-2007

Leveraging family-based brand identity to enhance firm competitiveness and performance in family businesses

Justin B. Craig
Bond University, justin_craig@bond.edu.au

Clay Dibrell
Oregon State University

Peter S. Davis
University of North Carolina at Charlotte

LEVERAGING FAMILY-BASED BRAND IDENTITY TO ENHANCE FIRM COMPETITIVENESS AND PERFORMANCE IN FAMILY BUSINESSES

JUSTIN B. CRAIG
SCHOOL OF BUSINESS, TECHNOLOGY AND SUSTAINABLE DEVELOPMENT
BOND UNIVERSITY
AUSTRALIA
TEL: 55951161
FAX: 55951160
jcraig@bond.edu.au

CLAY DIBRELL
COLLEGE OF BUSINESS
OREGON STATE UNIVERSITY
TEL: 541 737-4110
FAX: 541 737-4890
DIBRELLC@BUS.OREGONSTATE.EDU

PETER S. DAVIS
BELK COLLEGE OF BUSINESS
UNIVERSITY OF NORTH CAROLINA AT CHARLOTTE
CHARLOTTE, NC 28223.
TEL: 704.687.2062,
FAX: 704.687.3123
PETER.DAVIS@UNCC.EDU.

ABSTRACT

Drawing on the *family embeddedness perspective* on entrepreneurship and the resource-based-view (RBV) of the firm, we investigate how the promotion of family-based brand identity influences competitive orientation (customer versus product) and firm performance in family businesses. Applying structural equation modeling to survey data collected from leaders of 218 family businesses, we demonstrate that developing a family-based brand identity positively contributes to firm performance (growth and profitability) indirectly, via a customer-centric orientation. In contrast, attempts to leverage family-based brand identity via a product-centric orientation do not impact firm performance. Our results suggest that family-based brand identity enhances the family business' ability to persuade customers to make purchasing decisions based on the perceived attributes of the seller. As a result, we contribute to the discussions centered on how to optimize the intricate synergy between family and business.

LEVERAGING FAMILY-BASED BRAND IDENTITY TO ENHANCE FIRM COMPETITIVENESS AND PERFORMANCE IN FAMILY BUSINESSES

S. C. Johnson, a multi-billion dollar global organization, is a family business. This fifth generation dynasty chose to promote their identity as *'A Family Company'* after extensive research revealed that consumers have a positive view of family businesses. Many large (e.g., Ford Motor Company, Gallo Wines, Anheuser-Busch Breweries) and small family businesses promote their family brand identity as a means of differentiating themselves in a crowded marketplace. Yet despite its intuitive appeal there is a noticeable lack of empirical evidence to support the premise that promoting or marketing a business as a family business enhances financial performance. It is this gap that gave rise to the research question investigated here: How does the promotion of family-based brand identity influence competitive orientation (customer versus product) and firm performance in family businesses?

To address this question, we draw inspiration from Aldrich and Cliff's (2003) *family embeddedness perspective* on entrepreneurship. Reinforcing Rogoff and Heck's (2003) notion that family and business are as closely connected as oxygen and fire, the family embeddedness perspective is a conceptual framework that highlights the role of the family in new venture creation. The current research extends this discussion to the potential benefits of promoting family involvement in the post start-up stages of the venture. We further inform our discussion theoretically by drawing on the resource-based view of the firm (RBV) (Barney 1991; Penrose 1959; Wernerfelt 1984). RBV presents organizations as collections of idiosyncratic resources and capabilities that provide bases of competitive advantage and influence performance (Barney 1991). Recently, scholars have proposed that RBV has particular relevance to family business research (Chrisman, Chua, and Sharma 2005). Notably, Sirmon and Hitt (2003) used the RBV framework to argue that family businesses are unique in the way they evaluate, acquire, shed, bundle, and leverage their resources. Of particular significance to the current study are arguments by Cooper, Upton, and Seaman (2005) that family business' identification with the family name motivates a greater emphasis on serving customers and consumers effectively, such as through providing quality products and customer services.

We investigate the role of family-based brand identity in relation to competitive orientation (i.e., product or customer service orientation) and firm performance using a sample of closely-held small- and medium-sized family businesses, defined as having fewer than 500 employees. Such firms are relevant for this study. Lacking the substantive economies of scale and scope available to their larger brethren, small- and medium-sized family businesses may be especially inclined to leverage their distinctive family name to create a form of reputational capital or family brand equity that helps enhance performance. In the current study, we present the alignment or fit present in family-based brand identity-competitive advantage-performance relationships in terms of mediation (Venkatraman 1989). We theorize and define family-based brand identity as an intangible resource (independent variable) affecting the firm's emphasis on competitive orientations (mediators) and subsequent performance outcomes (dependent variables).

We view this study as making two significant contributions to our understanding of family businesses. First, consistent with RBV we operationalize family-based brand identity as a firm-specific resource that is unique to family businesses. This conceptualization complements recent discussions in the literature that highlight the extraordinarily important aspect that is 'the family' and the considerable influence that the family has on the family business entity (e.g., Rogoff and Heck 2003). For example, family-based social capital, in various forms including structural (pattern of relationships among the family members), relational (trust, norms, and obligations), and cognitive (shared belief and values within the family) facilitate cooperative group efforts and actions in the pursuit of common objectives (Nahapiet and Ghoshal 1998). Second, just as family ownership, and related social capital, impact a firm's internal competitive abilities, so too can promoting family ownership play a complementary role in establishing a firm's appeal to customers. As a form of firm-specific resource, an organization's family roots can be instrumental in furthering access to customers and organizational success. Examples documented in the literature range from specific studies of enterprise formation and growth among immigrants (Sanders and Nee 1996) to broad-based reviews and recommendations regarding social capital as an exploitable resource among family businesses (Chrisman, Chua, and Sharma 2003). We contribute, therefore, to the discussions on how best the intricate synergy between family and business can be optimized. Specifically, we are able to demonstrate the relative effectiveness of various competitive orientations in leveraging family-based brand identity to facilitate performance outcomes.

The paper begins with a review of the relevant literature that supports our hypotheses. In successive sections, we present the sample, operational measures, methodology, and describe the results. We close the paper with a discussion of our findings and offer suggestions for future research.

Literature Review and Hypotheses

Family Businesses

In family businesses, family and business dynamics are highly interrelated (Aldrich and

Cliff 2003). By definition, a family business is "a business governed and/or managed with the intention to shape and pursue the vision of the business held by a dominant coalition controlled by members of the same family or a small number of families in a manner that is potentially sustainable across generations of the family or families" (Chua, Chrisman, and Sharma 1999: 25). Family businesses dominate the commercial landscape of most free enterprise economies. In the USA, family businesses are estimated to account for up to 49% of GDP and 78% of new job creation (Astrachan and Shanker 2003). World wide, family-owned businesses are the leading players in the economies of most emerging markets, and family-controlled publicly-held companies are both numerically prevalent and economically significant around the globe (Anderson and Reeb 2003; La Porta, Lopez-de-Silanes, and Shleifer 1999). Considerable evidence suggests that family businesses generally out perform their non-family counterparts (e.g., Dibrell and Craig 2006; McConaughy, Matthews, and Fialko 2001; Munoz 2001). Anderson and Reeb (2003) confirm that when family members serve as the CEO, financial performance is better than with CEOs from outside the family, and that this effect is even more pronounced when founders are still active. Such results support that family ownership is an effective organizational form.

Despite their ubiquity in the global economic fabric, numerous theoretical and empirical gaps exist in our understanding of family businesses. The presence of such gaps has been attributed to a lack of a comprehensive theory of family businesses. Although it is well established that small businesses are not simply smaller versions of large businesses and that family businesses are different than publicly-owned firms, Litz (1997: 55) notes, "the vast majority of business school research either ignores, or at best, glosses over the role of family in owning or managing business enterprises." The absence of the family as either a component of theory or as a variable in empirical studies has lead scholars to describe the family as a "missing variable" in organizational research (Dyer 2003). An example of such a theoretical and empirical gap gave rise to the current study. Notwithstanding considerable efforts by family business, entrepreneurship and marketing scholars to gauge the relative effectiveness of companies' efforts to build a unique, differentiating identity in the competitive marketplace, no prior investigations have been conducted of the role that promotion of family-based brand identity has for firms' competitive behaviors and resulting performance outcomes.

Family-based Brand Identity

Brand Identity. On a general level, the firm's brand identity and what it represents is the most important intangible asset for many companies and is arguably a primary basis for competitive advantage (Aaker 1991). At its most simplistic, a company's brand identity represents a set of promises that, for the buyer, implies trust, consistency, and a defined set of expectations (Davis 2000). The strongest brands develop a position that is unique to that company. While there is extensive literature devoted to branding, most of it examines branding among large, well-established, mostly publicly-traded firms (cf., Keller 1993). Brand image refers to the set of associations that link customers with the brand (Keller 1993). Such brand associations—attributes, benefits, and attitudes linked to the brand—have the potential to influence customer decision making.

However, while supportive of the current effort, prior studies contribute little to our understanding of how family businesses leverage their identity with their family name. Efforts to better understand the phenomenon of family brand identification have been hindered by the lack of academic research on this subject within the context of mainstream literature. With so little research specifically on family-based brand identity, we drew upon RBV to theoretically inform our research question and model.

From their very founding, family businesses are often identified or associated with the family name. Family connections play a vital role in a firm's ability to mobilize resources (Aldrich 1999; Aldrich and Cliff 2003; Aldrich and Zimmer 1986). As a business venture grows, professionalizes, and morphs into a multi-generational (family) business, the family continues to significantly influence the family business (Aldrich and Cliff 2003; Davis and Harveston 1999; Harvey and Evans 1994; Rogoff and Heck 2003), strategic decisions, and competitive orientation towards the marketplace (Chrisman, Chua, and Sharma 2005; Mustakallio, Autio, and Zahra 2002). Pertinent to the present study, family brand identification is considered to be of the utmost importance for the success of entrepreneurial and small- and medium-sized companies (Gruber 2004; Morris, Schindehutte, and Laforge 2002). Consistent with RBV, family brand identity can be regarded as a rare, valuable, imperfectly imitable, non-substitutable resource (Carney 2005; Habbershon and Williams 1999; Habbershon, Williams, and McMillan, 2003; Sirmon and Hitt 2003; Zahra, Hayton, and Salvato 2002) that could vest competitive advantage. Using Habbershon and Williams' (2003) RBV-informed unified systems perspective of family business performance, family-based brand identity is a contributing resource and capability that provides family businesses a potential advantage by highlighting their distinctive familiness.

Communicating Family-based Brand Identity. For many family businesses, the successful development of customer relationships may hinge on their ability to communicate their family-based brand identity. Considerable anecdotal evidence suggests that family businesses benefit from promoting their unique family-based identity[1]. Many field studies have reported significant

[1] In the mainstream press, increasingly, case study vignettes appear that point to the advantages of the family firm. For example: http://www.businessweek.com/magazine/content/03_45/b3857002.htm

benefit from emphasizing a family-based identity (cf., Craig and Moores 2004; Zsolnay and Ward 2004). For example, Post's (1993) study of the family-owned and operated Boston Park Plaza Hotel examined the value of familiness to family businesses by demonstrating how a family can "incorporate the values, interests, and needs of the family into the mission, strategies and operations" of the firm (p. 146). In this instance, the family introduced environmental initiatives and generated performance benefits by promoting the fact that it was a socially responsible family business. However, an important unaddressed empirical question pertains to how family-based identity acts to influence performance: directly or indirectly, perhaps via one or more modes of differential competitive advantage.

The Role of Competitive Orientation in Mediating Family-based Brand Identity

A family-based brand identity can influence performance through various competitive mechanisms, although the exact nature of this potential effect is ambiguous. For this study, we focus on competitive orientations as they represent the nature of the competitive advantage sought by the leadership of a firm (Dess and Davis 1984). While competitive advantage can assume multiple forms (for example, Porter (1980) articulated two primary forms as emphasizing either low cost or differentiation), we limited our investigation to variants of differentiation. We did so in line with Moores and Mula's (2000) assertion that differentiation rather than low cost strategies are deemed more applicable to small- to medium-sized family businesses.

The literature presents differentiation as a means of creating and providing a unique image or value for a product or service. Small business researchers have found that differentiation can take many forms, including brand image, customer service, and product innovation (Chaston and Mangles 1997; Pelham 2000). Consistent with recommendations in the literature on small- and medium-sized firms (e.g., Pelham 2000), we focus on customer-centric and product-centric competitive orientations as primary differentiating mechanisms. While controlling costs may also be important for the differentiator, it is primarily through the provision of proprietary features (e.g., customer service) that small firms employing this strategy generate growth consistent with high margin potential (Kotey and Meredith 1997).

Chrisman, Chua, and Sharma (2003: 20) suggest that "preserving, strengthening, and extending the firm's competitive advantage are among the most critical considerations" in family businesses. To a large extent, firms are forced to make a strategic choice between whether to emphasize being customer-centric or product-centric (Berthon, Hulbert, and Pitt 1999). In doing so, family businesses must decide whether buyers are more responsive to intangible factors such as reputation, image, and trust, or to tangible product attributes. Both of which, we suggest, can be engendered through family-based identity.

The notion of family-based brand identity that we have introduced is a unique and essential part of a family business' resources and capabilities. Leaders of family businesses are stewards of their families and their businesses, and family identity and reputation become a sustainable legacy that is passed on to subsequent generations. Incumbent leaders build companies that are resistant to faddish strategic distractions and reinvest in promoting the family name and identity in order to build a competitive advantage that in turn influences growth-related decisions and performance expectations (Dunn 1995; Lansberg 1999). Hence, family-based brand identity would be a potential intangible resource benefiting a differential competitive advantage. However, if a family business does not actively promote (i.e., build its family-based identity), then it will not be able to realize the full competitive advantage rooted in its unique and not easy to imitate capabilities. Hence, we expect that the presence of specific efforts to promote its family-based identity will benefit a competitive orientation, which may influence performance outcomes.

Consider the following real case scenario[2]. The 'next-gen' members of a second-generation family business involved in land development and housing construction decided that in order for the family business to continue to grow they need to incorporate into the business strategies that would ensure that the founder's values were firmly and explicitly embedded in the family business. As a result, the family engaged consultants to help them identify ways to leverage the founder's legacy and to introduce professional governance initiatives into the family business. Following best-practice, after conducting a situation and needs analysis, they invited external outside the family non-executive directors onto the board. They worked collaboratively to establish a family council and drafted a family constitution that went through an exhaustive review process before being finally sanctioned by all. Despite initial hesitancy from some family members, the professionalization process lead to improved communication and harmony within the family. This whole process, while insightful and beneficial in numerous ways, helped family members understand that their business' real point of difference was that they were a family business. However, the process also highlighted that there was no real performance benefit to these family-focused initiatives if other stakeholders were not informed. This was pointed out to the family by one of the new non-executive directors who was appointed to the board because of his marketing industry experience. As he observed the family during the professionalization process, he instigated conversations that resulted in the family ensuring that their familiness was

---

[2] For comprehensive details related to this family business case see:
Craig, J. B., & Moores, K. J. (2002) How Australia's Dennis Family Corporation professionalized its family business. Family Business Review, March, XV(1), 59-70.
Craig, J. B., & Moores, K. J. (2004) The professionalization process: The Dennis Family Corporation case. Family Business Case Journal, (Eds. Joe Astrachan, Panikkos Poutziouris and Khaled Soufani) ISBN: 0-9753893-0-0, 91-121.

promoted to customers and current, and potential, staff members. He also, with the family's full support, introduced incentives for family members not employed full time in the business to be financially rewarded for representing the family at business related sales conferences and forums. All collateral (web-page, advertising, brochures, etc.) was reviewed to embed a family-brand identity into the business operation.

Consistent with theoretical presentations of the relationships among intangible resources--strategy-performance evident in the literature (Barney 1991; Sirmon and Hitt 2003), the model examined here posits that family-based brand identity affects firm performance via some combination of direct and indirect effects. Direct linkages would occur if family-based brand identity directly influences firm performance regardless of organizational actions (e.g., development of a customer-centric orientation). For example, a shift in buyers' attitudes and preferences favoring large businesses vis-à-vis small businesses (e.g., the Wal-Mart effect) may have adverse consequences for the smaller firm regardless of the extent of its efforts to promote its family identity. Indirect effects, on the other hand, are the consequence of mediation in which the influence of an antecedent variable, in this case the family-based brand identity, is transmitted to a consequence (e.g., performance) through an intervening variable, such as competitive orientation (James and Brett 1984). Absent any previous evidence regarding the simultaneity of direct and indirect effects, the hypotheses presented here address both the potential direct and indirect effects of family-based brand identity on firm performance.

Hypotheses

Our first three hypotheses suggest that family-based brand identity will be positively related to competitive orientations (customer-centric, product-centric) and to organizational performance (growth and profitability). However, translating family identity into performance may also be an indirect process, achieved via the mechanisms of competitive orientation, and we canvas this in our fourth hypothesis. Researchers suggest that an emphasis on one or more differentiating sources of competitive advantage (e.g., customer orientation, product orientation) is a necessary and direct antecedent of performance and that firms will find it much more difficult to enhance performance without an appropriate orientation (cf., Porter 1980). Hence, we propose that intangible resources embedded and represented by family-based brand identity, contribute to the development of an advantageous competitive position, which, as a result, is a direct antecedent of performance.

H1: *Promotion of family-based brand identity positively influences customer orientation.*

H2: *Promotion of family-based brand identity positively influences product orientation.*

H3: *Promotion of family-based brand identity positively influences performance.*

H4: *Competitive orientation (customer-centric, product-centric) partially mediates the influence of family-based brand identity on performance.*

Figure 1 features the hypothesized relationships.

Insert Figure 1 About Here

Method

Sample

Using Salant and Dillman's (1994) mail survey approach, a total of 397 responses were collected from a stratified, randomly sampled 2,184 firms which met the sample criterion of being small to medium-sized firms (i.e., 6 to 499 employees) with the key respondent in a knowledgeable management position (i.e., owner, CEO, general manager). The mailing list was derived from a Dun & Bradstreet mail list of the population of for-profit firms across all industries from a state located in the Western United States.

After the removal of 321 respondents who asked to be removed from the mailing list due to respondent firm policy, the final response rate was 21.3% (N = 397). The reported response rate is higher compared to other mail surveys of top management team members (Hambrick, Gelekanycz, and Fredrickson 1993). The sample consisted of non-family (n = 179) firms and were removed from the sample resulting in 218 family businesses. For the purposes of this present study, we employed a broad definition of family business that required respondents to affirm that they considered their enterprise to be a family business. Prior research has established that the Chief Executive, Managing Director or Chairman's perception of the business being a family business is an important defining variable (Ram and Holliday 1993; Binder Hamlyn 1994; Carsrud 1994; Cooper, Upton, and Seaman 2005; Westhead and Cowling 1998).

The respondent characteristics for the family sample included respondents either being the owner or CEO (83.5%) of the family businesses with the rest of the respondents holding positions as vice president (6.8%), general manager (6.4%), board member (1.8%), operations manager (.5%), and supervisor (.9%). 88.5% of the family sample reported that the family business was 10 years and older, with 25.1% of these firms being forty years or older. The respondent self-identified their firm's primary industry category from the following: Agriculture, Forestry, Hunting, Fishing (12.3%); Manufacturing (22.7%); Finance, Insurance, Real Estate (1.8%); Health, Social Services (3.6%); Mining, Construction; Transportation, Communication, Utilities (27.3%); Retail, Hotel, Restaurant (14.1%); Business Services (14.1%); and Consumer

Services (4.1%). Likewise, we tested for differences in firm size among the corresponding industries and found no significant differences.

For non-response bias, examinations were conducted for differences between early and late respondents, and no statistical differences were discovered between the two groups (Armstrong and Overton 1977; Kanuk and Berenson 1975). By using a mail questionnaire, common method variance is a concern. As suggested by (Gibbons and O'Connor 2005; Podsakoff and Organ 1986), a factor analysis of all the items employed in the study was conducted. If a general factor emerged that accounted for a preponderance of the explained variance, this would suggest a higher probability for the effects of common method bias. Using a principal components factor analysis with varimax rotation, the factor analysis produced four factors, with the first factor accounting for 25% of the 62% explained variance. Likewise, the items loaded on the respective four studied constructs. This finding suggests that common method bias is not a problem and should not influence the results.

With the use of a single respondent, there is a greater potential for single respondent bias. Therefore, we randomly selected 30 family businesses and compared their self-reported employment data to the data that each operating firm provided to the State government for labor statistics. Then, we employed an Independent Sample T-test and found no significant differences between the survey data and the archival data. Moreover, through this additional analysis of the archival employment data, we have tested for the possibility of common method bias, as mail questionnaire data results were not significantly different than the secondary data.

Likewise, we were concerned that our results may not be generalizable to other parts of the U.S. To counter this potential issue and following the recommendations of other scholars (e.g., Feltham, Feltham, and Barnett 2005; Winter, Fitzgerald, Heck, Haynes, and Danes 1998), we included two measures of family values that were collected through our survey and also included on the 2002 Massachusetts Mutual Data (MassMutual) survey. These two items were (1) ‘your family members share similar values’ and (2) ‘we agree with the family business goals, plans and policies’. A 1-5 Likert-type scale with ‘1 = not at all’ to ‘5 = to an extreme extent’ anchored both surveys. We matched 50 randomly selected firms from both the survey data and the MassMutual data and conducted Independent Sample T-tests between the two samples for the two items, resulting in no significant differences between the primary and secondary data sources. This finding would suggest that our results are generalizable to family business throughout the U.S.

Measures

Family-based Brand Identity. A review of the extant literature revealed no scales that had previously been used to capture the emphasis being placed on promoting family brand identity. Therefore, following acceptable scale development procedures (DeVellis 1991), survey questions were generated and subsequently reviewed by seven academic and industry experts familiar with family business strategies, marketing research, and operations. The review group included a third-generation family business CEO, two members of a second-generation family business that had introduced professional corporate governance structures to their business, an external non-executive family-business director, a veteran family business consultant, a professor of marketing, and a director of a university family business program. Following their suggestions, the original list of generated items was reduced to four: (1) promotion of the fact that they are a family business to customers; (2) promotion of the fact that they are a family business to suppliers; (3) promotion of the fact that they are a family business in advertising material e.g., letterhead, website, vehicles etc.; and (4) promotion of the fact that they are a family business to financiers. In each case, respondents were asked to indicate the extent of the importance of the preceding items using a five-point, Likert-type scale ranging from 1 = "not at all" to 5 = "extensively." The validity and reliability of the scale was assessed using principal component factor analysis, which yielded a uni-dimensional factor with a coefficient alpha of .91. Employing suggestions by DeVellis (1991) regarding new scale validation, we conducted additional tests for internal consistency including Guttman's split-half (.93) and Spearman-Brown's split-half held technique (.93), the results of which were acceptable.

Competitive Orientation. Competitive orientation was defined in this study based on the pattern of emphasis placed on alternative competitive attributes and activities suggestive of either a customer-centric or product-centric orientation. In doing so, we adapted scales previously developed (Davis, Dibrell, and Janz 2002; Dess and Davis 1984). The customer-centric differentiation scale consisted of five-items ($\alpha = .70$) that measured the emphasis that a firm placed on differentiating itself through customer service. Similarly, a five-item product-centric differentiation scale ($\alpha = .82$) was used to assess the extent to which a firm used unique product attributes to distinguish its products from its competitors. In both cases, respondents used five-point, Likert-type scales, anchored 1 = "not at all" and 5 = "an extreme extent," to indicate their firm's emphasis on the respective scale items.

Firm Performance. As the sample consisted of small- to medium-sized firms, most of which were closely-held and not publicly traded, we faced a paucity of secondary data sources to gain objective measures of firm performance. Following Dess and Robinson (1984) and the work of other scholars in this area, we utilized self-reported measures of performance as provided by the respondent managers or owners. In the current study, managers used a quintile scale to compare their firm's performance over the most recent year with that of industry competitors. Scale values ranged from (1 = "lowest 20%;" 2 = "next lower 20%;" 3 = "middle 20%;" 4 = "next highest 20%;" and, 5 = "top 20%) for each of four performance measures: return on assets, return on sales, sales growth, and market share growth. The four-item performance scale demonstrated a strong degree of internal reliability ($\alpha = .88$).

Analysis

To calculate the descriptive statistics, scale coefficient alphas, and the item correlation matrix, we utilized SPSS 15.0. For measurement and hypothesis testing, we employed structural equation modeling analysis using LISREL version 8.52 (Baumgartner and Homburg 1996).

Results

The correlations shown in Table 1 are suggestive of underlying relationships that warrant further study. The correlation matrix provides no evidence of multi-collinearity among the studied variables as the statistically significant correlations ($p < .05$) were within an acceptable range ($r = .17$ to $r = .39$).

Insert Table 1 about Here

To test for measurement invariance, all of the scales were subjected to a two-phase confirmatory factor analysis approach (Anderson and Gerbing 1988). We first tested the reflective measures and found that the completely standardized factor loadings were statistically significant, as shown in Table 2. A review of the items loading on the four factors is suggestive of convergent validity, as all items loaded at .50 or greater and had statistically significant *t*-values ($p < .05$). The respective items for all measures are listed in Table 2.

Insert Table 2 about Here

The reported coefficient alphas range from .70 to .91 and are within the acceptable range of Nunnally and Bernstein's (1994) .70 cutoff, while the composite reliabilities range from .72 to .91 (Baumgartner and Homburg 1996; Fornell and Larcker 1981). For the average variance extracted (AVE), we found mixed results ranging from .34 to .72 for the different scales, as seen in Table 2. To test for discriminant validity, we checked to see if the squared correlation between pairs of constructs exceeded the AVE, which it did not, suggesting discriminant validity among the studied constructs (Fornell and Larcker 1981).

Second, we conducted nested model comparisons through sequential chi-square difference tests (Anderson and Gerbing 1988). The first model was a fixed (constrained) five-factor model, and the final model was the free (unconstrained) five-factor measurement model. As seen in Table 3, results of the sequential chi-square difference tests showed that the proposed unconstrained model fit the data more aptly than the constrained model ($\Delta \chi^2 = 1202.51$, d.f. = 6; $p < .05$).

Insert Table 3 about Here

With our measurement model demonstrating convergent and discriminant validities, we tested the hypotheses through the structural model by focusing on the comparative fit index (CFI; Bentler 1990), Delta2 (Bollen 1989), and relative noncentrality index (RNI; McDonald and Marsh 1990) as these have been suggested to be the most stable fit indices (Gerbing and Anderson 1992). Our overall model fit statistics are within the three recommended fit indices above the .95 threshold (CFI = .96; Delta2 = .96 and RNI = .97) (Bentler 1990) (see Table 4). Following Hu and Bentler's (1999) recommendation, we also examined other model fit indices (chi-square, root mean square error of approximation (RMSEA), and non-normed fit index

(NNFI) for comparison. The reported model fit indices support proceeding with hypothesis testing.

Insert Table 4 about Here

In Hypothesis 1, we proposed that the family-based brand identity would be positively associated with an emphasis on a customer-centric orientation among family businesses. Our results, presented in the *GAMMA* matrix in Table 4, support this hypothesis ($\beta = .22$; $p < .001$). We did not found comparable results when testing Hypothesis 2, as family-based brand identity did not positively influence the emphasis family businesses placed on a product-centric competitive orientation (β = .-.01; $p > .05$). Our third hypothesis, which proposed that family-based brand identity would directly drive firm performance, was not supported ($\beta = -.02$; $p > .05$). In testing our final hypothesis (H4), we obtained some support for suggesting that competitive orientation (i.e., customer-centric) mediates the relationship between family-based brand identity and firm performance. Specifically, customer-centric orientation fully mediates the family-based brand identity to firm performance ($\beta = .34$; $p < .001$). We did find a positive relationship between product-centric and firm performance ($\beta = .08$; $p < .05$), but there was no relationship between family brand identity and product-centric, suggesting that a product-centric strategy does not mediate the family-based brand identity to firm performance relationship.

Discussion

In this research, we approached competitive orientation as either customer-centric or product-centric. Our results suggest that family-based brand identity permits the family business to attempt to persuade customers to make purchasing decisions based on the perceived attributes of the seller. Interestingly, family-based brand identity did not influence performance directly, rather it was found to influence performance via the firm's competitive orientation, specifically, via a customer-centric orientation. Miller and Le Breton-Miller (2003) reason that, because of their long-term strategic outlook, family businesses will tend to favor strategic orientations built around customer relationships (e.g., customer-centric) over those built on market transactions (e.g., product-centric). Our results tend to support this reasoning and other conjectures that the value of the sales relationship is more influential in customers' decision making than are product or transaction based attributes (Carson and Cromie 1989; Robins 1991).

Our results demonstrate that promoting family-ownership can play a substantive role in establishing a firm's appeal to customers in a manner that is unique to the family business context, and furthers our understanding of the ongoing advantages of embedding the family in the business (Aldrich and Cliff 2003). Also, in line with RBV, family-based brand identity acts as a firm-specific resource affecting competitive behavior and performance. In addition, consistent with current thinking in the marketing (e.g., Sheth, Sisodia, and Sharma 2000) and small business literatures (e.g., Cooper, Upton, and Seaman 2005), we demonstrate the advantage of a customer-centric orientation, as compared to a product-centric orientation, as a primary competitive mechanism for leveraging family-based brand identity to facilitate performance outcomes.

A customer-relationship related resource advantage that family businesses potentially have over their non-family competitors is the fact that they are a *family business*. Previously, we noted that the firm's identity (brand) and what it represents is among a firm's most important assets and provides a basis for building competitive advantage and enhancing performance. To the extent that customers' purchase intentions and behaviors are derived in part from their perceptions of the values, beliefs and norms they associate with a company's identity or brand

(Kowalczyk and Pawlish 2002), then one of the advantages of family businesses that we have empirically established in this research is the signal that family ownership communicates to customers about the types of values, beliefs, and norms likely to prevail in family-owned businesses.

It is conceivable that family businesses who promote their familiness build a reputation in the market place related to customers' positive perception of the family. For example, trust can be an important factor in purchase decisions and trust is often a key value implicitly associated with family membership (Fukuyama 1996). Consequently, when evaluating among alternative providers, functional attributes (e.g., size, market share dominance) may take a back seat to those reputational attributes associated with family-based branding in the purchase decision. In this regard, family-brand identity may act as a proxy of the virtuous qualities that customers associate with family membership. As Miller and Le Breton-Miller (2003) suggest, when families are able to personify their business and "this *personification* of the business helps to establish a virtuous circle in which good deeds are ascribed to personal (family *or* staff) intentions. . .so, much loyalty and commitment grows" (p. 131). Whether this approach is more salient in industries that are made up primarily of family franchisees (e.g., the auto dealer retail sector), who often include their family name and family members in their branding and advertising, or when the majority of products/services are sold to other families, such as in the family residential sector (Robins 1991) is a question for future research to resolve.

From our results, it appears that viewing family-based brand identity as a latent, intangible resource is more consistent with the implementation of a customer-centric strategy compared to a product-centric strategy. That is, the real long term benefit for the consumer lies not in the specific product or service that the family business produces or sells, but rather, it is in the perception that the family is committed to being customer-centric in its orientation towards the marketplace. While this finding might imply a move from product-centric to customer-centric as a way to benefit performance among family businesses, such radical changes in market position may be difficult to achieve and need to be addressed in future research. A challenge for managers seeking to change their firms' competitive orientation will be to define customers' expectations about family-brand values and to discover ways to incorporate this in their efforts directed at building better customer relationships. Of course, it may be that as customers become more aware of diminishing differences between family businesses in the values they represent and promote that more functional, product attributes will become more salient in attracting customers.

While our unit of analysis was purposefully restricted to family businesses, at the broader enterprise-level of analysis, classical theories of economics propose that competitive advantage resides in the ability of the producing unit, whether a sole proprietorship, a family business, or publicly-owned corporation, to uniquely combine resources (including factors of production such as land, natural resources, labor, capital) with administration. At an even higher level of abstraction and analysis, the competitive advantage of nations results from the differences in culture, management style, infrastructure, economies, institutions, histories, demographics, and other factors that affect the way people live and do business. Many studies have shown differences do exist between family-owned or controlled businesses and their publicly-held counterparts. To the extent that our study supports "familiness" as a differentiating factor in the behavior and performance of individual businesses, then more theoretical work will need to be done that clarifies the relationship between family ownership and influence (as a particularistic form of firm-specific resource) and the performance of the enterprise, and by extension, the performance of an important sector of the national and global economy.

Limitations

Although the results provide a clearer understanding of how family businesses can create competitive advantage by leveraging family-based brand identity, we would be remiss if we did not acknowledge certain limitations to our research. Even though we successfully employed a variety of validity and reliability checks to minimize certain methodological limitations, a potential limitation of our study is our cross-sectional sample. The lack of temporal antecedence attendant to cross-sectional research limits the ability to infer causality. However, while the direct effects of our studied variables may have been weakened, conversely, the use of a multi-industry sample enhances the generalizability of the results. Fundamental differences between business-to-business versus business-to-customer relationships are an issue that was not addressed in this study and warrants further investigation. Another potential limitation is the reliance on a single key informant per firm who may have a skewed or inflated perspective of the different model components. Although their data cannot be triangulated with that obtained from other respondents in the same firm, prior research indicates a high correlation between subjective and objective data (Dess and Robinson 1984), which may moderate any potential adverse consequences to the reliability and validity of the results.

Future Research

Several implications for future research are suggested by the findings. First, future scholars should consider examining the perceptions of customers in relation to family-based brand identity. For example, attention will need to be paid to what types of service or product attributes customers attach to family businesses and whether customers' beliefs accurately capture the true attributes of the family business' culture and values. Furthermore, which attributions are most influential in their buying decision? What types and channels of advertising or promotion efforts are most effective for conveying family-related values that build customer relationships?

While the study provides valuable insights into the largely neglected and understudied domain of family businesses, our results may not be generalizable to the entire population of either family businesses or SMEs. We call on researchers to conduct comparative studies that would establish whether the relationships observed here also hold true among non-family-owned or controlled SMEs. In addition, there is an opportunity to examine the effects of family-based brand identity among the population of larger firms that have extensive family ownership or influence. Since such firms are often publicly-traded, this would permit the inclusion of secondary data that could be used to triangulate the results.

A further line of inquiry emanating from this research relates to the role of family-based brand identity in the firms' ongoing ability to mobilize resources. The role of the family in mobilizing resources has been suggested as being crucial in the early stage of the venture, we see potential in investigating whether the positioning of the firm as a family business, and promoting this, has a positive affect on a family business' ability to continue to access resources.

Conclusion

In conclusion, the thrust of this research has been to show how promotion of the family-brand image can have a significant impact on the performance of small- and medium-sized family businesses. It appears from our findings that family brand building should be incorporated as a far more salient and meaningful component in generating positive customer response (growth and profitability). Thus, managers of family business may benefit, not only the expenditure of an appropriate level effort, but also by ensuring that they communicate truly unique and relevant family-brand values to their customers. However, despite the importance attributed to family-based branding and the considerable efforts on brand building exhibited here, managers should keep in mind that brand (family) image appears to play only an indirect role (via customer-centric orientation) in customers buying behaviors, as seen in self-reported measures of the firm's growth and profitability. It is evident from our research that only through a unique customer-centric competitive orientation that values associated with the family brand are effectively communicated and transmitted to customers in a manner that directly affects their purchasing behaviors. In effect, managers and owners of family businesses should recognize that promoting and managing the family brand well is not sufficient to differentiate high and low performers. To effectively leverage family-brand equity also requires appropriately orienting the firm towards the marketplace. In that a product-centric orientation was not effective in channeling family-based branding, managers may want to reevaluate the focus and effectiveness not only of their brand building efforts but also their competitive orientation.

References

Aaker, D. (1991). *Managing Brand Equity: Capitalizing on the Value of a Brand Name*. New York: The Free Press.

Aldrich, H. E. (1999). *Organizations Evolving*. London: Sage.

Aldrich, H. E., and J. E. Cliff (2003). "The Pervasive Effects of Family on Entrepreneurship: Toward a Family Embeddedness Perspective," *Journal of Business Venturing,* 18 (5), 573-596.

Aldrich, H. E. and C. Zimmer (1986). Entrepreneurship through Social Networks. In D. Sexton and R. Smilor, Editors, *The Art and Science of Entrepreneurship*, pp. 3-23. New York: Ballinger.

Anderson, R., and D. Reeb (2003). "Founding-family Ownership and Firm Performance: Evidence from the S & P 500," *Journal of Finance,* 58 (3), 1301-1327.

Anderson, J. C., and D. W. Gerbing (1988). "Structural Equation Modeling in Practice: A Review and Recommended Two-step Approach," *Psychological Bulletin*, 103, 411-423.

Armstrong, S., and T. S. Overton (1977). "Estimating Non-response Bias in Mail Surveys," *Journal of Marketing Research*, 14, 396–402.

Astrachan, J. A., and M. C. Shanker (2003). Family Businesses' Contribution to the U.S. Economy: A Closer Look," *Family Business Review*, 16 (3), 211-218.

Barney, J. B. (1991). "Firm Resources and Sustained Competitive Advantage," *Journal of Management,* 17 (1), 99-120.

Baumgartner, H., and C. Homburg (1996). "Applications of Structural Equation Modeling in Marketing and Consumer Research: A review," *International Journal of Research in Marketing*, 13, 139-161.

Bentler, P. M. (1990). "Comparative Fit Indexes in Structural Equation Modeling," *Psychological Bulletin*, 107 (2), 238-246.

Berthon, P., I. M., Hulbert, and L. F. Pitt. (1999). "To Serve or Create? Strategic Orientations Towards Customers and Innovation," *California Management Review*, 42 (1), 37-59.

Binder Hamlyn. (1994). *"The Quest for Growth: A Survey of UK Private Companies,"* London: Binder Hamlyn

Bollen, K. A. (1989). *Structural Equations with Latent Variables.* New York: John Wiley & Sons.

Carney, M. (2005). "Corporate Governance and Competitive Advantage in Family Controlled Firms," *Entrepreneurship Theory and Practice,* 29 (3), 249-263.

Carson, D., and S. Cromie (1989). "Marketing Planning in Small Enterprises: A Model and Some Empirical Evidence," *Journal of Marketing Management*, 5 (1), 42-49.

Carsrud, A. L. (1994). "Meanderings of a Resurrected Psychologist, or Lessons Learned in Creating a Family Business Program," *Entrepreneurship Theory and Practice*, 19(1), 39-48.

Chaston, I., and T. Mangles (1997). "Core Capabilities as Predictors of Growth Potential in Small Manufacturing Firms," *Journal of Small Business Management*, 35 (1), 47-57.

Chrisman, J. J., J. H. Chua, and P. Sharma. (2003). "Current Trends and Future Directions in Family Business Studies: Toward a Theory of the Family Firm," 2003 Coleman White Paper Series.

Chrisman, J. J., J. H. Chua, and P. Sharma (2005). "Sources and Consequences of Distinctive Familiness: An Introduction," *Entrepreneurship Theory and Practice*, 29 (3), 237-242.

Chua, J. H., J. J. Chrisman, and P. Sharma (1999). "Defining the Family Firm by Behavior,"

Entrepreneurship Theory and Practice, 23, 19-39.
Cooper, M. J., N. Upton, and S. Seaman (2005). “Customer Relationship Management: A Comparative Analysis of Family and Nonfamily Business Practices,” *Journal of Small Business Management*, 43 (3), 242-256.
Craig, J. B., and K. J. Moores (2004). “The Professionalization Process in Family Firms: The Dennis Family Case Study,” in *Family Business Casebook Journal 2004*. Edited by J. H. Astrachan, P. Poutziouris, and K. Soufani. Kennesaw: Kennesaw State University Publisher.
Davis, S. M. (2000). “The Power of the Brand,” *Strategy and Leadership*, 28 (4), 4-20.
Davis, P. S., C. C. Dibrell, and B. Janz (2002). “The Impact of Time on the Strategy-Performance Relationship: Implications for Managers,” *Industrial Marketing Management,* 31 (4), 339-347.
Davis, P. S., and P. D. Harveston (1999). “In the Founder's Shadow: Conflict in the Family Firm,” *Family Business Review*, 12 (4), 311-325.
Dess, G. G., and P. S. Davis (1984). “Porter's (1980) Generic Strategies as Determinants of Strategy Group Membership and Organizational Performance,” *Academy of Management Journal, 27*, 467-488.
Dess, G. D., and R. B. Robinson (1984). ”Measuring Organizational Performance in the Absence of Objective Measures: The Case of the Privately Held Firm and Conglomerate Business Unit,” *Strategic Management Journal*, 68, 265-273.
DeVellis, R. F. (1991). *Scale Development: Theory and Applications.* California: Newbury Park Publishing.
Dibrell, C., and J. B. Craig (2006). “The Natural Environment, Innovation, and Firm Performance: a Comparative Study,” *Family Business Review*, 19, 275-288.
Dunn, B. (1995). “Success Themes in Scottish Family Enterprises,” *Family Business Review*, 8 (1), 17-28.
Dyer Jr., W. (2003). “The Family: The Missing Variable in Organizational Research,” *Entrepreneurship Theory and Practice*, 27 (4), 401-416.
Feltham, T. S., G. Feltham, and J. J. Barnett (2005). “The Dependence of Family Businesses on a Single Decision-Maker,” *Journal of Small Business Management*, 43 (1), 1–15.
Fornell, C., and D. F. Larcker (1981). ”Evaluating Structural Equation Models with Unobservable Variables and Measurement Error,” *Journal of Marketing Research*, 18 (February), 39-50.
Fukuyama, F. (1996). *Trust: The Social Virtues and the Creation of Prosperity*. London: Free Press.
Gerbing, D. W., and J. C. Anderson (1992). ”Monte Carlo Evaluations of Goodness of Fit Indices for Structural Equation Models,” *Sociological Methods and Research*, 21 (2), 132-60.
Gibbons, P. T., and T. O'Connor (2005). “Influences on Strategic Planning Processes among Irish SMEs,” *Journal of Small Business Management*, 43 (2), 170-186.
Gruber, M. (2004). “Marketing in New Ventures: Theory and Empirical Evidence,” *Schmalenbach Business Review*, 56 (2), 164-199.
Habbershon, T., and M. L. Williams (1999). “A Resource-Based Framework for Assessing the Strategic Advantages of Family Firms,” *Family Business Review,* 12 (1), 1-22.
Habbershon, T., M. L. Williams, and I. McMillan (2003). “A Unified Systems Perspective of Family Firm Performance,” *Journal of Business Venturing*, 18 (4), 451-465.

Hambrick, D. C., M. A. Gelekanycz, and J.W. Fredrickson (1993). “Top Executive Commitment to the Status Quo: Some Tests of its Determinants,” *Strategic Management Journal*, 14, 401-417.

Harvey, M., and R. E. Evans (1994). “Family Firm and Multiple Levels of Conflict,” *Family Business Review*, 7 (4), 331-348.

Hu, L., and P. M. Bentler (1999). ”Cutoff Criteria for Fit Indexes in Covariance Structure Analysis: Conventional Criteria Versus New Alternatives,” *Structural Equation Modeling*, 6 (1), 1-55.

James, L. R., and J. M. Brett (1984). “Mediators, Moderators, and Tests for Mediation,” *Journal of Applied Psychology,* 69 (2), 307-321.

Kanuk, L., and C. Berenson (1975). “Mail Surveys and Response Rates: A Literature Review,” *Journal of Marketing Research*, 22, 440-453.

Keller, K. L. (1993). Conceptualizing, Measuring, and Managing Customer-based Brand Equity,” *Journal of Marketing*, 57 (1), 1-22.

Kotey, B., and G. G. Meredith (1997). “Relationships Among Owner/Manager Personal Values, Business Strategies, and Enterprise Performance,” *Journal of Small Business Management*, 35 (2), 37-64.

Kowalczyk, S. J. and M. J. Pawlish (2002). “Corporate Branding through External Perception of Organizational Culture,” *Corporate Reputation Review*, 5 (2-3), 159-174.

La Porta, R., F. Lopez-de-Silanes, and A. Shliefer (1999). “Corporate Ownership around the World,” *Journal of Finance*, 54 (2), 471-518.

Lansberg, I. (1999). *Succeeding Generations: Realizing the Dream of Families in Business*. Cambridge: Harvard Business School Press Books.

Litz, R. A. (1997). “The Family Firm's Exclusion from Business School Research: Explaining the Void; Addressing the Opportunity,” *Entrepreneurship Theory and Practice*, 21 (3), 55-71.

McConaugby, D. L., C. H. Matthews, and A. S. Fialko (2001). “Founding Family Controlled Firms: Performance, Risk, and Value,” *Journal of Small Business Management,* 39 (1), 31-42.

McDonald, R. P., and H. W. Marsh (1990). ”Choosing a Multivariate model: Noncentrality and Goodness of Fit,” *Psychological Bulletin*, 107 (2), 247-55.

Miller, D. and I. Le Breton-Miller (2003). ”Challenge versus Advantage in Family Business,” *Strategic Organization*, 1 (1), 127–134.

Moores, K. J., and J. Mula (2000). “The Salience of Market, Bureaucratic, and Clan Controls in the Management of Family Firm Transitions: Some Tentative Australian Evidence,” *Family Business Review*, 13 (2), 91-103.

Morris, M. H., M. Schindehutte, and R. W. LaForge (2002). “Entrepreneurial Marketing: A Construct for Integrating Emerging Entrepreneurship and Marketing Perspectives,” *Journal of Marketing Theory and Practice*, 10 (4), 1-18.

Munoz, L. (2001). “Money Grows on Family Trees,” *Fortune*, 2 April, p. 128.

Mustakallio, M., E. Autio, and S. A. Zahra (2002). “Relational and Contractual Governance in Family Firms: Effects on Strategic Decision-making,” *Family Business Review*, XV (1), 205-222.

Nahapiet, J. and S. Ghoshal (1998). “Social Capital, Intellectual Capital, and the Organizational Advantage,” *Academy of Management Review*, 23, 242-266.

Nunnally, J. C., and I. H. Bernstein (1994). *Psychometric Theory* (3rd ed.). New York: McGraw-

Hill.
Pelham, A. M. (2000). "Market Orientation and other Potential Influences on Performance in Small and Medium-sized Manufacturing Firms," *Journal of Small Business Management*, 38 (1), 48-67.
Penrose, E. T. (1959). *The Theory of the Growth of the Firm*. Oxford: Basil Blackwell.
Podsakoff, P. M., and D. L. Organ (1986). "Self-Reports in Organizational Research: Problems and Prospects," *Journal of Management*, 12 (4), 531-544.
Porter, M. E. (1980). *Competitive Strategy.* New York: Free Press.
Post, J. E. (1993). "The Greening of the Boston Park Plaza Hotel," *Family Business Review*, 6 (2), 131-148.
Ram, M., and R. Holliday (1993). "Relative Merits: Family Culture and Kinship in Small Firms," *Sociology*, 27 (4), 629–648.
Robins, F. (1991). "Marketing Planning in the Larger Family Firm," *Journal of Marketing Management*, 7 (4), 325-341.
Rogoff, E. G., and R. K. Z Heck (2003). "Evolving Research in Entrepreneurship and Family Business: Recognizing Family as the Oxygen that feeds the Fire of Entrepreneurship," *Journal of Business Venturing*, 18 (5), 559-566.
Salant, P., and D. A. Dillman (1994). *How to Conduct Your Own Survey*. Chichester: Wiley.
Sanders, J. M., and V. Nee (1996). "Immigrant Self-employment: The Family as Social Capital and the Value of Human Capital," *American Sociological Review*, 61, 231-249.
Sheth, J. N., R. S. Sisodia, and A. Sharma (2000). "The Antecedents and Consequences of Customer-centric Marketing," *Journal of the Academy of Marketing Science*, 28 (1), 55-67.
Sirmon, D. G., and M. A. Hitt (2003). "Managing Resources: Linking Unique Resources, Management, and Wealth Creation in Family Firms," *Entrepreneurship Theory and Practice*, 27 (4), 339-358.
Venkatraman N. (1989). "The Concept of Fit in Strategy Research: Toward Verbal and Statistical Correspondence," *Academy of Management Review*, 14 (3), 423-444.
Wernerfelt, B. (1984). "A Resource-based View of the Firm," *Strategic Management Journal*, 5, 171-180.
Westhead, P. and M. Cowling (1998). "Family Firm Research: The Need for a Methodological Rethink," *Entrepreneurship Theory and Practice*, Fall, 31-56.
Winter, M., M. A. Fitzgerald, R. K. Z. Heck, G. W. Haynes, and S. M. Danes (1998). "Revisiting the Study of Family Businesses: Methodological Challenges, Dilemmas, and Approaches," *Family Business Review,* 11(3), 239-252.
Zahra, S. A., J. C. Hayton, and C. Salvato (2002). "Organizational Culture and Entrepreneurship in Family Firms: A Resource-based Analysis," Paper presented at Second Annual Conference on Theories of the Family Enterprise, Philadelphia, December.
Zsolnay, C. A., and J. L. Ward (2004). "Succession and Continuity for Johnson Family Enterprises," in *Family Business Casebook Journal 2004*. Edited by J. H. Astrachan, P. Poutziouris, and K. Soufani. Kennesaw: Kennesaw State University Publisher.

Table 1
Descriptives, Coefficient Alphas, and Correlation Matrix

Variable	Means	Standard Deviation	Coefficient Alpha	1	2	3
1. Family Brand Identity	2.36	1.16	.91			
2. Customer-centric	3.20	.55	.70	.17*		
3. Product-centric	2.63	.93	.82	-.01	.39**	
4. Firm Performance	3.33	.96	.88	.04	.32**	.18*

* $p < .05$ (two-tailed test)
** $p < .01$ (two-tailed test)

Table 2
Measurement Properties (n=181)[3]

Construct and Item	**Completely Standardized Loading [a]**	**Composite Reliability**	**Average Variance Extracted Estimate**
Family–based Brand Identity		.91	.72
1. You promote the fact that you are a family business to your suppliers	.92		
2. You promote the fact that you are a family business to your customers	.91		
3. You promote the fact that you are a family business to your financiers	.82		
4. You include something about the fact that you are a family business on your advertising material e.g. letterhead, website, vehicles etc.	.73		
Customer-centric		.72	.34
1. Tight control of selling/general/administrative expenses	.50		
2. Customer service (including after sales support)	.62		
3. Innovation in marketing techniques	.60		
4. Quick delivery and immediate response to customer orders	.56		
5. Higher quality standards than competitors	.61		
Product-centric		.82	.48
1. Developing new products	.74		
2. Producing specialty products	.72		
3. Upgrading existing products' appearance and performance	.77		
4. Investing in new R&D facilities to gain a competitive advantage	.62		
5. Emphasizing products for high price market segments	.60		
Firm Performance		.87	.63
1. After-tax return on total sales	.93		
2. After-tax return on total assets	.90		
3. Total market share growth	.67		
4. Total sales growth	.62		

[a] All paths were statistically significant ($p < .05$; two-tailed test)

[3] Listwise Deletion

Table 3
Confirmatory Factor Analysis Fit Indices

Model	Chi-square	*d.f.*	Δ in Chi-square	*CFI*	*Delta2*	*RNI*
Constrained Factor Analysis of Studied Factors	1429.67	135	----	.49	.49	.34
Unconstrained Factor Analysis of Studied Factors	227.16	129	1202.51*	.94	.94	.95

* $p < .05$ (two-tailed test)

Table 4
Structural Model Parameter Estimates and Goodness-of-Fit Statistics for Saturated Model

Estimates and Fit Statistics	Completely Standardized Estimate	*t*-Value
Model Parameters:		
GAMMA Parameters		
Family Brand Identity → Customer-centric	.22	4.44***
Family Brand Identity → Product-centric	-.01	-.30
Family Brand Identity → Firm Performance	-.02	-.48
BETA Parameters		
Customer-centric → Firm Performance	.34	6.16***
Product-centric → Firm Performance	.08	2.04*
Theta-Delta Parameter[4]		
Promote family to customers ↔ Promote Family on advertising	.14	7.68***
Theta-Epsilon Parameters[2]		
Immediate response to customer orders ↔ Innovation in marketing techniques	.20	5.64***
Sales growth ↔ Market share growth	.30	11.08***

Goodness-of-Fit Statistics:
$\chi2$ = 184.44 (d.f. = 127, p = 0.0); CFI = .96; Delta2 = .96; RNI = .97; RMSEA = .05; NNFI = .96.

* (p < .05; one-tailed test)
** (p < .01; one-tailed test)
*** (p < .001; one-tailed test)

[4] These items were allowed to correlate to improve overall mode fit.

Figure 1
Model of Hypothesized Relationships