Bond University

DOCTORAL THESIS

An Investigation and Behavioural Explanation of Family Businesser Functioning

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CHAPTER 1

INTRODUCTION

Entrepreneurial and family businesses and people concerned with them possess certain unique qualities, problems and challenges (Kets de Vries, 1996). This research investigated those qualities, problems and challenges in two studies. The first study was an investigation that explored the complex relationships that have the potential to influence behaviour of individuals from various stakeholder groups within the family and business systems. The second study was designed to explore and explain the causes of behaviour in a sample of family businesses. The aim of these studies was to assist the family business community (referred to in this research as family business*ers*) by furthering their knowledge of the distinctive issues that need to be managed in order to function optimally as an individual within a family business.

A background of the family business dynamic is first introduced in this chapter (i.e., the research context). Included in this background section are various definitions of family business and a review of the extant literature that suggests why family businesses are different to other business types and this discussion frames the motivation of this study of family business*er* behaviour.

Background

There is no unifying paradigm for research and practice in the field of family business (Wortman, 1994). Subsequently, there is no single definition of family business in the literature (Astrachan, Klein & Smyrnios, 2002; Desmond & Brush, 1991; Littunen & Hyrsky, 2000; Upton, Vinton, Seaman & Moore, 1993). In fact, there are at least fortyfour different descriptions of family business (Habbershon, Williams & Daniel, 1998; Neubauer & Lank, 1998; Sharma, Chrisman & Chua, 1996).

Sharma, Chrisman and Chua (1996) used strategic management as an organizing framework to divide family business definitions. They suggested that definitions can be categorized into (1) ownership-management focus, (2) generational transfer focus, (3) interdependent subsystems, and (4) multiple conditions. Examples of ownership-management focus definitions are "…a profit making concern that is either a proprietorship, a partnership, or a corporation…If part of the stock is publicly owned, the family must also operate the business" (Alcorn, 1982, p. 23); "…firm's ownership and policy making are dominated by members of an *emotional kinship group* whether members of that group recognize the fact or not" (Carsrud, 1994, p. 40). Generational transfer definitions include: "…a business that will be passed on for the family's next generation to manage and control" (Ward, 1987, p. 252; also see Churchill & Hatten, 1987). Davis' interpretation falls under the interdependent subsystems definition: "the interaction between two sets of organization, family and business…establishes the basic character of the family business and defines its uniqueness" (Davis, 1983, p. 47). Others, including Astrachan and Kolenko (1994), Litz (1995) and Handler (1989) make up the multiple condition category. Family business*ers* in this current research belong in the mid-range definitional category shown below:

- Broad definition: *requires family to have some degree of effective control of strategic decision direction, and the intention of keeping the business in the family.*
- Mid-range definition: *all the above, plus, founder or descendants of the founder should run the business.*

- Narrow definition: *multiple generations should be involved in daily operations* (Shanker & Astrachan, 1996, p. 23).

Family businesses differ from publicly held or professionally managed firms. In family business the family and the business are so closely intertwined that the conduct of business is often charged with emotion (Alderfer, 1988). Family businesses are less horizontally differentiated, less formalized, and less reliant on internal controls (Daily & Dollinger, 1992; Geeraerts, 1984). Strategically, family firms have complex, multiple goals and varying priorities (Dunn, 1995; File, Prince & Rankin, 1994). Hirschhorn and Gilmore (1980) observed, “people choose organizations but are born into families” (p. 19). However, in family business individuals are also born into their organizations. As well, exiting an organization that “you are not tied to as a family member is sometimes difficult, but exit is more complex and the entanglements run deeper in families” (p.19).

Scholars from all business-related streams of research have investigated family firms. This diversity and the varied approaches that have been employed have added breadth but hindered progress in gaining a deeper understanding of family firms (Habbershon et al., 1999). The family business has been examined using a systems approach in several studies. McCollum (1988) suggested that the family dynamics of owners often interfere with business operations and that the appropriate solution is to shield the business from the family. Similarly, Budge and Janoff (1991) saw family and business as two systems that can ideally work together but, in reality, often work at cross-purposes and create difficulties for families in business as well as the people who work with them. Work and family systems function similarly in many respects. According to Friedman (1986) when referring to emotional processes, work systems replicate and function like families. That is, both have their own rules, power structures, and communication problems (Tolley, 1994). Whiteside & Brown (1991) contended that the dual systems approach may have prevented the full examination of the nature of the firms and, when viewed as a single system, the family firm organization can be described as having both task and emotional characteristics. Consistent with that approach, Danes, Rueter, Kwon and Doherty (2002) applied the fundamental interpersonal relations orientation (FIRO) model to view the family and its business as a single system. Family business research has now evolved to the point where to understand behaviour within the family business “we must recognize that the two subsystems (family and business) co-exist and it is their relative powers that make a family business unique” (Sharma, Chrisma & Chua, 1996, p. 20).

The universally accepted three-circle model of family business (Davis & Taiguri, 1985) appears in Figure 1a. In this Venn diagram, the overlap of management, control and ownership is shown to be the main challenge of operating family businesses. In Figure 1b, a similar diagrammatical representation appears but an individual needs approach is introduced and the variables have been changed to family, business and the individual (Sharpley, 2002) which was adapted from the family business process framework introduced by Grant (1991).

Figure 1a.

The Family Business: The Accepted Framework

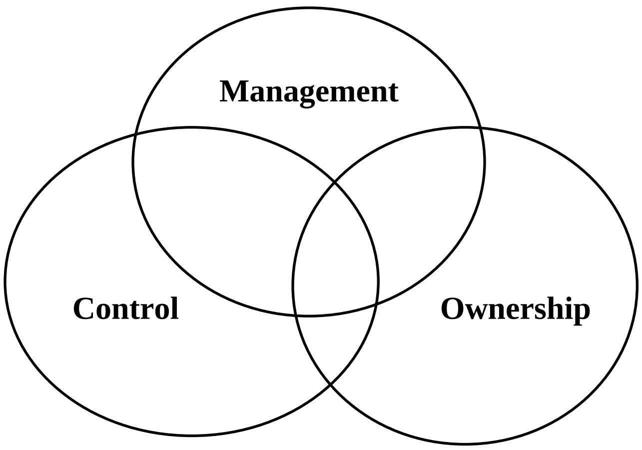
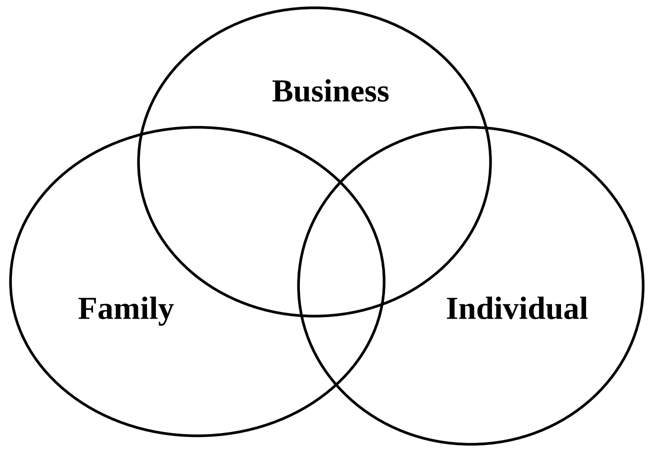


Figure 1b.

The Family Businesser: An Individual Needs Approach



Individuals who work with members of their families in family business are involved in what has been described as the most difficult type of business (Neubauer & Lank, 1998). They are also involved in globally the most popular type of business (La Porta, Lopez-de-Salinas, & Shleifer, 1999). Various postulations have been offered for the low survival rate of family businesses. Some have suggested that it is the founder who is the real driver (the true entrepreneur) behind the business and that his/her offspring do not inherit this characteristic (Kaslow & Kaslow, 1992; Sonnenfield & Spence, 1989). Others have suggested that professional business practice and corporate governance are lacking as the family business venture matures and that this contributes to the ultimate demise of the business (Neubauer & Lank, 1998). Still others have posited that it is because the founder is unable to “let go” of the business that they were responsible for founding (Churchill & Hatten, 1987; Moores & Barrett, 2003). Many entrepreneurial ventures go on to be the basis for successful family businesses and family dynasties. But success and sustainability often involve a change of behaviour by the founding entrepreneur in first to second generation transfer or in members of the controlling generation in subsequent successions (Kets de Vries, 1996).

For individuals to operate effectively in the family business environment, complex relationships must be managed. For example, individuals must be aware of the way that they interact with members of their family in a variety of work and family situations. The family business literature has not addressed this in detail. As family business as a research pursuit is comparatively new, there is a lack of theory driven methods of learning about and understanding individual behaviour of those who work with members of their family. The following statements are indicative of the gaps in the literature that this research aims to address:

- The family influences behaviour at the individual, group and organizational levels and has been a neglected variable in organizational research (Gibb Dyer, 2003).
- Many students of family businesses pay attention to structures and systems instead of the people involved. When people are taken into consideration, the theories of individual motivation, decision-making, and group behaviour that are applied to them are oversimplified (Kets de Vries, 1996).
- It is rare that the processes that interventionists (therapists, consultants, and the like) who work with family business*ers* have been developed with scientific precision (Habbershon & Pistrui, 2002).

Contrasting research methodologies were used in the two studies of this thesis to address these gaps. Study one was a group design study that reported the responses of 370 family business*ers* from 46 families to a series of questions that dealt with a comprehensive range of family and business issues. Study two was a single case direct replication design study in which the causes of behaviour of three family business*ers* were established and explained.

Organization of the Thesis

Chapter Two introduces the research propositions and shows how they were derived from three empirical and five case studies that were undertaken in preparation for this major research project and investigates the research question in a detailed experimental study of 46 business families using an adaptation of the evolutionary theory of the firm.

Chapter Three addresses the research problem in a study that involved interpreting the behaviour of individuals from three of the lead-up case study families using functional assessment techniques and Valued Outcomes Analysis.

Chapter Four links the findings of the two studies and discusses the research implications and addresses the limitations of the research. The final section is devoted to future research opportunities resulting from this project.

CHAPTER 2

INTRODUCING AND INVESTIGATING THE PROBLEM

Introduction

Details of studies that were undertaken in preparation for this major research project are first outlined in this chapter. These studies are then synthesized from a family business*er* behaviour viewpoint. The key issues related to how individuals behave and function in family businesses were distilled from these studies and it was from these that the research propositions that are then introduced were derived. After that, the research question is posed and investigated in the first of two studies of the thesis.

Lead-up Studies

A two-year research program involving three empirical and five qualitative family business studies has been undertaken, either in collaboration or solely by the candidate, in the lead-up to the final two-study project. These lead-up studies provided valuable insights into individual and family behaviour. Various methodologies (including interviews, mail questionnaires, electronic questionnaires) were used to collect data from a total of 254 individuals representing 185 family businesses on a variety of family business issues (e.g., conflict handling style, leadership, communication, family and business governance) that were pertinent to understanding family business*er* behaviour. In addition to these studies, approximately 70 hours has been spent with family business*ers* in a clinical setting as part of candidature for registration as a psychologist in the State of Queensland. Those case records are not included.

Lead-up Study One (Empirical Research)

This exploratory study examined individual conflict handling styles and perceived family functioning in a sample of Australian family businesses. Family business*ers* (n = 54) were analyzed against a control group of non-family business respondents (n = 49). Two validated questionnaires, the Rahim Organisational Conflict Inventory II (ROCI-II) (Rahim, 1983) and the Bowen theory based Family Adaptability and Cohesion Evaluation Scales III (FACES-III) (Olsen, Russell & Sprenkle, 1989) were used in this study. Statistically significant differences were found between the two groups.

Lead-up Study Two (Empirical Research)

Using the Multilevel Leadership Questionnaire-5X Leadership Orientation Scale (Bass & Avolio, 1997), this study examined the transactional and transformational leadership orientations of 112 Baby Boomer (Boomers) and Generation X (Xers) members of family businesses. Boomer family business individuals had a different leadership orientation than Xers. Specifically, Boomers had a more “rounded” leadership orientation that included both transactional and transformational leadership orientations, whereas Xers did not.

Lead-up Study Three (Empirical Research)

In this research the family business development/life cycle, agency and stewardship theory literature was used to explore the evolutionary nature of family business leadership. As founding entrepreneurs anoint successors, or sibling partnerships take the business reins, the new generation leaders have come to be viewed as “baton holders” or as “representatives of their generation.” In that way, these new leaders, unlike the companies' founding *principals*, are more *agents* acting on behalf of the extended family just the way CEOs act on behalf of shareholders in the publicly held company arena. This relationship has been interpreted in the literature using agency theory, which is universally accepted as "the dominant paradigm underlying most governance research" (Davis, Schoorman, & Donaldson, 1997, p. 20). An alternative approach, stewardship theory (Donaldson & Davis, 1989, 1991; Salvato, 2002), was used in this study to interpret this leadership role. After developing and testing a 24-item instrument that divides stewardship theory into psychological and situational factors using a sample of 72 family business leaders, respondents' propensity to be a steward or an agent by family generation and birth cohort as well as business life stage were classified. There was encouraging support from data obtained in this study for stewardship theory as a suitable governance relationship theory in family business.

Lead-up Study Four (Case Study Research)

This study measured the effect of intervention recommendations on job satisfaction and productivity in a small to medium sized family business. Using triangulated data collection methods, a communication audit was conducted, strengths and weaknesses were identified and strategies for improvement were recommended. Recommendations were introduced and changes were evaluated after a 12-month period. Significant improvements were found in both job satisfaction and productivity. In family businesses where employees at both line and managerial levels have loyalty to individual family members from different generations, commissioning outside the family appraisers (as was the case in this study) can produce results that will benefit the bottom-line result through increased productivity, and business functioning through improved job satisfaction.

Lead-up Study Five (Case Study Research)

This study outlined the 4Ls model of learning family business (Moores & Barrett, 2003) specifically the leadership stage of the model. Particular emphasis was paid to how family business*ers* in leadership and decision-making positions can increase their effectiveness by understanding how to adjust their responses to suit different situations. Proven psychophysiological response (biofeedback) techniques were applied to a second-generation family business*er* to help increase understanding of individual reaction styles with the aim of assisting in developing methods to improve communication, minimizing conflict and reducing stress.

Lead-up Study Six (Case Study Research)

This study examined a second-generation family business that introduced professional corporate governance structures to its organization. The main contribution of this research was the in-depth knowledge that was gained from tracking a two-generation family business that, rather than waiting for conflict to occur during transition between and within generations, addressed a variety of crucial issues.

Lead-up Study Seven (Case Study Research)

This research presented a framework that introduced the family dynamic to Timmons' (1999) driving forces model of entrepreneurship. The framework highlighted the influence of the family in the entrepreneurship process and the importance of the fit among the three driving forces and the family. It highlighted the importance of, and the pivotal roles played by, outside boards of directors when entrepreneurial activities were undertaken by family businesses.

Lead-up Study Eight (Case Study Research)

The focus of this paper was the measurement and management tool known as the Balanced Scorecard (BSC) (Kaplan & Norton, 1992) and how it can be applied in the context of a family business. An action research approach was used in a second-generation family business to explore how family businesses can professionalise their management by the adoption of a Balanced Scorecard strategy map that links the values and the vision of the founder to the strategy of the family business.

A *Behaviour-Focused* Synthesis of the Lead-up Studies

The three empirical studies suggested that: (1) conflict and functioning differs in family and non-family business contexts (i.e., family business*ers* behave differently) (Craig, 2002); (2) leadership style (i.e., leadership behaviour) is different between family business generational cohorts (Craig, Lindsay & Moores, 2002); (3) intrinsic and extrinsic motivation differ across the life span (and therefore influences individual behaviour) of family business*ers* (Craig, Moores & Green, 2003).

The five case design studies highlighted that: (1) communication (i.e., verbal behaviour) between different generations differs at home and at work and staff loyalties can be divided during generation transition (Craig & Brown, 2002); (2) family involvement in business can influence individual reaction styles, effect communication, cause conflict and individual stress (i.e., covert behaviour) (Sharpley, Moores, Lindsay &

Craig, 2001); (3) professionalizing business practices can assist in minimizing conflict and improving family functioning (i.e., behaviour change) during generational transition (Craig & Moores, 2002); (4) as family businesses go into the third generation, emotional attachment (i.e., covert behaviour) by individual family business*ers* to the traditional business model can influence the introduction of new business practices (i.e., behaviours) and cause friction between and within generations (Craig & Lindsay, 2002), and (5) there is potential for conflict when the founder (i.e., individual behaviour) does not embrace new methods of management suggested by the next generation (i.e., collective behaviour)(Craig & Moores, 2002).

There were multiple complex behavioural issues evident in each of the families that were involved in the five case design studies. Family one, on which the communication audit was conducted, was grappling with more than communication. The founder was still actively involved in the business but did not have an official role. He could not let go of the business and hand control to the next generation. He could not decide on whether to anoint his son or son-in-law as the next leader of the business. Eventually this behaviour ended in the son leaving the business in acrimonious circumstances.

In family two, there were two relationships that were influencing individual behaviour. These involved the relationships that the appointed second-generation leader had with his father (the founder) and also with his brother, his equal partner in the business. Although the founder of the business had retired from the day-to-day operation of the business he was still interfering on a regular basis. Also, it was evident that the brother did not share the same commitment to the business as the appointed business leader, and this behaviour was causing conflict and frustration.

Family three addressed many of the issues that face families in business by introducing formal governance structures. This meant that conflict was dealt with and that forums were set up to deal with any contentious issues. However, this process took considerably longer that first anticipated as various parties had to adapt their behaviour. All agreed that there was considerable frustration between family members during the time that they worked through the professionalisation process.

Family four also introduced formal structures to address key issues. However, this caused division in the family, as many of the third generation were still not convinced that the business strategy was the right one. Conflicts were kept to a minimum but the behaviour of individual family business*ers* had caused at least one of the third generation members to be ostracized.

Family five was not able to agree on vital issues of governance and control and the behaviour of several stakeholders was disruptive. They were at a stalemate and were operating without any plans for management, ownership or control succession in place. The founder did not want his son to enter into the business. The daughter who was working in the business subsequently left the business. The founder did not want to step down from his position and could not be persuaded to relinquish any control.

Research Propositions

The challenges that face business-owning families (and consequently influence their behaviour) frame the research problem that is investigated in this thesis and working with the families in the lead-up research projects provided valuable insights into these challenges and the causes of these behaviours. As a result of studying family businesses from a variety of perspectives (e.g., leadership, communication style, governance) in the lead-up studies (both empirical and case study design) and insights gained from working in a clinical setting with family business*ers*, the areas of behaviour that influenced individual functioning were categorized by the candidate and validated by two family business experts (one researcher and one consultant). These categories and subsequent research propositions appear in Table 1. It was also evident that behaviour was influenced dependent on whether individuals: (1) worked in the business, (2) owned stock in the business, or (3) were blood related to the founding family. Gender and generational cohort differences also figured prominently. The family business consultant confirmed these observations.

Table 1

Research Propositions

Category	Proposition
Individual development	P1: Individual development can be hindered for those who work in evolving family businesses because of the influence that the founding generation has, for example, in the development of routines that shape the business, and the ongoing dominant role that the family business plays in the lives of individuals from a variety of stakeholder groups, and this may influence individual behaviour.
Business direction	P2: Family business success in the early stages is due to the involvement of the entrepreneurial founding generation and often does not involve complex planning, articulated direction or input from other stakeholders. As the business grows both in size and complexity and subsequent generations join the business, more detailed planning and direction and input from a variety of family stakeholders is required, and stakeholder cohort membership may influence individual behaviour.

Table 1 (Cont'd)

Research Propositions

Category	Proposition
Business management	P3: As the business evolves, new routines that challenge existing methods need to be introduced by management. Management issues can cause conflict in family business because of the different levels of business understanding between stakeholder groups, and this may influence individual behaviour.
Family participation	P4: The involvement of family members in multi-generational family businesses may be a contentious issue that influences individual behaviour because of the conflicting expectations of the individuals from a variety of stakeholder groups and, as a consequence, rules need to be established to ensure stakeholders are aware of their entitlements.
Family and business boundaries	P5: In evolving family businesses there is a tendency for family and business boundaries to be blurred and this may influence behaviour. In early stage businesses this is unavoidable, but as the business evolves, family and business boundaries need to be defined.
Business ownership and control	P6: The founding generation established the business. They were the initial owners and controllers of the business and the business existed primarily to meet their needs. Over the life of the business, norms that address control and ownership issues must be established as the needs of stakeholder groups change, and this may influence individual behaviour.
Communication & conflict	P7: The codes of conduct that families in business establish to communicate and resolve conflicts are important because confusion arises as the business evolves and family members have dual family and business roles, and this may influence individual behaviour.

Study One

Research Question

What are the divisive issues that have the potential to influence individual behaviour in multi-generational family businesses, and to what extent does stakeholder cohort membership (i.e., being employed by the business, being an owner of stock in the business, being a blood relative of the founder, gender, or generation) matter?

Theory Development and Hypotheses

It was apparent when observing the behaviour of the families involved in the lead-up case studies that the inclusion of family members in a business setting could create a dedicated, motivated workforce. This environment nurtured relationships that enabled members of the family to embrace family traditions and encouraged them to be active contributors to the family as well as the business, and they were valued for their contribution. Usually, they were more committed to the business' success than typical employees. These family relationships generate unusual motivation, cement loyalties, and increase trust (Taiguri & Davis, 1996). Alternatively, when multiple generations work together, there is potential for disagreement around issues of control, power and competition as individuals' interests and agendas diverge (Rosenblatt, de Mik, Anderson & Johnson, 1985). In a father-son dyad, for example, this disagreement is often connected with the father's desire that the business do well, that his hard-won achievements not be undermined, and that his expertise be put to good use, and with the son's conflicting desires for autonomy and parental recognition (Dumas, 1992). Regardless of the circumstances, failure to transfer ownership and control from one generation to the next limits the level of individuation and maturation possible for family members (Swogger, Johnson & Post, 1988).

Davis and Tagiuri (1989) highlighted the variance in work-relationship quality over the life stages of individuals (fathers and sons) from two generations. The life stages of both were used to explain the quality of work relationships. An important inference from this research was the suggestion that, although the family company can “promote independence – permitting a faster career path, larger income, and so forth, it may impede attempts to establish independence and therefore have a regressive or retarding influence on the younger generation” (p. 71). A further inference was that sons/daughters should not start working with incumbent generations until both are beyond their individual period of identity formation.

The introduction of the daughter into the family business has also been found to pose a potential threat to individual development and several key relationships within the family and the business systems. Those people affected include the mothers, the non-family managers, fathers and siblings. Conflict and anxiety within the family business is created as identities and roles shift. For example, a daughter may begin to replace her mother as the father’s confidante concerning business matters, thus threatening the mother’s position in the family business and, in some cases, the mother-daughter relationship (Dumas, 1992). Also, other siblings are negatively affected if they are overlooked as the daughter who is working with the father takes a more prominent position in the business. Related to this issue, Eckrich and Loughead (1996) found that late adolescents from families who own their own businesses have a less clear sense of their abilities, talents, and interests in a career than do late adolescents from non-family business homes.

Miller and Rice (1988) focused on the restricted opportunities for individual choice that face family members who take jobs in a family business. The suggestion was made that there is a requirement to put family before self and that individual action must be compatible with family aspiration, and individual freedom must be curbed or even denied. In relation to working in the business, they argued that (in some instances) being a member of the family is sufficient; membership needs no other qualification than birth; family loyalties ensure that the competent will serve and that the incompetent will be protected.

Theoretical models have been developed to link individual and family life stages with the family business. Hollander and Elman (1988) suggested that this literature could be divided into three approaches: (1) that which relates the firm's developmental stages to the family's generational progression (Hershon, 1975); (2) research that studies the relationship between the firm's needs and individual's life stages (McGivern, 1989); and (3) that which looks at the interaction between the firm, the family and key individuals (Brush & Chaganti, 1999; Dunn & Kaye, 1999; Malone & Jenster, 1992; Sonnenfield & Spence, 1989; Ward, 1987).

These previous studies indicated that the behaviour of individuals who are involved in family business can be influenced by their position in the family and the business, the various roles and responsibilities that each play in the family and business, and their stage of individual development as they take on these roles and responsibilities. Subsequent to this review, the first hypothesis is presented below:

Hypothesis 1

Family business*ers* will significantly differ from each other on *individual development* related issues dependent on their:

H1a: employment status (with no prediction offered regarding the strength of responses between employed by the business and not employed)

H1b: ownership status (with no prediction offered regarding the strength of responses between stock owners of the business and non-stock owners)

H1c: relationship to the founding family (with no prediction offered regarding the strength of responses between blood related to the founder and not blood related)

H1d: gender (with no prediction offered regarding the strength of responses between males and females)

H1e: generational cohort (with the founding generation reporting stronger responses than subsequent generations)

The contribution of the founding generation to the family business was reinforced in the lead-up studies. The founding generation was made up of the entrepreneurial individuals (often husband and wife) who were responsible for the survival and early success of the business and were contributors to its sustained success. These entrepreneurial types have been described as people who move confidently in an uncertain future (Mintzberg, 1973). They are driven by intuition rather than by data analysis (Pinchot, 1985) and are often viewed as slightly irrational individuals (Quinn, 1982). Some authors have presented entrepreneurs as people who place immediate short-term problem-solving ahead of planning (Brockhaus & Horwitz, 1986; Ross, 1987). Entrepreneurs' behaviour is guided by the opportunities that arise. These opportunities are analyzed in relation to the benefits that can be drawn from them, regardless of the resources that are available to exploit them (Timmons & Spinelli, 2003).

Like individuals, organizations have been studied temporally. Life cycle models have been developed that assist in the interpretation of the behaviour of an organization along a time line. That is, organizations (family businesses included) evolve through entrepreneurial, high-growth, mature and decline phases (Adizes, 1979; Churchill & Lewis, 1983; Downs, 1967; Greiner, 1972). The founding generation of the family business finesses the business through the entrepreneurial stage. To retain the entrepreneurial spirit, Post (1993) has stated that family businesses must generate a new strategy for every generation that joins the business. Strategies recommended include starting a new venture or division of the business (Barach, 1984), internationalizing the business (Gallo & Sveen, 1991), and helping successors acquire skills that other family members do not possess (Wong, 1993).

Also evident in the lead-up case studies was the way that the family businesses practiced values-based management. Values-based (family) management is at odds with professional (bureaucratic) management (Henderson & Parsons, 1947). Thus, as family businesses evolve and introduce professional management that moves them away from the values-based management practices of the founding generation, there is potential for philosophical debate, if not conflict (for example, between family members and professional management) that may influence firm performance and sustainability (Vinton, 1998).

As the business grows in complexity there is a need to introduce professional business practices (Moores & Barrett, 2003). Researchers have drawn from a variety of approaches, including organizational life cycle theory (Churchill & Hatten, 1987), contingency perspective (Moores & Mula, 2000), agency theory (Gomez-Mejia, Nunez-Nickel & Gutierrez, 2001; Schulze et al., 2001), and stewardship theory (Salvato, 2002) to explain this transition. This growing body of literature has begun to explain how family businesses are governed and has further highlighted the proposition that family firms are complex and, as such, may violate the underlying assumptions of traditional governance and management theories (Mustakillio, Autio, & Zahra, 2002; Neubauer & Lank, 1998). The interacting and sometimes conflicting business and family systems require maintenance through the introduction of proven management structures (Danco, 1982). The introduction of professional management teams, effective financial planning and control systems, and strategic planning efforts has been recommended as minimum management related initiatives (Jonovic, 1989). The acknowledged 'best practice' in family business operation includes governance structures that ensure objective viewpoints are sought. These structures include appointing outside the family board members. For family businesses not large enough to attract outside board members, family councils (Lansberg, 1983; Ward, 1987), review councils (Jonovic, 1989), or advisory councils (Danco, 1982) are recommended. The introduction of corporate governance initiatives has been found to contribute to, for example, the survival of family businesses (Neubauer & Lank, 1998), family harmony (Craig & Moores, 2002) and improved communication (Habbershon & Astrachan, 1997). Addressing issues related to the management of a family business is vital, as "the very nature of business often seems to contradict the nature of the family. Families tend to be emotional; businesses are objective. Families are protective of their members; business, much less so. Families grant acceptance unconditionally. Businesses grant it according to one's contribution" (Ward, 1987, p. 54).

Malone (1989) suggested that it is easier for family business to approach continuity planning via strategic planning than by tackling it directly as a family issue. In addition, Harveston, Davis and Lyden (1997) found that the gender of the owner/manager of a family business effects planning. Specifically, they found (1) the owner's age played a greater role among male-led organizations than among female-led organizations, where the age of the owner did not appear significant; (2) organisational characteristics (i.e., size and formality) differed between male- and female- led organizations, and (3) capital factors (i.e., access to capital and the importance of family funding) did not play a greater role in determining the comprehensiveness of the succession-planning process within male-led organizations than within female-led organizations.

The body of literature presented in this section implied that family businesses evolve differently than other businesses as they progress from a comparatively loose management philosophy that is centered around the founder to a more structured dynamic that includes multiple stakeholders from within and outside the family, and then are faced with the challenge of succession. Moreover, it has highlighted that individual behaviour will be influenced as there are potentially different levels of business awareness and knowledge between stakeholder groups which may lead to conflicting interpretations of the changes required in the business dependent on individual needs and cohort membership. From this review, a further two hypotheses were developed:

Hypothesis 2

Family business*ers* will significantly differ from each other on *business direction and planning* related issues dependent on their:

H2a: employment status (with employed by the business reporting stronger responses than not employed)

H2b: ownership status (with stock owners in the business reporting stronger responses than non owners of stock)

H2c: relationship to the founding family (with blood related to the founder reporting stronger responses than not blood related)

H2d: gender (with no prediction offered regarding the strength of responses between males and females)

H2e: generational cohort (with subsequent to the founding generations reporting stronger responses than the founding generation)

Hypothesis 3

Family business*ers* will significantly differ from each other on *management related* issues dependent on their:

H3a: employment status (with employed by the business reporting stronger responses than not employed)

H3b: ownership status (with stock owners in the business reporting stronger responses than non-stock owners)

H3c: relationship to the founding family (with no prediction offered regarding the strength of responses between blood related to the founder and not blood related)

H3d: gender (with males reporting stronger responses than females)

H3e: generational cohort (with subsequent to the founding generations reporting stronger responses than the founding generation)

Observing (and analyzing the data collected from) the family business*ers* in the lead-up studies confirmed that there were definite advantages when families work together (Habbershon, Williams & Kaye, 1999). Studies have shown that, in instances when a family works amicably together, family business were more likely to succeed than any other kinds of business (Brokaw, 1992), pay higher wages (Donckels & Frohlich, 1991) and be more responsive to changes in the business environment (Dreux, 1990). These exemplar family businesses are recognized for integrity and commitment to relationships (Lansberg, 1983; Lyman, 1991). Usually they have found ways to address issues that involve the overlap of family and business.

When there are problems in families in business, often the underlying causes are not dissimilar to families who do not work together. Business-related issues such as management and control responsibility (and the pending transfer of these) often exacerbate problems in family business. For example, in instances where the father cannot ‘let go’ of his role in the business and the son/daughter wants to prove him/herself (Lank, 2000; Levinson, 1974; Moores & Barrett, 2003), or when the son/daughter wishes to change the parent’s methods (Babicky, 1987). As well, factors not totally related to the business (e.g., choice of partner or lifestyle) may influence inter-generational relationships (Kaye, 1999). Kets de Vries (1996) has further explained, “entrepreneurial and family firms are so different because of the strong identification of individuals with the business itself, the unusual family dynamics, the intensity of emotion among the participants, and the existence of special kinds of conflict that revolve around the challenge of establishing a balance between family and business concerns" (p. 5).

Sibling rivalry in adults generally reflects patterns taught by parents to offspring during childhood (Friedman, 1991). In family businesses, adult children must instigate shifts in the balance of familial power and seek means of reconciliation, as they cannot remake the behavioural styles and emotional constitutions of parents. Furthermore, "the roots of destructive sibling rivalry are deep and the process of reconciliation – of embracing differences and finding mutual goals – involves intensive examination of long-held assumptions about family dynamics" (Friedman, 1991, p. 17).

The overlapping roles commonly found in family owned businesses (such as parents who are also managers) make resolution of an issue more difficult (Kaye, 1991). Disagreement can occur when a family role prevents the consideration of a business need. A family member can be a competent professional but their family role can prevent that ability being recognized by a decision maker in the business who is also a parent (Jaffe, 1991). Competition for parental love and attention can generate sibling rivalry (Friedman, 1991). In addition, when business issues (e.g., individual roles and responsibilities, promotion and leadership selection, remuneration) are added to the normal family dynamic and are not properly communicated, potentially conflictual situations between family business stakeholder groups can occur.

Thus, it was implied above that previous studies have suggested that individual behaviour is influenced by the need to balance family and business priorities, and these priorities can vary dependent on family business cohort membership and the "degree of closeness" to the family and the business as it evolves. As a consequence of this review, hypotheses four and five are now offered:

Hypothesis 4

Family business*ers* will significantly differ from each other on *family business participation* related issues dependent on their:

H4a: employment status (with employed by the business reporting stronger responses than not employed)

H4b: ownership status (with stock owners in the business reporting stronger responses than non-owners of stock)

H4c: relationship to the founding family (with blood related to the founder reporting stronger responses than not blood related)

H4d: gender (with no prediction offered regarding the strength of responses between males and females)

H4e: generational cohort (with subsequent to the founding generations reporting stronger responses than the founding generation)

Hypothesis 5

Family business*ers* will significantly differ from each other on *family business boundary* related issues dependent on their:

H5a: employment status (with employed by the business reporting stronger responses than not employed)

H5b: ownership status (with stock owners in the business reporting stronger responses than non- stock owners)

H5c: relationship to the founding family (with blood related to the founder reporting stronger responses than not blood related)

H5d: gender (with no prediction offered regarding the strength of responses between males and females)

H5e: generational cohort (with subsequent to the founding generations reporting stronger responses than the founding generation)

In the lead-up case study families, family members who had leadership roles in the business and the family had considerable influence over the destiny of the younger generations in the business. In some instances this was causing tension between the generations. Although there are multiple stakeholders in family businesses, crucial decisions are largely under the control of the current owner/manager (Lansberg, 1988).

The lead-up case studies also supported that family businesses are fertile environments for conflict (Harvey & Evans, 1994). This conflict results in part from "the dominant presence of the family, setting rules and having ultimate power, the lack of formalized systems and structures to deal with conflict, having no formal organizational structure or operating systems, and the mingling of business and family roles" (Harvey & Evans, 1994, p. 345). The conflict may also be related to the inherent problem caused by the overlap of the business system and the family system (Bork, 1986; Kepner, 1983, 1991; Lansberg, 1983; Lee & Rogoff, 1996; Liebowitz, 1986). Specific issues include the "dilemma of family members in management positions for which they are not qualified; the question of how to deal with family members who, though not in operating or ownership positions, try to influence the business; the quandary of role conflict; and the vexing issue of differences in intergenerational goals" (Kets de Vries, 1996, p. 4).

Family arguments are subtler and less rational than non-family arguments (Kaye, 1996). Problems occur when individuals avoid conflict and fail to communicate their concerns in family business. In trying to avoid destructive conflict, the constructive conflict that is necessary for a company to grow is also sometimes avoided (Neubauer & Lank, 1998). Many families wrongly believe the common myth that conflict is bad and wrong if people love each other, whereas, in truth, individuals do not always agree with people they love and, in fact, individuals do not usually have conflicts with people they do not care about (Jaffe, 1991). Every family business conflict has an emotional component that must be addressed along with the practical issue at stake. Jaffe (1991) has suggested that family business disagreements often grow out of proportion due to ineffective and counterproductive responses by family members. In addition, it has been suggested that many of the conflict issues in family business relate to self-image. Each person has an ideal self-image developed over many years through contact with family members and other significant people (Bork, 1986). In family firms, conflict is seen as promoting self-interest and thus as running against the basic tenets of the family business: shared values, vision and common objectives (Ibrahim & Ellis, 1994).

Lansberg (1983) suggested that familial conflict is normative and expected, but conflicts in family owned businesses tend to be manifested in the form of “normative contradictions whereby what is expected from individuals, in terms of family principles, often violates what is expected from them according to business principles” (p. 40). The pressure on a family firm to maintain an image of cohesiveness may serve to suppress family conflicts (Kepner, 1983). However, family business conflicts may be suppressed for other reasons: “first, the economic interdependence between the family and the business may make it difficult for people to tell each other when their need for belonging, influence and intimacy are not being met; second, although the business may be seen as an intrusive ‘third party’ in the family’s life, it may be seen as problematic for those involved to 'bite the hand that feeds them'; third, in many traditional family owned businesses, the family members view the father as a powerful or larger than life figure" (Kets de Vries, 1985, p.167).

Resolving conflict in family owned businesses is different from resolving conflict in other organizations. The individuals involved in conflicts in organizations other than family owned businesses have the option of settling their conflict financially and severing all ties. This is clearly less an option for family members who work together.

The discussion above suggested that family business*ers* are faced with multiple challenges that are not faced by non-family business*ers* (e.g., issues of ownership and control), which have the potential to influence their behaviour, and the way they communicate with each other and resolve conflict may depend on the stakeholder (particularly the generation) cohort to which they belong. This body of literature led to the development of the final two hypotheses:

Hypothesis 6

Family business*ers* will significantly differ from each other on *ownership and control related* issues dependent on their:

H6a: employment status (with employed by the business reporting stronger responses than not employed)

H6b: ownership status (with stock owners in the business reporting stronger responses than not stock owners)

H6c: relationship to the founding family (with blood related to the founder reporting stronger responses than not blood related)

H6d: gender (with no prediction offered regarding the strength of responses between males and females)

H6e: generational cohort (with the founding generation reporting stronger opinions than subsequent generations)

Hypothesis 7

Family business*ers* will significantly differ from each other on *communication and conflict* related issues dependent on their:

H7a: employment status (with no prediction offered regarding the strength of responses between employed by the business and not employed)

H7b: ownership status (with no prediction offered regarding the strength of responses between stock owners in the business and non-stock owners)

H7c: relationship to the founding family (with no prediction offered regarding the strength of responses between blood related to the founder and not blood related)

H7d: gender (with no prediction offered regarding the strength of responses between males and females)

H7e: generational cohort (with the founding generation reporting stronger responses than subsequent generations)

The hypotheses are summarised in Table 2.

Table 2

Summary of Hypotheses

		Stakeholder Cohort *			
Hypothesis	Employed/not employed	Owner/not owner	Related/not related	Male/ female	Generation 1/2/3
1. Individual development	No prediction **	No prediction	No prediction	No prediction	G1 > G2 & G3
2. Business direction/planning	Employed > non employed	Stock owner > not stockowner	Blood related > not related	No prediction	G1 < G2 & G3
3. Management	Employed > non employed	Stock owner > not stockowner	No prediction	Males > females	G1 < G2 & G3
4. Family participation	Employed > non employed	Stock owner > not stockowner	Blood related > not related	No prediction	G1 < G2 & G3
5. Family business boundaries	Employed > non employed	Stock owner > not stockowner	Blood related > not related	No prediction	G1 < G2 & G3
6. Owner and management continuity	Employed > non employed	Stock owner > not stockowner	Blood related > not related	No prediction	G1 > G2 & G3
7. Communication and conflict	No prediction	No prediction	No prediction	No prediction	G1 > G2 & G3

* It was hypothesized that there will be differences between the stakeholder cohorts. This table highlights the predicted direction of the differences.
** Indicates that 'no prediction' is offered as to whether (for example) employed cohort will report stronger responses than non-employed cohort.

Method

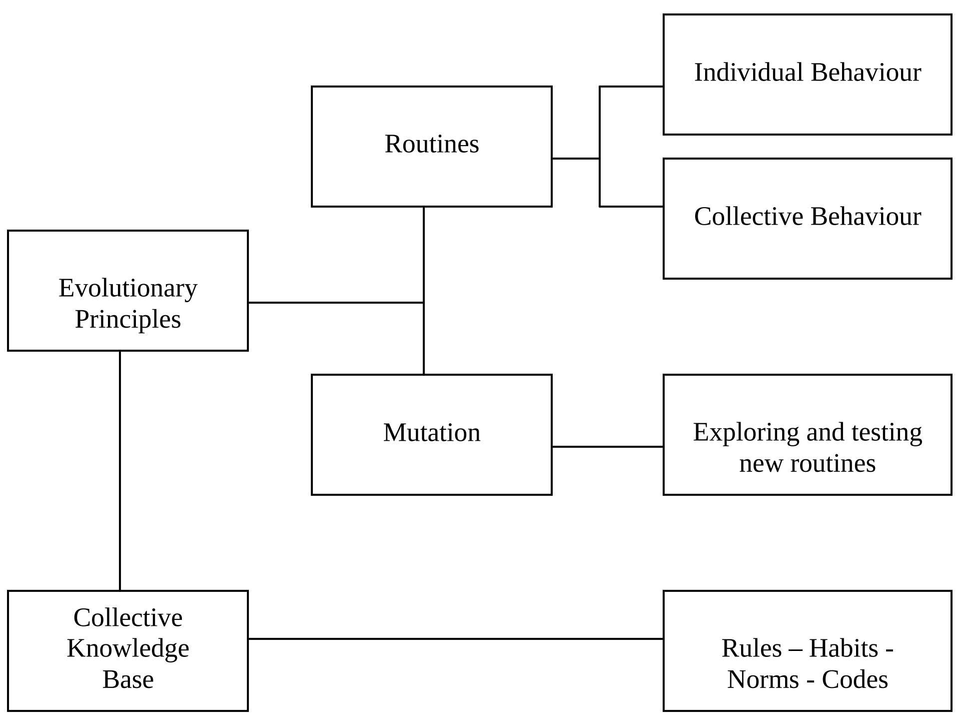
Theoretical Framework

To test the hypotheses, an exploratory study into family business behaviour that was couched within the evolutionary approach to the theory of the firm was designed

(Neeson & Winter, 1982). The evolutionary theory of the firm is a hybrid theory that resulted from the integration of two theoretical approaches (Foss et al., 2000). The first theoretical foundation is based on evolutionary principles and sees the firm evolving as it (1) develops routines or repetitive activities that ensure the coherence between individual and collective behaviour, and (2) mutates and is involved in continually searching behaviours that consist of exploring and testing new routines and therefore introducing new characteristics into the firm. The second theoretical premise relies on the existence of cognitive (and behavioural) mechanisms of individuals and "the development of a collective knowledge base that encompasses the establishment of rules, habits, norms and codes" (Foss et al., 2000, p. 96) (Figure 2).

Figure 2.

The Evolutionary Theory of the Firm



This approach offers the advantage of providing an explanation of three key issues that are crucial to a theoretical understanding of the firm: (1) how the firm can be defined (i.e., in terms of the set of competences that it controls); (2) why the firm differs from other firms (i.e., because of the reliance on different routines and competences that are specific and that cannot be transferred); and (3) the dynamics of the firm (i.e., through the combined mechanisms of selection and variation that work on the body of existing routines [Coriat & Weinstein, 1995; Foss et al., 2000]). Teece and Pisano (1994), Witt (1998), and Foss (1996, 1999) expanded the original theory to include the role of the entrepreneur in the evolutionary context. The inclusion of the role of the entrepreneur into the evolutionary approach assured that the major role played by the entrepreneur (represented in this study by the founding generation) in specific early-stage functions such as matching the internal environment with the external one, shaping the learning processes at stake and selecting the core competence of the organization was recognised.

In the family business context the influence of the entrepreneur has increased relevance. For example, as the firm evolves and subsequent generations are introduced into the firm, complex transitions need to be negotiated. The founding generation plays a dominant role in both the firm and family systems and influences the routine development and mutation process as well as the establishment of the collective knowledge base of the firm. The transfer of this role to subsequent generations whose interest and involvement in the firm varies (e.g., employed versus not employed by the firm; owners of stock versus non stock owners) is considered vital for the sustainability of the family firm. This theoretical approach has not been used in previous research to understand multi-generational family businesses.

Research Design

Sample

Participants were individuals (n = 376) involved in multi-generational family businesses (n = 46). All of these families participated as family units in family business workshops with members of the Aspen Family Business Group. The Aspen Family Business Group is a partnership of consultants with various disciplinary backgrounds that are widely considered the premier international consulting resource for families in business. As part of the facilitation process, the consultants have developed a pencil and paper questionnaire known as the Aspen Family Business Inventory (AFBI) (Paul & Jaffe, 2002) (Appendix A). Before working with families, Aspen Group facilitators collect family and business information using the AFBI. These data have proven to be a valuable source for understanding complex family relationships as the information enables facilitators to design programs that address specific family needs. The families in this study were involved in a structured intervention program with the aim of functioning better as a family and as a family business.

Instrument

The Aspen Family Business Inventory (AFBI) is divided into two 50-question sections that consist of ten 10-question scales (Table 3). Section A relates to the "business of the family" and section B relates to the "business of the business". The instrument was made up of questions that were adapted from various validated questionnaires (Beavers & Hampson, 1990; Bray et al, 1984; Olson et al., 1989; Rahim, 1983; Smyrnios, Tanewski, & Romano, 1999) and the extant individual development, intergenerational, family and family business literature (Adler, 1956; Bowen, 1978; Neubauer & Lank, 1998; Sorensen, 1999; Ward, 1987) and the family systems work of Cox and Paley (1997) and others. The instrument elicits responses on a five-point Likert-type scale anchored at both ends with “strongly disagree” and “strongly agree” (Appendix A). At the beginning of the questionnaire participants are asked to complete a section that collects their individual characteristics (employee status, stock ownership status, relationship to the founding family, gender, generation).

Table 3

Aspen Family Business Inventory (AFBI)

A. Business of Family	B. Business of Business
1. Trust, fairness and family connecting	1. Business direction and planning*
2. Quality of family life	2. Progressive management*
3. Communication and resolving conflict*	3. Family participation*
4. Balancing self and family interests	4. Family business boundaries*
5. Individual growth and development*	5. Ownership and management continuity*

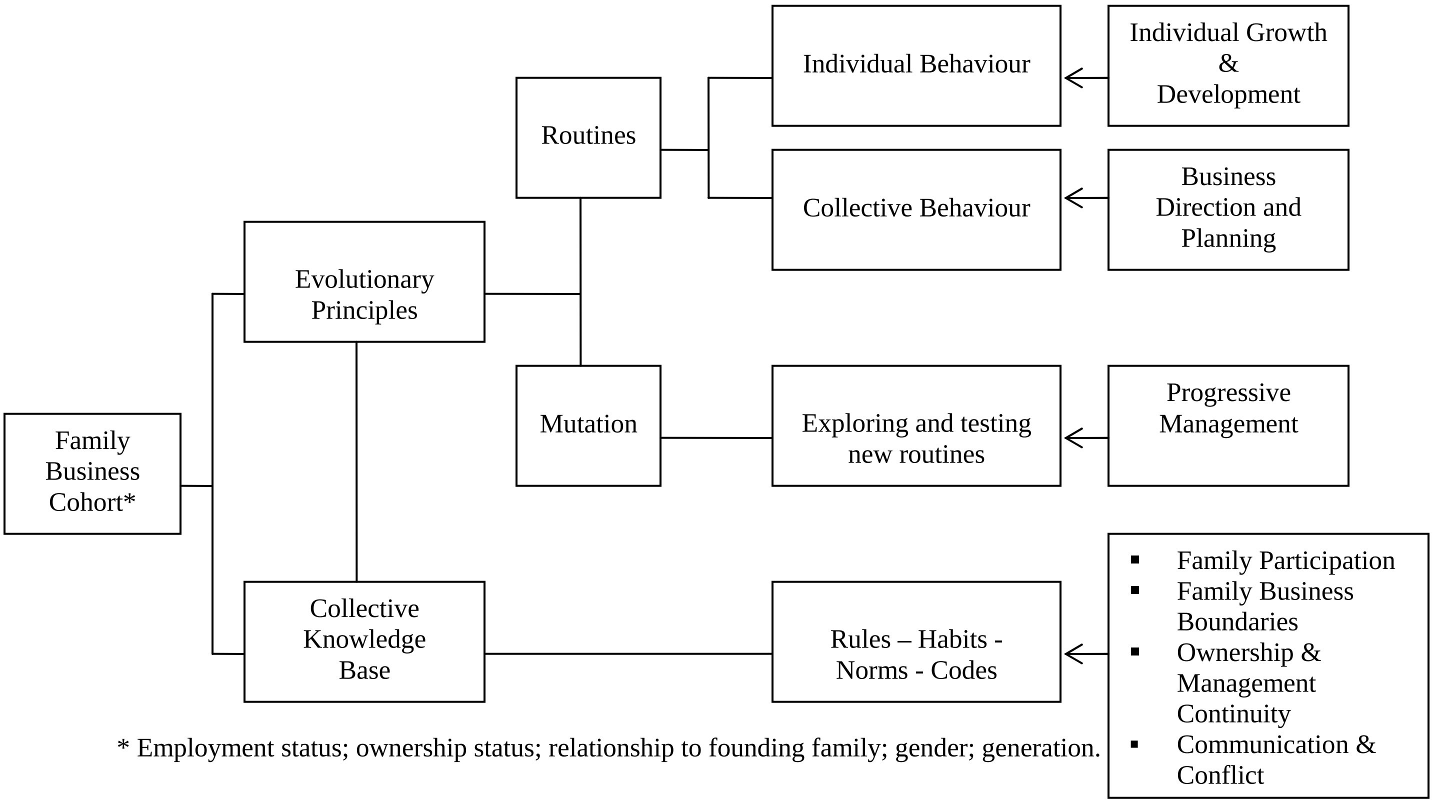
* Scales used in this study

Seven of the AFBI scales were found to be matched to the concepts introduced in the evolutionary theory of the firm by the candidate and one objective researcher. The three scales that were omitted were concerned with difficult to measure constructs (e.g., trust and quality of life). Reliability analyses confirmed this omission as the remaining three scales’ Cronbach’s alphas were < 0.60.

A diagram that combines the evolutionary theory of the firm framework to the family business context and which incorporates how the relationships were examined using the AFBI scales is presented in Figure 3.

Figure 3.

Diagrammatical Representation of Study One



* Employment status; ownership status; relationship to founding family; gender; generation.

Data Analysis

The data set was examined using various Statistical Package for the Social Sciences (SPSS 11.0) programs for accuracy of data entry and missing values. Six responses were subsequently deleted from the sample, leaving 370 usable datum from 46 family groups. Table 4 reports the mean aggregate scores and standard deviations as well as the Cronbach's Alpha reliability coefficients for the AFBI scales used. There was acceptable scale reliability for early stage research (Nunnally, 1967, 1978; Nunnally & Bernstein, 1994; Raykov, 1997).

Table 4

Aggregate Mean and Standard Deviation Results and Reliability of the AFBI

Scale	Aggregate Score Mean (/50)	Aggregate Score SD (/5)	Cronbach's Alpha
Individual growth and development	41.29	4.17	.78
Business direction and planning	40.55	4.19	.74
Progressive management	39.92	4.52	.79
Family participation	40.14	4.06	.69
Family business boundaries	39.88	4.08	.72
Ownership and management continuity	39.22	4.03	.72
Communication and resolving conflict	40.84	3.92	.68

Multiple Analysis of Variance (MANOVA) statistical analyses were performed on the responses to test the hypotheses. A MANOVA statistical procedure has two advantages. First, multiple measures make it possible to look at the set of measures as they represent an underlying construct. Second, using multiple measures allows the researcher to examine the relationships among the dependent variables and to determine how the independent variable relates differentially to those dependent variables. Pillai's Trace criterion was used to establish significant group differences.

The dependent variables were scores on the (1) individual growth and development scale, (2) business direction and planning scale, (3) progressive management scale, (4) family participation scale, (5) family business boundaries scale, (6) ownership and management continuity scale, and (7) communication and conflict resolution scale.

The independent variables were (1) employment with two levels: employed in the business/not employed in the business, (2) ownership with two levels: owner of stock/not owner of stock, (3) relationship to founding generation with two levels: related/not related, (4) gender with two levels: male/female, and (5) generation with three levels: generation one, generation two and generation three.

Results by Hypothesis

Hypothesis 1: There were significant differences ($p < .05$) found between the generational cohorts (H1e) on *individual growth and development* related issues with post-hoc analysis revealing the founding generation differed significantly with both generation two and three, but generation two did not differ significantly with generation three (Table 5).

Table 5

Individual Growth and Development Between Cohort Differences

Individual Growth and Development	Responses (n)			Mean *Standard Deviation*			F	*p*
Employment Status	Employed	Not employed		Employed	Not employed			
	201	156		41.31 *3.97*	40.75 *4.33*		2.184	.140
Ownership Status	Stock owner	Not stock owner		Stock owner	Not stock owner			
	172	103		41.33 *3.84*	40.63 *4.54*		2.118	.147
Relationship to Founding Generation	Related	Not related		Related	Not related			
	182	95		41.37 *4.12*	40.48 *4.08*		2.621	.107
Gender	Male	Female		Male	Female			
	204	166		41.25 *4.09*	41.34 *4.27*		.044	.835
Generation (G)	G1	G2	G3	G1	G2	G3		
	71	230	59	43.11 *3.88*	40.60 *4.03*	40.57 *4.11*	6.379	.002*
	Bonferroni Post Hoc Analysis Results				G1-G2			.002*
					G1-G3			.017*
					G2-G3			1.00

* $p < .05$

Hypothesis 2: Significant differences ($p < .05$) were found between employment (H2a) and ownership (H2b) groups on *business direction and planning* related issues. Those who were employed and who owned stock reported higher mean responses. Generation cohorts also differed significantly (H2e) with post-hoc analysis revealing significant differences between the founding generation and the third generation (Table 6).

Table 6

Business Direction and Planning Between Cohort Differences

Business Direction and Planning	Responses (n)			Mean *Standard Deviation*			F	*p*
Employment Status	Employed	Not employed		Employed	Not employed			
	201	156		41.35 *3.70*	39.04 *4.63*		23.437	.000*
Ownership Status	Stock owner	Not stock owner		Stock owner	Not stock owner			
	172	103		41.01 *3.74*	39.28 *4.86*		12.065	.001*
Relationship to Founding Generation	Related	Not related		Related	Not related			
	182	95		40.64 *4.01*	39.80 *4.71*		2.007	.158
Gender	Male	Female		Male	Female			
	204	166		40.78 *4.24*	40.28 *4.11*		1.300	.255
Generation (G)	G1	G2	G3	G1	G2	G3		
	71	230	59	41.24 *3.94*	40.34 *4.47*	39.39 *3.55*	3.082	.047*
	Bonferroni Post Hoc Analysis Results				G1-G2			.847
					G1-G3			.045*
					G2-G3			.157

* $p < .05$

Hypothesis 3: There were significant differences ($p < .05$) found between employment (H3a) and ownership (H3b) groups on *management* related issues with those who were employed and who owned stock reporting higher mean responses. Also, there were significant differences between genders (H3d) on this issue with males reporting higher mean responses than females (Table 7).

Table 7

Progressive Management Between Cohort Differences

Progressive Management	Responses (n)			Mean *Standard Deviation*			F	*p*
Employment Status	Employed		Not employed	Employed		Not employed		
				40.59		36.85	65.22	.000*
	201		156	*3.69*		*4.59*		
Ownership Status	Stock owner		Not stock owner	Stock owner		Not stock owner		
				39.91		37.48	20.277	.000*
	172		103	*4.27*		*4.46*		
Relationship to Founding Generation	Related		Not related	Related		Not related		
	182		95	39.38		38.23	3.285	.071
				4.29		*4.79*		
Gender	Male		Female	Male		Female		
	204		166	39.64		38.12	9.455	.002*
				4.28		*4.65*		
Generation (G)	G1	G2	G3	G1	G2	G3		
	71	230	59	39.85	38.75	38.80	1.374	.255
				4.41	*4.61*	*3.95*		
	Bonferroni Post Hoc Analysis Results				G1-G2			.317
					G1-G3			.658
					G2-G3			1.00

* $p < .05$

Hypothesis 4: There were significant differences ($p < .05$) found between employment (H4a), ownership (H4b), relationship to founder (H4c) and gender (H4d) groups on *family participation* related issues with those who were employed, owned stock, were related and male reporting higher mean responses (Table 8).

Table 8

Family Participation Between Cohort Differences

Family Participation	Responses (n)			Mean *Standard Deviation*			F	*p*
Employment Status	Employed	Not employed		Employed	Not employed			
				41.00	38.16		42.834	.000*
	201	156		*3.46*	*4.18*			
Ownership Status	Stock owner	Not stock owner		Stock owner	Not stock owner			
				40.48	38.63		15.201	.000*
	172	103		*3.77*	*4.20*			
Relationship to Founding Generation	Related	Not related		Related	Not related			
	182	95		40.18	39.00		3.994	.047*
				3.86	*4.25*			
Gender	Male	Female		Male	Female			
	204	166		40.12	39.33		4.436	.036*
				4.04	*3.99*			
Generation (G)	G1	G2	G3	G1	G2	G3		
	71	230	59	40.00	39.76	39.53	.118	.889
				3.85	*4.25*	*3.27*		
					G1-G2			1.00
	Bonferroni Post Hoc Analysis Results				G1-G3			1.00
					G2-G3			1.00

* $p < .05$

Hypothesis 5: There were significant differences ($p < .05$) found between employment (H5a), ownership (H5b), relationship to founder (H5c) and gender (H5d) groups on *family business boundary* related issues with those who were employed, owned stock, related to the founder and male reporting higher mean responses (Table 9).

Table 9

Family Business Boundary Between Cohort Differences

Family Business Boundaries	Responses (n)			Mean *Standard Deviation*			F	*p*
Employment Status	Employed	Not employed		Employed	Not employed			
				41.19	37.99		52.701	.000*
	201	156		*3.25*	*4.50*			
Ownership Status	Stock owner	Not stock owner		Stock owner	Not stock owner			
				40.92	38.01		36.397	.000*
	172	103		*3.61*	*4.34*			
Relationship to Founding Generation	Related	Not related		Related	Not related			
	182	95		40.31	38.87		6.529	.011*
				3.71	*4.75*			
Gender	Male	Female		Male	Female			
	204	166		40.35	39.11		9.257	.003*
				3.86	*4.40*			
Generation (G)	G1	G2	G3	G1	G2	G3		
	71	230	59	40.72	39.50	40.13	2.128	.121
				4.10	*4.28*	*3.48*		
	Bonferroni Post Hoc Analysis Results				G1-G2			.129
					G1-G3			1.00
					G2-G3			1.00

* $p < .05$

Hypothesis 6: There were significant differences ($p < .05$) found between employment (H6a), ownership (H6b) and gender (H6d) groups on *ownership and management continuity* related issues with those who were employed, who owned stock and males reporting higher mean responses (Table 10).

Table 10

Ownership and Management Continuity Between Cohort Differences

Ownership and M'ment Continuity	Responses (n)			Mean *Standard Deviation*			F	*p*
Employment Status	Employed	Not employed		Employed	Not employed			
				40.14	37.31		43.047	.000*
	201	156		*3.60*	*4.34*			
Ownership Status	Stock owner	Not stock owner		Stock owner	Not stock owner			
				39.56	37.90		11.472	.001*
	172	103		*3.54*	*4.88*			
Relationship to Founding Generation	Related	Not related		Related	Not related			
	182	95		39.16	38.49		.977	.324
				3.79	*4.81*			
Gender	Male	Female		Male	Female			
	204	166		39.36	38.36		6.370	.012*
				4.11	*4.19*			
Generation (G)	G1	G2	G3	G1	G2	G3		
	71	230	59	39.30	39.03	38.13	1.292	.276
				4.01	*4.26*	*3.64*		
	Bonferroni Post Hoc Analysis Results				G1-G2			1.00
					G1-G3			.348
					G2-G3			.608

* $p < .05$

Hypothesis 7: There were significant differences (*p* < .05) found between the employed and not employed by the business groups (H7a) on attitude towards *communication and conflict resolution* with those employed by the business reporting higher mean responses (Table 11).

Table 11

Communication and Conflict Between Cohort Differences

Communication and Conflict	Responses (n)			Mean *Standard Deviation*			F	*p*
Employment Status	Employed	Not employed		Employed	Not employed			
				41.61	40.16		12.73	.000*
	201	156		*3.77*	*3.82*			
Ownership Status	Stock owner	Not stock owner		Stock owner	Not stock owner			
				41.19	40.53		1.875	.172
	172	103		*3.68*	*4.13*			
Relationship to Founding Generation	Related	Not related		Related	Not related			
	182	95		41.02	40.38		.152	.697
				3.70	*4.14*			
Gender	Male	Female		Male	Female			
	204	166		41.22	40.38		2.86	.091
				3.99	*3.79*			
Generation (G)	G1	G2	G3	G1	G2	G3		
	71	230	59	40.97	41.01	40.13	.978	.377
				4.26	*3.89*	*3.61*		
	Bonferroni Post Hoc Analysis Results				G1-G2			1.00
					G1-G3			.851
					G2-G3			.504

* *p* < .05

Table 12 presents a summary of the results of Hypotheses1-7.

Table 12

Summary of Hypotheses 1-7 Results

			Stakeholder Cohort				
Hypothesis	Evolutionary Theory of the Firm	AFBI Scale	Employed/not employed	Owner/not owner	Related/not related	Male/ Female	Generation 1/2/3
1	Routines: Individual Behaviour	Individual Growth & Development	H1a rejected	H1b rejected	H1c rejected	H1d rejected	**H1e supported**
2	Routines: Collective Behaviour	Business Direction and Planning	**H2a supported**	**H2b supported**	H2c rejected	H2d rejected	H2e (**partially) supported**
3	Mutation: Exploring & Testing New Routines	Progressive Management	**H3a supported**	**H3b supported**	H3c rejected	**H3d supported**	H3e rejected
4	Collective Knowledge Base	Family Participation	**H4a supported**	**H4b supported**	H4c **supported**	H4d **supported**	H4e rejected
5	(Roles Habits Norms Codes)	Family Business Boundaries	**H5a supported**	**H5b supported**	H5c **supported**	**H5d supported**	H5e rejected
6		Owner and Management Continuity	**H6a supported**	**H6b supported**	H6c rejected	H6d **supported**	H6e rejected
7		Communication and Conflict	**H7a supported**	H7b rejected	H7c rejected	H7d rejected	H7e rejected

Summary of Results

The research question asked what were the divisive factors that had the potential to influence behaviour in family business and whether this division was evident in employment status, stock ownership status, related to founder, gender and generational cohort groups. Business direction and planning, management issues, family participation, family business boundaries and ownership and management continuity were found to be divisive issues for the employment and stock ownership status cohort groups. The employment cohort also differed significantly on the communication and conflict scale. There were significant differences between the related to founding family verse not related cohorts on the family participation and family business boundary scales. Males and females differed on management, family participation, family business boundary, and ownership and management continuity related issues. Individual growth and development and business direction and planning differences were discovered between the generation cohort groups.

The results of this study highlight the difficulties facing individuals working in family business. For example, the disagreement in the employment status groups would hinder those who work in the business from operating the business professionally if those who do not work in the business disagree with them on the fundamental business issues that were surveyed in this study. As well, it is potentially catastrophic when ownership groups disagree on fundamental business issues. In addition, the introduction of individuals who are not related to the founding generation (e.g., spouses) can potentially disrupt family business harmony.

Further Analysis and Preliminary Interpretation of Generational Cohort Differences

The finding that second and third generation groups did not agree as strongly as the founding generation on the AFBI *individual growth and development* scale and that the third generation cohort significantly differed with the founding generation on the AFBI *business direction and planning* scale supports many of the relationship interactions that were observed in the lead-up case studies. Both of these AFBI scales were factor analyzed in order to further interpret the underlying factors being measured (i.e., to gain a better understanding on what issues the generations differed).

The AFBI *individual growth and development* scale (10-items; Cronbach's Alpha = .78) factor analysis revealed two factors that were labeled *individuality (IND)*(7-items; Cronbach's Alpha = .73) and (a weaker factor) *self-belief (SELFBEL)* (3–items; Cronbach's Alpha = .61) dimensions. The variables (questions), factor loadings and percentage variance accounted for by each factor are presented in Table 13.

Table 13

Individual Growth and Development Factor Analyses

	Loading	% Variance
Factor 1: *Individuality* (Reliability: .73)		25.61
45. My family has encouraged me to discover my own way.	.751	
44. My family encourages me to develop a sense of purpose in life separate from the assets that we own.	.702	
46. I have been given due credit for my contributions to the interests of the family	.642	
41. My family gives me credit for personal accomplishments	.634	
49. I feel that my family understands me	.472	
48. I am basically satisfied with the level of trust and fairness between me and other family members	.407	
50. My family generally likes me for who I am	.404	
Factor 2: *Self-Belief* (Reliability: .61)		18.75
43. I know what I want my life to be about	.813	
47. I feel secure about my future	.751	
42. I feel adequately prepared for my future	.534	
Percentage of variance explained by 2 factors		44.36

The first factor of the AFBI *individual growth and development* scale raises questions regarding developing individual autonomy and the second factor raises issues about individual self-belief and confidence. The fact that generation one was stronger on these factors would suggest that the family business provides them with a vehicle to develop as individuals. It was observed in the lead-up case studies and the literature that subsequent generations are not necessarily provided with this benefit by the family business.

The AFBI *business direction and planning* scale (10 items; Cronbach's Alpha = .74) factor analysis revealed that family business*ers* divide their business direction into *family business harmony (FBUSHARM)* (7-items; Cronbach's Alpha = 0.70), and (a weaker factor) *family business future (FBUSFUT)* (3-items; Cronbach's Alpha = .54). The variables (questions), factor loadings and percentage variance accounted for by each factor are presented in Table 14.

Table 14

Business Direction and Planning

	Loading	% Variance
Factor 1: *Business Harmony* (Reliability: 0.70)		24.06
55. Our family's values are in harmony with our business policies and operations.	.716	
54. There is family agreement on the appropriate use of our profits	.618	
56. We run our business like a business, with detailed financial reports, plans, clear roles and strategy.	.605	
53. The family agrees on the purpose of our business.	.534	
52. Our employees know what the mission of our business is	.516	
57. As our business has grown, our profits have grown as well	.487	
58. Income is fairly divided between investment in the future of the business, managers' compensation, and distribution to owners.	.483	
Factor 2: *Business Future* (Reliability: 0.54)		17.48
60. We have plans for the future of the business that the family understands and accepts.	.823	
59. Regular business meetings are held to plan and review progress with owners.	.667	
51. We have a strong and clear vision for the future of the business.	.551	
Percentage of variance explained by these two components		41.53

The first factor relates to matters of family business harmony and the second factor deals more specifically with the future of the family business. Generation one reported significant different responses to the third generation on this scale.

Combining this further analysis of the AFBI scales on which the generational cohorts differed and using the evolutionary theory of the firm framework, there is evidence that the evolution of the firms in this study is complicated because the founding (entrepreneurial) generations' influence on the business limits the individual growth and development of subsequent generations. The second generation was found to be less confident than the founding generation and may therefore not be equipped to challenge business direction and planning related matters established by the founder. Whereas there is evidence that, although the third generation reported similar confidence and self-belief levels as the second generation, they did not share the same views on business direction and planning as the founding generation. Also, the mutation of new routines may have been hampered because of disagreement between various family business stakeholder groups on issues related to the management of the firm and the rules, habits, norms and codes that make up the collective knowledge base of the family firm.

Conclusion

The primary goal of study one was to explore the divisive issues that influence the behaviour of individuals who work in family business. This was achieved by conducting an exploratory study that investigated in a multi-generational sample the responses to a series of questions that related directly to those issues that were observed in the lead-up case study families and supported in the extant literature as being identified as having the potential to influence behaviour. The finding that there were significant differences in the fundamental family business issues of management, family participation, family business boundaries, ownership and management continuity between employment status, ownership status, relationship to the founder and gender cohort groups has increased the understanding of functioning in family business. Add to this the suggestion that generational groups who work together differ significantly on individual growth and development and business direction and planning related issues and there is strong (empirical) support for the claim that family business is the most difficult business genre (Neubauer & Lank, 1998). To build on these group findings a second study of individual family business*er* behaviour was designed and is introduced in the following section.

CHAPTER 3

ADDRESSING THE PROBLEM

Introduction

Whereas study one concentrated on *group* differences in evolving family businesses, the purpose of study two was to focus on *individual* family businesse*r* functioning. In this study, causal explanations using functional assessment techniques based upon theory developed by Skinner and formulated more recently into Valued Outcomes Analysis (VOA) were used to explain the behaviour of three individuals who were members of families involved in the lead-up case studies. In this chapter, additional details about the three case studies are first introduced. The relevant theoretical literature is then presented. The research method is stated, causal explanations of each individual's behaviour are established and the self- reported functioning changes between time one and time two are presented.

Lead-Up Study Families Involved in Study Two

Individuals from three of the five families that were involved in the lead-up studies participated in this second study. Further background information about the three families is first presented in order to illustrate in more detail the complex nature of the relationships in these families. The three families self-selected for this second study for contrasting reasons. One family was not suitable for inclusion because the family was at a point where the son of the founder had decided to leave the business (after many years of frustration brought about by working with family members) and the family was in a state of upheaval. Another family was not approached to be involved because they had been able to successfully address the majority of their family business issues and were functioning optimally at the time of the data collection.

Case One

Case one involved a second-generation family in the construction industry. The business was founded in the early 1960s. With support from his wife, the founder grew the business into a medium to large company. After suffering injuries in a car accident in the late 1980s he was forced to downsize the business. At the time, his twin sons and daughter were completing their high school education. Fortunately, prior to his accident, the founder had invested wisely in land that he had positioned for future development should his children be interested in joining the business.

In 1998, the founder’s twin sons, at the age of 21, approached their father keen to start a career in the property development industry. The founder was of the opinion that they were far too young and did not have the necessary experience to survive in what was a competitive, often cutthroat, industry. The twins were determined to prove him wrong and set up their own business venture. Although their venture was not a huge success and many times it could have collapsed, they were able to finish their project and return a small profit. They learnt a great deal about the industry and about each other. Their father, although not condoning their activity, kept a watchful eye on their progress, and if asked would have stepped in to help.

One of the crucial lessons that the twins discovered was that they did not have the same passion for business. This was one of the reasons that their father wanted them to get more experience before going into a partnership. One son had a passion for business and obvious ability while his brother was not as enthusiastic and dedicated. This brought the two brothers into conflict on many occasions. The son who had the passion for the business was a perfectionist, always punctual and organized while his brother did not share these attributes. The brother was more interested in material short-term results and did not share his brother's (or father's) desire to build a successful and sustainable business. The brother's (who was not as passionate) actions often angered the passionate brother but, because they were out to prove a point to their father, he tolerated him in order for the project to succeed.

On the completion of the project, both sons earned the respect of their father and the founder was satisfied that as a family they could begin to develop some of the land that he had secured for future projects. The passionate brother, although satisfied with this result, had tasted the feeling of control and was immediately in conflict with the fact that his father was taking a controlling position and took over the position as driver of the business, and "boss". He had different ideas to his father. In addition, he saw his twin brother as "coming along for the ride." The less passionate brother had recently married and was even more distracted then ever with matters that did not concern the business. Their sister also now saw that the business was again going to be a family business and was asking for a role for her husband. She and her husband had two children and she openly stated that they had every right to be a part of the family business.

In this case it was evident that sibling rivalry was having a bearing on the family business. The twin sons were thrown into conflicts that may not have surfaced had they not worked together. As well, factions developed in the family over points of disagreement (e.g., the founder and the successors were in conflict about their preparedness to enter the business). Also, the interests of family members who were not working in the business were apparent (e.g., the sister who was not actively involved in the business was keen that her husband and her children were catered for by being offered a role in the business). The more passionate son agreed to be involved in this second study.

Case Two

Case two involved a third-generation family in the tourism industry. In this case, management of the family business had been handed over to the third generation. This generation of cousins consisted of 14 members, four from one family and ten from the other. The CEO was the eldest son of the four-member family. Two of his brothers and two cousins were employed full time in the business while three others were employed on a part-time basis

Overall, the transition of management and control between the second and third generation had been smooth. The issue that predominated any disagreement within the cousin consortium concerned decisions to grow the business. The CEO had identified that in order to remain successful and provide ongoing dividends for the growing family, the business needed to expand. Many of his cousins and his aunt did not share his vision. They were suspicious of his motives and thought that he had too much control over the future of the business. As the CEO was unmarried and many of his generation were, they had stated that he did not have the same approach to risk as they did (i.e., he had fewer personal responsibilities). As many of the generation had begun to have families of their own, the wives and husbands who had married into the family were adding their opinions to family business matters because their children would eventually be stakeholders in the business. The mother of the family that had ten family members (the CEO's aunt) was also concerned that, in the absence of their deceased father, her children would not be equally catered for by the family business. As well, full-time employees (family members) were entitled to benefits that those who did not work full time in the business were not. This had been the cause of conflict between siblings, cousins and uncle and aunts. Because of the different factions that developed, family in-fighting delayed crucial decisions that affected the operation of the business, particularly concerning growth strategies. A female third-generation family member who is a cousin of the CEO agreed to be involved in this study.

Case Three

Case three was a second-generation family business in the retail industry, founded in 1972. Three years ago, due to a downturn in the economy, the business was in financial difficulty and almost placed into liquidation. The founder of the business negotiated with his suppliers and financiers, and as a result of his good standing and successful track record over many years, they supported him and he restructured the business and it was again profitable. This had come at a cost to his health and he was in the process of reviewing his priorities. He had had a turbulent relationship with his only son over many years. His son had worked in the business for several years but was not involved in the business in an operational role any longer. The founder's only daughter married two years prior and her husband had joined the business in an executive role, albeit part time because he had other business interests. The founder and his wife owned the business. The two offspring did not have any equity in the business.

The founder was reaching a stage when he wished to exit the business, or at least redefine his role, while his son and son-in-law wanted to prove themselves in the business. The role of the mother was also evident. She wanted the best for her husband, her son, and her newly married daughter. In addition, relationships between the family members were strained because of their involvement in the business. The founder had multiple roles as the CEO, the Chairman of the Board and the head of the family. The son of the founder agreed to be involved in this study.

Summary

In this brief overview of the three cases it was apparent that the three families were struggling with many of the complexities that were introduced in the first study. For example, there was disagreement between members who did and did not work in the business and between owners of stock and non-owners of stock. As well, generational differences were evident between those whose identities had been established and those still developing their identity and individuality.

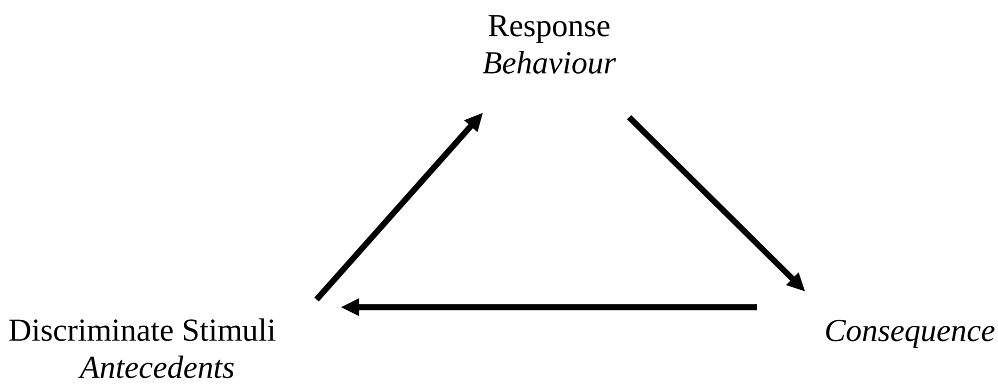
Study Two

Research Question

Will family business*ers* report improved functioning after causal explanations of their behaviour are established using therapeutic tools developed by Skinner and these are explained to them with suggestions for behavioural change?

Theory Development and Hypothesis

This study into individual family business*er* functioning employed operant conditioning principles that were first developed by B. F. Skinner. Operant conditioning is the environmental selection of successful behaviours and is a procedure that modifies behaviour by the alteration of consequent events. Operant conditioning postulates that activities that produce desired consequences (which Skinner called reinforcers) would be more likely to be repeated. Skinner introduced the concept of discriminative stimuli (S^D) that allow organisms to make distinctions between environmental events available at any moment in time (Sidman, 1966, 1968). The significance of S^D is that they function as a signal for particular behaviours and ensure that behaviour occurs under "optimal" conditions. This is the "central core" of operant principles (Kunkel, 1996, p. 22) and is shown in the fundamental Antecedent-Behaviour-Consequence (A-B-C) paradigm:



Skinner rejected Freud's (1915/1957) unobservable mental constructs such as *id*, *ego* and *superego* but did not deny the existence of internal events. However, operant conditioning "denies the subject's capacity to give a scientific account of them" and, in addition, "it denies that internal mental events have an essentially different status from behaviours easily observed from the outside" (Richelle, 1993, p. 10).

Analyzing Behaviour

Various Skinnerian theory based definitions used in this study of the analysis of behaviour of three family business*ers* were adopted from Malott, Malott & Trojan (2000): *Reinforcer* (positive reinforcer): a stimulus event, or condition that will increase the future likelihood of a response if it has immediately followed that response (p. 6); *Positive Reinforcement*: reinforcement by the presentation of a reinforcer (p. 51); *Negative Reinforcement*: reinforcement by the removal of an aversive condition (p. 51); and, *Punishment*: the presentation of an aversive event or the removal of a positive event (p. 89). In addition, Kazdin (2001) provided a way of distinguishing the operations involved in reinforcement and punishment:

> *"A stimulus or event can be presented to or removed from a subject after a response. There are two types of events that may be presented or removed, namely, positive and aversive stimuli or events. The four combinations forming the different cells depict the principles of positive reinforcement (cell I), negative reinforcement (cell IV), and the two types of punishment (cells II and III)" (p. 57).* (Figure 4).

Figure 4.

Operations Involved in Reinforcement and Punishment

		Type of event	
		Positive event	Aversive event
Operation performed after a response	Presented	Positive reinforcement I	Punishment II
	Removed	Punishment III	Negative reinforcement IV

Functional Assessment

To analyze behaviour, it is necessary to understand its function. That is, the outcomes or consequences that are produced by the behaviour (Bitsika, 2003a; Groden, Groden, & Stevenson, 1997; Mace, 1994). Skinner (1974) stated that an analysis of behaviour rests on the following assumptions:

> *"A person is first of all an organism, a member of a species and a subspecies, possessing a genetic endowment of anatomical and physiological characteristics, which are the products of the contingencies of survival to which the species has been exposed in the process of evolution. The organism becomes a person as it requires a repertoire of behaviour under the contingencies of reinforcement to which it is exposed during its lifetime. The behaviour it exhibits at any time is under the control of a current setting. It is able to acquire such a repertoire under such control because of processes of conditioning which are also part of its genetic environment" (p. 207).*

The functional assessment process has been developed and refined in recent years to help understand functioning in a variety of populations. Functional assessment is "a systematic process for understanding problem behaviour and the factors that contribute to its occurrence and maintenance" (Sugai, Lewis-Palmer & Hagan-Burke, 2000, p. 149). Functional assessment refers to "the activities involved in describing and formulating hypotheses about potentially controlling variables and is the process of identifying establishing operations, antecedent variables, and consequent events that control behaviours" (Sugai, Horner & Sprague, 1999, p. 253). Put another way, it is a method for identifying the variables that reliably predict and maintain behaviour (Carr et al., 1994; Durand, 1990; Horner & Carr, 1997). It is the 'when', 'where' and 'why' behaviours do and do not occur. Therefore, functional assessment generates the required information that will improve "the effectiveness and efficiency of behavioural interventions" (Sugai et al., 1999, p. 254). A functional assessment allows for the defining of variables that maintain behaviours prior to the construction of an intervention (Carr & Durand, 1985). The variables consist of "consequences (the purpose, intent, function, motivation, or goal of the behaviour, with all these terms being roughly synonymous); antecedents, or discriminate stimuli (the cues that trigger the behaviour); and the setting events (the broad context that influences the likelihood that a specific cue will trigger behaviour)" (Horner & Carr, 1997, p. 85).

The focus is on environmental events in functional assessment. These include antecedents, consequences, and setting events. Because of this, intervention is not centered on "managing" or "controlling" but on redesigning the environment and building new skills that make the previous behaviour irrelevant, inefficient, and ineffective in that environment (Horner & Carr, 1997). In a clinical setting, procedures such as conducting interviews, undertaking a series of direct observations, and administering rating scales are all strategies that would form part of a functional assessment (Shriver, Anderson & Proctor, 2001). Functional assessments do not, however, always produce conclusive results (Carr, 2000). In some instances, despite competent assessment, antecedents and consequences are not readily identifiable (Iwata et al., 1994).

Antecedents and consequences can be divided temporally and labeled 'distal' and 'proximal' (Cone, 1997; Sharpley, 2002). Specifically, to explain behaviour:

> *"In the information gathering or descriptive phase, the assessor is concerned with identifying and objectifying the target behaviour and potentially relevant contextual variables occurring before and after that behaviour. These antecedent and consequent events can be both contemporaneous and more temporally remote. That is, proximal and distal stimuli can be included in the description" (Cone, 1997, p. 261).*

Functional assessment-based techniques have been extended to a range of individuals including those with Attention Deficit Hyperactivity Disorder (ADHD) and emotional and behavioural disorders as well as those without specified disabilities (Sugai, Lewis-Palmer, & Hagan-Burke, 2000). In school settings, there is substantial evidence that basing behaviour change interventions on functional assessment is more likely to produce beneficial outcomes than basing interventions on traditional educational or psychiatric diagnostic categories (Barnett, Bauer, Erhardt, Lentz, & Stollar, 1996; Kratochwill & McGivern, 1996).

Valued Outcomes Analysis

Valued Outcomes Analysis (VOA) is an extension of functional assessment. Broadly stated, VOA introduces the degree to which the individual *values* the consequence that results from his/her behaviour (Bitsika, 2003b). VOA also suggests that the identification of outcomes must be done in specific terms. The six possible function labels that behaviour must be assigned, interpreted and classified into and the associated questions that must be asked are: (1) Escape: What are the specific reinforcing events that can be established from the consequences of the respondent's behaviour that indicate that he/she is escaping from something?; (2) Avoidance: What are the specific reinforcing events that can be established from the consequences of the respondent's behaviour that indicate that he/she is avoiding something?; (3) Access to preferred activity: What are the specific reinforcing events that can be established from the consequences of the respondent's behaviour that indicate that he/she is behaving in that way because it allows them access to a preferred activity?; (4) Attention change in others' social reaction: What are the specific reinforcing events that can be established from the consequences of the respondent's behaviour that indicate that he/she is behaving this way because it causes a change in someone else?; (5) Change in internal state (emotions): What are the specific reinforcing events that can be established from the consequences of the respondent's behaviour that indicate that his/her feelings are altered because of the behaviour?; and (6) Change in internal state (sub-vocalization/images, physiological responses): What are the specific reinforcing events that can be established from the consequences of the respondent's behaviour that indicate that his/her sub-vocalizations (i.e., thoughts, images, physiological responses) are altered because of the behaviour? (Bitsika, 2003a).

Classifying consequences of behaviour into these categories provides insights into the valued outcomes of the observed individual. VOA identifies the specific features of the consequences of behaviour that the person "works" to produce and the situations where consequences will be most valued. The role of valued outcomes and VOA methodology is still being developed in clinical settings with encouraging results and the findings of these case studies are beginning to appear in research journals (Bitsika, 2003a). It is included as a technique in this exploratory research in order to further understand individual behaviour in the family business setting.

VOA therefore "moves the focus of the behavioural investigation away from analyzing environmental variables to systematically exploring individual-environment interactions and the manner in which the individual experiences the consequences of his/her actions" (Bitsika, 2003a). VOA is the extension of other behavioural analysis techniques, as called for by Repp and Horner (1999). As a result of the above review, the following hypothesis is now introduced:

Hypothesis 8

> Individuals will report improved functioning after the causes of their behaviour are established (using functional assessment and Valued Outcomes Analysis techniques) and are explained to them and they introduce suggested changes to their behaviour.

Research Design

Study two was a single-case design study of individual behaviour that addressed dimensions of interest that were unavailable via the group design study (study one). Study two involved collecting and interpreting information from three family business*ers* (i.e., a direct replication case design [Barlow & Hersen, 1984]). Because this design does not permit a full experimental analysis of the controlling effects of any treatment, Campbell and Stanley (1966) referred to this strategy as a quasi-experimental design. Limitations, particularly concerning generalizability, of this type of applied research design are addressed in Chapter 4.

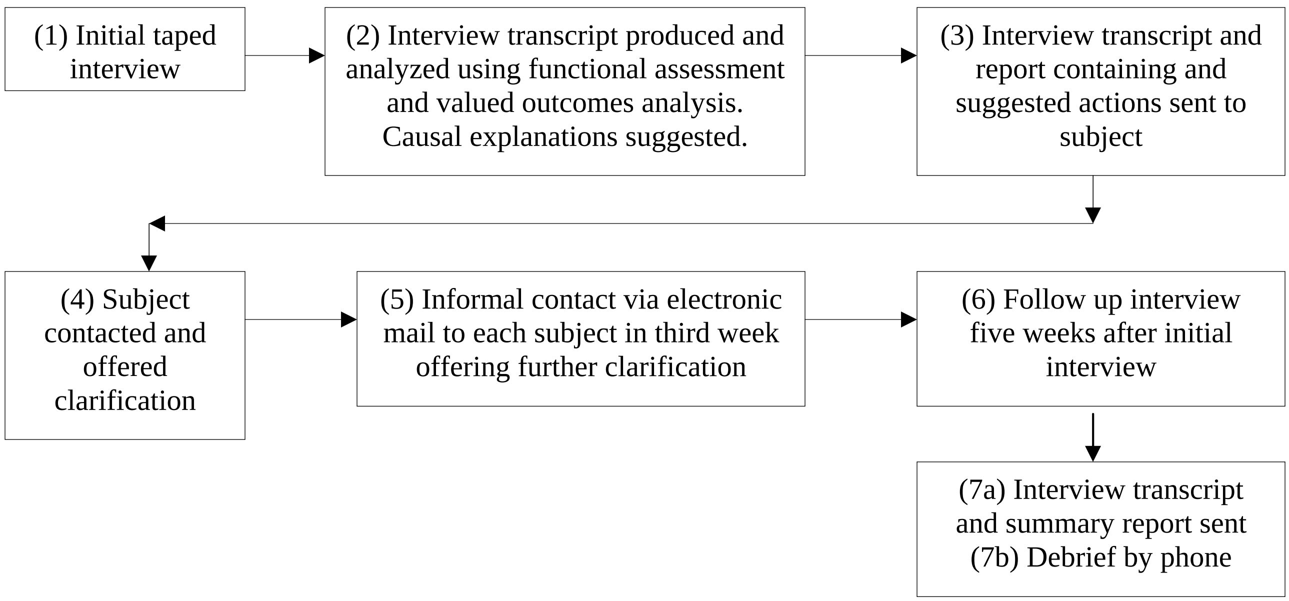
The researcher was more familiar with the business activity than with the family operations (i.e., knowledge of the family was general rather than specific) of the three individuals involved in the study and knew little about the participants' personal details or their individual functioning. Confidentiality and anonymity were assured. It was explained that the researcher was registered as a psychologist in the State of Queensland and that the study was being carried out under the ethical protocols and guidelines set out by the Psychologists' Board of Queensland. In addition, permission to interview the participants was received from the Bond University Human Research Ethics Committee (Reference RO162) (Appendix B).

Respondents were first contacted by the researcher by telephone and briefed on the details of the study. Clarification was offered to each participant as requested and initial interviews were scheduled for one and half hours. These interviews were audiotaped. Individuals were also asked to complete the Aspen Family Business Inventory (AFBI).

The interviews were transcribed and functional assessment and Valued Outcome Analysis techniques were used to review the content. A report was produced and sent with a copy of the interview transcript to each participant. This report contained an explanation of each individual's behaviour and a list of suggestions for each to introduce into their functioning. A follow-up phone call further explained the detailed report. An offer was made to each participant to meet and discuss the process further. Only one of the participants (Case 1) took up this offer. The other two were content to clarify the process over the phone. A follow up interview was scheduled for five weeks after the first interview. In the meantime, each of the participants was contacted via electronic mail in the third week as a way of monitoring their concerns. None requested further assistance. At the second interview, participants were again asked to complete the AFBI. The second interview was structured similarly to the first interview and these interviews were again transcribed. An individual report was written and sent to each participant and a follow-up telephone was made to debrief each participant. A flowchart model that explains the process appears in Figure 5.

Figure 5.

Study Two Data Collection Process



Data Analysis

The taped interviews were transcribed and analyzed by the researcher and clarified by another psychologist who had extensive training in behaviour analysis. From these, a series of hypothesis (suggestions) was formulated and presented to the individual for confirmation. A pre- and post-analyses of the AFBI responses was also conducted and significant changes highlighted.

Results

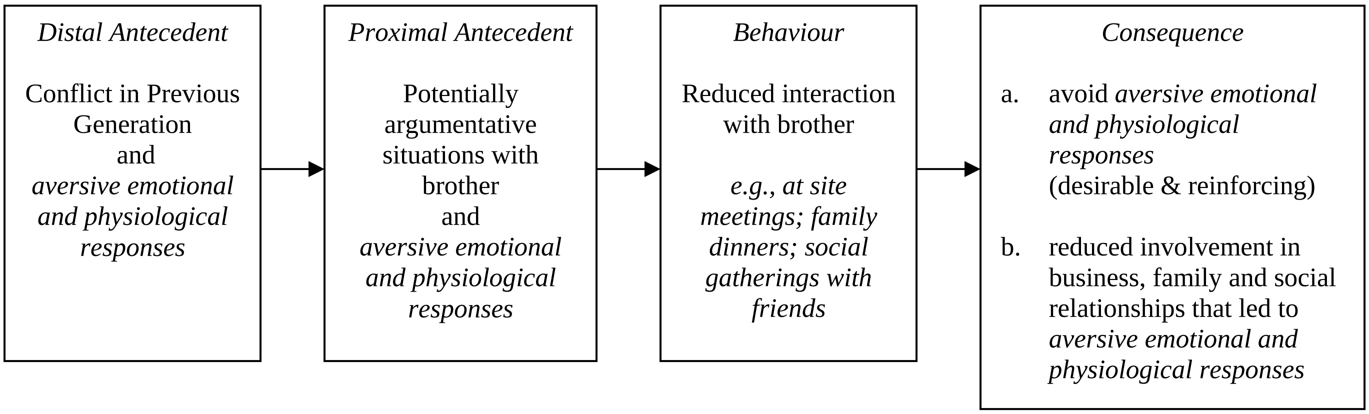
Case One

The participant from case family one was a second-generation male member of a two-generation family business who worked in the family business was related to the founder and was a stockowner.

Although the participant came to the first interview without a specific presenting problem, it became apparent very early in the interview that he was not functioning well in the family or business system. Antecedents were identified and grouped into distal and proximal categories. The distal antecedent concerned his recollection of observing his father and uncles (the previous generation in the family business) in conflict about business-related issues and his consequent emotional distress and physiological upset. The proximal antecedents that were influencing his present behaviour involved being in potentially argumentative situations with his brother which also held emotional distressing and physiologically upsetting consequences for him. In response to these antecedents, he had begun to avoid contact with his brother and other family members. His valued outcome was the avoidance of the aversive emotional and physiological responses he had to conflict. However, as this avoidant behaviour became established, he was also reducing his involvement in the business. The result was that his familial and social relationships were adversely affected and business performance was beginning to falter (Figure 6).

Figure 6.

A-B-C Framework Explanation Case One



Thus, although his behaviour was effective in avoiding conflict (i.e., a valued outcome), it also resulted in an undesirable consequence of reduced involvement in the business and criticism from the family, both of which also produced aversive emotional and physiological responses in him (i.e., non-valued outcome). He was thus “in a bind” because his behaviour resulted in a valued and a non-valued outcome.

The Valued Outcomes Analysis framework that was used to analyze behaviour appears in Table 15.

Table 15

Valued Outcomes Analysis Explanation

Consequence	Label	Detail
Desirable	Escape	Moved out of home (away from facing problem)
	Avoidance	Avoided contact with family; avoided friends; avoided planning future business projects
	Access to preferred activity	Changed social network; increased emphasis on non-work related activities
Aversive	Attention change in others' social reaction	Parents concerned; friends commented
	Change in internal state (emotions)	Felt frustrated, confused, hurt
	Change in internal state (sub-vocalization, images and physiological responses)	Constantly thought of effect the situation was having on his relationship with his brother

Therefore, the function label that was assigned in this first case was Avoidance. For this participant the Valued Outcomes Statement was stated as: The participant minimizes interaction with his brother in business and family contexts because he wants to avoid potential arguments with him and this behaviour results in three valued outcomes related to avoidance (the function label): (1) avoidance of negative social interaction (an environmental VO); (2) avoidance of physiological arousal; and (3) avoidance of emotional distress.

After the behaviour was functionally assessed and VOA principles were used to explain the precise causes of behaviour, three specific behaviours were pinpointed and suggestions (based on aversive conditions and positive reinforcers) were presented to the family business*er* for him to work on in order to improve his functioning within the family and the business.

1. *The specific behaviour that was pinpointed was his preparation for meetings with his brother*.

He was frequently frustrated and anxious even at the thought of attending a meeting at which his brother was present. This had been reinforced on numerous previous occasions when his brother either did not turn up, was ill-prepared or, even worse, embarrassed him and the family company by his actions. It was suggested that when he knew that he was going to be interacting with his brother in business meetings that involved other business stakeholders, he would first arrange to discuss (in the first instance, by telephone) with his brother and establish the goals of the meeting. Specifically, a meeting with financiers was forthcoming and he decided to telephone his brother in advance and negotiate a strategy with him on specific outcomes that they both expected from the meeting. In this way, rather than constantly thinking during the meeting of the affect that the current situation was having on his relationship with his brother, he would be able to change his behaviour and convert an aversive into a desirable consequence.

2. *The specific behaviour that was pinpointed was his method of communication and attention to detail in business-related matters.*

He recalled that he was functioning best when he was introducing his brother into the business and “teaching him the ropes.” This involved communicating in detail the workings of the business. By avoiding interaction (and potential conflict) with his brother he no longer articulated this level of detail. The consequence was that he was finding that he was satisfied with a standard of performance that previously would have bothered him. He admitted that he previously did not avoid detail and communicated in specific terms how he wanted the business to operate. As the business evolved and he began to avoid interaction with his brother and other family members, his work behaviour pattern had changed and this was contributing to his feelings of frustration. By reverting to this previous pattern he would therefore be converting aversive consequences (feelings of frustration, confusion and hurt) into desirable consequences (attending to detail and improved interaction with his brother and family members).

3. *The specific behaviour that was pinpointed was his deliberate avoidance of family and friends.*

The final aversive consequence that was resulting from his current (avoiding) behaviour was the general change in the way family and friends viewed him. He acknowledged that he had deliberately avoided attending family functions and needed to rebuild relationships. In particular, he had neglected his sister and her children. Therefore, to change his behaviour pattern he committed to making sure he spent more time with them. Also, he committed to attending to relationships with his parents and his social circle. Again, the consequence of this would be the conversion of an aversive consequence into a desirable outcome.

Quantifying Behaviour Change

The time one and time two responses on the AFBI *individual and growth development* scale appear in Table 16. He reported improved responses to two statements related to his functioning in the family business (*I am basically satisfied with the level of trust and fairness between me and other family members; My family generally likes me for who I am*).

Table 16

Case One: AFBI Individual and Growth Development Scale Responses

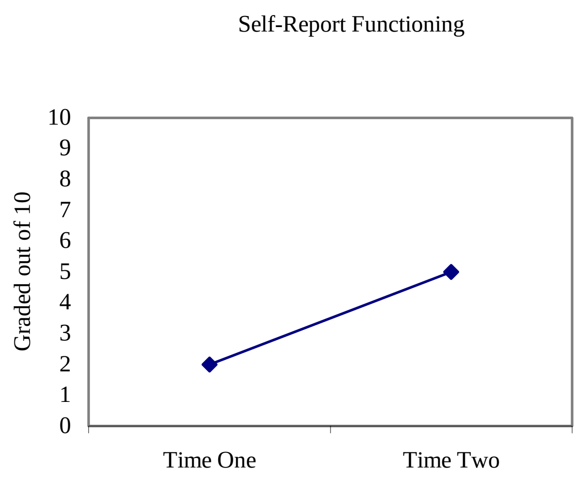
	T1	T2	Change
Factor 1: *Individuality* (Reliability: .73)			
45. My family has encouraged me to discover my own way.	2	3	+1
44. My family encourages me to develop a sense of purpose in life separate from the assets that we own.	4	4	0
46. I have been given due credit for my contributions to the interests of the family.	na*	3	-
41. My family gives me credit for personal accomplishments.	4	4	0
49. I feel that my family understands me.	2	na	-
48. I am basically satisfied with the level of trust and fairness between me and other family members.	3	4	+1
50. My family generally likes me for who I am.	2	4	+2
Total Change			+4
Factor 2: *Self-Belief* (Reliability: .61)			
43. I know what I want my life to be about.	5	4	-1
47. I feel secure about my future.	4	4	
42. I feel adequately prepared for my future.	5	4	-1
Total Change			-2

* na = not answered

Another indication that the participant's functioning had improved is evidenced in Figure 7 that shows his self-reported functioning at time one and time two. He was asked at the second interview to comment (rate of a 10), how he thought he was functioning compared to the first interview that was conducted five weeks earlier and before he had introduced the suggested behaviour changes. At the second interview he rated his functioning at 5 out of 10 while at the first interview he considered that he was functioning at 2 out of 10, thus revealing a 150% increase from T1 to T2.

Figure 7.

Self-Report Functioning Case One



Additional support that his functioning had improved came unsolicited from his secretary who commented to him that, "you are like you used to be two years ago when I started working here." His strategy regarding meeting preparation had improved his relationship with his brother. He was again communicating with his brother (and sister-in-law) on key business issues and had arranged to go to their house for dinner once a week so that they could also share "away from business" interaction. His mother also reported that his attitude and commitment to the business was again “on track.” He was in daily phone contact with his father (who was often overseas) and he had again begun to share time with his sister and her family. He commented that he was again energized by the business but “still had a long way to go.” Interview excerpts from the full transcripts of Case One are included in Appendix C.

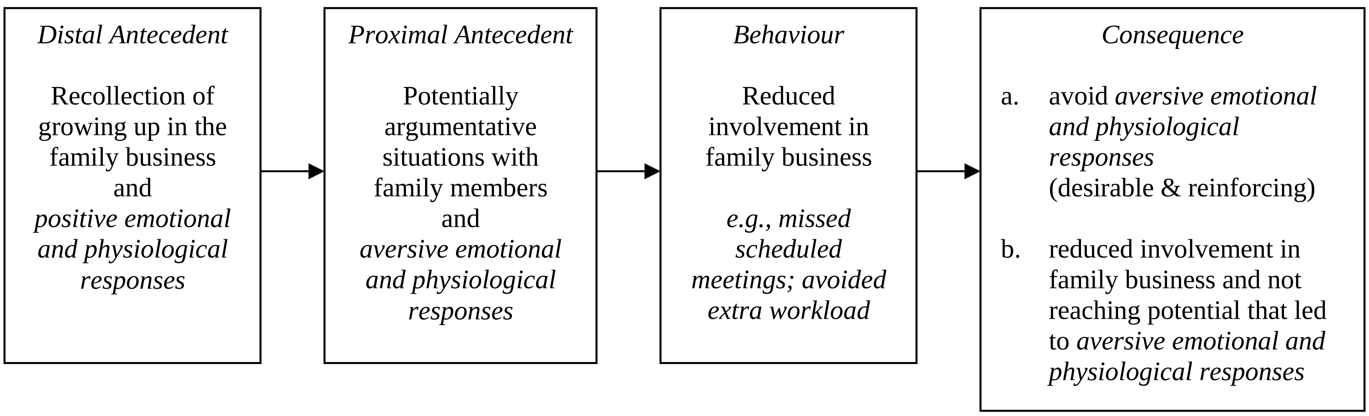
Case Two

The participant from case family two was a third generation female member of the family business who worked in the business was related to the founder and was a shareholder.

The participant came to the first interview with no specific presenting problem. It was apparent early in the interview that she was functioning adequately but not optimally in the family and the business system. Antecedents were identified and grouped into distal and proximal categories. The distal antecedent concerned her recollection of growing up in the family business and her consequent emotional and physiological comfort. The proximal antecedents that were influencing her current behaviour involved being in potentially argumentative situations with family members regarding changes that were being made to the family business, which produced consequences that were in contrast to the emotional and physiological comfort that she experienced under the previous business model. In response to these antecedents, she had begun to either avoid family and business meetings altogether or, if she did attend she was not an active participant. Her valued outcome was the avoidance of the aversive emotional and physiological responses she experienced in embracing the new business format. However, as this avoidant behaviour became established, she was not feeling fulfilled and was conscious that she was not reaching her full potential. The result was that her work performance was starting to slacken and she was becoming disillusioned as to her future role in the business (Figure 8).

Figure 8.

A-B-C Framework Explanation Case Two



Thus, although her behaviour was effective in avoiding potentially argumentative situations (i.e., a valued outcome), it also resulted in an undesirable consequence of reduced involvement in the business and reaching her full potential, both of which also produced aversive emotional and physiological responses in her (i.e., non-valued outcome). The result of this was that her behaviour resulted in a valued and a non-valued outcome.

The valued outcomes framework that was used to analyze behaviour appears in Table 17.

Table 17

Valued Outcomes Analysis Dimensions Applied to Case Two

Consequence	Label	Detail
Desirable	Escape	Previously escaped by not being involved at all in the business and recently she was being more active but others still remember this “escaping” behaviour
	Avoidance	Avoided meetings; avoided speaking as a representative of the family; avoided doing something about the fact that she needed to be more involved in the business
	Access to preferred activity	Rather than doing something about being more involved, she was content to take on less important roles
Aversive	Attention change in others’ social reaction	Other family members did not see her as a serious business-minded contributor to the business
	Change in internal state (emotions)	Felt unfulfilled; not recognized as a contributor
	Change in internal state (sub-vocalization, images and physiological responses)	Thought that non-family management saw her as a (token) family member rather than a career orientated member of the management team

Therefore, the function label that was assigned in this second case was Avoidance. For this participant the Valued Outcomes Statement was stated as: The participant minimizes her involvement in the business because she wants to avoid embracing the new business model and this behaviour results in three valued outcomes related to avoidance (the function label): (1) avoidance of negative interaction with family (who were involved in professionalising the business) that would facilitate her embracing (or understanding) the new business model (i.e., an environmental VO); (2) avoidance of physiological arousal (which was in contrast to the physiological arousal under the old business model); and (3) avoidance of emotional distress (rather than emotional comfort under the old business model).

After her behaviour was functionally assessed and VOA principles were used to explain the causes of her behaviour, three specific behaviours were pinpointed and suggestions (based on aversive and positive reinforcers) were presented to the family business*er* for her to work on in order to improve her functioning within the family and the business:

1. *The specific behaviour that was pinpointed was her preparation for performance and executive meetings.*

When the detail relating to her feeling that her contribution was not valued was examined it was apparent that this was associated with actions that she could control and was choosing not to. It was therefore suggested that she work on those behavioural aspects and actively pursue (for example) minutes of meetings (which previously were made available to her spasmodically) and set a goal to put herself in the position of the Chair of the performance meeting rather than a passive attendee. This would therefore convert an aversive consequence (not being seen as a serious business-minded contributor to the family business) into desirable consequences (feeling valued).

2. *The specific behaviour that was pinpointed was to develop strategies that would see her perceived more as a professional career-focused individual.*

She reported feeling that she was valued by the professional ‘outside the family’ management team only because she was a member of the family and she admitted that although her behaviour reinforced this, it was not how she wanted to be perceived. It was suggested that this perception would change if she was more reliable in terms of attending and participating in various family and business forums and by being actively committed to the new business model. Thus, she would convert aversive consequences (of not feeling that she was reaching her potential) into desirable consequences (of no longer being perceived as a token family member but as a capable professional).

3. *The specific behaviour that was pinpointed was to actively build an understanding of the business model in this generation.*

It was apparent that her behaviour was as a consequence of being openly negative towards some of the changes that were occurring in the business. Much of this was because she did not understand the reasons behind the need to grow and diversify the business. It was therefore suggested that she begin to accrue knowledge about broader business issues with the aim that this would contribute to her understanding of the need for change and growth. Thus, the aversive consequence (of not accepting the new business model) would be transformed into a desirable consequence (of understanding the new business model and therefore embracing change).

Quantifying Behaviour Change Case Two

The time one and time two responses on the AFBI *individual and growth development* scale appear in Table 18. The trend in responses (i.e., improvement in all but one statement) indicates that there is support that functioning improved at time two compared to time one.

Table 18

Case Two: AFBI Individual and Growth Development Responses

	T 1	T2	Change
Factor 1: *Individuality* (Reliability: .73)			
45. My family has encouraged me to discover my own way.	2	4	+2
44. My family encourages me to develop a sense of purpose in life separate from the assets that we own.	2	4	+2
46. I have been given due credit for my contributions to the interests of the family.	2	3	+1
41. My family gives me credit for personal accomplishments.	2	3	+1
49. I feel that my family understands me.	2	2	0
48. I am basically satisfied with the level of trust and fairness between me and other family members.	2	3	+1
50. My family generally likes me for who I am.	2	4	+2
Total Change			+9
Factor 2: *Self-Belief* (Reliability: .61)			
43. I know what I want my life to be about.	2	3	+1
47. I feel secure about my future.	3	4	+1
42. I feel adequately prepared for my future.	2	4	+2
Total Change			+4

Another indication that the participant's functioning had improved is evident in Figure 9 that shows the self-report functioning at time one and time two. She was asked at the second interview to comment (rate of a 10), how she thought she was functioning compared to the first interview that was conducted five weeks earlier and before she had introduced the suggested behaviour changes. At the second interview she rated her functioning at 6.5 out of 10 while at the first interview she considered that she was functioning at 4 out of 10, thus revealing a 62.5% increase from T1 to T2.

Figure 9.

Self-Report Functioning Case Two

Additional support that her functioning had improved came unsolicited from her immediate supervisor in the business who commented to her that, “you have been so much better lately.” Her strategy regarding meeting preparation had improved her relationship with her cousin (the Managing Director) who had on two occasions gone out of his way to ensure that she was included in business meetings. She had been asked by her cousin and her brother to represent the family at a forthcoming family business conference with the aim of increasing her understanding of the broader business issues (“A lot of things have happened in those 5 weeks…I have been considered to go to the family business conference, but before I would (a) never considered going and (b) been considered as someone who should go.”). In addition, she was being considered as the staff member who would participate in the annual European sales trip that had previously been the responsibility of her cousin (the MD). She concluded that, “understanding the business more, I realize that everyone has their own agenda but it is to take our family business to the next generation.” Interview excerpts from the full transcripts of Case Two are included in Appendix D.

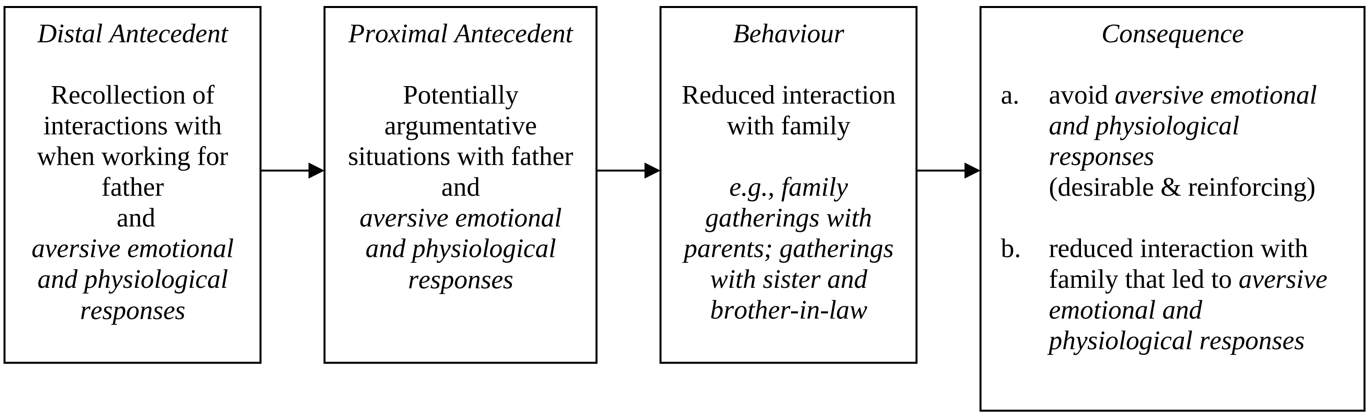
Case Three

The participant from case family three was a second generation male member of a two-generation family business who did not work in the family business, was related to the founder and was not a shareholder.

The participant came to the first interview with no specific presenting problem although working with the family in the lead-up study indicated (to the researcher) that the relationship that the individual had with various family members had been causing tension for some time. Antecedents were identified and grouped into distal and proximal categories. The distal antecedent concerned the interactions that he had with his father when they worked together in the business approximately eight years earlier and his consequent emotional and physiological upset. The proximal antecedents that were influencing his current behaviour involved being in potentially argumentative situations with his father at family gatherings, which also held emotional distressing and physiologically upsetting consequences for him. In response to these antecedents, he had begun to avoid interaction with family members. His valued outcome was the avoidance of resolving issues between himself and family members. The consequence was that his familial relationships were affected and business issues in which he had a vested interest were being ignored (Figure 10).

Figure 10.

A-B-C Framework Explanation Case Three



Thus, although his behaviour was effective in avoiding potentially argumentative situations (i.e., a valued outcome), it also resulted in an undesirable consequence of reduced interaction with family and the resolution of family business matters (e.g., transition of ownership, control and management of the business) that needed to be addressed, both of which also produced aversive emotional and physiological responses in him (i.e., non-valued outcome). He was thus “at a stalemate” because his behaviour resulted in a valued and a non-valued outcome.

The valued outcomes framework that was used to analyze his behaviour appears in Table 19.

Table 19

Valued Outcomes Analysis Dimensions Applied to Case Three

Consequence	Label	Detail
Desirable	Escape	Escaped by ceasing all official roles in the business
	Avoidance	Avoided business-related discussion
	Access to preferred activity	Was involved in family activities begrudgingly
Aversive	Attention change in others' social reaction	Silence between participant and his father; alternatively, heated interaction
	Change in internal state (emotions)	Felt frustrated at not being able to resolve stand-off
	Change in internal state (sub-vocalization, images and physiological responses)	Thought that family harmony was paramount and needed to constantly remind himself of this

Therefore, the function label that was assigned in this final case was Avoidance. For this participant the Valued Outcomes Statement was stated as: The participant minimizes interaction with his family in family and business contexts because he wants to avoid potential arguments with them and this behaviour results in three valued outcomes related to avoidance (the function label): (1) avoidance of negative social interaction with family (particularly his father) as that often resulted in conflict (i.e., an environmental VO); (2) avoidance of physiological arousal (which he experienced at family gatherings); and (3) avoidance of emotional distress (which was an aversive consequence of previous interactions).

After his behaviour was functionally assessed and VOA principles were used to explain the causes of his behaviour, three specific behaviours were pinpointed and suggestions (based on aversive and positive reinforcers) were presented to the family business*er* for him to work on in order to improve his functioning within the family and the business:

1. *The specific behaviour that was pinpointed was his preparation for family gatherings.*

When the participant's behaviour was detailed it was apparent that he was becoming anxious preparing for family gatherings. For example, he reported that the anxiety (e.g., increased heart rate) began on the trip to his parents' house to attend a family gathering. This resulted from his recollection of previous gatherings and the related emotional and physiological responses. It was suggested that paying attention to the physiological cues and therefore being more prepared to avert potential arguments would result in him arriving in a better frame of mind and avoid over reacting to other family members. This would therefore convert an aversive consequence (of avoiding interaction) into a desirable consequence (of being able to interact particularly with his father in a civil manner).

2. *The specific behaviour that was pinpointed was addressing his current overt behaviour at family gatherings.*

While attending family gatherings he indicated that he was openly aggressive and obstinate with family members, thus fuelling the situation and decreasing the chances for quality interaction. It was suggested that he changed the way that he communicated at family gatherings. Specifically, as he knew that any discussion that was business-related resulted in his father becoming agitated with him (as they had a history of disagreeing on the direction of the business) he committed to avert business-related conversation at family gatherings. In this way he would be more likely to rebuild the relationship with his father and other family members as they saw that he was (overtly at least) behaving differently and ultimately this would provide for an atmosphere in which they as a family would be able to address the real business-related issues that needed to be discussed. The aversive consequence (of avoiding discussion about the strategic business issues) would result in a desirable consequence (of being able to communicate his thoughts regarding the direction of the business).

3. *The specific behaviour that was pinpointed was for him to concentrate on changing his own behaviour rather than the behaviour of others.*

It was apparent that the participant was spending an inordinate amount of time and energy trying to change the behaviour of other family members, particularly his father. The suggestion was made to concentrate on changing the behaviour that he was most likely to change (i.e., his own) and then others may respond differently to him and, as a consequence, as a family group they may be able to begin to address the key family business-related issues that were currently being ignored (thus, for the participant, converting an aversive consequence into a desirable consequence). This suggestion was in part related to his communication style and the way that he reacted to family members' behaviour. He agreed to the suggestion that he needed to be more aware of his weaknesses and limitations (behaviours) rather than concentrate on those (behaviours) of family members and was cognizant that his current behaviour was perhaps contributing to the stalemate in which he found himself.

Quantifying Behaviour Change Case Three

The time one and time two responses on the AFBI *individual and growth development* scale appear in Table 20. The trend in responses indicates that there is tentative support that functioning improved at time two compared to time one. He reported improved responses to two statements related to his functioning in the family business (*I am basically satisfied with the level of trust and fairness between me and other family members; My family generally likes me for who I am*). He also improved on the self-belief scale statements.

Table 20

Case Three: AFBI Individual and Growth Development Responses

	T 1	T2	Change
Factor 1: *Individuality* (Reliability: .73)			
45. My family has encouraged me to discover my own way.	4	4	0
44. My family encourages me to develop a sense of purpose in life separate from the assets that we own.	4	4	0
46. I have been given due credit for my contributions to the interests of the family.	2	2	0
41. My family gives me credit for personal accomplishments.	4	4	0
49. I feel that my family understands me.	2	4	+2
48. I am basically satisfied with the level of trust and fairness between me and other family members.	2	2	0
50. My family generally likes me for who I am.	3	4	+1
Total Change			+3
Factor 2: *Self-Belief* (Reliability: .61)			
43. I know what I want my life to be about.	3	4	1
47. I feel secure about my future.	2	4	2
42. I feel adequately prepared for my future.	4	4	0
Total Change			+3

Another indication that the participant's functioning had improved is evident in Figure 11 that shows the self-report functioning at time one and time two. He was asked at the second interview to comment (rate of a 10), how he thought he was functioning compared to the first interview that was conducted five weeks earlier and before he had introduced the suggested behaviour changes. At the second interview he rated his functioning at 7.5 out of 10 while at the first interview she considered that she was functioning at 5 out of 10, thus revealing a 62.5% increase from T1 to T2.

Figure 11.

Self-Report Functioning Case Three

Additional support that his functioning had improved came unsolicited from his mother who commented to him that, “it was great to have the family together again.” His strategy regarding preparing for interactions with his family had improved his relationship with his father. Regarding family gatherings he reported that (on one occasion) he “wasn’t 100% outgoing and open but, you know it was more comfortable”. At the same gathering, “It felt better because mum and dad enjoyed themselves more so, so there wasn’t you know lingering feeling of uncofortableness after the whole sort of thing finished.” He also reported that, “I am not as wound up, not as aggressive when it all happens…not saying that it is not totally not existent.” On working on his own behaviour he stated that, “It is just you working on yourself and being comfortable with yourself and you know accepting that people are what they are and that you can’t actually change those people it doesn't matter how hard you try they will still be the same." Interview excerpts from the full transcripts of Case Three are included in Appendix E.

Summary of the Effect of VOA Intervention on the Three Cases

In the three cases above, the focus of the behavioural investigation was moved away from analyzing environmental variables to systematically exploring individual-environment interactions and the manner in which the individual experienced the consequences of his/her actions (i.e., VOA). The function labels that were assigned in all instances related to avoidance. However, this was not enough to understand the participants' individual needs. Further exploration was required to examine their specific experience of the environment. The Valued Outcomes Statement was used to help establish this and resulted in understanding the subsequent effect of this experience on behaviour. Valued Outcomes Analysis was found to be an effective basis for creating behaviour change. By pinpointing three specific environmental-related situations (that were derived from the VOA function label) and suggesting to the participants that working on their behaviour in these situations would potentially improve their functioning, each was able to convert previously aversive consequences into desirable consequences. In each case there was evidence (via the ABFI scale, self-report monitor and unsolicited third-party comments) that the process was effective in facilitating change in behaviour.

Conclusion

This second study of three individuals whose families were involved in the lead-up case studies highlighted further that functioning in family business is difficult.

Hypothesis 8 stated that individuals would report improved functioning after introducing suggestions that were established when the causes of their behaviour were explained using functional assessment and Valued Outcomes Analysis techniques. The results indicated that functioning improved so Hypothesis 8 was supported.

CHAPTER 4

DISCUSSION, LIMITATIONS AND FURTHER RESEARCH

Introduction

This chapter will further detail and link the findings of the two studies. Specifically, the findings in study one are tentatively explained using the concepts introduced in study two. As well, implications of the study are discussed and limitations of the research are addressed. The final section is devoted to future research opportunities resulting from this project.

Review of Results

The lead-up studies provided insights into the functioning challenges that face individuals in family businesses. These insights were further investigated in study one that quantified in a multi-generational sample differences between employment status, stock ownership status, relationship to founder, gender and generation cohort groups. Theoretically, this study was framed in the evolutionary perspective of the firm and extended the theory to include the family business perspective and introduced potential conflict related matters that the previous versions of the theory did not embrace. As well as highlighting fundamental business issue differences between stakeholder cohorts, the main finding of this study was that the founding generation differed significantly to the two subsequent generations on the AFBI *individual growth and development* scale and with the third generation cohort on the AFBI *business direction and planning* scale.

The second study built on this finding and explored in depth the functioning of three individuals from the five lead-up case study families. Using theories and techniques that were based on the seminal work of Skinner the causes of behaviour of the three were explained and each of the participants reported that their functioning improved after introducing suggested changes to their behaviour.

Research Contribution: Linking the Two Studies

Study one contributed to theory in two ways. First, the inclusion of the family dynamic broadened the original and the expanded conceptualizations of the evolutionary perspective of the firm. Casson (1997) suggested that any modern theory of the firm needed to address the issue of the role of the entrepreneur and, given the proportion of family firms globally, it is suggested here that the issue of the role of the family needs also to be considered in any modern theory of the firm (also see, Gibb Dyer, 2003). In this study the focus was moved away from defining 'routine' individual and collective behaviour to a wider interpretation (particularly of individual behaviour that looked at individual development in the family business system). Second, previous versions of the evolutionary theory of the firm "had very little to say on some key characteristics of the firm, such as the resolution of conflicts within firms and of potential conflicts that could emerge between shareholders and managers" (Foss et al., 2000, p. 96). This has begun to be addressed in this study by highlighting the role that conflict can (potentially) play in evolving family firms.

From an applied perspective, the investigation of the differences between the various stakeholder cohorts in study one contributed to the understanding of family businesses. But, arguably the most significant contribution of the first study was provided by the generational cohort differences findings. Of the seven AFBI scales it was only on two scales that significant differences were found, and it is the *individual growth and* *development* scale differences that will figure first in this discussion. Various explanations have been offered in the literature for the finding that generations differed on issues related to individual growth and development (Davis & Tagiuri, 1989; Dumas, 1992; Eckrich & Loughead, 1996). However, none have adopted the behavioural-based concepts and techniques that were introduced in study two to interpret individual growth and development issues the like of which were introduced in study one of this research.

Specifically, the behaviour of the founding generation can be interpreted post-hoc using Valued Outcomes Analyses. That is, as many businesses are launched to avoid (a VOA function label) working for others or because there are limited employment opportunities (often involving migrant populations), individuals are either avoiding the confines of "working for a boss" or escaping (another VOA function label) from adversity. This has a strong influence on their behaviour (a desirable consequence) and the valence that they place on the survival and eventual success of the business is therefore high (a valued outcome). The emotional and physiological responses experienced as a result of this avoidant behaviour would presumably be strong for this founding generation as they battled to keep the business afloat (and these responses would act as powerful future antecedents to behaviour). In contrast, subsequent generations did not experience this same exposure to the complex physiological and emotional responses (e.g., from the "high highs" and "low lows") that are involved in business start-ups. Therefore, it is possible to posit using a behaviour-based explanation (introduced in study two) that the finding in study one that family business*ers* in second and third generations did not report the same level of individuality and self-belief was because they were born into, rather than were responsible for founding, the family business.

The other significant generation cohort differences finding in study one concerned third generation respondents differing to the founding generation on the AFBI *business planning and direction* scale, whereas the second-generation respondents did not differ significantly to the founding generation. This would indicate that the behaviour of the second-generation family business*ers* (who were also found to be significantly less confident than the founding generation on the AFBI *individual growth and development* scale) was more influenced by the founding generation than was the behaviour of the third generation respondents. It is possible to suggest therefore that the contribution of the founding generation to the business (i.e., including perhaps their struggle through adversity to establish the business) was more "real" for the second generation than the third generation and as a result, they were less inclined to question the direction of the business. Or using a VOA interpretation, the physiological and emotional responses of the second generation to the role that the founder had in the business resulted in desirable consequences and caused them to be less inclined to question the direction of the business than the third generation who, being one more generation removed, did not have the same strong physiological and emotional responses and the associated desirable consequences.

The concepts introduced in the second study can also be applied to other behaviours that occur within, and are unique to, a family business. For example, the fact that the founding generation does not want to let-go of the business that they established and hand control, management and ownership to the next generation could be explained by assigning the function label of Avoidance to the behaviour. In this instance the founder may be avoiding introducing initiatives that would see him having to exit the business because of the aversive consequences (e.g., loss of identity that comes with being the leader of the business) and related physiological and emotional distress that this may trigger.

Implications for Family Business

Founders of business who elect to introduce family members into the business must acknowledge that the business has played a crucial role in their own individual development. The way that they behave in the family system may have been reinforced in the business system. If it is the case that their personal confidence, for example, is in part due to their business success, they must structure ways to develop confidence in their offspring and members of subsequent generations. If, as the significant finding in study one indicated, founders are more individual and have stronger self-belief, they must acknowledge that the situation was not an overnight occurrence and that it was in part as a consequence of the reinforcement of their behaviour over time.

Individuals from subsequent generations must also understand the role of the business in the family. If the business is an all-consuming influence on the family, they must be able to understand that just because it has considerable value to the founding generation does not necessarily mean that they will share that same degree of passion. It may not have the same influence on them and their behaviour and therefore they must be able to choose to develop as individuals without this influence. If they choose to build a career in the business, it may not necessarily be as an imitation of the founder because they are (significantly) different to them and will not have the same affinity with the business because the valued outcomes that influence their behaviour are likely to be different.

Also, family business*ers* from all stakeholder cohorts need to become aware of business-related issues. It is apparent from the results in the first study that fundamental business issues divided the families. As disagreement on these issues has the potential to influence individual behaviour, family business*ers* must learn about the complex business environment into which they have been born. They must become “students of family business” and understand that (and learn how) the family business changes over time, and importantly where they fit as individuals into this evolving puzzle.

Family businesses are likely to face their biggest challenges as the founding generations hand over their control, management and ownership of the business that they established to second generations and, if consultants who work with family businesses can be alert to the causes of behaviour of individuals from both generations, they are more likely to assist them through the transition. Also, consultants must be aware of the business issues that create the divide in stakeholder cohorts in family businesses and they must work with families to devise strategies to make sure that all stakeholders develop, or at least improve, their business understanding.

Limitations of the Research

Threats to Statistical Validity

The AFBI is a self-report instrument with no objective clarification available. However, the number of respondents (n = 370) and the situation in which the data were collected (i.e., multiple generations about to embark on a family business facilitation program), as well as the knowledge that the instrument has proven reliable in capturing family business functioning in an applied context, counter these limitations to some degree. In the case design study, performance varied in positive directions and each of the subjects' functioning in society improved between time one and time two. Thus, experimental and therapeutic criterion validity are satisfied (Barlow & Herson, 1984).

Threats to Construct Validity

Construct validity concerns the question of whether the results support the theory behind the research (McBurney, 1990). The variables that were examined in study one were derived from previous research, construct validity on which has been established (i.e., the constructs that were accessed here are indicative of those that are accepted in the family business literature). In study two it is acknowledged that the role of a Hawthorne effect is a concern as it is in any longitudinal or multiple wave study. Specifically, in this study, it is possible to argue that participants' functioning improved because they knew that they were in an experiment. To an extent this may have had an influence and is acknowledged as a weakness of the study.

Threats to External Validity

External validity is concerned with the extent to which the findings can be generalized to other situations (McBurney, 1990). The data set and the comprehensive questionnaire contribute to the confidence of generalizing the results of study one to the wider family business community. However, family business functioning research of this type would benefit by the inclusion of a level of success measure (McCarthy, 1998). For example, as the family and business systems overlap, the functioning of the family system and the individual within that system may be different when the business system is under financial stress.

External validity is enhanced if a heterogeneous sample is deliberately selected (Cook & Campbell, 1979), as was the case in the second study. Specifically, the profile of the participants' firms, the generation to which they belonged, the ownership structure and the size of their families all varied. As well, two males and one female were involved in the study.

Although having replication adds to the generalizability of the results, generalizability of a direct replication case study design study is a problem. The design is weak in that it does not afford demonstration of experimental or therapeutic control over the target behaviour. Therefore, both demonstration of efficacy (i.e., control) of the therapeutic strategy and subsequent possibilities for generalization are weak (Hersen, 2003).

Threats to Internal Validity

There are numerous threats to internal validity in quasi-experimental (single case design) studies (Campbell, 1969). The effects of maturation, history, selection and facilitator bias need to be highlighted as limitations in this study. Specifically in this study, the five-week period between time one and time two may have had an influence on the resulting changes in behaviour. Confounding events may have occurred during this time that meant, "things just got better." History may also play a part in the behaviour change (i.e., the intervention occurred in a "down" cycle in which the individual found himself or herself and historically, "things get better"). Although the group was heterogeneous, there is also the threat of selection bias because of previous association, which would link with the issue of therapist bias and/or, a "halo" effect. Attempts were made to address each of these issues. Specifically, to address the maturation effect, contact was made with each of the participants mid-way through the five-week lapse time via email to offer clarification and support. Also, a second objective researcher assisted the chief researcher in examining other internal validity issues. Importantly, and as a way of gauging the role of the researcher, the three participants reported that "it was the process that worked" when questioned as to the role of the facilitator.

Further Direction

In order to progress theory development in family business, future studies could be undertaken to further develop the role of the family in the evolutionary perspective of the firm. Follow-up studies with the 46 families who were involved in the group design study will help facilitate this theory development.

In addition, future studies will investigate the generational differences that have been highlighted in this research in order to further establish methods for preparing individuals for the second transition in family business. These studies will continue the systematic replication of the process and address the generalizability issues of the second study findings mentioned above.

Conclusion

This research has progressed the understanding of individual functioning in family business. The main findings in the first study were that: (1) employment and stock ownership cohorts were significantly divided on fundamental business-related issues that contribute to business mutation and also make up the collective knowledge of the family business; (2) gender groups agreed on most family business issues; (3) being related to the founding family was of limited consequence; (4) the founding generation differed significantly to subsequent generations on individual growth and development related issues; and (5) the founding generation agreed with the second generation on business direction and planning but the third generation disagreed with the founding generation. The main contribution of the second study was that individual functioning in family business can be improved by establishing causal explanations that define (1) the function of the behaviour, and (2) the valued outcomes that drive the behaviour.

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