On the Goals of Family Firms:

Conceptual Review and Empirical Evidence from the largest Latin American Companies

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DECLARATION

I certify that the thesis I have presented for examination for the Ph.D. in Management at IAE Business School is solely my own work other than where I have clearly indicated co-authorship or that it is the work of others. I also certify that I have performed the leading role in the co-authored chapters of this thesis.

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ABSTRACT

This thesis addresses specific research calls on the goals of family firms and on two aspects especially influenced by its characteristics, such as family business ethics and social performance in regard to provision of jobs. These research needs can be summarised as: 1) the consideration of research on the goals of the family firm as one of the most striking gaps in the family business and management literature, 2) the signalisation of a considerable lack of research in regard to business ethics in the context of family firms, and 3) the theoretical and methodological calls in regard to research on employee-related corporate social performance matters from the business policy field as well as from the family business field. These needs lead to the integrative question "what are the goals of the family business and how do goals and ethics of family firms influence its social performance regarding provision of jobs?", and to three more specific research questions.

The answer to the first research question "what are the goals of family business and how are they integrated?" is that goals are diverse as well as classified in binary categories, and that the majority of studies integrate the diverse goals based on a trade-off rather than on a synergistic perspective. This shows that the research agenda on goals of the family firm is based on a classification in binary categories and integration based on trade-off logic, that is, mutually exclusive and conflicting categories.

The answer to the second research question "why and how do family firms differ from non-family firms in regard to business ethics?" is that family firms are considerably different to non-family firms regarding ethical issues mainly because the involvement of the owning family, the inclination to specific goals pursuing socioemotional wealth, and due to characteristic social interactions. These aspects converge in the informal

formulation, communication, and enforcement of ethical dynamics characteristic of family firms and also influence ethical issues relevant to various stakeholders of the family business such as: the moral development of the family members, the ethical climate at the family firm, the moral development and ethical behavior of the firm's members, and the ethical considerations towards external stakeholders.

The response to the third question "what is the link between corporate control and provision of jobs in the Latin American context?" is that family control explains a higher amount of jobs provided compared to nonfamily firms and that this higher social performance can be also, in some cases, associated with higher financial performance. Moreover, family firms who provide more jobs are the ones that are locally governed, listed in the stock exchange, and have more women as well as more members in their boards of directors.

The summarised answer to the integrative question of this thesis, "what are the goals of the family business and how do goals and ethics of family firms influence its social performance regarding provision of jobs?", is that goals are more diverse and contribute to higher ethical and social inclination. The higher provision of jobs by large family firms in the Latin American institutional context is interpreted to be influenced by the more diverse goals and by the higher ethical inclination of these family firms.

This thesis contributes to the literature through the individual findings and insights of the three free-standing papers and also through integrating goals, ethics and social performance.

The contribution of the first paper, "On the Goals of Family Firms: a Review and Integration", is threefold. First, it reviews and integrates the research on the goals of family firms over a 24-year period. Second, it provides a comprehensive table that identifies the key themes and findings on the goals of family firms based on 71 articles from peer-review journals. Third, it develops a consolidated framework to guide future family firm research on the goals of the family firms making explicit, investigating and extending the current dominant theoretical assumptions in the field.

The main contributions of the second paper, “Family Business Ethics: at the Crossroads of Business Ethics and Family Business” are also three. First, through the identification, analysis, and integration of the relevant articles, a thorough review of the key issues at the intersection of business ethics and family business is provided. Second, this paper organizes the main findings and discusses the distinctiveness of business ethics in the context of family firms, the scarcity of research on family business ethics so far, and how the particular aspects of the family business will influence ethical issues relevant to various stakeholders of the family business. Finally, this article highlights the relevance of family business ethics both for the fields of business ethics and family business, and suggests various avenues for further research.

In regard to the third paper, “Corporate Control and Employment: Do Family Firms Provide More Jobs? Evidence from The Largest Latin American Firms”, this study contributes in several ways to the current literature. First, it overcomes past limitations as it considers a multi country setting including private as well as public companies of a developing region such as Latin America. Second, it extends the literature on the relationship between corporate control and employment. Third, it contributes to the field of family business by exploring the relationship between social and financial performance and the heterogeneity among family firms. Last but not least, this research also contributes to incorporate the context of Latin America to the existing literature on the ubiquity of family firms in the world economy.

The overall contribution of this thesis is the integration of family business goals and family business ethics and the elaboration on insights regarding their influence on social performance dimensions such as the provision of jobs. Controlling families are inclined to a broader range of goals, with emphasis on goals which are not of a short-term financial nature. These special goal characteristics, plus particular social elements as well as specific kinds of relationships, are key reasons explaining a higher ethical inclination of family firms. Large family firms providing more jobs across all industries in such a specific institutional context such as Latin America, where having a formal job has a high implication with human development, provides insights on a possible higher social inclination in this dimension.

It could be argued that increased goal diversity and higher ethical inclination due to family control influences prioritisation of stakeholders. In the institutional context of Latin America this higher goal diversity and ethical inclination may converge in having provision of jobs as one of the key objectives of the family firm to be harmonised among other key goals.

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CHAPTER 1: INTRODUCTION

Relevance and Definition of the Family Firm

Family firms play a very important role in the global economy. Family-owned businesses account for 40 to 60% of the U.S. gross national product (Neubauer & Lank, 1998) and family control has been found to be present in one-third of the S&P 500 (Anderson & Reeb, 2003). Furthermore, family control is present in 44% among listed companies in Western European countries (Faccio & Lang, 2002) and in 30% of the companies of the 27 richest countries of the world as per capita income (La Porta, et al., 1999).

Family firms are distinguished from other types of organisations because of “the influence of the family on the firm” (Zellweger, 2017, p. 4). The family business literature conceptualises this influence mainly focusing on two perspectives: 1) involvement of the family in ownership, management or control, and 2) essential components such as influence by the family over the strategic direction of the firm, intention to keep trans-generational family control, specific behaviours, and unique resources and capabilities (Chrisman, et al., 2005). It has been suggested that “family involvement gives the controlling family the ability to influence firm behaviour” while family essence specifies the particular way in which family influence will be used and that “family involvement is a necessary condition for the existence of a family firm but is not sufficient to ensure that a family firm will behave in a fashion that differs from that of nonfamily firms” (Chrisman, et al., 2012, pp. 268, 286).

While the theoretical conceptualisation of a family business considering both its involvement and essence provides a more comprehensive definition, operationalization of all intangible aspects has been suggested to reduce samples substantially and to make "quantifying family businesses economic impact more elusive" (Astrachan & Shanker, 2003, p. 212). Therefore, a broader definition requiring "some family participation in the business and that the family have control over the business' strategic direction" (Shanker & Astrachan, 1996; Astrachan & Shanker, 2003, pp. 211-212) was proposed for allowing to "include more businesses and result in larger economic contributions" (Astrachan & Shanker, 2003, p. 213). This broad definition "includes businesses where a family member is not in direct daily contact with the business but influences decision-making" through board membership or significant stock ownership (Shanker & Astrachan, 1996, p. 109).

A definition capturing several dimensions of involvement and essence provides a more complete theoretical definition of the family firm. However, the current stage of development of the field of family business may not allow for a single definition (Chrisman, et al., 2012) and the operationalization of the concept for empirical studies may lead different authors to use different definitions (Martínez, et al., 2007) according to various research questions and empirical settings. The range of involvement and essence used in operational definitions for empirical research in the family business field has been broad and can go from the single dimension of 5% ownership of the voting stock of publicly traded companies (Berrone, et al., 2010) to multidimensional conceptualisations including altogether the percentage of family ownership, number of family members who are managers in each firm, number of generations of family members involved, trans-generational family control intentions, and family commitment (Chrisman, et al., 2012). Being aware of the utilisation of a particular operational definition of the family firm for empirical research, as well as contextualising this definition in regard to the questions guiding the research, the methodologies utilised and the data available, will increase the understanding about "the implications of using family involvement or family essence alone or together" (Chrisman, et al., 2012, p. 285).

In this thesis, chapters 2 and 3 do not provide specific definitions of the family firm guiding the research as they perform reviews rather than utilising samples of firms or proposing theoretical models. However, these chapters explore definitions of the family firm utilised by the reviewed literature. Chapter 2, "On the Goals of Family Firms: a Review and Integration", finds that about two thirds of the articles reviewed present an explicit definition of the family business. Among those papers expressly defining the family firm, 80% use majority participation in ownership and family involvement in board of directors or top management team through presence the of a family member in such bodies. Chapter 3, "Family Business Ethics: at the Crossroads of Business Ethics and Family Business", finds that more than 50% of the articles reviewed present an explicit definition of the family firm. The definition most commonly used by articles reviewed in this chapter is similar as the one evidenced in Chapter 2.

The empirical research displayed in chapter 4 provides an operational definition of family firms that "includes businesses where a family member is not in direct daily contact with the business but influences decision-making" through board membership or significant stock ownership (Shanker & Astrachan, 1996, p. 109). As 20% of the voting rights "is usually enough to have effective control of a firm" for the case of listed companies (La Porta, et al., 1999, p. 477), and in line with the definitions used in previous research (La Porta, et al., 1999; Faccio & Lang, 2002; Miller & Breton-Miller, 2006; Bjuggren, et al., 2011), we identify a listed family firm as a business whose major shareholding is owned by one or more family members who together control at least 20% of the voting rights. For private firms, they were identified as family firms where its major shareholding is owned by one or more family members who together control at least 51% of the voting rights.

Research Needs

Research focus on the goals of family firms is regarded as a cornerstone for the development of theories of family business (Chrisman, et al., 2003A; Debicki, et al., 2009; Chrisman, et al., 2012) as well as for the understanding of the behaviour and performance of family firms (Chrisman, et al., 2012, p. 268). Furthermore, the perspective that the family firm has particular and diverse goals "is a theme that consistently emerges throughout the recent surge of research on the social practices of family enterprises" (Van Gils, et al., 2014, p. 195) and this differential characteristic has been found to influence ethical and social behaviors (Gómez-Mejía, et al., 2007; Berrone, et al., 2010; Van Gils, et al., 2014), such as provision of jobs.

The following sections introduce specific research calls on the goals of family firms and two aspects especially influenced by its characteristics, such as family business ethics and social performance. First, research on the goals of the family firm is considered as one of the most striking gaps in the family business and management literature (Debicki et al., 2009). Second, a considerable lack of research in regard to business ethics in the context of family firms is indicated (Everett, 1986; Wortman, 1994; Gallo, 1998; Gallo, 2004; Debicki, et al., 2009; O'Boyle, et al., 2010; Payne, et al., 2011; Sharma & Sharma, 2011; Litz & Turner, 2013). Third, several theoretical and methodological research calls are made in regard to employee-related corporate social performance matters from the business policy field (Van Buren III, 2005; Wood, 1991; Wood, 2010) as well as from the family business field (Berrone, et al., 2014; Block, 2010; Block & Wagner, 2014; Cruz, et al., 2014; Van Gils, et al., 2014). Furthermore, besides the mentioned calls for research, there are very scarce publications by the leading journals on family business in regard to the Latin American context (Vassolo, et al., 2011).

Lack of Systematic Review and Integration in regard to Family Business Goals

Research on the purpose of business organizations is becoming an urgent call to academics in management (Adler, 2014; Hollensbe, et al., 2014; Academy of Management 76th Annual Meeting, 2016), which invites family business researchers to focus on the goals of family business as a cornerstone to both create new theories of family business (Chrisman, et al., 2003A; Debicki, et al., 2009; Chrisman, et al., 2012) and understand the behaviour and performance of family firms (Chrisman, et al., 2012, p. 268).

Since the seminal work of Tagiuri & Davis (1992), several calls for more research on the topic of goals in the context of the family business were made (Debicki, et al., 2009; Moores, 2009; Chrisman, et al., 2012; Kotlar & De Massis, 2013; Sharma, et al., 1997). In particular, the analysis of 291 family business articles published in 30 management journals between 2001 and 2007 (Debicki, et al., 2009) showed that only 8 articles focused on goals, leading some authors to conclude that research on the goals of family firms has been largely overlooked (Kotlar & De Massis, 2013). This lack of research on the goals of the family firm was considered one of the most striking gaps in the literature (Debicki, et al., 2009). These calls were answered, as evidenced by the growing number of papers on the goals of the family business since 2008. Gómez-Mejía et al., (2011) reviewed the family business literature published until 2010 and examined, from the socioemotional wealth lens, "how family firms differ from nonfamily firms along five broad categories of managerial decisions". However, the proliferation of published research on the goals of family firms until 2015 signalises that the time is right to undertake a systematic review and that the lack of integration among these research developments is an opportunity for taking stock of the literature on the goals of family firms, a topic dimed central for the development of a theory of family firms (Debicki, et al., 2009; Chrisman, 2012).

Lack of Research in regard to Family Business Ethics

In spite of the relevance of the intersection between business ethics and family firms described by extant literature, a considerable lack of research in regard to business ethics in the context of family firms has been largely highlighted (Everett, 1986; Gómez Mejía, 2007; Gallo, 1998; Gallo, 2004; Debicki, et al., 2009; O'Boyle, et al., 2010; Payne, et al., 2011; Sharma & Sharma, 2011; Litz & Turner, 2013).

Exploring business ethics at the specific context of family firms is relevant because of the significant participation of this kind of business in the world economy (Anderson & Reeb, 2003; Faccio & Lang, 2002; La Porta, et al., 1999; Neubauer & Lank, 1998) and because of the differential characteristics of family firms influencing ethical and social behavior (Gómez-Mejía, et al., 2007; Berrone, et al., 2010; Van Gils, et al., 2014).

While published research around business ethics at family firms has increased over the last ten years, a comprehensive review and integration of the contributions to the understanding of family business ethics has not been undertaken so far.

Lack of Research regarding Jobs provided by Family Firms

The issue of employment has recently "returned to the forefront of the international development agenda" with increased recognition of the social value of employment (Fischer, 2014). Moreover, high levels of unemployment as well as high employment informality have been described as typical problems of developing countries (Datta, et al., 2012; Bacchetta, et al., 2009). Employment as well as job creation are key to economic and human development (Birch, 1979; Birch, 1981; Arzeni, 1997; Rocha, 2004) contributing to not only pecuniary benefits but also individual benefits such as “a sense of security, life fulfilment, self-worth and dignity” as well as societal benefits such as “providing a platform for individuals to engage with their community in a manner that engenders a sense of identity and belonging to a collective endeavour and shared social objectives” (Fischer, 2014).

The family controlled firm is a kind of organisation which is very relevant when examining employment and social issues mainly because there is evidence of differential characteristics influencing ethical as well as social behaviour, what results in higher inclination towards social issues compared to nonfamily businesses (Gómez-Mejía, et al., 2007; Van Gils, et al., 2014; Vazquez, 2016) and links family control to higher corporate social performance (Berrone, et al., 2010).

Several calls for research from the business policy field (Wood, 1991; Wood, 2010) as well as from the family business field (Berrone, et al., 2014; Block, 2010; Block & Wagner, 2014; Cruz, et al., 2014; Van Gils, et al., 2014) were made in regard to the intersection of social performance and relevant stakeholder groups such as employees.

Despite the progress achieved in understanding how family control on a business might influence employee-related issues such as stability of employment (Stavrou, et al., 2007; Block, 2010; Lee, 2006; Bjuggren, 2015; Cruz, et al., 2014; Neckebrouck, et al., 2017), the opportunity exist to explore this dynamic more fully and in a new context such as emerging economies (Vassolo, et al., 2011; Welter, et al., 2016).

Scant Research of the Family Business Field in Latin America

Generally speaking, while Latin America "is the second most important emerging region in the world, after Southeast Asia, with an aggregated gross domestic product (GDP) roughly that of China's and three times larger than India's" and where families play a fundamental role in the business sector, little systematic family business research concerning the region has been published (Vassolo, et al., 2011). With some exceptions (Lansberg & Perrow, 1991; Poza, 1995; Martínez, et al., 2007; Bonilla, et al., 2010; Pagliarussi & Rapozo, 2011; Discua Cruz, et al., 2013) there has been very limited published research in regard to Latin American family firms by the leading journals around family business identified by Chrisman, et al. (2008; 2010).

Research in the context of Latin America may overcome a general limitation of the field of family business as "theories in the family business literature are often developed based on particular points of view (e.g. Anglo-American) and tested in developed economies", what may question the validity, reliability and applicability of such theories (Welter, et al., 2016). Furthermore, "while Latin America is certainly not the cultural monolith envisaged by North American and European observers, there is a common historical and cultural endowment" based on particular geographical roots, religion, class structure and nature of authority (Lansberg & Perrow, 1991, pp. 128-129), what allows for a contrast with the most currently studied areas such as North America and Europe. The context of Latin America, with relative low unemployment benefits and relative high job informality as compared to developed economies (Mazza, 2000; Ginneken, 2003), is very interesting regarding the specific issue of value created by companies to employees.

Research Questions

Goals of family firms is a key research subject of the family business field (Chrisman, et al., 2003A; Debicki, et al., 2009; Chrisman, et al., 2012). The particularity and diversity of the goals of the family firm influence its ethical as well as social behaviors (Gómez-Mejía, et al., 2007; Berrone, et al., 2010; Van Gils, et al., 2014) and produce higher social performance such as employment stability and less environmental pollution (Stavrou, et al., 2007; Block, 2010; Berrone, et al., 2010).

This thesis addresses specific research calls on the goals of family firms and on two aspects especially influenced by its characteristics, such as family business ethics and social performance in regard to provision of jobs. These research needs can be summarised as: 1) the consideration of research on the goals of the family firm as one of the most striking gaps in the family business and management literature (Debicki et al., 2009), 2) the signalisation of a considerable lack of research in regard to business ethics in the context of family firms (Everett, 1986; Wortman, 1994; Gallo, 1998; Gallo, 2004; Debicki, et al., 2009; O'Boyle, et al., 2010; Payne, et al., 2011; Sharma & Sharma, 2011; Litz & Turner, 2013), and 3) the theoretical and methodological calls in regard to research on employee-related corporate social performance matters from the business policy field (Van Buren III, 2005; Wood, 1991; Wood, 2010) as well as from the family business field (Berrone, et al., 2014; Block, 2010; Block & Wagner, 2014; Cruz, et al., 2014; Van Gils, et al., 2014). In order to address the research needs summarised, this thesis aims to answer the following integrative research question: what are the goals of the family business and how do goals and ethics of family firms influence its social performance regarding provision of jobs? In order to respond to this main concern, the following questions are approached:

- What are the goals of family business and how are they integrated?
- Why and how do family firms differ from non-family firms in regard to business ethics?
- What is the link between corporate control and provision of jobs in the Latin American context?

Chapter Structure and Overview

This thesis addresses the introduced calls for research and resulting research questions through three free-standing papers: the first article examines the particularities of the goals of family firms, the second paper study aspects in regard to family business ethics: the intersection between business ethics and family business, and the third manuscript undertakes an empirical fact-based approach in order to explore the link between corporate control and provision of jobs in the context of the largest Latin American companies. Table A summarises some research questions, methodologies and status of the papers.

The first paper, "On the Goals of Family Firms: a Review and Integration", in co-authorship with Héctor Rocha, aims at reviewing and integrating the findings on goals of family business produced to date in order to answer two research questions: what are the goals of family business and how are they integrated? To answer these questions, we analyse 71 articles stemming from peer-reviewed journals published from 1992 to 2015. We perform a narrative review of the articles and use the criteria for theory building provided by Whetten (1989): the concepts (the *What*), the relation among them (the *How*), and the assumptions and rationale underlying the concepts and their relationship (the *Why*).

The contribution of this paper is threefold. First, it reviews and integrates the research on the goals of family firms over a 24-year period. Second, it provides a comprehensive table that identifies the key themes and findings on the goals of family firms based on 71 articles from peer-review journals. Third, it develops a consolidated framework to guide future family firm research on the goals of the family firms making explicit, investigating and extending the current dominant theoretical assumptions in the field.

Table A: Summary of Research Papers

Paper N°	1	2	3
Chapter	Two	Three	Four
Title	**On the Goals of Family Firms: a Review and Integration**	**Family Business Ethics: at the Crossroads of Business Ethics and Family Business**	**Corporate Control and Employment: Do Family Firms Provide More Jobs? Evidence from The Largest Latin American Firms**
Authors	Pedro Vazquez & Héctor Rocha	Pedro Vazquez	Pedro Vazquez & Magdalena Cornejo
Research Questions	What are the goals of family business and how are they integrated?	What is the status of the current research at the intersection of business ethics and family business? Why and how do family firms differ from non-family firms regarding business ethics? And, what are the key directions for further research?	What is the relationship between corporate control and jobs provided? What role do the different economic sectors play regarding corporate control and jobs provided? What is the relationship between financial performance and jobs provided? And, how do family controlled firms differ among themselves in regard to the jobs provided?
Methodology	Conceptual (Narrative Review)	Conceptual (Narrative Review)	Empirical (fact-based) - Quantitative
Status	Presented at Discussion Paper Session AoM Conference (2016) - Under revision for resubmission to Journal of Family Business Strategy	Published in Journal of Business Ethics (2016)	Presented at EURAM Conference 2017 (Best Track paper Award) and at Divisional Paper session at the AoM Conference 2017

An early manuscript of this first paper was accepted and presented at a Discussion Paper Session in the Academy of Management Conference in August 2016 (Vazquez & Rocha, 2016). Furthermore, a more developed proposal-version of the article received a review by the Editorial Team of a Special Issue of the Family Business Review (Holt, Payne, Pearson and Sharma). While the proposal was not invited for a full-paper development for the Special Issue, the reviewers signalized many positive merits such as the focus on an interesting topic with a need of a review and a reasonable list of articles reviewed. This first paper was further developed considering comments received and was reviewed by the Journal of Family Business Strategy with a request for revise and resubmit in early October aiming to non-critical issues. The version of the paper in this thesis already includes some of the comments by editors and reviewers of the Journal of Family Business Strategy.

The second paper of this proposal, "Family Business Ethics: at the Crossroads of Business Ethics and Family Business" aims at contributing to the call for more research on family business ethics by answering the following research questions: what is the status of the current research at the intersection of business ethics and family business?, why and how do family firms differ from non-family firms regarding business ethics?, and, what are the key directions for further research? To answer these questions, this study combines a systematic approach for the selection of articles with a narrative review to analyze the literature. The systematic selection of literature resulted in a sample of 31 articles stemming from key peer-reviewed journals published from 1981 through 2015.

The main contributions of this study to the literature on the fields of business ethics and family business are threefold. First, through the identification, analysis, and integration of the relevant articles, a thorough review of the key issues at the intersection of business ethics and family business is provided. Second, this paper organizes the main findings and discusses the distinctiveness of business ethics in the context of family firms, the scarcity of research on family business ethics so far, and how the particular aspects of the family business will influence ethical issues relevant to various stakeholders of the family business. Finally, this article highlights the relevance of family business ethics both for the fields of business ethics and family business, and suggests various avenues for further research.

This second paper was published by the Journal of Business Ethics in April 2016 (DOI: 10.1007/s10551-016-3171-1).

The third manuscript of this thesis, “Corporate Control and Employment: Do Family Firms Provide More Jobs? Evidence from The Largest Latin American Firms”, in co-authorship with Magdalena Cornejo, approaches the evidence in regard to the jobs provided by family firms through a fact-based exploratory research (Hambrick, 2007). As done by previous phenomenon-driven or fact-based studies linking governance and social performance, such as Walls et al. (2012), this research does not pursue a qualitative approach to extract insights from narrative data but follows a fact-based analysis that utilises “statistical methods to extract patterns from empirical data to yield insights into the nature of the phenomenon in question” (Walls, et al., 2012). This fact-based research is guided by four broad questions: 1) what is the relationship between corporate control and jobs provided?; 2) what role do the different economic sectors play regarding corporate control and jobs provided?; 3) What is the relationship between financial performance and jobs provided?; and 4) How do family controlled firms differ among themselves in regard to the jobs provided?

For this purpose, this article investigates a scarcely explored dimension of employee-related social performance: the jobs provided by the firm, and utilizes a sample of the 388 largest Latin American firms, which includes private as well as publicly held companies.

This study contributes in several ways to the current literature as well as to calls for "new ways of seeing" (Shaw, et al., 2017) and a return to the facts in order "identify compelling empirical patterns that cry out for future research and theorizing (Hambrick, 2007, p. 1350). Unlike prior work on social performance by family firms regarding employees, it overcomes past limitations as it considers a multi country setting including private as well as public companies (Block & Wagner, 2014; Block, 2010; Van Gils, et al., 2014) of a scarcely researched region such as Latin America (Vassolo, et al., 2011). Moreover, it extends the literature on the relationship between corporate control and employment. In addition, it contributes to the field of family business by exploring the relationship between social and financial performance and the heterogeneity among family firms, attending to calls signalising the importance of inquiring in regard to variations among family firms (Chrisman & Patel, 2012). Last but not least, this research also contributes to incorporate the context of Latin America to the existing literature on the ubiquity of family firms in the world economy (Anderson & Reeb, 2003; Faccio & Lang, 2002; La Porta, et al., 1999; Neubauer & Lank, 1998)

A previous version of this paper was presented at the 2017 European Academy of Management Conference (June - Glasgow, UK) and was awarded with the Best Track Paper Award for the Special Interest Group Family Business Research. The same previous version was also presented in a Divisional Paper session at the 2017 Academy of Management Conference (August – Atlanta, USA) (Vazquez, 2017). Moreover, it has also been recently friendly-reviewed by experts in the field and by past or current editors of leading Management Journals. In the present, correspondence is being exchanged with the Editor in Chief of the Academy of Management Journal in regard to submission of the paper to the AMJ.

Most current versions of the three papers introduced are presented in full-length in chapters 2, 3 and 4. Conclusions, including general discussion of results and conceptual integration, contributions, implications and suggestions for further research, are presented in Chapter 5.

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CHAPTER 2: ON THE GOALS OF FAMILY FIRMS: A REVIEW AND INTEGRATION

(Vazquez & Rocha, 2016, Academy of Management Proceedings;
Vázquez & Rocha 2017, Working Paper)

ABSTRACT

Since the seminal work of Tagiuri & Davis (1992), several calls for more research on the goals of family business were made. In spite of the recent proliferation of research on this topic, no review and integration of this body of knowledge has been undertaken so far. We aim at filling this gap by reviewing and integrating the findings of 71 articles stemming from peer-reviewed journals published from 1992 to 2015 to answer two research questions: what are the goals of family business and how are they integrated? We end summarizing contributions to theory building.

KEYWORDS: Goals, Family Firm, Review, Integration, Assumptions

INTRODUCTION

Research on the purpose of business organizations is becoming an urgent call to academics in management (Adler, 2014; Hollensbe, et al., 2014; Academy of Management 76th Annual Meeting, 2016), which invites family business researchers to focus on the goals of family business as a cornerstone to both create new theories of family business (Chrisman, et al., 2003A; Debicki, et al., 2009; Chrisman, et al., 2012) and understand the behaviour and performance of family firms (Chrisman, et al., 2012, p. 268).

Since the seminal work of Tagiuri & Davis (1992), several calls for more research on the topic of goals in the context of the family business were made (Debicki, et al., 2009; Moores, 2009; Chrisman, et al., 2012; Kotlar & De Massis, 2013; Sharma, et al., 1997). In particular, the analysis of 291 family business articles published in 30 management journals between 2001 and 2007 (Debicki, et al., 2009) showed that only 8 articles focused on goals, leading some authors to conclude that research on the goals of family firms has been largely overlooked (Kotlar & De Massis, 2013). This lack of research on the goals of the family firm was considered one of the most striking gaps in the literature (Debicki, et al., 2009).

These calls were answered, as evidenced by the growing number of papers on the goals of the family business since 2008. Gómez-Mejía et al., (2011) reviewed the family business literature published until 2010 and examined, from the socioemotional wealth lens, "how family firms differ from nonfamily firms along five broad categories of managerial decisions". However, the proliferation of published research on the goals of family firms until 2015 signalises that the time is right to undertake a systematic review and especially an integration of the contributions of this body of knowledge. Research developments have progressed through different theoretical lenses, such as socioemotional wealth (Gómez-Mejía, et al., 2007; Berrone, et al., 2012), agency theory (Chua, et al., 2009), organizational identity (Zellweger, et al., 2013), stewardship theory (Villanueva & Sapienza, 2009), and behavioural theory (Kotlar & De Massis, 2013); approaching different key issues specific to the family business, such as succession (Gagnè, et al., 2011), governance (Pieper, et al., 2008), and performance (Chrisman, et al., 2013); and focusing on different types of goals' definitions (e.g. Tagiuri & Davis, 1992), interactions (e.g. Basco & Rodríguez, 2009), recipients (e.g. Zellweger & Nason, 2008), and formulation dynamics (e.g. Kotlar & De Massis, 2013). The lack of integration among these research developments is an opportunity for taking stock of the literature on the goals of family firms, a topic dimed central for the development of a theory of family firms (Debicki, et al., 2009; Chrisman, et al., 2012).

We aim at reviewing and integrating the findings on goals of family business produced to date to answer two research questions: what are the goals of family business and how are they integrated? To answer these research questions, we analyse 71 articles stemming from peer-reviewed journals published from 1992 to 2015. Given the young nature of this field of inquiry and the heterogeneity among studies, the meta-analytic aggregation of comparable works was not feasible. Therefore, we combine a systematic approach for the selection of articles and a narrative review to analyse the literature, which is recommended "for linking a diverse set of studies for purposes of reflection and synthesis" (Pukall & Calabrò, 2014, p. 103; Baumeister & Leary, 1997).

The contribution of this paper is threefold. First, it reviews and integrates the research on the goals of family firms over a 24-year period. Second, it provides a comprehensive table that identifies the key themes and findings on the goals of family firms based on

71 articles from peer-review journals. Third, it develops a consolidated framework to guide future family firm research on the goals of the family firms making explicit, investigating and extending the current dominant theoretical assumptions in the field.

This paper is structured in four parts. Firstly, the Methodology section shows the literature selection process, performed according to the process followed by Pukall & Calabrò (2014) and introduces the narrative analysis of the 71 articles as based on four dimensions: methodologies, theoretical frameworks, goal key topics, and key findings. Secondly, the Sample Characteristics section analyses the chronological development of the topic and perform a content analysis on the methodologies and theoretical frameworks of the articles. Thirdly, the Key Goal Topics section of the paper focuses on the four more salient themes identified in relation to the goals of family firms: goal nature, goal interaction, goal recipients, and goal formulation. Fourthly and finally, the Discussion and Conclusion section answers the two research questions, summarises the contribution to theory building of the paper and provide lines for further research.

METHODOLOGY

The literature selection was performed systematically following a process comparable to what was followed by Pukall & Calabrò (2014), Newbert (2007), and David & Han (2004), but with some customisations. The eligible literature was selected based on the following criteria:

1. The search was limited to articles published by the key peer-reviewed journals that publish most of the research related to family business (Chrisman, et al., 2008; Chrisman, et al., 2010) and also peer-reviewed journals with impact factor (Thomson Reuters Journal Citation Reports ®) whose journal title includes the terms “family

business", "family firm" or "family enterprise": Family Business Review, Entrepreneurship Theory and Practice, Journal of Business Venturing, Academy of Management Journal, Academy of Management Review, Strategic Management Journal, Administrative Science Quarterly, Journal of Small Business Management, Journal of Family Business Strategy and Journal of Management Studies;

2. The search was restricted to the period between 1992 and the end of December of 2015. Research in the field of family firms prior to 1975 was limited and based on the conflict arising from the overlap between family and firm and, while research increased and covered other areas in the period from then and until the late eighties, these studies did not address the full complexity of family firms and their similarities and differences with other organisational forms (Handler, 1989). While Handler (1989) does not identify the specific topic of goals of family business in the research areas he mentions, he makes indirect reference to the issue when he defines the family business by influence of family members in planning for leadership succession and major operating decisions. This explicit mention of a family influenced succession as a condition for the family business definition signalises the importance of the family goals at the core of the family business field. The relevant research published in the period before 1992 is assumed to be subsumed in the review by Handler (1989) and the article by Tagiuri & Davis (1992), which was the first relevant publication directly addressing the topic of interest.

3. The search was performed in the database Business Source Complete (EBSCO), in Family Business Review using the search function provided by the publisher (http://fbr.sagepub.com/search), and in Journal of Family Business Strategy using

summary data for all articles (http://www.sciencedirect.com/science/journal/18778585?sdc=1).

4. The search was performed combining the following keywords in the title or the abstract: ((“family firm*”) OR (“family business*”) OR (“family enterprise*”) OR (“family ownership*”)) AND ((“goals*”) OR (“wealth*”) OR (“performance*”) OR (“value*”)). The relevance of the articles was ensured through the reading of all abstracts, checking for a discussion related to the goals of the family firm

5. The articles selected by examining their abstracts were read thoroughly in order to control for substantive relevance by checking for a discussion related to the goals of the family firm.

This process, detailed in Table 1, resulted in the selection of 55 articles. Additionally, in order to ensure that no relevant paper was overlooked in the process, a residual search was performed by checking key literature reviews focused on the family business field by Wortman (1994), Dyer and Sanchez (1998), Bird et al. (2002), Chrisman et al. (2003A), Chrisman et al. (2003B), Chua et al. (2003), Zahra and Sharma (2004), Sharma (2004), Casillas and Acedo (2007), Moores (2009), Debicki et al. (2009), Chrisman et al. (2010), Schulze and Gedajlovic (2010), Sharma et al. (2012), Yu et al (2012), Gedajlovic et al. (2012), Litz et al. (2012), and Sharma et al. (2014) . This residual search yielded 16 additional articles. Therefore, the final sample consisted of 71 articles.

Table 1. Article Search Results

	Number of Articles
After keyword search	295
After examining abstracts	84
After examining entire articles	55
Articles found in residual search	16
Final sample size	**71**

The articles in the sample were all content analysed based on the following dimensions:

1. Theoretical frameworks: Theories used explain issues related to goals in family firms.

2. Methodological aspects: Theoretical or empirical (and specific types of analysis). Sample characteristics (firm size, geography).

3. Goal key topics: Nature, interaction, stakeholders and formulation.

4. Key Findings: Short summary of key findings derived from the integration of the literature around the key topics identified.

SAMPLE CHARACTERISTICS

In spite of the empirical findings by Tagiuri & Davis (1992) signalising the existence of different groups of objectives in the family firm, research efforts on this topic remained scant for the subsequent 15 years. In fact, the analysis of 291 family business articles published in 30 management journals between 2001 and 2007 (Debicki, et al., 2009), illustrated that goals and objectives, as one of the categories incorporated in the content analysis of the reviewed papers, was covered only by 8 articles, representing 2.8% of the total. Debicki et al. (2009) found that the lack of attention to the goals of the family firms was “among the most striking gaps” in the literature reviewed, highlighting that “the more troubling statistic” is the decline of studies regarding the topic of goals, and proposing that the understanding of the goals of the family firms will allow a better comprehension of the family business behaviour.

From 2008 onwards, the rate of publication of articles with direct or indirect focus on the goals of the family firms increased substantially, although most articles focused on fragmented perspectives around the issue of interest, as for example: the relationship between ethical focus and performance (O'Boyle, et al., 2010), goals related to nonfamily stakeholders (Cabrera-Suárez, et al., 2015), and outside investors and goal tolerance (Villanueva & Sapienza, 2009).

The following paragraphs present the main findings on the literature sample.

Descriptive Results

The distribution of the articles in the sample by time-period and journal of publication is summarised in Table 2. This table shows that the period between 1992 and 2007 (two-thirds of the time period under consideration) represents the production of just 30% of the articles identified. The growing interest on the topic is evidenced by the articles written in the last 8 years.

Regarding the key outlets for publication of research on goals of the family business, Family Business Review (27 articles) and Entrepreneurship Theory and Practice (21 articles) represent 38% and 30% of the sample respectively. The Journal of Family Business Strategy, an outlet focused on the family business field that started in 2010, published 6% of the selected sample.

It is also noteworthy that the goals of the family firms have recently attracted the attention of other high-impact outlets that focus on management and business such as

Journal of Small Business Management (7 articles), Journal of Business Venturing (3 articles), Journal of Management Studies (3 articles), the Strategic Management Journal (2 articles), Administrative Science Quarterly (2 articles), the Academy of Management Journal (1 article), and the Academy of Management Annals (1 article).

Table 2. Distribution of Articles by Time Period and Journal

	Impact Factor		1992-2007	2008-2015	Total	%
Family Business Review	4.229	*	11	16	27	38%
Entrepreneurship Theory & Practice	4.916	*	3	18	21	30%
Journal of Small Business Management	2.876	*	3	4	7	10%
Journal of Family Business Strategy	2.375	*		4	4	6%
Journal of Business Venturing	5.774	*	3	0	3	4%
Journal of Management Studies	3.962	*		3	3	4%
Strategic Management Journal	3.380	**		2	2	3%
Administrative Science Quarterly	4.929	*	1	1	2	3%
Academy of Management Journal	7.417	*		1	1	1%
Academy of Management Annals	11.115	*		1	1	1%
TOTAL			**21**	**50**	**71**	
TOTAL (%)			30%	70%		
Average Articles per year			1.3	6.3		

* 2016 Thomson Reuters Journal Citation Reports ® (Thomson Reuters 2017)

** 2015 Thomson Reuters Journal Citation Reports ® (Thomson Reuters 2016)

Methodologies engaged

As to methodologies, Table 3 shows a predominance of empirical studies (58%), with two thirds of the empirical papers based on data collection via surveys, most of which are self-reported data, that are "often hindered with low response rates and perceptual biases" (Sharma & Carney, 2012).

Table 3. Distribution of Articles by Methodologies Employed

			Number of times used	%
Theoretical			30	42%
Empirical			41	58%
	n	%		
Data collection via surveys	27	66%		
Data collection others	14	34%		
TOTAL			**71**	

Samples of the empirical research works consisted 54% of small and medium enterprises, 19% of large firms, and the remaining 27% of all business sizes. Regarding regions under analysis, 48% of studies covered Europe, 45% USA and Canada, and the remaining 7% the rest of the world. Research based in Spain and Italy predominated among the studies that use Europe as empirical setting.

Definitions of Family Firm

About two thirds of the articles reviewed present an explicit definition of the family business. Among those papers expressly defining the family firm, three groups are identified: 1) 80% use majority participation in ownership and family involvement in board of directors or top management team through presence the of a family member in such bodies; 2) other articles use more restrictive definitions of family business, such as for example the existence of a likely family member successor in addition to majority ownership (Gagnè, et al., 2011); and 3) some articles used a broader definition of family business, like for example percentage of decision making rights (Leitterstorf & Rau, 2014) or family members owning at least five per cent of the voting stock (Berrone, et al., 2010).

Although more than half of the articles examined converge in an explicit definition of the family business by majority ownership and involvement of family members in the board of directors or top management team, other studies may have relied in other definitions, not only necessarily due to a different theoretical understanding of the phenomenon, but also because of the nature of specific research questions or accessibility to data.

Theoretical Frameworks Used

The term theoretical framework is used to capture the essence of the theory, its assumptions, constructs and assertions, which model the way phenomena is experienced by the researcher (Kilduff, 2006; Weick, 1995; Whetten, 1989)

As to theoretical frameworks, Table 4 shows three findings: 1) the socioemotional wealth approach (Gómez-Mejía, et al., 2007; Gomez-Mejia, et al., 2011) is the most used framework to analyse the goals of family firms, as anticipated in a previous review of the literature on SEW (Berrone, et al., 2012); 2) the second largest group of articles does not specify the underlying theoretical framework, something that was also the case of previous study reviewing internationalisation at family firms (Pukall & Calabrò, 2014), which may indicate the need for theory building; and, 3) the third largest group utilises agency theory (Fama & Jensen, 1983; Jensen & Meckling, 1976), that is also one of the bases for the socioemotional wealth perspective, which integrates elements of prospect theory, behavioural theory of the firm, and agency (Wiseman & Gomez-Mejia, 1998).

The general socioemotional wealth model (Gómez-Mejía, et al., 2007), created as a general extension of the behavioural agency theory (Wiseman & Gomez-Mejia, 1998) which, in turn, integrates elements of prospect theory, behavioural theory of the firm, and agency theory, is based on the notion that firms make choices depending on the reference point of the firm's dominant principals whose usual emphasis is on preserving its affective endowment.

Table 4. Theoretical Frameworks used

Theoretical Framework	Times used	
Socioemotional Wealth	17	21.3%
None or not specified	13	16.3%
Agency Theory	8	10.0%
Resource-Based View	6	7.5%
Identity Theories (organisational, social, individual)	5	6.3%
Systems Theory	5	6.3%
Stewardship Theory	4	5.0%
Behavioural Theory	3	3.8%
Stakeholder Theory	3	3.8%
Financial Theories (cost of capital, valuations)	2	2.5%
Social Embeddedness	2	2.5%
Behavioural Economics	1	1.3%
Cognitive Theory, Social Psychology	1	1.3%
Diminishing Marginal Utility	1	1.3%
Field Theory	1	1.3%
Goal Adjustment Theory	1	1.3%
Institutional	2	2.5%
Life-cycle	1	1.3%
Positive Psychology	1	1.3%
Prospect Theory	1	1.3%
Social Capital	1	1.3%
Trust	1	1.3%

In fact, the socioemotional wealth perspective defies what was previously understood as economically logical decisions, as choices will be driven also by the aim of preserving and increasing affective endowments and not only financial wealth. Decisions increasing organisational efficiency, what we interpret as rational behaviour, may not necessarily translate into higher financial performance as goals pursued are who establish what efficiency means (Lee, 2006). The socioemotional wealth becomes then a reference point which does not focus on financial logic (Zellweger, et al., 2012) but which works with an economical logic of choice for the great benefit or satisfaction given expected outcomes and risk scenarios. The criteria for assigning value to outcomes and assigning risk levels may be different for family and non-family firms, but just as rational (Gómez-Mejía, et al., 2007).

It is important to understand that socioemotional wealth does not have a positive or negative connotation per se. While some studies present the aspects positive to the family and pro-social inclination of SEW (Berrone, et al., 2010; Cennamo, et al., 2012) others show how SEW can have also negative valence resulting undesirable for the family member and be also even harmful for some family and non-family members (Kellermanns, et al., 2012; Minichilli, et al., 2014).

The socioemotional wealth concept has been further elaborated (Berrone, et al., 2010; Gomez-Mejia, et al., 2011) and extended to be reflected in five dimensions, labelled as FIBER, which stands for family control and influence, identification of family members with the firm, binding social ties, emotional attachment of family members, and renewal of family bonds to the firm through dynastic succession (Berrone, et al., 2012).

Although recognising the contributions of the SEW framework, some researchers criticized "the very diversity of the nature of SEW priorities, the tenuous linkages between cause and effect, and the non-specificity of some outcomes to family concerns" (Miller & Le Breton-Miller, 2014, p. 716), and proposed to deeply scrutinised and refine the framework through undertaking "finer grained characterizations of the components of SEW" (Chua, et al., 2015, p. 180).

We could argue that one of the most important contributions of the socioemotional wealth framework to the understanding of the goals of the family firms is to recognise the same rational logic to financial and non-financial goals.

To conclude, the socioemotional wealth framework and agency theory, which is one of the bases of the SEW perspective, concentrated together 31% of the theoretical approaches used. The second largest group identified including 16% of the articles reviewed did not specify any guiding theoretical framework.

FINDINGS AND DISCUSSION

Main Topics

Similarly as done in the reviews by De Massis et al. (2013) on technological innovation in family firms and by Pukall & Calabrò (2014) on the internationalisation of family firms, we structure the findings in the most prominent topics identified in the sample. Four themes, individually present in categorisations utilised in previous reviews on goals of family firms, are the most salient ones: 1) goal nature, as usually mentioned as either economic or non-economic (Chrisman, et al., 2003B; Debicki, et al., 2009); 2) goal interaction (Zellweger & Nason, 2008; Moores, 2009; Gedajlovic, et al., 2012); 3) goal recipients (Sharma, 2004; Zellweger & Nason., 2008; Kotlar & De Massis, 2013); and 4) goal formulation process (Sharma, et al., 1997; Chrisman, et al., 2003B; Debicki, et al., 2009). Table 5 shows the distribution of articles among these categories.

This section critically reviews each of these four topics following a standard procedure in order to answer the research questions of the paper: first, it defines the concept according to the literature; second, it critically analyses each of the findings; and third and finally, it summarises and integrates the findings. Table 6 provides a summary and integration of the findings related to goal nature, goal interaction, goal recipients, and goal formulation.

Table 5. Key Goal Related Topics Covered

Period	Paper	Key Goal Topics			
		Nature	Interaction	Recipients	Formulation
1992-1995	Tagiuri & Davis (1992)	X			X
	Riordan & Riordan (1993)				X
1996-2000	Lee & Rogoff (1996)	X			
	Gallo & Vilaseca (1996)	X			
	Sharma et al. (1997)	X		X	
	Kelly et al. (2000)	X			
	Littunen & Hyrsky (2000)	X			
2001-2005	McCann et al. (2001)		X		
	Andersson et al. (2002)	X			
	Habbershon et al. (2003)	X	X		
	Chrisman et al. (2003A)	X			
	Chrisman et al. (2003C)	X	X		X
	Chrisman et al. (2003D)	X			
	Adams et al. (2004)	X			
	Corbetta & Salvato (2004)	X		X	
2006-2010	Westhead & Howorth (2006)	X	X		
	Lee (2006)	X	X		
	Voordeckers et al. (2007)			X	
	Gómez-Mejía et al. (2007)	X	X	X	
	Pieper et al. (2008)			X	X
	Chrisman et al (2008)	X	X		
	Zellweger & Nason (2008)	X	X	X	
	Astrachan & Jaskiewicz (2008)	X		X	
	Sciascia & Mazzola (2008)	X	X	X	
	Villanueva & Sapienza (2009)	X		X	X
	Le Breton-Miller & Miller (2009)	X			
	Chua et al. (2009)	X	X		
	Chrisman et al. (2009)	X	X		
	Basco & Rodríguez (2009)	X	X		
	O'Boyle et al. (2010)		X		
	Stockmans et al. (2010)	X	X	X	
	Mahto et al. (2010)	X	X	X	
	Berrone et al. (2010)	X		X	
	Steier & Miller (2010)	X			
	Cruz et al. (2010)			X	X
2011-2015	Gagnè et al. (2011)				X
	Miller et al. (2011)	X			
	Gómez-Mejía et al. (2011)	X			
	McKenny et al. (2012)	X			
	Chrisman et al. (2012)	X			
	Holt (2012)	X			
	Neubaum et al. (2012)	X		X	
	Kellermanns et al. (2012)	X			
	Stewart & Hitt (2012)		X		
	Sharma & Carney (2012)	X	X		
	Khanin et al. (2012)	X		X	
	Berrone et al. (2012)	X			
	Colli (2012)	X		X	
	Cennamo (2012)	X		X	
	J. Kotlar & De Massis (2013)	X		X	X
	Zellweger et al. (2013)	X	X	X	
	Chrisman et al. (2013)	X	X		
	Deephouse & Jaskiewicz (2013)	X			
	Chrisman et al. (2014)	X	X	X	
	Colombo et al. (2014)			X	
	Miller & Le Breton-Miller (2014)	X			
	Minichilli et al. (2014)	X	X	X	
	Leitterstorf & Rau (2014)	X	X	X	
	Patel & Chrisman (2014)	X	X		
	Cabrera-Suárez et al. (2014)	X			X
	Peake & Watson (2015)	X			
	Vandemaele & Vancauteren (2015)	X			
	Kammerlander et al. (2015)	X	X		
	Chua et al. (2015)	X	X		
	Cabrera-Suárez et al. (2015)	X		X	X

Table 6. Key Themes and Findings

Theme	Findings		Examples
1. Goal Nature	a. Goal diversity	Emphasis on the goal multiplicity and diversity at family firms	Chrisman, et al., 2003C; Villanueva & Sapienza, 2009; Kotlar & De Massis, 2013; Kelly, et al., 2000; Chua, et al., 2009; Sharma & Carney, 2012; Gómez-Mejía, et al., 2007; Lee & Rogoff, 1996; Colli, 2012; Kammerlander, et al., 2015
	b. Diverse binary classifications	Broad classifications of the goals of the family firms in binary pairs	
	1) pecuniary vs. non pecuniary		Stockmans, et al., 2010
	2) economic vs. non-economic		Chua, et al., 2009; Corbetta & Salvato, 2004; Westhead & Howorth, 2006; Kotlar & De Massis, 2013
	3) family vs. business centred		Sharma, et al., 1997; Kelly, et al., 2000; Le Breton-Miller & Miller, 2009; Mahto, et al., 2010; Steier & Miller (2010)
	4) financial vs. non-financial		Zellweger, et al., 2013; Vandemaele & Vancauteren, 2015; Tagiuri & Davis, 1992; Astrachan & Jaskiewicz, 2008; Minichilli, et al., 2014; Cabrera-Suárez, et al., 2014; Kammerlander, et al., 2015
	5) wealth vs. value generators		Habbershon, et al., 2003; Chrisman, et al., 2003C
	6) family support oriented vs. economic centred		Westhead & Howorth, 2007; Peake & Watson, 2015
	7) intrinsic vs. extrinsic		Corbetta & Salvato, 2004; Colli, 2012; McKenny, et al., 2012
	c. Non-financial goals & Socioemotional wealth	Non-financial goals as differential aspect of family firms and socioemotional wealth perspective as key theoretical framework approaching this particular set of goals	Gómez-Mejía, et al., 2007; Gomez-Mejia, et al., 2011; Berrone, et al., 2010; Berrone, et al., 2012; Cennamo, et al., 2012; Patel & Chrisman, 2014; Leitterstorf & Rau, 2014; Minichilli, et al., 2014; Stockmans, et al., 2010; Kellermanns, et al., 2012; Neubaum, et al., 2012
2. Goal Interaction	a. Goal trade-off	Goal relationships as substitutional	Zellweger & Nason., 2008; Chrisman, et al., 2014; Chrisman, et al., 2003; Chua, et al., 2009; Westhead & Howorth, 2006; Zellweger, 2013; Gómez-Mejía, et al., 2007; Leitterstorf & Rau, 2014; Stockmans, et al., 2010; Sciascia & Mazzola, 2008; Minichilli, et al., 2014
	b. Goal integration	Goal relationships as synergistic, causal and/or overlapping	Zellweger & Nason., 2008; Habbershon, et al., 2003; Basco & Rodríguez, 2009; Patel & Chrisman, 2014; Chua, et al., 2003; Kammerlander, et al, 2015
3. Goal Recipients	a. Extensive coverage on family stakeholders (individual family members or family as group)	Most literature centred on the family. There is limited knowledge about the influence of non-family internal stakeholders and external stakeholders on the goals of the family firm	Sharma, et al., 1997; Stockmans, et al., 2010; Mahto, et al., 2010; Zellweger, 2013; Astrachan & Jaskiewicz, 2008; Minichilli, et al., 2014; Corbetta & Salvato, 2004; Gómez-Mejía, et al., 2007; Leitterstorf & Rau, 2014; Sciascia & Mazzola, 2008;
	b. Limited coverage of "non-family internal" stakeholders		Cabrera-Suárez, et al., 2015; Villanueva & Sapienza, 2009; Chrisman, et al., 2014; Colombo, et al., 2014; Khanin, et al., 2012; Voordeckers, et al., 2007; Cruz, et al., 2010; Neubaum, et al., 2012
	c. Scarce coverage of external stakeholders		Berrone, et al., 2010; Colli, 2012
4. Goal Formulation	a. Problematic & complex due to goal diversity	Scarce research production so far.	Kotlar & De Massis, 2013; Pieper, et al., 2008; Tagiuri & Davis, 1992; Villanueva & Sapienza, 2009
	b. Formal (professional) vs. Informal (social, familial)		Cabrera-Suárez, et al., 2015; Cabrera-Suárez, et al., 2014; Distelberg & Sorenson, 2009; Kotlar & De Massis, 2013; Pieper, et al., 2008; Rue & Ibrahim, 1996; Tagiuri & Davis, 1992; Cruz, et al., 2010

Goal Nature

While mainstream economic theories, based on human assumptions of self-interest, sustain that the single goal of business is maximizing shareholder value (Friedman, 1970), multiplicity of goals and the existence of other objectives than financial return to stockholders have been proposed by the behavioural theory of the firm (Cyert & March, 1963) and this was extended to the specifics of the family business context (Tagiuri & Davis, 1992; Gómez-Mejía, et al., 2007; Kotlar & De Massis, 2013). Moreover, stewardship theory, defining situations in which organisational members are not motivated by individual goals and behave as stewards whose motives are aligned with the objectives of the organization (Davis, et al., 1997), has been proposed to address family business dynamics (Corbetta & Salvato, 2004; Le Breton-Miller & Miller, 2009). The two major findings in regard to the nature of the goals of the family firm are: 1) an overreaching agreement on goal diversity, and 2) a general classifications of goals in binary categories.

The vast majority of studies reviewed emphasize the goal multiplicity and diversity of the family firms (e.g. Chrisman, et al., 2003C; Villanueva & Sapienza, 2009; Kotlar & De Massis, 2013; Kelly, et al., 2000; Chua, et al., 2009; Sharma & Carney, 2012; Gómez-Mejía, et al., 2007; Lee & Rogoff, 1996; Colli, 2012; Kammerlander, et al., 2015). Broad classifications of the goals of the family firms in binary pairs have been mentioned in the articles examined in at least seven ways: 1) pecuniary vs. non pecuniary (Stockmans, et al., 2010), 2) economic vs. non-economic (Chua, et al., 2009; Westhead & Howorth, 2006; Kotlar & De Massis, 2013), 3) family centred vs. business centred (Sharma, et al., 1997; Kelly, et al., 2000; Le Breton-Miller & Miller, 2009; Mahto, et al., 2010; Steier & Miller, 2010), 4) financial vs. non-financial (Zellweger, et al., 2013; Vandemaele & Vancauteren, 2015; Astrachan & Jaskiewicz, 2008; Minichilli, et al., 2014; Kammerlander, et al., 2015; Cabrera-Suárez, et al., 2014), 5) wealth creators vs. value generators (Habbershon, et al., 2003; Chrisman, et al., 2003C), 6) family support oriented vs. economic centred (Westhead & Howorth, 2007; Peake & Watson, 2015), and 7) intrinsic or internal vs. extrinsic or external (Corbetta & Salvato, 2004; Colli, 2012; McKenny, et al., 2012). Summarising, these classifications show definitional heterogeneity based on a binary assumption.

The relevance of nonfinancial goals due to the presence of the family as a key stakeholder is a key premise of family business research (Zellweger, et al., 2013; Sharma, et al., 1997; Chrisman, et al., 2003C; Chrisman, et al., 2012; Chrisman, et al., 2009) signalising a “strong preference for a broad spectrum of noneconomic utilities” (Berrone, et al., 2010).

While reported behaviour at family business was suggested not to be economically rational because of prevalence of non-financial objectives (Vandemaele & Vancauteren, 2015; Westhead & Howorth, 2006), some researchers argued that the pursuit of non-financial or non-economic goals is not only rational but characteristic of family firms who can integrate monetary and non-monetary returns in their preferences (Astrachan & Jaskiewicz, 2008; Sciascia & Mazzola, 2008; Chrisman, 2012). It has been widely accepted that the pursuit of non-financial goals by family firms is probably their most salient differential characteristic, implying the argument that their behaviour “reaches beyond traditional economic theory” (Zellweger, et al., 2013). The prevalence of the socioemotional wealth model as the main theoretical framework in the articles reviewed supports the view that the special inclination to rationally chosen non-financial goals is a differential aspect of family firms. Given this common classification, Zellweger et al.

(2013) propose a convergence of the terms “nonfinancial goals”, “non-pecuniary goals” and “socioemotional wealth”.

While goal diversity is recognised as one of the key features of family firms, this diversity was simplified by the extant research through the utilisation of binary classifications. These classifications introduce the first category in positive terms (e.g. “economic” or “financial”) and then the same word is presented again but in negative terms (e.g. “non-economic” or “non-financial”) for designating the other category. This certainly induces a value-laden meaning of the definitions, with the positive term being considered as the benchmark and the negative term representing a deviation to the desired state. Moreover, as the economic model of human behaviour claims that the individual is resource economic evaluative maximizer (Jensen & Meckling, 1994), and as most economic and management models define rationality as maximisation (Rocha & Ghoshal, 2006), the definition of the goals of the family firms as “economic” induce an association to a “rational” aspect, implicitly correlating non-economic goals to non-rational characteristics.

Goal Interaction

Interaction of performance outcomes was described as consisting of “overlapping, causal, synergistic, and substitutional relationships, which represent differing ways to create stakeholder satisfaction and enhance organizational effectiveness” (Zellweger & Nason., 2008, p. 207). In terms of goal interactions, the articles reviewed can be divided between those stressing substitutions, based on a trade-off perspective, and those recognising other types of integrative goal relationships as synergistic, causal and overlapping.

Although the multiple goals of the family firm can interact with each other integrative ways as, for example, “a firm’s contributions to its community may bring both social and financial returns” and “excellent financial performance may bring prestige to a family and satisfy its need for social status” (Miller & Le Breton-Miller, 2014, p. 715), more than two-thirds of the articles making reference to the interactions of the goals of the family firm assumes these interactions mostly through substitutions or trade-offs.

When it comes to the goal trade-off perspective, it includes deciding between two desirable goals, between two avoidable goals, or balancing desirable and avoidable goals (Zellweger & Nason., 2008). While a very limited number of works make reference to a trade-off between financial goals, like for example dividends vs. equity (Gallo & Vilaseca, 1996; Vandemaele & Vancauteren, 2015), most articles stressing the goal trade-off perspective make it so by opposing economical (or financial) against non-economical (or non-financial) goals.

The goal trade-off perception between goal categories is presented from at least ten different perspectives in the articles examined: 1) in terms of substitutional relationship (Zellweger & Nason., 2008), 2) from a diminishing marginal utilities conception (Chrisman, et al., 2014), 3) as constraints on resources (Chrisman, et al., 2003C), 4) from the problematic of management evaluations (Chua, et al., 2009), 5) with the lens of family vs. business agendas (Westhead & Howorth, 2006), 6) related to a “hedonic calculus” (Brickson, 2007; Zellweger, 2013), 7) as sacrifice of firm’s wealth through socioemotional wealth preservation (Gómez-Mejía, et al., 2007; Stockmans, et al., 2010; Leitterstorf & Rau, 2014), 8) perceiving family goals as creating agency costs at the expense of other goals (Stockmans, et al., 2010; Stewart & Hitt, 2012), 9) from the perspective of goal conflicts (Sciascia & Mazzola, 2008), and 10) recognising competing reference points (Minichilli, et al., 2014).

Not as numerous as the works presenting trade-offs between goals, few of the articles reviewed introduced other kind of possible relationships among the goals of the family firms, where increase of one kind of goals does not necessarily imply decrease of the other. This is done from at least six perspectives: 1) as synergic goal relationships (Zellweger & Nason., 2008), 2) conceived as unified systems which allow for systemic strategic influences (Habbershon, et al., 2003), 3) considering the management of a whole integrated system (Basco & Rodríguez, 2009), 4) as strategies based on capabilities preserving both socioemotional and financial wealth (Patel & Chrisman, 2014), 5) "as effect of synergistic and symbiotic relationship between the family and the business" (Chua, et al., 2003, p. 331), and 6) as goal ambidexterity as "a balanced pursuit of financial as well as non-financial goals should help family owners to maximize their utility function" (Kammerlander, et al., 2015, p. 67).

As it will be elaborated in the final section, we suggest that this substitutional perspective is based on a trade-off logic intrinsic in economic theories, which conceive human beings as self-interested maximizers and companies as having the only objective to maximise shareholders' value.

Goal Recipient

The term goal recipient refers to the primary beneficiary of a goal's outcome (Kotlar & De Massis, 2013). All categories of goal recipients pursue both financial and socioemotional goals, and the relative salience of each recipient stakeholder will influence the understanding of organisational effectiveness and hence the nature of goals pursued by the family firm (Zellweger & Nason., 2008).

When analysing the focus on specific stakeholders, almost all papers reviewed covered stakeholders related to the family, either as individual family members or as the family as a group (e.g. Sharma, et al., 1997; Stockmans, et al., 2010; Mahto, et al., 2010; Zellweger, 2013; Astrachan & Jaskiewicz, 2008; Minichilli, et al., 2014; Corbetta & Salvato, 2004; Gómez-Mejía, et al., 2007; Leitterstorf & Rau, 2014; Sciascia & Mazzola, 2008). Moreover, performance orientation and goal recipients have been categorised in a binary way as family or non-family by several researchers (e.g. Lee & Rogoff, 1996; Sharma, et al., 1997; Mahto, et al., 2010; Kotlar & De Massis, 2013; Cruz, et al., 2010).

In comparison to non-family business, family firms have the owning family as a salient stakeholder and have the exclusive particularity to exhibit family centred socioemotional goals (Chrisman, et al., 2012) and to consider the welfare of other stakeholders (Cennamo, et al., 2012). As the family develops through generations, becoming a group of families, complexity of goal interaction at the family and individual levels increases, as individuals will have to agree and share common goals and resources (Distelberg & Sorenson, 2009), even when socioemotional goals may vary significantly among them (Miller & Le Breton-Miller, 2014).

Alternatively to the view distinguishing recipients between family and non-family, the approach to multiple stakeholders by Zellweger & Nason (2008) recognises four distinct goal recipients as stakeholder categories with specific demands: the individual owner/manager, the family, the firm, and the society. Furthermore, few articles in the reviewed sample introduce more specific goal recipients besides family members and the family as group. Deep and relevant coverage of issues regarding non-family internal stakeholders was included in articles highlighting: 1) non-family members (Cabrera-

Suárez, et al., 2015); 2) outside investors (Villanueva & Sapienza, 2009); 3) nonfamily managers (Chrisman, et al., 2014); 4) employees, (Colombo, et al., 2014; Khanin, et al., 2012; Neubaum, et al., 2012); 5) outside directors (Voordeckers, et al., 2007); and 6) consultants (Stewart & Hitt, 2012). Moreover, papers incuding external stakeholders at the core of their research question such as the environment (e.g. Berrone, et al., 2010) or the social context (Colli, 2012), are very scarce.

Kotlar & De Massis (2013) explain that, while prior research focused on family members setting a family agenda of goals directed to the "recipient family", the goals of the family firm need to be shared and embraced by a broader group of stakeholders in order them to be incorporated into the firm's strategic actions.

While the family and its members are surely salient stakeholders of the family firm, the lack of research attention paid to other relevant goal recipients may hide the incumbency and influence of other stakeholders which may considerably affect the goals of the family firm.

As it will be elaborated in next section, the majority of research covering goal recipients, focusing on the family level and providing a disintegrated perspective by separating family and non-family members, have two flaws. On the one hand, it overlooks influences by other internal and external stakeholders on the family and family business goal dynamics. On the other hand, it implies the assumption of a trade-off in the relationship among stakeholders.

Goal Formulation

The fourth and final category is related to the goal formulation. Goals of the family firms are diverse, interact through different mechanisms, and have various beneficiaries or recipients. This heterogeneity impacts on the formulation of goals, as it is shown in the following paragraphs.

The literature covering the formulation of goals at family firms is scarce and can be generally divided in two streams. On the one hand, there are studies prescribing explicit and formal goal formulation processes and, on the other hand, other articles explain and favour a different and characteristic ways of formulating the goals of the family firm.

Articulated and explicit goal formulation at family firms is described as desirable but challenging by the earliest of the articles reviewed (Tagiuri & Davis, 1992). The two reasons introduced for explaining family reluctance to systematic and methodical goal formulation are: 1) the complexity of a coherent integration of multiple goals, and 2) the eventual problems to the firm (like development of tunnel vision and lost opportunities, reduced flexibility, openness to criticism, blame for mistakes by the owner, and awakening of conflicts which may otherwise remain dormant). Similarly to Tagiuri & Davis (1992), who argued that selecting and communicating clear goals was key to organizational guidance, other articles in the sample also recommended a formal selection of objectives and subsequent planning. Rue & Ibrahim (1996) propose that concrete and proper selection of specific, practical, quantified and compatible objectives are the basis for planning. Furthermore, Distelberg & Sorenson (2009) highlight the correlation of formal decision making and collaboration, suggesting that "formal decision processes may enable individuals and systems to identify and express their values and goals and then collaboratively integrate them over time in various decisions" (Distelberg & Sorenson, 2009, p. 72).

The second literature stream on goal formulation does not emphasize a formal and systematic process but indicates that goals related to the family are rarely stabilized in professional interactions (Kotlar & De Massis, 2013), that typical goal alignment at family firms is characterised by substitution of “formal by social control mechanisms” (Pieper, et al., 2008, p. 386), that establishment of goals at family firms is directly influenced by the social capital of the family, specifically by its “emotional cohesion, open communication, and intergenerational attention” (Cabrera-Suárez, et al., 2015, p. 28), that “identification leads the firm to adopt non-financial goals” (Cabrera-Suárez, et al., 2014, p. 290), and that mutual social obligations as well as reduced information asymmetry among family members favour trust-based relationships which do not favour formal controls or mechanisms to operate (Cruz, et al., 2010).

Among the reviewed articles emphasizing this second stream, the recent work by Kotlar & De Massis (2013) is the only one that completely explains “the means by which organizational member goals are processed in everyday organizational and family life” and offers a clear process view of goal formulation in family firms (Kotlar & De Massis, 2013, p. 1275). The goal diversity, already recognised by Cyert & March (1963) in their behavioural theory of the firm and by Tagiuri & Davis (1992) in the specific context of the family business more than two decades ago, is described by Kotlar & De Massis (2013) as originating goal-centred social interaction processes of bargaining and stabilisation. The debate about degree of formalisation regarding goal formulation at family firms is then enlightened by the recognition of two coexisting kinds of social interactions: 1) professional social interactions, occurring exclusively in the business setting during programmed meetings where hierarchies and roles are well-defined, and 2) familial social interactions, taking place in different informal circumstances either at the firm or at the family home and among organizational members with undefined and often ambiguous roles (Kotlar & De Massis, 2013). Professional social interactions were characterised by administrative bargaining through promises of rewards and threats of sanctions, with discrepancies discussed on the bases of reciprocal benefits and losses of each member, and by stabilisation through formally binding agreements, whether in the form of budgets, contracts or verbal personal commitment. On the other hand, familial social interactions lead the bargaining phase through value abstraction and expressions of affect, achieving stabilisation through social control.

The scarce literature covering this topic shows a general agreement on the complexity of the formulation of the goals of the family firms mainly due to goal diversity and multiple stakeholders. However, and while the debate on the trade-off between formal or informal goal formulation is enlightened by the recognition of the coexistence of professional and informal social interactions (Kotlar & De Massis, 2013), the next section will elaborate on the difficulty of developing an integrative framework of goal formulation without overcoming first the limitations originated by the existing dominant assumptions.

CONCLUSION AND LINES FOR FUTURE RESEARCH

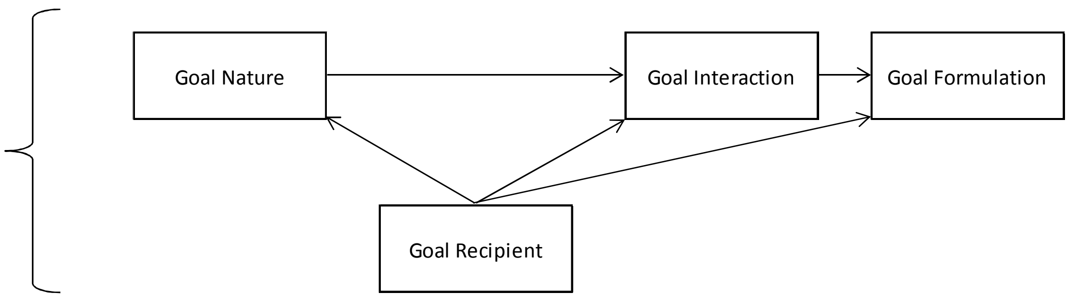
What are the goals of family business and how are they integrated? We aim at answering these questions to narrow the current gap between the growing interest in the topic of goals of family firms and the lack of integration of the literature. For this purpose, we review 71 articles stemming from peer-reviewed journals published from 1992 to 2015 combining a systematic approach for the selection of articles and a narrative review to analyse the literature.

To answer these questions and contribute lines for future research, we use the criteria for theory building provided by Whetten (1989). According to Whetten, theory building relates to concepts (the *What*), the relation among them (the *How*), the assumptions and rationale underlying the concepts and their relationship (the *Why*), and the conditions under which those relationships hold (the *Who, Where,* and *When*). This section focusses on the *What* (first research question), the *How* (second research question), and the *Why* (lines for future research) criteria, which constitute the essential elements of a theory (Whetten, 1989). Figure 1 shows a framework that organizes the conclusions and lines for future research of this paper.

Figure 1. Organizing Framework and Directions for Further Research

Research Question	What are the goals of family firms? *(What?)*		How are they integrated? *(How?)*	

Categories



Number of Studies	56	25	24	10
Finding	Binary Categories	Family Main Stakeholder	Trade-off interaction	Formal vs. Informal
Assumptions *(Why?)*	Agency Theory Assumptions: 1) Rational - *instrumental rationality and maximization* 2) Behavioral - *self interest*			
Future Research	From binary categories to value creation	From instrumental, end-means, maximization and trade-off logic to practical rationality, part-whole, harmonization and complementary logic		

The answer to the first research question: *What are the goals of family business?* is that goals are diverse and classified in binary categories (see Table 6). This is explained, in part, by the presence of the family as the main stakeholder and, thus, by the pursuit of non-financial goals by family firms, which is one of their most salient differential characteristic compared to non-family business (Zellweger, et al., 2013; Sharma, et al., 1997; Chrisman, et al., 2003C; Chrisman, et al., 2012; Chrisman, et al., 2009).

The answer to the second research question: *How these goals are integrated?* is that the majority of studies integrate the diverse goals based on a trade-off rather than on a synergistic perspective. It could be argued that the trade-off pattern of goal interaction both emerge from and reinforce the binary classification of the goals of family firms, as it will be explained in the following paragraphs.

The answers to the two research questions show that the research agenda on goals of the family firm is based on a classification in binary categories and an integration based on a trade-off logic, that is, mutually exclusive and conflicting categories. This presence of conflicting assumptions echoes typical classifications and trade-offs in the management literature, such as the trade-offs between firm performance and social welfare (cf. Margolis & Walsh, 2003) or between principal and agent (Jensen & Meckling, 1976).

It is argued that theoretical frameworks based on conflicting categories or either / or type of thinking (Bobko, 1985) hinder theoretical progress because they both fall under the incommensurability of standards for choosing among theories (Kuhn, 1977)and prevent addressing paradoxes in innovative ways (Poole & Van de Ven, 1989). For example, following Zellweger et al. (2013), fostering a convergence of the terms "non-financial goals", "non-pecuniary goals", and "socioemotional wealth" create the conditions to highlight that rationally chosen non-financial goals is a differential theoretical dimension of family business research, but it stresses the opposition between the economic and non-economic goals in family business assuming that this is the only way to foster theory building and distinctiveness in family business research. This assumption is real but incomplete, because it does not allow to investigate how to integrate economic and non-economic goals ontologically (that is, at the level of the nature of goals), theoretically and empirically beyond binary classifications and trade-off interactions.

Given that research on goals of family business is a cornerstone to both create new theories of family business (Chrisman, et al., 2003A; Debicki, et al., 2009; Chrisman, et al., 2012) and understand the behaviour and performance of family firms (Chrisman, et al., 2012, p. 268), it is important to investigate how to move beyond the current bipolar type of thinking to foster theoretical progress.

To this end, we propose as the main line for future research to make explicit, investigate and extend the theoretical assumptions that underlie current research on goals of the family firms, that is, to investigate the *Why* criterion for theory building (Whetten, 1989). We end this paper with a roadmap to answer the question posed in the next section.

Why are goals of family business posed in binary terms and their relationship based on trade-off logic? Dominant theoretical assumptions in current research

We argue that the answer to the *Why* question lies in the prevalence of agency theory (Fama & Jensen, 1983; Jensen & Meckling, 1976) as the main theoretical framework in family business research. In fact, agency theory is the dominant theory in both family business research in general (Chrisman, et al., 2014) and research on goals of family business in particular (cf. Table 4). As to the former research, Chrisman et al (2014) have found that 12 out of the 25 most influential articles in the family business field are based on agency theory, followed by another economic theory, resource-based view, with 5 out of 25 articles (2014, Table 1). As to the later research, we found that agency theory together with SEW, which is based on agency theory, prospect theory and behavioural theory of the firm (Wiseman & Gomez-Mejia, 1998), are the dominant theoretical frameworks used in the field.

Several researchers critically analyse agency theory assumptions from the philosophical (Fontrodona & Sison, 2006), sociological (Shapiro, 2005), management (Ghoshal, 2005; Kostova, et al., 2016), management education (Pfeffer & Fong, 2002; Evans & Tourish, 2016) and family business (Chrisman, et al., 2010; Madison, et al., 2016) standpoints. Some researchers criticise the acontextual analysis of agency theory (Kostova, et al., 2016); others point out that unique aspects of some phenomena such as HQ-subsidiary dyad (Wiseman, et al., 2012) or family business (Davis, et al., 1997) are not captured by the theoretical lenses of agency theory alone, which fostered new theoretical developments complementing agency theory assumptions with those of other theories such as stewardship theory (Madison, et al., 2016), prospect theory and behavioural theory of the firm (Wiseman & Gomez-Mejia, 1998); still others are more radical and propose moving away from agency theory, arguing that it is harmful to management practice and its assumptions become self-fulfilling (Ghoshal, 2005; Pfeffer & Fong, 2002).

Focusing on the assumptive level and eschewing the discussion of the particular assumptions of agency theory, it could be said that the latest research on agency theory questions the "universality of the assumptions of self-interest and economic rationality" (Kostova, et al., 2016, p. 2). Self-interest is a motivational assumption which, in its radical version, states that the only human motive is the pursuing of self-interest, which is defined as the individuals' motivation to do whatever it takes to satisfy their individual desires, being indifferent about how their actions affect others (Adams &

Maine, 1998). Economic rationality is associated with that of instrumental rationality in most economic and management models (Rocha & Ghoshal, 2006). Instrumental rationality aims at connecting an action with an external end (Aristotle, 1984b, p. 5) and therefore separates a given end from the means to achieve it. In case of the presence of different ends such as financial and SEW in family business research, they are dealt as "substitutable means that could be traded-off against each other as if they were commodities rather than as necessary parts of a whole, because the underlying logic is that of maximization techniques, for which it is 'logically impossible to maximize in more than one dimension at the same time (cf. Jensen, 2002, p. 238)" (Rocha & Ghoshal, 2006, p. 604).

We argue that the motivational assumption of self-interest and the rational assumption of instrumental rationality underlying agency theory explain why goals are defined in binary terms and why their relationships are explained in terms of trade-off.

At the motivational level, the definition of goals in binary terms such as economic and non-economic echoes the framing of human motivation in terms of self-interested and non-self-interested behaviour. In family business research, the development of the SEW concept has stressed rather than relaxed the binary classification of goals of the family business, provided that it represents the non-economic category of family goals.

At the rational level, the integration of the goals of family firms based on a trade-off logic is based on the postulates of instrumental rationality. In fact, the framing of goals in binary terms paves the way to analyze them in terms of trade-off, assuming that people always trade these motives off as if they were commodities (cf. Jensen & Meckling, 1994). In particular, agency theory focusses on monitoring and incentives as the two mechanisms that ensure an efficient alignment of interests between agent and principal, that is, an alignment that ameliorate agency costs (Jensen & Meckling, 1976). Given that both agents and principals are rational utility maximizers, those mechanisms assume goal conflict between principal and agent and that the alignment of interest between them is done based on a trade-off logic. Again, in family business research the development of the SEW concept has stressed rather than ameliorated the trade-off logic implicit in instrumental rationality. In fact, SEW adds a new type of conflict to that between the principal and the agent: that between the family and the non-family principal (Berrone, et al., 2012, p. 260).

Extending the dominant theoretical assumptions in current research

We propose to investigate the *Why* criterion for theory building (Whetten, 1989) as the main direction for further research on goals of family firms. Our review shows that agency theory, a framework based on assumptions of self-interest and instrumental rationality originally designed to explain the relationship between shareholders' financial value and incentives to management (Evans & Tourish, 2016), has dominated the agenda of research on the goals of the family firms and led to the perception of a binary conflicting nature of goal categories. This prevent theoretical progress in the field because these mutually exclusive categories cannot be integrated ontologically (that is, at the level of the nature of goals), theoretically and empirically beyond trade-off interactions.

Following Aristotle, who states that two contraries can be integrated because they belong to the same category (Aristotle, 1984a), and Poole & Van de Ven (1989), who developed a synthesis method of introducing new terms to resolve paradoxes, we propose extending the current motivational and rational assumptions that dominate research on goals of family firms. First, at the motivational level, we propose focusing on the unifying concept of value creation (Chrisman, et al., 2003C; Donaldson & Walsh, 2015), which embraces multiple categories of goals. Second, at the rational level, we propose moving beyond the instrumental rationality logic that leads to maximization and trade-off dynamics and embracing a practical rationality logic that leads to a harmonization dynamic.

At the motivational level, following Chrisman et al. (2003C), we propose embracing the overarching concept of value creation, which could be defined as “anything that has the potential to be of worth to stakeholders” (Harrison & Wicks, 2013, p. 100). The potential for contribution of this direction for future research is based on three layers. First, at the philosophical level, value is defined as reasons for acting (cf. Perry, 1926; Scanlon, 1998), which encompass different goals including wealth, which is commonly restricted to the economic dimension of business organizations. Second, at the theoretical level, “collective value creation”, meaning prosperity beyond financial wellbeing, was recently proposed as the purpose of business (Donaldson & Walsh, 2015, p. 203). Finally, at the family business theoretical level, value creation involves multiple goals including wealth as well as other benefits without establishing priorities or compromises per se, capturing “a purpose that transcends profitability” (Chrisman, et al., 2003C, p. 468; Kammerlander, et al., 2015). That is, value creation neither imply a binary definition of conflicting categories nor categorize goal diversity of family firms through value laden definitions such as “economic” and “non-economic”.

At the rational level, we propose replacing instrumental rationality and its associated maximization and trade-off logic for practical rationality and its associated harmonization and synergistic logic. Practical rationality considers the simultaneous presence of different ends and focuses on how to harmonize them; on the contrary, instrumental rationality considers “different ends as substitutable means that could be traded-off against each other as if they were commodities rather than as necessary parts of a whole” (Rocha & Ghoshal, 2006, p. 604), because it aims at connecting an action with only one external end (Aristotle, 1984b). Also, practical rationality requires that each part be present to complete the whole, while instrumental rationality separates a given end from the means to achieve it, because “it is logically impossible to maximize in more than one dimension at the same time” (Jensen, 2001). Therefore, practical rationality is concerned with how different ends are connected and harmonized rather than with how different means are selected for maximizing an assumed end (Rocha & Ghoshal, 2006).

At least two reasons explain the potential contribution of this direction for future research. First, at the philosophical level, practical rationality is a human talent that allows dealing with different ends at the same time. This human capability paves the way for theoretical development in family business research, which is currently restricted by the predominance of the instrumental logic that created a binary classification of goals and a trade-off dynamic for the integration of the multiple goals of family firms. Second, at the theoretical level, the part–whole logic of practical rationality set the basis for defining value creation as the overarching purpose of business in general (Donaldson & Walsh, 2015) and of family business in particular (Chrisman, et al., 2003C), which includes the diversity of goals characteristic in family firms. Also, the harmonization dynamics of practical rationality and its focus on how different ends are connected rather than traded-off, supersede the either/or type of thinking, a key restriction for theoretical development (Bobko, 1985). For example, as suggested by Kammerlander, et al. (2015, p. 68) “instead of formulating an overly challenging performance goal, the family may formulate a minimum threshold performance level that should secure the family's most central goals, such as upholding family control of the firm over time". Finally, practical rationality set the basis for more research on other kind of possible relationships among the goals beyond trade-offs, which represents the minority of the studies on goals of family firms (Zellweger & Nason., 2008; Habbershon, et al., 2003; Basco & Rodríguez, 2009; Patel & Chrisman, 2014; Chua, et al., 2003; Kammerlander, et al., 2015). In sum, practical rationality, which assumes different ends operating at the same time in a part-whole relationship, opens up a fruitful avenue for further research, considering that the vast majority of studies reviewed emphasize both goal diversity and the preservation of various dimensions of socioemotional wealth as a key distinctive characteristic of family firms.

We conclude this paper with three remarks related to our proposal for future research of making explicit, investigating and extending the theoretical assumptions that underlie current research on goals of the family firms. First, making explicit the core assumptions of the mainstream theories in family business research is a fruitful first step for developing new theories. By exposing such assumptions, Ghoshal (2005) argued, researchers would be better positioned to understand where main theories come from and how they accommodate their lenses to understand the phenomenon object of study. Second, investigating the assumptions of the dominant theory in family business research on goals contributes to understand whether it has been decontextualized and applied to phenomena different from those for which it was conceived for (Zahra, 2016). The motivational and rational assumptions of agency theory are based on a partial view of human beings (self-interested and rational maximizer; cf. Jensen & Meckling, 1994) and organizations (publicly traded corporations; cf. Davis, 2016), which does not fully correspond to the nature and specificity of goals of family business. Third and finally, extending the motivational and rational assumptions of agency theory focussing on value creation as the unifying purpose that describe the nature of goals, and on harmonization, as the main goal interaction mechanism, create fruitful conditions for new theory building on the goals of family firms.

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CHAPTER 3: FAMILY BUSINESS ETHICS: AT THE CROSSROADS OF BUSINESS ETHICS AND FAMILY BUSINESS

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ABSTRACT

In spite of the considerable development of research in the fields of business ethics and family business, a comprehensive review and integration of the area where both disciplines intersect has not been undertaken so far. This paper aims at contributing to the call for more research on family business ethics by answering the following research questions: What is the status of the current research at the intersection of business ethics and family business? Why and how do family firms differ from non-family firms regarding business ethics? And, what are the key directions for further research? To answer these questions, this study combines a systematic approach for the selection of articles, resulting in a sample of 31 articles over 35 years, with a narrative review to analyze the literature. This paper finds that research on family business ethics is scarce but increasing and that family firms are considerably different to non-family firms regarding ethical issues. Particular stakeholders, goals, relationships and practices are found to be the forces behind the peculiarity of family business ethics. Ultimately, research development on family business ethics is encouraged and future research directions flowing from the key findings and reflections of this review are provided.

Keywords: family business ethics; family firms; literature review

INTRODUCTION

In spite of the relevance of the intersection between business ethics and family firms described by extant literature, a considerable lack of research regarding business ethics in the context of family firms has been largely highlighted (Everett, 1986; Wortman, 1994; Gallo, 1998; Gallo, 2004; Debicki, et al., 2009; O'Boyle, et al., 2010; Payne, et al., 2011; Sharma & Sharma, 2011; Litz & Turner, 2013).

Exploring business ethics at the specific context of family firms is relevant because of the significant participation of this kind of business in the world economy (Anderson & Reeb, 2003; Faccio & Lang, 2002; La Porta, et al., 1999; Neubauer & Lank, 1998) and because of the differential characteristics of family firms influencing ethical and social behavior (Gómez-Mejía, et al., 2007; Berrone, et al., 2010; Van Gils, et al., 2014).

While published research around business ethics at family firms has increased over the last ten years, a comprehensive review and integration of the contributions to the understanding of family business ethics has not been undertaken so far.

This paper aims at contributing to the call for more research on family business ethics by answering the following research questions: What is the status of the current research at the intersection of business ethics and family business? Why and how do family firms differ from non-family firms regarding business ethics? And, what are the key directions for further research?

To answer these questions, this study combines a systematic approach for the selection of articles with a narrative review to analyze the literature. The systematic selection of literature resulted in a sample of 31 articles stemming from key peer-reviewed journals published from 1981 through 2015.

Examination of the selected literature found that, compared to other issues relevant to the fields of business ethics, such as morality, ethical decision making or corporate social responsibility (Ma, et al., 2012), and to the family business field, such as succession or governance (Debicki, et al., 2009; Chrisman, et al., 2003), the topic of ethics in the family firm still represents an understudied area. Moreover, the analysis performed evidences a substantial share of articles that do not specify their guiding theoretical frameworks and a highly dispersed theoretical landscape for those works that disclose the theoretical lens guiding their research.

The findings of the review are structured around the three most prominent general research angles identified in the sampled literature: 1) comparative research, meaning the comparison of different types of firms regarding ethical issues, 2) the reasons why business ethics in family firms are different, and 3) the ways in which business ethics are introduced and developed in family firms.

The main contributions of this study to the literature on the fields of business ethics and family business are threefold. First, through the identification, analysis, and integration of the relevant articles, a thorough review of the key issues at the intersection of business ethics and family business is provided. Second, this paper organizes the main findings and discusses the distinctiveness of business ethics in the context of family firms, the scarcity of research on family business ethics so far, and how the particular aspects of the family business will influence ethical issues relevant to various stakeholders of the family business. Finally, this article highlights the relevance of family business ethics both for the fields of business ethics and family business, and suggests various avenues for further research.

The remainder of this article is structured as follows: the methodological section provides the specification of the literature selection and then the sample characteristics are introduced. The subsequent section delivers the key findings of the literature reviewed and, based on that, the following section proposes a discussion on key issues relevant to the area of family business ethics. The study finalizes with conclusions and proposals for future research directions.

METHODOLOGY

The literature selection was performed systematically following a process comparable to what was followed by Pukall & Calabrò (2014), Newbert (2007), and David & Han (2004), but with some customization. The eligible literature was selected based on the following criteria:

1. The search was limited to articles published by the 23 key leading peer-reviewed journals of research related to business ethics, family business, and management and business, as detailed below:
    a. Business ethics most relevant publications (Chan, et al., 2013; Chan, et al., 2010; Paul, 2004), including the Journal of Business Ethics, Business Ethics Quarterly, Business and Society, and Business Ethics: A European Review;
    b. Family business most appropriate journals (Chrisman, et al., 2008; Chrisman, et al., 2010), encompassing Family Business Review, Entrepreneurship Theory and Practice, Journal of Business Venturing, Academy of Management Journal, Academy of Management Review, Strategic Management Journal, Administrative Science Quarterly,

Journal of Small Business Management, and Journal of Management Studies; and

   c. Management and business publications relevant to the topic of interest, considered to be the top publications on the field (Ennas, et al., 2014; Linton, 2013; Thomson Reuters, 2014) and were not already present in the selection of top journals of business ethics and family business, which finally included: the Academy of Management Annals, Academy of Management Learning & Education, Academy of Management Perspectives, International Journal of Management Reviews, Journal of Management, Journal of Organizational Behaviour, Management Science, Organization, Organization Science, and Organization Studies.

2. The search was limited to the period between 1981 and the end of December of 2015 (35 years).
3. The search was performed in the databases of Business Source Complete (EBSCO), ABI/Inform Pro Quest, and in the search function provided by the publisher of Family Business Review (http://fbr.sagepub.com/search).
4. The search was designed to ensure substantive relevance of the potentially identified articles by looking for the combination of the following keywords in the title or the abstract: ((“family*”) AND (“ethic*”)). The relevance of the articles was ensured through the reading of all abstracts, checking for a discussion related to ethics in family firms.
5. The articles selected by examining their abstracts were read thoroughly in order to control for substantive relevance, checking for a discussion related to ethics in family firms.

6. Whenever necessary, results from different databases were consolidated.

This process, detailed in Table 1, resulted in the selection of 22 articles. Additionally, in order to ensure that no relevant paper was overlooked in the process, a residual search was performed by checking relevance to the topic of interest in literature mentioned in previous reviews focusing on social issues in regard to family business (Van Gils, et al., 2014) and on the intellectual structure of business ethics studies (Calabretta, et al., 2011; Ma, et al., 2012). This residual search yielded 9 additional articles.

Table 1. Database Search Results

	ProQuest ®	Business Source Complete	FBR*	Total
After keyword search in title and/or abstract	57	62	7	126
No. of total duplicates				50
After deleting duplicates				76
After reading all the title and abstract				25
After reading the entire articles				22
Number of articles found in the residual research				9
Final sample size				31

* Search performed using http://fbr.sagepub.com/search

The final sample consisted of 31 articles that were all content analyzed based on the following dimensions:

1. Theoretical frameworks: Theories used to explain issues related to ethics in family business contexts.
2. Methodological aspects: Theoretical or empirical (and specific types of analysis); sample characteristics (e.g. firm size, geography).
3. Family business ethics key research dimensions such as comparative research, stakeholders involved, and so on.

4. Main Findings: Short summary of key findings derived from the integration of the literature concerning the research dimensions identified.

SAMPLE CHARACTERISTICS

The field of business ethics gained recognition and legitimacy (Harris, et al., 2009) through an increasing scholarly publication (Calabretta, et al., 2011), The field of family business was established as a standalone discipline (Moores, 2009) and made significant progress that attracted the attention of academic researchers and practitioners (Litz, et al., 2011; Sharma, et al., 2014), and experienced a proliferation of yearly published research (James, et al., 2012). However, academics and practitioners have not reached a conclusive consensus on why and how business ethics dynamics are different in the context of family business, and have not determined the key ethical issues in relation to the family firm that are particularly relevant to its various stakeholders. The following paragraphs present the main findings on the literature sample.

Descriptive Results

Table 2 summarizes the distribution of the articles in the sample by time-period and journal of publication, showing that the chronological development of research on the topic can be divided in two groups.

Table 2. Distribution of Articles by Time Period and Journal

	Impact Factor		Articles per time period 1981-1985	1986-1990	1991-1995	1996-2000	2001-2005	2006-2010	2011-2015	Total	%
Journal of Business Ethics	1.326	*	0	1	0	0	2	3	8	14	45%
Family Business Review	5.528	*	0	0	0	2	2	2	2	8	26%
Business Ethics Quarterly	1.927	*	0	0	0	0	0	0	4	4	13%
Entrepreneurship Theory & Practice	3.144	*	0	0	1	0	0	1	2	4	13%
Business Ethics - A European Review	0.541	**	0	0	0	0	0	1	0	1	3%
TOTAL			**0**	**1**	**1**	**2**	**4**	**7**	**16**	**31**	

* 2014 Thomson Reuters Journal Citation Reports ® (Thomson Reuters 2015)

** ISI Journal Citation Reports © Ranking: 2014

The first group includes the 8 articles identified between 1981 and 2005, encompassing more than 70% of the 35-year period covered, and suggests a practical absence of attention to the intersection of business ethics and family business.

The second group includes the last 10 years of the time period examined and shows a rapid increase of interest regarding business ethics in the context of family firms. While this second group shows 23 published papers, this is equal to an average of 2.3 articles released yearly by the 23 top journals covered in the inquiry and evidences a very scant production. Moreover, this research is mostly focused on fragmented perspectives on the intersection of business ethics and family business such as: social exchange structures (Long & Mathews, 2011), family values (Koiranen, 2002), dividends behaviors (He, et al., 2012), and inherited ethical dilemmas (Litz & Turner, 2013).

Regarding the key outlets for publication of research regarding business ethics in family firms, the Journal of Business Ethics (14 articles) and the Family Business Review (8 articles) represent 45% and 26% of the sample, respectively, adding up to over two-thirds of the overall publication on the topic of interest. Three other journals, Business

Ethics Quarterly, Entrepreneurship Theory and Practice, and Business Ethics – A European Review, published the remaining 29% of the sampled articles. It is noteworthy that the sample identified does not include papers by the selected high-impact outlets focusing on management and business.

Compared to other issues relevant to the fields of business ethics, such as morality, ethical decision making and corporate social responsibility (Ma, et al., 2012), and to the family business field, such as succession or governance (Debicki, et al., 2009; Chrisman, et al., 2003), the topic of ethics in the family firm still represents an understudied area.

Methodologies Engaged

As summarized in Table 3, the analysis of the sampled articles according to the methodological approaches used highlights the predominance of empirical studies, representing 74% of the total. While quantitative studies were used in 16 papers and account for 70% of the empirical research identified (52% of the total sample), 11 of these quantitative studies (35% of the total sample) based their findings on data collection via surveys, most of which being self-reported data, that are “often hindered with low response rates and perceptual biases” (Sharma & Carney, 2012).

Table 3. Distribution of Articles by Methodologies Employed

				Number of times used	%
Theoretical				8	26%
	Quantitative		16		
	Data collection via surveys	11			
	Data collection others	5			
	Qualitative		7		
Empirical				23	74%
TOTAL				**31**	

Samples of the empirical research works consisted 39% of large firms, 35% of all business sizes, and the remaining 26% of small and medium enterprises.

Regarding regions under analysis, 39% of studies covered Europe (e.g. Campopiano & De Massis, 2014; Gallo, 1998; Koiranen, 2002; Duh, et al., 2010; Graafland, et al., 2003), 35% USA (e.g. Blodgett, et al., 2011; Dyer & Whetten, 2006; O'Boyle, et al., 2010; Sorenson, et al., 2009), 13% Asia (e.g. He, et al., 2012; Wu, 2006), 4 % covered companies from several regions (e.g. Feldman, 2007), and the remaining 9% did not specify any region (e.g. Adams, et al., 1996).

It is noticeable that 35% of the articles examined focus on a comparative analysis between family and non-family firms (e.g. Adams, et al., 1996; Blodgett, et al., 2011; Duh, et al., 2010; Dyer & Whetten, 2006; Gallo, 2004; He, et al., 2012).

Definitions Utilized

More than 50% of the articles reviewed present an explicit definition of the family business. The definition most commonly used is in terms of a majority participation in the ownership and family involvement in the board of directors or top management team through the presence of a family member in such bodies (e.g. Blodgett, et al., 2011; Dyer & Whetten, 2006; Fassin, et al., 2011).

Regarding the conceptualization of business ethics, 52% of the examined articles omit a clearly expressed definition. On the other hand, 19% of the reviewed works refer more or less explicitly to business ethics as categories that are “difficult to separate” in terms of content (Egels, 2005, p. 14), such as corporate social responsibility, corporate citizenship, sustainable development, and corporate social performance (e.g. Bingham, et al., 2011; Déniz Déniz & Suárez, 2005; McKenny, et al., 2011), and 10% make direct or indirect reference to virtue ethics and ethics of care (e.g. Long & Mathews, 2011; O'Boyle, et al., 2010; Payne, et al., 2011). The remaining articles make generic definitions of business ethics that are not easily connected with broadly used categories. In line with views considering the concept of business ethics as “not adequately defined” by the literature (Lewis, 1985, p. 377), subject to “considerable debate” (Joyner & Payne, 2002, p. 299), and “very difficult” or even hardly existing (Egels, 2005, p. 14), the literature examined generally evidences poor definitional clarity.

Theoretical Frameworks Used

The term theoretical framework is utilized to capture the essence of the theory, its assumptions, constructs, and assertions that shape the way in which the phenomena are experienced by the researcher (Kilduff, 2006; Weick, 1995; Whetten, 1989).

The articles were examined to identify a specific minimum application of a theoretical framework, with strong relevance to their resulting implications and not considering as such the mere one-time reference given to a concept or theory that does not play a central role in the arguments made.

Table 4 provides an outline of the theoretical frameworks utilized in the articles reviewed.

Table 4. Theoretical Frameworks used

Theoretical Framework	Times used	
None or Not Specified	10	27.8%
Stakeholder Theory	5	13.9%
Identity Theories (Organisational, Social, Orientation, etc.)	3	8.3%
Framework of Ethical Climate	2	5.6%
Institutional Theory	2	5.6%
Resource-Based View	2	5.6%
Cognitive & Constructivist Theories	1	2.8%
Interactionist Perspective	1	2.8%
Model of Approach to CSR	1	2.8%
Self-Determination Theory	1	2.8%
Six Dimensions to the Study of Organizational Virtue	1	2.8%
Social Capital Theory	1	2.8%
Social Exchange Theory	1	2.8%
Socioemotional Wealh Framework	1	2.8%
Strategic Management Process Framework	1	2.8%
Framework of Three Strategies for Organising Ethics	1	2.8%
Theory of Planned Behavior	1	2.8%
Typology of Generic Responses to Declining Situations	1	2.8%

Approximately 72% of the articles sampled allowed to be referred to specific theoretical frameworks, while the remaining 28% did not specify their key underlying theoretical basis.

The stakeholder theory (Freeman, 1984) is the main theory utilized, being central in approximately 14% of the papers examined (e.g. Cennamo, et al., 2012; Déniz Déniz & Suárez, 2005; Mitchell, et al., 2011), followed by identity theories, frameworks of ethical climate, institutional theory, and the resource-based view, which are used in at least in two papers each. There is also a large group of various theories that were utilized only once in the sample analyzed.

While the multiplicity of theoretical frameworks applied by the literature focusing on social issues in the context of family firms has already been signalized (Van Gils, et al., 2014), the examination performed shows a highly undeveloped and dispersed theoretical landscape as 28% of the articles do not specify a guiding theory and the five most used theories do not reach above 40% of the articles examined.

It is noteworthy that the socioemotional wealth perspective (Gómez-Mejía, et al., 2007; Gomez-Mejia, et al., 2011; Berrone, et al., 2012), which was first introduced in 2007 and is becoming "the theoretical foundation for most family business research dealing with social issues" (Van Gils, et al., 2014, p. 195), appears as theoretical framework in only one of the works reviewed (Cennamo, et al., 2012). The socioemotional wealth perspective that will be presented in more detail in the following sections is mentioned by many of the sampled articles to explain particular aspects of the goals of family firms.

RESEARCH AT THE INTERSECTION OF BUSINESS ETHICS AND FAMILY BUSINESS: WHERE ARE WE NOW?

In order to structure the findings, as summarized in Table 5, the focus will be directed to the three most prominent general research angles identified in the literature: 1) comparative research, meaning the comparison among types of firms regarding ethical issues, 2) explanations and insights regarding why business ethics in family firms are different, and 3) how business ethics are introduced and developed in family firms.

Comparative Research

The first focus area identified is about research following a comparative approach since 42% of the sampled articles focused mainly on inter-firm comparison (35% of articles compare family with non-family firms and 7% compare differences among family firms).

Four streams are identified concerning comparative research: 1) one article that finds no distinction between family and non-family firms; 2) two articles finding minor differences of a neutral nature; 3) the largest group of studies showing that family firms and non-family enterprises are considerably different regarding business ethics; and 4) few articles focused on differences among family firms.

The first viewpoint finds no difference regarding the family nature of business but between large and small businesses, with large firms preferring mostly an integrity strategy to foster ethical behavior in the organization and small enterprises preferring a dialogue strategy (Graafland, et al., 2003).

The second perspective is represented by two articles that identified limited differences or variations that do not indicate a generally positive nor negative situation when comparing family and non-family firms regarding business ethics. These articles described the neutral or mixed differences found *as: 1)* fewer formal codes of ethics and utilization of informal methods - like exemplary activity - to promote ethical behavior in family firms (Adams, et al., 1996), or 2) indications that family businesses are better at carrying out some social responsibilities such as wealth creation, delivery of goods, and protection of the environment, while they are not better at performing other responsibilities such as longevity and development of individual skills (Gallo, 2004).

Table 5. Main Research Angles and Key Findings

Themes	Key Findings	Examples
1. Comparative Research	a. No difference between family and non family firms	Graafland, et al., 2003
	b. Difference between family and non family firms (neutral or mixed outcomes)	Adams, et al., 1996; Gallo, 2004
	c. Difference between family and non family firms (positive outcomes by family firms)	Duh, et al., 2010; Blodgett, et al., 2011; He, et al., 2012; Payne, et al., 2011; Dyer & Whetten, 2006; Bingham, et al., 2011; Campopiano & De Massis, 2014; Long & Mathews, 2011
	d. Difference among family firms	Déniz Déniz & Suárez, 2005; Kashmiri & Mahajan, 2014
	d. From outcomes to underlying dynamics	Long & Mathews, 2011
2. Why are Business Ethics at Family Firms different?	a. Particular stakeholders	
	1) The family itself (family involvement)	Sharma & Sharma, 2011; Long & Mathews, 2011; Mitchell, et al., 2011; O'Boyle, et al., 2010; Sorenson, et al., 2009; Bingham, et al., 2011; Déniz Déniz & Suárez, 2005; Cennamo, et al., 2012; Duh, et al., 2010
	2) The founder	Hoy & Verser, 1994; Adams, et al., 1996; Dyer & Whetten, 2006; Gallo, 2004; Perrini & Minoja, 2008; Duh, et al., 2010; McMullen & Warnick, 2015
	3) The successors	McMullen & Warnick, 2015; O'Boyle, et al., 2010
	b. Values and goals	
	1) Family business values	Blodgett, et al., 2011; Kidwell, et al., 2012; Koiranen, 2002; Duh, et al., 2010; Everett, 1986; Sharma & Sharma, 2011
	2) Image and reputation	O'Boyle, et al., 2010; Adams, et al., 1996; Kashmiri & Mahajan, 2014; He, et al., 2012; Payne, et al., 2011; Dyer & Whetten, 2006; Campopiano & De Massis, 2014
	3) Socioemotional wealth	Sharma & Sharma, 2011; Mitchell, et al., 2011; Cennamo, et al., 2012; Bingham, et al., 2011; McMullen & Warnick, 2015
	4) Family agendas & power	Duh, et al., 2010; Gallo, 2004
	5) Other non-financial goals	Fassin, et al., 2011; McKenny, et al., 2011; Long & Mathews, 2011
	c. Characteristic social Interactions	Long & Mathews, 2011; Mitchell, et al., 2011; Kidwell, et al., 2012; Bingham, et al.; Fassin, et al., 2011; Payne, et al., 2011; Sharma & Sharma, 2011; Cennamo, et al., 2012
3. How are Business Ethics Introduced and Developed at Family Business?	a. Formal ethical formulation, communication and enforcement	
	1) General (codes of ethics, mission statement, strategic planning, CSR reporting, foundations, managerial procedures, etc.)	Adams, et al., 1996; , Gallo, 1998; Blodgett, et al., 2011; Perrini & Minoja, 2008
	2) Exclusive of family firms (family charters and protocols, family council)	Hoy & Verser, 1994; Gallo, 1998; Perrini & Minoja, 2008; Sorenson, et al., 2009
	b. Informal practices for ethical formulation, communication and enforcement	
	1) Culture	Hoy & Verser, 1994; Adams, et al., 1996; Feldman, 2007; Long & Mathews, 2011
	2) Interpersonal relationships & communications	Hoy & Verser, 1994; Wu, 2006; O'Boyle, et al., 2010; Sorenson, et al., 2009; Sharma & Sharma, 2011; Campopiano & De Massis, 2014; Long & Mathews, 2011; Gallo, 1998

The third research stream regarding comparative research, which is by far the largest group of articles focused on inter-firm discrepancies, found substantial differences and generally described family firms as having higher ethical focus in comparison with non-family firms. These differences are presented as: 1) ethical core values, climate and culture in family and non-family enterprises, with family firms having higher levels of loyalty and connection among co-workers, top management, and employees (Duh, et al., 2010); 2) higher frequency of ethical values with more manifestations from family businesses regarding ethics, honesty, and commitment to quality and customers (Blodgett, et al., 2011); 3) higher flexibility granted by the market to family-controlled firms based on ethical behavior, corporate social responsibility (CSR) and a long-term relationship with investors and society, roots in the local community, common culture and environment, and philanthropic activities (He, et al., 2012); 4) family firms generally exhibiting higher levels of organizational virtue orientation, especially on empathy, warmth, and zeal (Payne, et al., 2011); 5) higher avoidance of social concerns and better social performance by family firms (Dyer & Whetten, 2006); 6) engagement in significantly more positive community, employee, and social initiatives by family firms (Bingham, et al., 2011); 7) higher likelihood of family firms disclosing information on explicit corporate social responsibility but less compliance with corporate social responsibility reporting standards, replacing this with informal communicational exchanges (Campopiano & De Massis, 2014); and 8) higher weight of moral content and reciprocity based on generalized exchange through family involvement and influence (Long & Mathews, 2011).

Finally, instead of comparing family and non-family firms, two studies engaged in the analysis of differences among family firms and showed that: 1) family firms are heterogeneous and biographical characteristics are independent of different approaches to social responsibility (Déniz Déniz & Suárez, 2005); and 2) family-named companies with a history of ethical behavior among family firms experienced superior results when introducing new products into the market (Kashmiri & Mahajan, 2014).

The comparative research described showed a generally positive differential for family firms in contrast to non-family firms regarding business ethics. Besides the question of whether family firms were more ethical than non-family firms, the theoretical approach by Long & Mathews (2011) proposes to also focus on the question of why and how family firms and non-family firms are different.

Why are Business Ethics in Family Businesses Different?

The questions of why "family businesses are different from non-family businesses and different from each other" have already been encouraged (Van Gils, et al., 2014, p. 201). The differences of business ethics dynamics in family and non-family firms, due to several underlying causes, are mentioned in over 80% of the literature examined.

The main underlying reasons for the particular ethical dynamics in family firms indicated by the articles reviewed are: 1) the peculiar salient stakeholders revealed by the family involvement; 2) the characteristic values and goals, expressed by the inclination to socioemotional wealth; and 3) the distinctive kind of social interactions.

Stakeholders Particular to Family Firms

Besides the usual set of stakeholders related to non-family business, 48% of the reviewed articles refer to specific stakeholder categories with substantial influence on family businesses and their ethics dynamics.

The involvement of the family, as a particular and specific stakeholder of family firms, was already recognized as linking family characteristics and social outcomes of the family business (Van Gils, et al., 2014), and is discussed largely by the literature reviewed. While only one paper suggests that reduced involvement due to the separation of ownership and management leads towards CSR and also increases the ability to understand and the willingness to respond to expectations of non-family stakeholders (Perrini & Minoja, 2008), most articles remain neutral or positive when relating family involvement and business ethics. These articles, representing approximately 30% of the total sample, describe the family as: 1) influencing the human and material resources of the business through personalized control and long-term orientation, with relative freedom from internal bureaucracy and external pressures, and with the intention to pursue its vision for the firm across generations (Sharma & Sharma, 2011); 2) characterized by a morality based on its founding relationships, particularly those within the dominant coalition (Long & Mathews, 2011); 3) originating a different and more complex dual-identity organization through interaction with the business and generating its stakeholder salience based on normative power, hereditary legitimacy, and urgency linking temporality and criticality because of family ties and family centered non-economic goals (Mitchell, et al., 2011); 4) characterized by behaviors of stewardship consistent with a high ethical focus (O'Boyle, et al., 2010); 5) drawing a point of view based on its moral beliefs to address occurring business problems through dialogue (Sorenson, et al., 2009); 6) carrying a collectivistic stakeholder identity orientation with greater concerns for the collective welfare (Bingham, et al., 2011); 7) significantly influenced by the relationships of its members and specially influenced by trust and emotions (Déniz Déniz & Suárez, 2005); 8) driving to preserve and augment socioemotional wealth through internal organizational processes but also through relations with external stakeholders (Cennamo, et al., 2012); and 9) exerting an important influence on the ethical climate and culture of the business system through family core values (Duh, et al., 2010).

Besides the family as an institution per se, the sampled literature covered other family stakeholders that are very relevant to family firms. As the “legacy-based legitimacy creates a stakeholder constituency of individuals who may not be currently involved in the business, even those who are no longer living or have yet to be born” (Mitchell, et al., 2011, p. 245), founders and successors have been specially mentioned. While the results of one article did not support the argument that founder involvement was related to social initiatives “raising the question as to whether founder involvement is actually a key source of a family firm’s collectivistic identity orientation” (Bingham, et al., 2011, p. 580), most of the literature reviewed, representing 23% of the sample, highlighted the role of the founder as important and described it as: 1) impregnating the organization with his personal value system, thus influencing internal and external stakeholders (Hoy & Verser, 1994); 2) being a key factor in the shaping of the business ethical standards and climate since his temperament and values strongly influence the business culture (Adams, et al., 1996); 3) having a vision to pass on a legacy and identity-based reasons to consider the business as a means for contributing to society (Dyer & Whetten, 2006); 4) influencing the business through his personal characteristics, either directly or indirectly, through the tradition carried on by his successors (Gallo, 2004); 5) playing a central role in shaping a responsible corporate strategy through his value systems and past experiences (Perrini & Minoja, 2008); 6) exerting important influence on the culture and values of the firm during and beyond his tenure (Duh, et al., 2010); and 7) expressing his purpose for creating the family firm through the nonfinancial goals he establishes for it (McMullen & Warnick, 2015).

Not as extensively as with the founders, the analyzed works also discuss successors as particularly relevant stakeholders for family firms by: 1) raising ethical questions regarding the appropriateness and influencing conditions of a parent willing his child to be successor of the family firm (McMullen & Warnick, 2015); and 2) claiming that trans-generational continuation of the family business with high participation of family members will likely result in a more ethically focused family business (O'Boyle, et al., 2010).

Only one article specifically mentioned non-shareholder family members, especially spouses, as relevant stakeholders holding substantial power and influence in family firms (Mitchell, et al., 2011).

The literature examined is characterized by major agreement on the key influence of family involvement in business ethics in the family firm and the special role played by a specific stakeholder, namely the founder. Other key family stakeholders such as successors, spouses, and in-laws have not received the same kind of attention of research so far.

Family Business Values and Goals

Family values and goals are a key element of family and business culture and have already been suggested to be important factors driving behavior in family business (Dyer, 2003).

"Family business values are explicit or implicit conceptions of the desirable in both family and business life" (Koiranen, 2002, p. 177) and the existence of values specific to family firms has been mentioned in almost 20% of the articles examined. Values of the family firm have been described as: 1) pervasive across cultures and dominated by trust (Blodgett, et al., 2011); 2) influencing trust levels, goals, and other elements of organizational behavior (Kidwell, et al., 2012); 3) formed both rationally and emotionally but necessary to be agreed and shared in order to increase commitment and to create a common ground for dealing with conflicts of interest between business and family goals (Koiranen, 2002); 4) serving as guidelines in setting the vision, mission and goals of the family firm and enabling ethical business behavior (Duh, et al., 2010); 5) observed as “typical patterns”, such as parental care, identification of family and business interests, and preference for stability (Everett, 1986, p. 321); and 6) recognized by their typical long-term orientation, the ability to pursue multiple goals, and the influence of the dominant coalition, altogether impacting attitudes “towards using the family firm as a vehicle for an environmental strategy” (Sharma & Sharma, 2011, p. 318). Values of family firms have been strongly linked to the individual level beliefs, values and attitudes of the family members, a connection that could be made even stronger by significant ties extending across generations (Sharma & Sharma, 2011). Moreover, it has been proposed that, due to their stronger culture, “the level of adoption and acceptation of the values and norms is higher” in family firms (Duh, et al., 2010, pp. 485-486) and that “influence of individual or familial values and beliefs on organizational level attitudes is much less likely in non-family firms” (Sharma & Sharma, 2011, p. 325).

Citing various existent research works on the goals of the family business (e.g. Westhead & Howorth, 2006; Carney, 2005; Gómez-Mejía, et al., 2007; Berrone, et al., 2010), 55% of the literature reviewed highlighted the particularities of the goals of family firms as: 1) focusing on non-financial objectives for protecting family agendas (Westhead & Howorth, 2006; Duh, et al., 2010); 2); substituting rational and economic wealth maximization objectives for objectives that help accumulate socioemotional wealth (Carney, 2005; Gómez-Mejía, et al., 2007; Berrone, et al., 2010; Sharma & Sharma, 2011); 3) operating at the intersection of two institutional logics and a combined pursuit of economic and non-economic goals (Berrone, et al., 2010; Mitchell, et al., 2011); 4) normatively and instrumentally motivated, having the creation and preservation of socioemotional wealth as a key reason for their stakeholders' welfare and related career-oriented activities (Gómez-Mejía, et al., 2007; Berrone, et al., 2010; Cennamo, et al., 2012); 5) directed not only to stock price but also to value included in other considerations such as tradition, power, and job opportunities for family members (Gallo, 2004); 6) influenced by social and cultural dimensions "where non-economic rationales are considered in a long-term approach" (Fassin, et al., 2011, p. 444); 7) "not based solely on the desire to maximize profits, but also on building socioemotional wealth and endorsing a fundamental set of moral principles established and perpetuated by family members" (Gómez-Mejía, et al., 2007; Bingham, et al., 2011, p. 570); 8) comprising family-related goals in addition to business-related goals, and hoping to perform well in both dimensions (Basco & Rodríguez, 2009; McKenny, et al., 2011); 9) having the family and other group members as an end in themselves "in a Kantian sense", with immediate economic goals mixed with intentions for trans-generational sustainability, non-economic goals, and strong interpersonal ties as "direct result of the cohesion building processes engaged in by coalition members" (Long & Mathews, 2011, pp. 294-296); 10) influenced by nonfinancial considerations considered to be "on par or even more important than the creation of financial value" (Gómez-Mejía, et al., 2007; Berrone, et al., 2010; McMullen & Warnick, 2015); 11) aiming to reputational impact for multiple generations, which is associated to ethical focus (O'Boyle, et al., 2010); 12) avoiding "to be perceived by others as behaving unethically or against the best interests of the community" in order to maintain and improve the family and the business reputation (Adams, et al., 1996, p. 161); 13) emphasizing the preservation of the firm reputation in order to maintain the family reputation "by ensuring that their firms' new products have good quality and safety standards and that in marketing these products the firm avoids controversies" (Kashmiri & Mahajan, 2014, p. 84); 14) linked to the concern of the family regarding reputation and position within society by trying its "best to avoid damaging them through any irresponsible activities" (He, et al., 2012, p. 99); 15) affected by family members' identities "so closely tied to the firm, they will go to great lengths to protect the family name and firm reputation" (Dyer & Whetten, 2006; Payne, et al., 2011, p. 262); 16) aiming to protect the image and reputation through "a tradition of socially responsible business practices" and to avoid "harmful practices that can besmirch the image of the firm." (Dyer & Whetten, 2006, p. 791); and 17) reflecting the importance attached to actions that affect the external reputation and dialogue with external stakeholders (Campopiano & De Massis, 2014).

55% of the sampled literature made reference to goals other than profit maximization as having high relevance in the context of family firms. While these non-financial goals are described in different ways, more than 50% of the examined literature refers to the framework of socioemotional wealth (Gómez-Mejía, et al., 2007; Berrone, et al., 2010; Berrone, et al., 2012). The references are either explicit (Sharma & Sharma, 2011; Mitchell, et al., 2011; Cennamo, et al., 2012; Bingham, et al., 2011; McMullen & Warnick, 2015) or through allusions paying high attention to image and reputation (O'Boyle, et al., 2010; Adams, et al., 1996; Kashmiri & Mahajan, 2014; He, et al., 2012; Payne, et al., 2011; Dyer & Whetten, 2006; Campopiano & De Massis, 2014), directly related to the identification of family members with the firm and one of the dimensions composing the overreaching concept of socio-emotional wealth. Additionally, references to power or control (Gallo, 2004), are also implicit in one dimension of the socioemotional wealth.

The socioemotional wealth model was created as a general extension of the behavioral agency theory (Wiseman & Gomez-Mejia, 1998) which integrates elements of prospect theory, behavioral theory of the firm, and agency theory. It is based on the notion that firms make choices depending on the reference point of the firm's dominant principals whose usual emphasis is on the preservation of its affective endowment. The socioemotional wealth perspective defies what was previously understood as economically logical decisions, since choices will also be driven by the aim to preserve and increase affective endowments and not only financial wealth. The socioemotional wealth is a reference point which does not focus on financial logic (Zellweger, et al., 2012) but works with an economical logic of choice for the greater benefit or satisfaction, given expected outcomes and risk scenarios whose values may be rationally assigned differently by family and non-family firms (Gómez-Mejía, et al., 2007). The recognition of the same economically rational logic for financial and non-financial goals of the family firm by the socioemotional wealth framework allows to understand that actions which seem to go against financial logic may not be a deviation from rationality but a behavior particularly common in family firms that have creation and preservation of socioemotional wealth as a high-priority preference.

The perspective that family firm owners, and hence family firms, are motivated not only by financial but also by non-financial incentives to behave in a social responsible way "is a theme that consistently emerges throughout the recent surge of research on the social practices of family enterprises" (Van Gils, et al., 2014, p. 195) and is represented widely in the sampled literature. While the analysis of the theoretical frameworks utilized in the articles reviewed shows a very disperse landscape, the perspective of socioemotional wealth "has seemingly become the theoretical foundation for most family business research dealing with social issues" (Van Gils, et al., 2014, p. 195) and is directly or indirectly utilized to explain the particular goals of family firms by most of the articles covered in the present study.

Family Business Social Interactions

Over 25% of the articles examined identified particular social interactions as a subjacent mechanism influencing business ethics in the family business. Characteristics of particular social interactions in the family business have been described as: 1) generalized exchange giving basis to a distinctive ethical frame of reference due to the frequent personal (rather than formal) interactions among family members and within the dominant coalition (Long & Mathews, 2011); 2) unique institutional logics resulting from the intersection of two sometimes conflicting institutions that expand sets of goals and create " a cascade effect that changes the nature of power, legitimacy, and urgency in those organizations" (Mitchell, et al., 2011, p. 250); 3) increasing complexity due to role ambiguity since "family members occupy multiple roles related to the family and business domains simultaneously" (Kidwell, et al., 2012, p. 513); 4) oriented relationally and committed to the success of stakeholders, leading to "manage their internal and external stakeholder relationships similarly, based on a consistent set of goals, standards, and accepted codes of conduct for all stakeholders whose welfare the firm seeks to improve" (Bingham, et al., 2011, p. 569); 5) focused on relational identity and oriented towards approaching community relationships as partnerships, attempting as well to manage consumers by providing a greater emotional connection (Fassin, et al., 2011); 6) highly aligned, reducing opportunistic behaviors and the need for formal controls while increasing the importance of trust and long-term investment in key personnel (Payne, et al., 2011); 7) deploying "organizational capabilities that are socially complex and require group interaction", such as higher-order learning, cross-functional integration, and continuous innovation (Sharma & Sharma, 2011, p. 324); 8) transcending the firm's boundaries and affecting relations with external stakeholders because of the drive to keep and increase socioemotional wealth (Cennamo, et al., 2012); and 9) influenced by the level of family harmony norms, which are positively correlated to achievement of both family and business goals and "help to focus the efforts of family members on the success of the firm, reinforcing the idea of a team-based ethical climate in which family members cooperate with one another" (Kidwell, et al., 2012, p. 507).

The reviewed literature approaches social interactions in family firms from different angles and explains how social elements and relationships particular to the family business appear to be "an important component of the ability to create conditions conducive to ethical behavior" (Kidwell, et al., 2012, p. 507).

How are Business Ethics Introduced and Developed in Family Business?

Besides comparative research and subjacent reasons for particular business ethics in family firms, more than 40% of the sampled articles discussed extensively the ways in which business ethics are implicitly or explicitly introduced and promoted in the family business.

The relevance regarding how family businesses "communicate expectations about ethical behavior and exert control over moral decisions made by individuals" is crucial in order to "better understand the dynamics in family-owned businesses which have an impact on ethical behavior" (Adams, et al., 1996, p. 167). The literature reviewed identifies two distinctive mechanisms for ethical formulation, communication, and enforcement which are introduced below.

Formal Ethical Formulation, Communication, and Enforcement

The literature examined makes explicit reference to formal formulation, communication, and enforcement regarding business ethics in family firms and describes elements such as: 1) codes of ethics, which are more likely to be found in larger firms and relate positively to perceived ethical climate and decision making (Adams, et al., 1996); 2) mission statements expressing unchanging values that shape the business vision and guide the process of decision-making (Blodgett, et al., 2011); 3) CSR reporting, establishment of foundations, and website content (Campopiano & De Massis, 2014); 4) family charters or protocols, needed to be created by all family members to define the relationship between family and business and "should specifically address values and ethics" (Hoy & Verser, 1994, p. 15); 5) documents for committing to the use of power, such as "explicit strategic plan, succession and crisis policies, rules and regulations for boards of directors, codes of conduct, family protocols, and the like" (Gallo, 1998, p. 333), 6) written agreements signed by all family members specifying rules concerning the relationship between the family and the firm as well as the corporate social responsibility strategy "codified into specific managerial procedures" (Perrini & Minoja, 2008, p. 47), and 7) family meetings and councils (Sorenson, et al., 2009).

While some artifacts such as family charters and councils are exclusive of family firms, most of the presented elements for formal ethical enforcement and communications such as codes of ethics, mission statements, strategic plans, succession plans, and corporate social responsibility reporting are common to family and non-family enterprises,

Informal Practices for Ethical Formulation, Communication, and Enforcement

Family businesses have been generally described as having a “less formal mode of operating” and “fewer formal policies, rules and codes which govern employee behavior making use of less formal elements in regard to business ethics” (Adams, et al., 1996, p. 166). These informal ways of formulating, communicating, and enforcing ethical considerations have been discussed extensively in almost 30% of the articles reviewed.

This informal ethical framework has been described as: 1) internalization of values, ethics and organizational cultural values by family members throughout life-long and frequent interaction with parents (Hoy & Verser, 1994); 2) reliance on role modeling to encourage ethical behavior based on cultures with perception of common values and trust (Adams, et al., 1996); 3) exemplary attitudes and behaviors of business owners and leaders, critical for the communication of ethical values (Wu, 2006); 4) establishment, protection, development, and transmission of moral traditions through trans-generational continuity of the family, long tenures of non-family managers, and “management systems such as selection, training, promotion, and compensation” (Feldman, 2007, p. 406); 5) ethical dialogue and discussion of ethical focus in family firms denoting organization-wide ethical disposition and ethical focus (O'Boyle, et al., 2010); 6) collaborative dialogue and private reflection leading participants to “clarify moral beliefs” and form a shared point of view (Sorenson, et al., 2009, p. 241); 7) decision making “via informal interactions as compared to formal meetings with recorded minutes in non-family firms” (Sharma & Sharma, 2011, p. 324); 8) less formal reporting and less requirements for formal communication, disseminating values informally (Campopiano & De Massis, 2014); and 9) arising from the influence of the family social capital and morality on the business social capital and morality, that in turn affect the practices of human resources “that encourage extended tenures and thus longer-term relationships” (Long & Mathews, 2011, p. 293).

The lack and omission of communication were also indicated as a possible practices affecting business ethics since “sometimes, those who have the power don’t communicate the reasons behind many of their actions”, which may cause speculation and originate perception of these actions as unethical (Gallo, 1998, p. 333).

Interestingly, while various research works among the sampled literature discuss the influence of the family on the business regarding ethical matters, the implications of business matters in reference to family and individual ethics were mentioned scarcely but made a compelling call by suggesting that the family business generates several ethical issues for the family and individuals “that can become a trigger for collaborative dialogue” and gives the family the opportunity to challenge and to clarify its moral beliefs and assumptions and to create social capital in the form of stronger interconnections and communicational competences for handling ethical problems (Sorenson, et al., 2009, p. 241).

Generally speaking, the reviewed literature presents an overreaching agreement on the crucial relevance of informal practices as ethical processes emphasizing the role of the familial culture and interpersonal relationships.

DISCUSSION

Three key aspects highlighted in this review are: 1) the building of consensus regarding the distinctiveness of business ethics in the context of family firms compared to non-family firms, 2) the worrying scarcity of research on this intersection, and 3) some explanations regarding why and how business ethics dynamics are different at the intersection with family firms. In the following passages, each of these aspects will be discussed.

Distinctiveness of Business Ethics in the Context of Family Firms

At different times and in various contexts, many studies have already illustrated the relevance of the family enterprise as a key social and economic institution and, while there may exist a misconception of associating family firms with small businesses in emerging economies, family control extends to 44% of publicly-listed firms in Europe (Faccio & Lang, 2002) and to 33% of the S&P 500 in the U.S. (Anderson & Reeb, 2003).

Adams et al. (1996) introduced their exploratory research approach by presenting conceptual arguments for three competing positions about the nature of ethics in family business, namely: are family businesses less ethical, more ethical or just as ethical as non-family businesses? If family businesses and non-family businesses were similar regarding business ethics, there might not be a compelling reason to study such firms as separate categories concerning their ethical behavior. However, all but one of the articles examined performing comparative research based on identifying differences in ethical behavior between family firms and non-family businesses suggest that business ethics in family businesses are different. This provides solid arguments for studying the particularities of business ethics in the context of family firms because the overlap of business and family systems in a family business will create a "unique set of ethics-related interactions" that are not common in any other business setting (Litz & Turner, 2013).

If family firms are an important part of businesses worldwide, and if they have a different ethical behavior towards their stakeholders compared to non-family firms, approaches on the dynamics of business ethics need to consider the particularities of the special context of family businesses. Without a theoretical lens that takes into account the special attributes of family firms influencing business ethics dynamics, we run the risk to overlook key phenomena explaining and predicting ethical behavior in family businesses, as well as to hinder our understanding about the sources of heterogeneity in family firms.

Scarcity of Research at the Intersection of Business Ethics and Family Business

The scant attention of research on the intersection of business ethics and family business shown in the few articles identified by this study is also evidenced in review studies of the specific fields.

On the one hand, while the field of business ethics has gained recognition over the last 30 years and has been legitimized as a rigorous and important field of study (Harris, et al., 2009), studies about the intellectual structure of the field by Calabretta et al. (2011) and by Ma et al. (2012) do not identify articles with a focus on family firms.

The study of Ma et al. (2012) identified the research paradigm and the intellectual structure of the research agenda of the field through examination and analysis of most cited published literature on business ethics in the period comprised between 2001 and 2008, but no direct reference to family enterprises was found in the title of articles reviewed. The cluster of publications regarding stakeholder theory, which represented a

3.8% factor loading, is assessed as the closest reference to an indirect recognition of the owning family of a family business as a stakeholder (Zellweger & R.S., 2008) who can affect and is affected by the firm (Freeman, 1984).

The analysis performed by Calabretta et al. (2011) regarding the research goals and topics from the articles published in the Journal of Business Ethics from 1982 until 2008 evidences that no title among the most frequently cited works shows reference to family firms.

Because family firms are so relevant in the worldwide business and social landscapes (La Porta, et al., 1999; Neubauer & Lank, 1998), and since the uniqueness of family firms resides in the role of the family as a key stakeholder (Zellweger & R.S., 2008), the absence of specific research on this area by the business ethics field as identified by the aforementioned reviewed works (Calabretta, et al., 2011; Ma, et al., 2012) is noteworthy.

On the other hand, and while the field of family business has made significant progress and has attracted the attention of academic researchers and practitioners during the past decades (Litz, et al., 2011; Sharma, et al., 2014; James, et al., 2012), scarce research of the intersection with business ethics is observable in the research published on this field (Sharma & Sharma, 2011; Litz & Turner, 2013). A very recent review of the literature within family business research shows an important increase of articles concerning social issues (Van Gils, et al., 2014). However, only ten articles with focal topic on ethics were identified for the period between 1996 and 2014, with the interesting finding that nine out of ten articles were published during the period between 2003 and 2013 (Van Gils, et al., 2014). Other evidence supporting the observation about the low attention paid by the family business research community towards business ethics is the analysis of the primary topics covered by the family business literature between 2001 and 2007, showing that only 2.7% of the overall articles are categorized to be on the topic of “stakeholders, ethics, and social responsibility” (Debicki, et al., 2009).

Research of business ethics in the context of family firms was already mentioned to be underdeveloped and in its initial stages (Duh, et al., 2010; Sharma & Sharma, 2011; Van Gils, et al., 2014; Debicki, et al., 2009; Payne, et al., 2011). The scarce results of the structured search undertaken by this study arriving to a consolidated inventory of only thirty-one academic papers within a 35-year period is a call for reflection and emphasizes the need of research developments regarding family business ethics.

Why and how is Business Ethics Different in Family Businesses?

An analysis of the literature shows that particular characteristics of ethical behavior in family firms are due to three key particular aspects: 1) the involvement of the owning family, 2) inclination to socioemotional wealth, and 3) characteristic social interactions. These aspects converge in the informal formulation, communication, and enforcement of ethical dynamics characteristic of family firms and also influence ethical issues relevant to various stakeholders of the family business. For example, these issues have been described as the influence of the owning family on the ethical behavior of family members who will then impact the business through their involvement (e.g. Everett, 1986; Duh, et al., 2010), the influence of the family business context and ethical climate on organizational members (e.g. Adams, et al., 1996; Sharma & Sharma, 2011), the translation of family involvement and ethical focus into social support and financial results (e.g. Sorenson, et al., 2009; O'Boyle, et al., 2010; He, et al., 2012), and the prevalence of pro-social behaviors and ethical values in the context of family firms (e.g. Sharma & Sharma, 2011; Cennamo, et al., 2012). In this fashion, the following passages will elaborate on: 1) the moral development of family members, 2) the ethical climate in the family firm, 3) the moral development and ethical behavior of the firm's members, and 4) the ethical considerations towards external stakeholders.

Moral Development in the Family

If Aristotle would have found unthinkable the idea of separating personal from professional life (Solomon, 1994), it is also difficult to think about separating the owning family from the family firm in aspects such as moral development and ethical behavior.

Ethics, as the principles defining right and wrong (Sims, 1994), are learned in daily life from early ages through the creation of habits with support from other people (Argandoña, 1994) and following a process of moral development: a culturally universal sequential transformation occurring in a person regarding his structure of moral judgment (Kohlberg & Hersh, 1977). A "primary relationship between morality and family life" and the consideration of the family as "the first institution of moral indoctrination and education" have been suggested (Feldman, 2007, p. 407). Human relationships, and particularly relationships with parents, play a key role in normative development and moral understanding (Dunn, 2006).

Beyond moral development in early life, also family dialogue, behavior of senior family members, family legends, and younger generation members with external knowledge, can "guide the beliefs and values of the next generation of family members" (Sharma & Sharma, 2011, p. 318). Moreover, the business will pose ethical challenges to the family, such as environmental and social considerations, which normally would not be experienced by families who do not own a business. This will give the family the chance to enter a dialogue process for “developing a family’s common moral consciousness” and “discerning the family’s moral beliefs” (Sorenson, et al., 2009).

Ethics from Family to Business

While the human family is a “natural” society, a business is an “artificial” society situated between families and individuals, on the one hand, and the community and society on the other hand (Sison & Fontrodona, 2012). When family and business intersect, two fundamental institutions of human existence are brought together linking expressions of positive sentiments and goal-directed activities (Nicholson, 2013). A family owning a business will somehow and to some extent transfer its beliefs and norms to the firm so that the family social structure would often impregnate the formal organizational structure and the organizational culture of the family firm (Sorenson, et al., 2009).

The salience of the family and some of its members and the fact that the family firm is under the influence of core values and decisions of few family members (Fassin, et al., 2011; Cennamo, et al., 2012), who usually perform multiple roles as shareholders, directors and managers (Déniz Déniz & Suárez, 2005), explain the transfer of the family moral infrastructure and ethical norms to the business “defining how family members relate to one another and to stakeholders inside and outside the firm” (Sorenson, et al., 2009, p. 242). Besides the general positive relationship between family involvement and firm ethical focus, the family will also expose the business to specific, typical, and sometimes problematic family issues, such as placing family members in the firm and intra-family succession.

Family Business Ethics influencing Organizational Members

While individuals act according to their moral development, their behavior when making business decisions at work will be highly influenced by aspects of the organizational context such as norms of conformity, business goals, as well as rewards and punishments (Adams, et al., 1996). The influence of the ethical climate promoted in family businesses by involved owning families will impregnate the organizational culture and the three basic types of institutional influences, coercive, mimetic, and normative (DiMaggio & Powell, 1991; Scott, 1987), are expected to influence the tacit beliefs and behaviors of all members of the organization. Therefore, it is possible to assume that a higher ethical focus of an organization is likely to contribute to the ethical behavior of its individual members.

While there is debate in the business ethics literature regarding “the role that organizational forms have on either promoting or hindering ethical values”, solid arguments affirming that organizational forms affect organizational virtuousness and the suggestion that “family involvement can motivate an orientation towards organizational virtue because of a family's influence” (Payne, et al., 2011, pp. 261-262) have been proposed.

The Family, the Family Business, and the External Stakeholders

Research illustrating that “family firms’ social behavior toward their stakeholders differs from that of nonfamily firms” and that family businesses are significant creators of social benefits, has already been introduced in previous review of social issues in the family firm

(Van Gils, et al., 2014, p. 27). The relational approach of most family firms includes involvement in the local community and considers particularly the interactions with employees, consumers, and communities (Bingham, et al., 2011). The perception of family ownership and control and its orientation toward socioemotional goals have been described as enabling managers to "adopt a strong social and stakeholder orientation posture" (Cennamo, et al., 2012, p. 1157). Furthermore, ethical norms arising from the family as part of its social capital "are translated into obligations and expectations for firm transactions" whose accomplishment generates a favorable reputation, the construction of enduring network relationships, and will elicit social support (Sorenson, et al., 2009, p. 242). When salient stakeholders of the family firm are embedded in a community, the firm adopts pro-community norms of behavior and strategies such as environmental preservation (Sharma & Sharma, 2011). External stakeholders are a source of both pressure and support, and this will vary according to the social perception of ethical behavior at the family and the family business levels.

CONCLUSION AND FURTHER RESEARCH

What is the status of the current research at the intersection of business ethics and family business? Why and how do family firms differ from non-family firms regarding business ethics? And, what are the key directions for further research?

This paper aims at answering this question to contribute to the call for more research on business ethics in the context of family firms. For this purpose, it reviews 31 articles stemming from peer-reviewed journals published from 1981 through 2015, combining a systematic approach for the selection of articles and a narrative review to analyze the literature.

Research at the intersection of the fields of business ethics and family business has been very scarce although it has fortunately been increasing during the last 10 years. The review of the main theoretical frameworks utilized shows an important opportunity for theory building in this young area of study. Additionally, also a general consensus has been reached regarding the distinctiveness of business ethics in the context of family firms compared to non-family firms.

The particular characteristics of ethical behavior in family firms derive from three key aspects: involvement of the owning family, inclination to socioemotional wealth, and typical social interactions. These aspects converge in a peculiar informal formulation, communication, and enforcement of ethical dynamics and also influence ethical issues relevant to various stakeholders of the family business, such as: the moral development of the family members, the ethical climate at the family firm, the moral development and ethical behavior of the firm's members, and the ethical considerations towards external stakeholders.

The comparison of the high worldwide relevance of the family firm with the scarce research and theoretical underdevelopment regarding its intersection with business ethics indicates a significant need for research efforts focused on family business ethics. The development of research in the area of family business ethics is expected to contribute both to the field of business ethics and to that of family business, increasing the understanding of two phenomena as deeply connected as ethics and family, and its translation into business.

Further Research

Based on the review performed, some areas into which devoting more energy and resources would advance the understanding of family business ethics are highlighted below.

Family Ethics Dynamics, Family Driven Ethical Dilemmas, and Business Ethical Challenges

Calls were already made for: comprehending the ways of interaction within the family in regard to moral and ethical reflection, education, development and dialogue (Everett, 1986; Sorenson, et al., 2009), investigating the impact of the family ethical structure on the relationships with internal and external stakeholders (Long & Mathews, 2011), knowing the reasons of goals aiming at socioemotional wealth behind the impact on ethical standards and more socially responsible actions (Mitchell, et al., 2011), and understanding the transfer of the founder's values to other family members and the influence of these values on the people who work at the firm (Hoy & Verser, 1994; Adams, et al., 1996).

This study supports the view that a very promising research area is at the family level and the understanding of its dynamics in regard to business ethics issues. Specifically, research aiming to explain and predict results of different kinds of ethics dynamics in business-owning families may provide family members and advisors important guidelines for pursuing desired states.

The description of the particular ethical dilemmas that usually arise within business-owning families and substantially affect the business, as well as the explanation of the business issues that may normally challenge the family ethical infrastructure, will allow displaying the landscape of typical ethical issues at the confluence of family and business. These issues may be then analyzed specifically from an ethical and business perspective providing families and family firms with road maps and scenarios in order to make them aware of usual challenges and their implications.

Furthermore, understanding the mechanisms used by business-owning families to make ethical decisions regarding the family business will allow for the identification of ways in which family business ethics are negotiated, formulated, implemented, and formalized. This may uncover the characteristics of dialogue and reflection that predict better outcomes both for the family and the business, and may also provide guidance for improving the moral development and dialogue within the family. Moreover, this can also be very relevant for observing how the next generations are being prepared for their future ethical challenges.

Transfer Mechanisms of Family Ethics to the Business

Some researchers already signalized the importance of knowing more about the relationships between the inclination towards socioemotional wealth preservation and the values of pro-social behavior at the family level, as well as about how these are transformed into organizational outcomes (Van Gils, et al., 2014), suggesting the need of a proactive management of the family firm ethical climate (Kidwell, et al., 2012). Clear detailed descriptions about the transmission mechanisms of family ethics to business are still to be explored. Understanding the various factors around family involvement, inclinations towards the creation and preservation of socioemotional wealth, and the different characteristics of the various particular practices based on a relational approach will help to better understand the mechanics through which family ethics are transferred to the family business.

Another very interesting research avenue is regarding the incorporation of the family ethical behavior into the business beyond family involvement. Looking for answers regarding questions as to how can business-owning families incorporate their family values and ethical behavior into the governance of the family business when family involvement is low, and how do family business ethics evolve along the family business cycle, will provide important knowledge for business-owning families willing to preserve their ethical legacy even when family members are not deeply involved in management and do not maintain regular extensive contact with the organization.

Family Business Ethical Climate and Behavior

Specific matters, such as the relationship between ethical frames and business constructs like form of governance or strategy (Long & Mathews, 2011), or "the relative importance of individual moral development versus contextual factors within the family-owned business" (Adams, et al., 1996, p. 167) have already been identified as areas where research needs to be conducted at the business level. The dynamics of the influence of the family business ethical climate on the moral development and ethical behavior of the individuals acting in the business, and the effect produced by the individuals' ethical frameworks on the business and the family, are areas which have received practically no attention so far and which may help to partly explain typical organizational dynamics of family businesses.

While the relationship between ethical behavior and firm performance is an area where some research has already been conducted, increased understanding about how and under which conditions ethical behavior becomes a competitive advantage in family firms will be very relevant to enable the design and implementation of specific strategies aligned with the owning family values and ethical behavior.

External Stakeholders and Family Business Ethics

Last but not least, the incorporation of other stakeholders into the research focus of family business ethics will open the possibility of knowing more about the impact of business ethical behavior on the moral development and ethical behavior of its internal and external stakeholders, as well as on the ways in which the ethical behavior of the business is influenced by stakeholders other than the owning family.

Inquiring into already indicated areas, such as the nature of social standards and expectations regarding family firms (Van Gils, et al., 2014), as well as research on possible cultural differences originating different ethical approaches on families and businesses embedded in specific communities and cultures, may help to understand how specific stakeholders outside the family contribute to shape the family business ethics.

Definitional Considerations

The fact that 45% of the articles reviewed did not explicitly define the family business and that 52% did not include a clearly expressed definition of business ethics, plus the diverse meanings attributed to these two concepts by the articles addressing expressly their definitions, shows that specific attention has to be paid to the definitional subject in future research. It is important for researchers to increase definitional clarity and avoid confusion of terms such as business ethics, corporate social sustainability, corporate social performance, etc.

Limitations

Common to any research approach, the investigation performed experiences some limitations.

The first limitation acknowledged is about the sample of articles chosen. While the structured search for relevant literature covers what I believe to be the most relevant publications, there may be relevant articles published by other outlets that were not considered in the chosen sample.

Additionally, as the research was performed identifying articles with keywords in titles or abstracts of articles, published works approaching the intersection of business ethics and family business that do not expressly indicate such overlap by the words utilized in the paper title or abstract may have been overlooked and not considered in the present analysis.

Furthermore, residual article search was performed by checking relevance to the topic of interest in literature mentioned in previous reviews focused on social issues in regard to family business (Van Gils, et al., 2014) and on the intellectual structure of business ethics studies (Calabretta, et al., 2011; Ma, et al., 2012). While these studies are considered as comprehensive and actual, residual search was limited to the articles included in them.

Having presented the limitations surrounding the sampling, the observation of cross-referencing, the examination of bibliography referenced, and the contrast with previous literature reviews mentioned did not signalize that the sample was overlooking any major study.

The second limitation is about the three key research angles identified (comparative research, explanations and insights regarding why business ethics in family firms are different, and how business ethics are installed in family firms) since there is probably a fourth dimension that called the attention of a considerable number of the articles reviewed. This dimension is about ethical dilemmas or situations that specifically and typically tend to originate from family firms, and also ethical issues that originate at the business but represent a challenge to the family ethical infrastructure. While this dimension is assessed as relevant and interesting, the large dispersion and variety of the presented ethical issues make it necessary to approach this specific area in a separate study.

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CHAPTER 4: CORPORATE CONTROL AND EMPLOYMENT: DO FAMILY FIRMS PROVIDE MORE JOBS? EVIDENCE FROM THE LARGEST LATIN AMERICAN FIRMS

(Vazquez & Cornejo, 2017, Working Paper)

ABSTRACT

The social value of employment as well as its contribution to economic and human development is a key issue of the international development agenda. Empirical research linking employment with corporate control has been scarce and limited to single countries or to listed firms of developed economies. This phenomenon-driven paper addresses this gap and also examines heterogeneity among family firms through a multi country setting including private as well as public companies of a developing region scarcely investigated such as Latin America. Through a fact-based approach, this study finds that family control explains a higher amount of jobs provided compared to nonfamily firms and that this higher social performance can be also, in some cases, associated to higher financial performance. Moreover, family firms who provide more jobs are the ones that are locally governed, listed in the stock exchange, and have more women as well as more members in their boards of directors.

Keywords: family business, employees, jobs, CSP, Latin America

INTRODUCTION

The issue of employment has recently "returned to the forefront of the international development agenda" with increased recognition of the social value of employment (Fischer, 2014). Moreover, high levels of unemployment as well as high employment informality have been described as typical problems of developing countries (Datta, et al., 2012; Bacchetta, et al., 2009). Employment as well as job creation are key to economic and human development (Birch, 1979; Birch, 1981; Arzeni, 1997; Rocha, 2004) contributing to not only pecuniary benefits but also individual benefits such as "a sense of security, life fulfilment, self-worth and dignity" as well as societal benefits such as "providing a platform for individuals to engage with their community in a manner that engenders a sense of identity and belonging to a collective endeavour and shared social objectives" (Fischer, 2014).

The family controlled firm is a kind of organisation which is very relevant when examining employment and social issues mainly because of two key reasons: 1) family firms have been found to have a very significant participation in the world economy (Anderson & Reeb, 2003; Faccio & Lang, 2002; La Porta, et al., 1999; Neubauer & Lank, 1998), and 2) there is evidence of differential characteristics of family firms influencing ethical as well as social behaviour, what results in higher inclination towards social issues compared to nonfamily businesses (Gómez-Mejía, et al., 2007; Van Gils, et al., 2014; Vazquez, 2016) and links family control to higher corporate social performance (Berrone, et al., 2010).

Several calls for research from the business policy field (Wood, 1991; Wood, 2010) as well as from the family business field (Berrone, et al., 2014; Block, 2010; Block &

Wagner, 2014; Cruz, et al., 2014; Van Gils, et al., 2014) were made in regard to the intersection of social performance and relevant stakeholder groups such as employees.

Despite the progress achieved in understanding how family control on a business might influence employee-related issues such as stability of employment (Stavrou, et al., 2007; Block, 2010; Lee, 2006; Bjuggren, 2015; Cruz, et al., 2014; Neckebrouck, et al., 2017), the opportunity exist to explore this dynamic more fully and in a new context such as emerging economies (Vassolo, et al., 2011; Welter, et al., 2016).

The increasing importance of the social as well as the economic value of employment, what is related to the corporate social performance regarding the stakeholder group of employees (E-CSP), the several calls for research from the fields of business policy and family business, and the scarcity of research regarding family firms in a developing context such as Latin America, indicate a proper occasion for analysing the relationship between corporate control and employment in this regional context through examining its facts (Daft & Lewin, 1990). Since empirical inquiry so far has not yielded significant progress in building theories around corporate family control and employment as well as on family firms in the Latin American context, the examination of clearer and more compelling evidence from a “fact-based” perspective is assessed as a fruitful research avenue before more theory-driven work is done.

This phenomenon-driven study explores the evidence in regard to the jobs provided by family firms through approaching several gaps in the literature. First, as research on jobs provided by family firms has been so far mainly descriptive (Shanker & Astrachan, 1996; Astrachan & Shanker, 2003; Bjuggren, et al., 2011), this article investigates the causal relationship between family control and employment by the firm. Second, in line with calls for research of missing variables in regard to value created to employees, both from the family business field (Yu, et al., 2012) as well as from the entrepreneurship field (Cohen, et al., 2008), a scarcely explored dimension of employee-related corporate social performance is utilised: the jobs provided by the firm. Third, this work utilizes a sample including public as well as private companies, overcoming limitations of previous studies on social performance by family firms using only public companies (Block & Wagner, 2014; Block, 2010). Last but not least, this study fills a contextual gap by considering companies from various countries of a region scarcely researched by the family business literature such as Latin America and overcomes limitations of previous studies on corporate social performance (CSP) by family firms focused in single countries only (Shanker & Astrachan, 1996; Astrachan & Shanker, 2003; Bjuggren, et al., 2011; Block, 2010; Block & Wagner, 2014). Moreover, research in the context of Latin America may overcome a general limitation of the field of family business as "theories in the family business literature are often developed based on particular points of view (e.g. Anglo-American) and tested in developed economies", what may question the validity, reliability and applicability of such theories (Welter, et al., 2016).

This fact-based research finds that family control explains a higher amount of jobs provided compared to nonfamily firms and that this higher social performance can be also, in some cases, associated with higher financial performance. Moreover, family firms who provide more jobs are the ones that are locally governed, listed in the stock exchange, and have more women as well as more members in their boards of directors.

This study contributes in several ways to the current literature as well as to calls for "new ways of seeing" (Shaw, et al., 2017) and a return to the facts in order "identify compelling empirical patterns that cry out for future research and theorizing (Hambrick, 2007, p. 1350). Unlike prior work regarding social performance by family firms, it overcomes past limitations as it considers a multi country setting including private as well as public companies (Block & Wagner, 2014; Block, 2010; Van Gils, et al., 2014) of a scarcely researched region such as Latin America (Vassolo, et al., 2011). Moreover, it extends the literature on the relationship between corporate control and employment. In addition, it contributes to the field of family business by exploring the relationship between social and financial performance and the heterogeneity among family firms, attending to calls signalising the importance of inquiring in regard to variations among family firms (Chrisman & Patel, 2012). Last but not least, this research also contributes to incorporate the context of Latin America to the existing literature on the ubiquity of family firms in the world economy (Anderson & Reeb, 2003; Faccio & Lang, 2002; La Porta, et al., 1999; Neubauer & Lank, 1998).

This introduction is followed by a brief theoretical introduction, a methods section, the presentation of results, the discussion of the key findings and the conclusion.

Employment, Social Performance and Family Firms

There are views stating that providing jobs is one social and economic outcome reflecting corporate social performance (Wood, 1991, p. 710), that job creation is included in the domain of CSP (Mitnick, 2000, p. 429), and that creation of jobs and utilisation of employee practices such as downsizing are criteria for judging CSP (Van Buren III, 2005, pp. 697-700). However, while employees are a primary stakeholder group who deserve special consideration in regard to CSP "because their proximity of the organisations and the nature of their interests" (Van Buren III, 2005, p. 701) and employee issues are the most extensive category among the typical corporate and stakeholder issues (Clarkson, 1995, pp. 101-103), employee-related corporate social performance matters (E-CSP) such as the supply of jobs have attracted little academic research (Van Buren III, 2005).

Several calls for research regarding E-CSP from the business policy field were signalised, such as: 1) measurement of CSP in regard to employment, 2) “work to discover the antecedents and correlates of employee-related outcomes”, 3) theory development and testing about “the specific duties faced by specific types of companies”, 4) “a deliberate incorporation of research and thinking in other domains into the body of CSP literature”, and 5) research “to determine the extent and nature of value and ideological differences among corporate stakeholders as well as the effects of such differences on stakeholder assessments of CSP” (Wood, 1991; Wood, 2010). Besides these calls, research needs from the family business field in regard to social performance towards stakeholder groups such as employees were also indicated. These calls include: further investigating the intersection between stakeholder management and family firms (Berrone, et al., 2014), utilizing samples with private firms and firms outside the U.S. when comparing CSP dimensions (Block, 2010; Block & Wagner, 2014; Cruz, et al., 2014), overcoming the limitations of studies on social issues with single-country focus (Van Gils, et al., 2014), and eliminating dual or reverse causality on CSR studies (Block & Wagner, 2014).

Despite the scarce academic production in regard to employment and employee related social performance by family firms, some research in this regard has been produced. Besides research related to succession and top executive issues (Fiegener, et al., 1994; Gomez-Mejia, et al., 2001; Gomez-Mejia, et al., 2003; Burkart, et al., 2003; Chua, et al., 2009; Martinez Jimenez, 2009; Cruz, et al., 2010), which are considered to involve a very low number of the total employees of a family firm, the research on the relationships between family controlled firms and employment has been mainly approached through two perspectives: non-comparative and comparative research. The group of studies performing non-comparative research is composed by papers approaching employment by family firms from an economic development perspective. Shanker & Astrachan (1996) and Astrachan & Shanker (2003) describe the contribution to national employment by family businesses in the United States, while Bjuggren (2011) does the same for Sweden. These studies are mostly of a descriptive nature and do not compare the jobs provided by family firms versus nonfamily firms. On the other hand, comparative research mostly stresses higher stability of employment relationships in family firms. Considering that reduction in workforce is driven either by lower demand and/or by attempts to increase operational efficiency (Chadwick, et al., 2004), two empirical studies by Stavrou, et al., (2007) and by Block (2010) use a sample of large public U.S. firms and explore the relationship between family firms and the extent of downsizing compared to nonfamily firms. Both studies coincide in that family controlled companies have higher employment stability as they "downsize less irrespective of financial performance considerations" (Stavrou, et al., 2007, p. 149) and are "more stable employers than are other types of firms". (Block, 2010, p. 125). Family ownership is described to have an effect on employment stability as family firms "treat employees more like family", "go to greater lengths than non-family firms to cater to employee needs", "seem to have a long-term orientation", being "less willing to sacrifice human capital" (Stavrou, et al., 2007, p. 150), and behave "more socially responsibly toward their employees than do firms without a family shareholder" (Block, 2010, p. 124). Additionally, research on Swedish family firms by Bjuggren (2015) presents empirical evidence that employment in family firms is less sensitive to performance and product market fluctuations, and Lee (2006) showed that founding families play a role in maintaining employment stability during temporary market downturns. There are two exceptions to the comparative research that finds family firms having higher inclination towards employee-related social performance than nonfamily firms. On the one hand, a study by Cruz, et al. (2014) was performed using a database of CSR ratings for listed European companies with focus on “the quality of policies and programs, compliance with national laws and with internationally recognized worker rights, as well as proactive management initiatives” (Cruz, et al., 2014, p. 10). This study suggested that family firms have a negative impact and deter social actions related to employees because “engaging in proactive stakeholder management with internal stakeholders jeopardizes family control and exposes family members to higher risks compared with nonfamily firms” (Cruz, et al., 2014, p. 5). On the other hand, recent research on Belgian companies by Neckebrouck, et al. (2017), finds that family firms are worse organizational stewards than nonfamily firms as they offer lower compensation, invest less in employee training, and exhibit higher voluntary turnover.

The Latin American Context

In regard to the examination settings, research on the contribution to employment by family firms has not yet been conducted in the Latin American context or utilizing samples including non-listed companies. Generally speaking, while Latin America “is the second most important emerging region in the world, after Southeast Asia, with an aggregated gross domestic product (GDP) roughly that of China’s and three times larger than India’s” and where families play a fundamental role in the business sector, little systematic family business research concerning the region has been published (Vassolo, et al., 2011). The leading journals around family business, such as Family Business

Review, Entrepreneurship Theory and Practice, Journal of Business Venturing, Academy of Management Journal, Academy of Management Review, Strategic Management Journal, Administrative Science Quarterly, Journal of Small Business Management and Journal of Management Studies (Chrisman, et al., 2008; Chrisman, et al., 2010) have published very limited research in regard to Latin American family firms with some exceptions: 1) the seminal paper on this region focused on “grupos” by Lansberg & Perrow (1991), 2) the work on challenges and adaptation by Poza (1995), 3) the study on family ownership and firm performance in public companies in Chile by Martínez et al. (2007), 4) the study by Bonilla, et al. (2010) also in public Chilean firms, 5) the research on agency relationships trough a single-case analysis in Brazil (Pagliarussi & Rapozo, 2011), and 6) the article on interfamily entrepreneurship from cases in Honduras (Discua Cruz, et al., 2013).

There are several possible explanations for the reasons why the context of Latin America has only been scarcely researched by the family business field. These reasons could be, among others, that: 1) “the authors from Anglo-Saxon countries, especially US and UK, but also Canada and Australia, clearly dominate the current family business research”, with authors from Latin American countries accounting to only 3% of total nationalities (Machek, 2016, p. 157), 2) samples from developed counties were used in above 85% of the family business related articles published recently by leading journals (Basco, et al., 2015), 3) research investment in Latin American countries is well below developed economies (Estenssoro, et al., 2016), and 4) information transparency and disclosure at firm level in emerging markets is lower than such of developed markets, being Latin America even significantly lower in this regard than other developing regions such as Asia or South Africa (Patel, et al., 2002) .

Research in the context of Latin America may overcome a general limitation of the field of family business as “theories in the family business literature are often developed based on particular points of view (e.g. Anglo-American) and tested in developed economies”, what may question the validity, reliability and applicability of such theories (Welter, et al., 2016). Furthermore, “while Latin America is certainly not the cultural monolith envisaged by North American and European observers, there is a common historical and cultural endowment” based on particular geographical roots, religion, class structure and nature of authority (Lansberg & Perrow, 1991, pp. 128-129), what allows for a contrast with the most currently studied areas such as North America and Europe.

The context of Latin America, with relative low unemployment benefits and relative high job informality as compared to developed economies (Mazza, 2000; Ginneken, 2003), is very interesting regarding the specific issue of value created by companies to employees.

METHODS

The jobs provided, or the size of the employed workforce, is a scarcely explored dimension that can contribute to the current landscape of mixed results produced by the research in the family firm context, such as findings about higher social performance expressed as stability of workforce in family firms (Stavrou, et al., 2007; Block, 2010) as opposed to research suggesting a negative impact related to employees by family firms (Cruz, et al., 2014; Neckebrouck, et al., 2017).

There are several reasons to believe that corporate control plays a role on the size of the employed workforce. On the one hand, the important contribution to national employment by family firms has been described (Shanker & Astrachan, 1996; Astrachan & Shanker, 2003; Bjuggren, et al., 2011) and there is evidence on the fact that family firms are more averse to corporate layoffs than nonfamily firms (Stavrou, et al., 2007; Block, 2010). On the other hand, studies regarding pollution (Berrone, et al., 2010) show that family control affects how firms approach stakeholder issues and result in higher social performance. Thus, in exploring the link between corporate control and provision of jobs we investigate four broad questions:

1) What is the relationship between corporate control and jobs provided?
2) What role do the different economic sectors play regarding corporate control and jobs provided?
3) What is the relationship between financial performance and jobs provided?
4) How do family controlled firms differ among themselves in regard to the jobs provided?

The lack of quantitative research covering the most economically relevant countries of Latin America in general, and approaching the issue of employment as well as employee related social performance by family business in particular (Vassolo, et al., 2011), indicates the relevance and need of exploratory research aiming to the identification of "compelling empirical patterns that cry out for future research and theorizing" (Hambrick, 2007, p. 1350). As done by previous fact-based studies linking governance and social performance, such as Walls et al. (2012), this research does not pursue a qualitative approach to extract insights from narrative data but follows a fact-based analysis that utilises "statistical methods to extract patterns from empirical data to yield insights into the nature of the phenomenon in question" (Walls, et al., 2012).

Sample

A sample of the largest public and private Latin American firms is assessed as a fruitful setting for conducting the research for several reasons: 1) published management research in regard to Latin America is very scarce (Vassolo, et al., 2011), 2), studies on family firms and CSP in Latin America do not exist to our knowledge, 3) research on family firms and CSP covering a large region and including several countries is uncommon in the literature (Van Gils, et al., 2014), and 4) samples with private firms and firms outside the U.S. have been encouraged (Block, 2010; Block & Wagner, 2014).

Data on the largest companies of Latin America was produced from several sources. The majority of the data of this research was obtained from a ranking of the five-hundred largest Latin American Companies published by América Economía (2015), which includes data of the fiscal year 2014 such as sales, return on equity (ROE) and headcount. The ranking is elaborated through different sources such as stock exchanges, governmental agencies, and questionnaires for privately held companies. For exceptional cases, the author of the ranking utilizes secondary sources and public information. The ranking is elaborated based on yearly net sales volume as per end of December 2014 and excludes financial institutions (e.g. banks, insurance companies, pension funds, etc.), something that has already been done in previous studies as their "performance measures are not directly comparable to industrial and other service firms" (Martínez, et al., 2007, p. 88) . Indexes like the Standard & Poors 500 (S&P 500), and similar rankings as used here such as the Fortune 500 (published by Fortune Magazine) or Business Week 1000 (published by Business Week Magazine) were already utilized widely to compare family and nonfamily firms (Villalonga & Amit, 2006; Stavrou, et al., 2007). Moreover, indexes and rankings have been utilised to obtain data for empirical studies such as: timing of entry in international markets (Gaba, et al., 2002), relationship between a director's stockholdings and firm performance (Kesner, 1987), establishment of investors' relationships departments (Rao & Sivakumar, 1999), management ownership and market valuation (Morck, et al., 1988), women's roles on boards (Peterson & Philpot, 2007), and the effect of international venturing on firm performance (Zahra & Hayton, 2008).

In order to check representation of the chosen sample for the population of largest companies in Latin America, some tests were performed. First, country representation in the sample was checked by comparing the proportional nationality of companies in the ranking by América Economía with the proportional representation of the GDP per country for 2014 on the total GDP of Latin America for the same year (CEPAL: Comisión Económica para América Latina y el Caribe, n.d.), as displayed in Table 1A. The comparison shows that 97.6% of countries represented in the sample account for 86.5% of Latin America's total GDP in 2014. When observing the individual representation of the countries in the sample, three countries adding up to 73.6% of the companies in the sample (Brazil, Mexico and Argentina) correspond to 72.6% of GDP in Latin America for these same countries. Furthermore, individual absolute deviations between proportional nationality representation in the sample and proportional national representation in the GDP of Latin America in 2014 for these three countries are below 3%, showing a very high degree of correspondence between nationality of companies in the ranking and GDP per country for the same fiscal year. The variation between proportional representation in the sample by company nationality and proportional representation of a national economy in the total Latin American GDP for 2014 for the other three countries (Chile, Peru and Colombia), adding up to 24% of the sampled companies, is high. While Chile and Peru are overrepresented in the sample, Colombia is underrepresented. As almost three quarters of the sample is balanced when comparing nationality of companies and national representation in the total GDP of Latin America, and as the unbalanced representation of Chile, Peru and Colombia has an impact of less than 13% in the total sample, the nationality of companies included in the sample is assessed as fairly representing the national GDP of Latin America in the same year that the data was generated.

Secondly, besides nationality balance, the adequacy of the companies captured by the ranking was checked. This was made by two methods: 1) for listed companies only, using information on market capitalization from national stock exchanges, and 2) for listed and privately held companies, using information provided from different local company rankings. Listed companies of the sample, adding up to 201 and representing 40% of the total, were separated by nationality and then compared to the largest listed companies by capitalization by country, as informed by national stock exchanges such as Bolsa de Valores de São Paulo and Bolsa de Valores de México. 59% out of the total sampled listed companies corresponded to the companies with the highest capitalization as observed per individual country and displayed in Table 1B. As the ranking of five-hundred largest Latin American Companies published by America Economía is constructed considering amount of sales, and not market capitalization, the listed companies included in the ranking are assessed as adequately reflecting reality.

Table 1: Validation of Sample

A. Comparison of Proportional Representation of Nationalities of Companies in the Ranking

	BRA	MEX	CHI	ARG	PER	COL	OTHERS	TOTAL
Nationality of Companies in the Ranking	41.0%	23.8%	13.2%	8.8%	6.0%	4.8%	2.4%	100.0%
Participation in the GDP of Latin America 2014	42.5%	20.8%	4.6%	9.3%	3.2%	6.2%	13.5%	100.0%
Absolute Deviation	-1.5%	3.0%	8.6%	-0.5%	2.8%	-1.4%	-11.1%	

B. Validation of Sample: Relevance of Ranked Listed Companies in National Capital Markets by Capitalisation

Nationality	BRA	MEX	CHI	ARG	PER	COL	OTHERS	TOTAL
Total in Sample	204.00	119.00	66.00	44.00	30.00	24.00	13.00	500.00
Listed in Sample	93.00	42.00	31.00	9.00	15.00	8.00	3.00	201.00
Listed in Sample (%)	46%	35%	47%	20%	50%	33%	23%	40%
N° of Most Capitalised Considered per Country	100.00	38 (*)	40.00	10.00	15.00	10.00		175.00
Sampled among Most Capitalised	57.00	22.00	22.00	6.00	7.00	5.00		119.00
Sampled among Most Capitalised (%)	61%	52%	71%	67%	47%	63%		59%

(*) Only shares in Mexican IPC index, a capitalization weighted index of the leading stocks traded on the Mexican Stock Exchange

C. Validation of Sample - Relevance of Ranked Companies in National Markets

Nationality	BRA	MEX	CHI	ARG	PER	COL	Other	TOTAL
Total in Sample	204	119	66	44	30	24	13	500
Private in Sample	111	77	35	35	15	16	10	299
Private in Sample (%)	54%	65%	53%	80%	50%	67%	77%	60%
Listed in Sample	93	42	31	9	15	8	3	201
Listed in Sample (%)	46%	35%	47%	20%	50%	33%	23%	40%
Companies in Local Ranking Considered (*)	204	119	66	44	30	24		
Private Sampled Included in Local Ranking	89	70	13	28	9	13		222
Private Sampled Included in Local Ranking (%)	80%	91%	37%	80%	60%	81%		74%
Listed Sampled Included in Local Ranking	71	38	22	7	11	4		153
Listed Sampled Included in Local Ranking (%)	76%	90%	71%	78%	73%	50%		76%
Total Sampled Included in Local Ranking (%)	78%	91%	53%	80%	67%	71%		75%

(*) Local Rankings Utilized for Comparison:
Brazil: Exame, Maiores e melhores 2014 (http://exame.abril.com.br/negocios/melhores-e-maiores/2014/)
Mexico: Expansion, Las 500 empreaas más importantes 2014 (http://expansion.mx/rankings/interactivo-las-500/2015)
Chile: 1) Bolsa Santiago, Ranking Ventas 2014, 2) Capital & Santander, Top 100: Las mayores compañías en ventas, 2014 (http://www.capital.cl)
and 3) Cochilco, Principales empresas mineras 2012 (http://www.cochilco.cl/atencion/guia-princ.asp)
Argentina: Mercado, Las 1.000 que más venden 2014 (http://www.mercado.com.ar)
Peru: Peru Top Publications, The top 10000 companies 2012 (http://www.ptp.pe)
Colombia: La República, Las 100 empresas que más vendieron, 2013 (http://www.larepublica.co)

The second method for assessing adequacy of companies included in the sample was especially needed for controlling relevance of the privately held companies, making up to 299 and accounting for 60% of the total. Due to lack of complete official information on these companies, the challenge of identifying this kind of enterprises was approached by utilizing local business rankings normally published by business magazines and usually produced with assistance by specialized technical advisors. The local rankings were selected based on the years of publication, the extent of circulation and acceptance in the local market by local consumers, and their methodologies (which were generally disclosed). Table 1C shows that, checking with information of different local rankings, 76% of listed companies and 74% of private companies in the sample are present in the local rankings selected for comparison.

The results of the three procedures for checking adequacy of the five-hundred largest Latin American Companies by sales in 2014 as published by América Economía indicate that the companies in the sample are highly representative of the population of interest.

After the companies in the ranking were validated as representative of large business in Latin America, some missing data was collected and completed. There were missing statistics on headcount for 171 companies out of the sample of 500 and additional relevant data was obtained through companies' public information, like yearly financial statement and corporate webpages, information included in previous ranking by América Economía, data disclosed by specialized sources such as Bloomberg (www.bloomberg.com), and relevant interviews and articles published by various local media. While some headcount data available used to complete missing information on a very limited number of cases corresponded to the previous or next fiscal period used in the considered sample, headcount is assumed not to vary drastically over the addressed period due to considerable economic stability in the region. Data for ROE was available for 66% of all family controlled firms and for 56% of all non-family controlled firms. Data on the family nature of the business was collected through sources such as company public information, like yearly financial statements and corporate webpages, data disclosed by specialized sources such as the Global Family Business Index (Center for Family Business at the University of St.Gallen, Switzerland, in cooperation with EY's Global Family Business Center of Excellence, 2015), and relevant interviews and articles published by various local media.

The definition of family firms is one of the main difficulties of this kind of studies and different authors have used different definitions (Martínez, et al., 2007). The criteria utilized to identify a family business were based on a broad definition. While the influence by a family in a firm is best explained by its involvement in the business "through ownership, management, and the participation of members of different generations of the family" (Chrisman, et al., 2012, p. 271), including all intangible aspects reduces the sample substantially and makes "quantifying family businesses economic impact more elusive" (Astrachan & Shanker, 2003, p. 212). A broader definition requiring "some family participation in the business and that the family have control over the business' strategic direction" (Shanker & Astrachan, 1996; Astrachan & Shanker, 2003, pp. 211-212) will "include more businesses and result in larger economic contributions" (Astrachan & Shanker, 2003, p. 213). This broad definition "includes businesses where a family member is not in direct daily contact with the business but influences decision-making" through board membership or significant stock ownership (Shanker & Astrachan, 1996, p. 109). As 20% of the voting rights "is usually enough to have effective control of a firm" for the case of listed companies (La Porta, et al., 1999, p. 477), and in line with the definitions used in previous research (La Porta, et al., 1999; Faccio & Lang, 2002; Miller & Breton-Miller, 2006; Bjuggren, et al., 2011), we identify a listed family firm as a business whose major shareholding is owned by one or more family members who together control at least 20% of the voting rights.

For private firms, they were identified as family firms where its major shareholding is owned by one or more family members who together control at least 51% of the voting rights.

For family firms, other data was constructed such as: 1) regional control for differentiating family firms governed from Latin America from those whose controlling parties and headquarters are located in different regions, 2) characteristics of board of directors such us number of board members, family-member president, board diversity (female members), and non-family members, 3) family involvement in top management such as family CEO, CEO-president of the board duality, and generations involved in roles of CEO and members of the board of directors, and 4) transparency of information. Data on family name included in the business name was also collected. As a final step, as the ranking included holding companies as well as subsidiaries, and in order to avoid duplication of data, the subsidiaries were eliminated whenever there were consolidated in holding companies identified in the sample.

After completing the missing data and eliminating all subsidiaries with its holding entities included in the ranking, the final sample included 388 companies.

Measures

Dependent Variable

The variable jobs *provided* (JOBS), or *workplaces provided* or *employment*, is the logarithm of the number of people employed by the company mostly at the end of the fiscal year (only a very limited number of companies report data on headcount as the average number of employees of the year). While management and economics literature have used different proxies for measuring a firm’s size, such as employees, market capitalisation and sales, it was suggested that different proxies capture different aspects of firm size and result in different implications (Dang & Li, 2015) and that interchanging measures of firm size is not usually suitable (Jackson & Dunlevy, 1982). Therefore, following calls for operationalizing socio-efficiency "to include measures that reflect the creation of broader-scope value" (Cohen, et al., 2008, p. 115) and to incorporate missing variables to measure outcomes related to non-economic benefits to the family such as employee development and job creation (Yu, et al., 2012, p. 52), this study utilises the size of the workforce as a proxy capturing the provision of jobs, what results in a social outcome especially affecting the key stakeholder group of employees.

Independent Variables

The focus area of this study is to explore the impact of corporate control on jobs provided. Therefore, the variable *family firm* (FB) is defined as a dummy variable that takes the value 1 when major shareholding is owned by one or more family members who together control at least 20% of the voting rights of public companies, or at least 51% of private companies, and 0 otherwise, in line with criteria utilized in previous research (La Porta, et al., 1999; Faccio & Lang, 2002; Miller & Breton-Miller, 2006; Bjuggren, et al., 2011). The variable family firm is commonly used in the family business literature which many times is interested in the differential aspects of family firms.

Besides *family firm*, a considerable number of control variables are included. Following procedures used by many other empirical studies such as Block (2010), Chua et al. (2011), Townsend et al. (2010), and Westhead et al. (2001) we control for influences on industry and nationality effects. As firms in different industries have different characteristics and production functions, and as workforce for firms in the same industry may vary by region, five dummy variables for key industrial sectors and six for country are introduced. Industries based on the classification done by América Economía and grouped by large sectors are: raw materials, utilities, manufacturing, retail, and services. When a large business group included several activities and was categorised by América Economía as “multi-sector”, a detailed company analysis was performed and the group was categorised in the sector corresponding to the largest of its activities measured by annual sales and employees (in all cases there was an activity of a large multi-sector group that concentrated at least 51% of jobs provided in just one of the categorised large sectors). Countries included are Brazil, Mexico, Chile, Argentina, Peru and Columbia, what cover 97% of the nationalities of the companies in the sample.

Moreover, controlling for *financial size* (SIZE) of the business, as used extensively by empirical studies of the field (Adams, et al., 1996; Block, 2010; Cruz, et al., 2014; Berrone, et al., 2010; Cruz, et al., 2010), is performed. As sales is among the three most used measures of size in the field of corporate finance (Dang & Li, 2015), *financial size* is measured utilising the continuous variable of yearly revenues in USD. A squared term associated to this variable is also incorporated in the regression models to evaluate a possible quadratic relationship between the firm’s financial size and its jobs provided. A quadratic relationship implies that the effect of financial size on jobs depends on the level of the firm’s financial size.

Furthermore, two dummy variables are included in order to capture the effects of *state ownership* (STATEOWN) and the fact that the company may be *publicly listed* (LISTED). As done in previous research (Martínez, et al., 2007; Wagner, et al., 2015) short-term financial performance was controlled using return on equity (ROE) and longevity of the firms was captured by the variable *age* (AGE), reflecting the years in operation of the business (Thornhill & Amit, 2003). For the case where a non-family business was acquired by a family business, the starting age was considered as the date of entry of family control to the firm. For the cases were where a legal entity was a continuator mainly of an activity carried out previously under another entity, the starting age of the original entity was preserved.

Other control variables were constructed for the case of family firms. Latin American regional control (LATINCONTROL) is a dummy variable for differentiating family firms governed from Latin America from those whose controlling parties and headquarters are located in a different region such us the United States or Europe. Similarly as performed by studies on corporate governance (Walls, et al., 2012), we registered variables such as board size (SIZEBOD) as the number of board directors, and board diversity (DIVERSEBOD) as measured by the proportion of women in the board. Regarding family involvement, key dimensions were captured through variables such as “whether the CEO of the firm is a family or a nonfamily member” (FCEO), proportion of nonfamily members in the board of directors (NFBOD), the presidency of the board of directors by a family member (FBODPRES), the inclusion of the CEO in the board of directors (CEOINBOD), the presence or not of the founder (FOUNDER), and the number of generations involved in the board of directors and CEO positions (GENERATIONS) (Nordqvist, et al., 2014).

Independent and control variables are all extracted from data of the year 2014.

Instrumental Variable

Methodological calls for eliminating biased estimations due to dual or reverse causality on studies in regard to family firms and employment have been presented (Block & Wagner, 2014). The variable *family named business* (FBNAME) was recently used by Kashmiri & Mahajan (2014; 2010) to test the link between the presence of a family-based firm name, the emphasis on protecting reputation, and ethical behaviour. This variable in the present study is a dummy variable that takes the value 1 when the company name includes all or parts of the first and/or last name of the founder or founders (including initials) and 0 otherwise. The variable *family named business* complies with the two conditions required for a valid instrumental variable, in this case: 1) it is correlated to the independent variable *family firm* with a Pearson´s r of 0.47, and 2) it is exogenous to the dependent variable *employment* following the reasoning that the semantic form of a company's name does not explain the number of people employed by a firm.

RESULTS

Descriptive Statistics

Summary statistics for all the variables on the sample of the largest Latin American companies are available and shown in Table 2.

The total number of firms finally analysed, as presented in Table 3, are 388. Out of this total, 233 firms are not family controlled and concentrate 60% of the total sales and 42% of total employed personnel. On the other hand, family controlled firms are 155 and represent 40% of the total sales and 58% of total jobs provided.

Table 2: Summary Statistics

Variable	Description	# Obs.	Mean	Std. Dev.	Min.	Max.
JOBS	Number of People employed by the Company	388	19523	32833	300	229324
FB	The company is a Family Business	155	0.40	0.49	0	1
SIZE	Annual Sales 2014 in MUSD	388	5285	10765	1255	126971
RAWMAT	Company belongs to Industrial Sector of Raw Materials	79	0.22	0.41	0	1
UTILITY	Company belongs to Industrial Sector of Utilities	58	0.15	0.36	0	1
MANUFCT	Company belongs to Industrial Sector of Manufacturing	139	0.32	0.47	0	1
RETAIL	Company belongs to Industrial Sector of Retail	56	0.14	0.35	0	1
SERVICES	Company belongs to Industrial Sector of Services	56	0.13	0.33	0	1
BRA	Brazilian Company	161	0.41	0.49	0	1
MEX	Mexican Company	93	0.24	0.43	0	1
CHI	Chilean Company	43	0.11	0.31	0	1
ARG	Argentinean Company	36	0.09	0.29	0	1
PER	Peruvian Company	24	0.06	0.24	0	1
COL	Columbian Company	19	0.05	0.22	0	1
LISTED	Company listed in Stock Exchange	165	0.43	0.50	0	1
STATEOWN	State-owned Company	38	0.10	0.30	0	1
AGE	Years since Foundation (or acquisition by a family)	388	55.88	35.87	0	204
FBNAME	Name of the Family included in the Name of the Firm	52	0.12	0.33	0	1
ROE	Return on Equity	235	9.48	92.32	-791.7	1103.8
SHARE	Ownership Percentage by Family Members	155	0.91	3.23	0.2	1
LATINCONTROL	Residence of Ownership in Latin America	388	0.55	0.50	0	1
FBODPRES	President of BoD is a Family Member	155	0.34	0.48	0	1
DIVERSEBOD	Percentage of Women in the BoD	152	0.11	0.13	0	0.5
SIZEBOD	Number of Directors in the BoD	152	9.30	4.60	1	25
NFBOD	Number of Nonfamily Directors in the BoD	153	0.58	0.46	0	0.5
FCEO	CEO is a Family Member	388	0.22	0.41	0	1
CEOINBOD	CEO is a Director in the BoD	155	0.62	0.49	0	1
GENERATIONS	Number of Generations acting as CEO or in the BoD	155	1.50	0.59	0	3
FOUNDER	Founder acting as CEO or in the BoD	155	0.33	0.47	0	1

In order to evaluate the differences between family and nonfamily firms, t-tests were undertaken to assess substantial differences between the subsamples. Table 3 also displays the difference of means tests results for the groups of family firms and non-family firms. The tests were conducted for the key variable of interest which is *jobs provided*, showing that family business firms have a higher average for workforce employed. Family business firms show a mean workforce of 28.541 compared to 13.584 corresponding to nonfamily firms, with a t value of -4.47 for the difference of 14,867, which is statistically significant at the 1% level.

Table 3: Overview of Sales and Jobs Provided by Type of Control - Difference of Means

	FIRMS		SALES			JOBS		
	N	%	MUSD	%	AVG	N	%	Means (*)
ALL	388		2,050,408		5,285	7,575,063		19,523
NON-FAMILY CONTROLLEI	233	60%	1,237,264	60%	5,310	3,165,105	42%	13,584
FAMILY CONTROLLED	155	40%	813,144	40%	5,246	4,409,958	58%	28,451

(*) Difference of Means Statistics: t=-4.47; Significance= 0.000

As detailed in Table 4, descriptive analysis regarding sales, jobs provided and type of control by industry shows that most firms (36% of total) are within the manufacturing industry, which is the second largest by sales (29% of total) but where most jobs are provided (34% of total). Most sales by the largest Latin American companies are generated by the industry of raw materials (37% of total) but this industry has the second lowest average of personnel employed per firm (12,202). The highest average of workers employed per firm is in the retail sector (34,858), and the second largest is in the services sector (25,198). Retail, manufacturing and services concentrate 78% of jobs and they together represent 65% of the total number of firms and 50% of the total sales. On the other hand, raw materials and utilities represent together 35% of all firms, 50% of all sales, but only 22% of total employed personnel. Family controlled firms predominate in retail, with 71% of the firms, 69% of the total sales and 75% of the jobs provided by this sector. The average family controlled firm in the retail sector provides 8.42 jobs per million USD in sales, a figure 36% higher than the average nonfamily firm, which provides 6.18 jobs per million USD in sales.

Table 4: Overview of Sales, Jobs Provided and Type of Control by Industry

INDUSTRY	FIRMS		SALES			JOBS			S/J	FB					NFB				
										N	Share			J/S (*)	N	Share			J/S (*)
	N	%	Total	%	Avg.	Total	%	Avg.			N	SALES	JOBS			N	SALES	JOBS	
Raw Materials	79	20%	750,647	37%	9,502	963,997	13%	12,202	0.78	20	25%	18%	27%	2.00	59	75%	82%	73%	1.13
Utilities	58	15%	268,536	13%	4,630	682,852	9%	11,773	0.39	3	5%	23%	26%	2.92	55	95%	77%	74%	2.43
Manufacturing	139	36%	586,329	29%	4,218	2,565,085	34%	18,454	0.23	68	49%	57%	63%	4.82	71	51%	43%	37%	3.78
Retail	56	14%	252,492	12%	4,509	1,952,028	26%	34,858	0.13	40	71%	69%	75%	8.42	16	29%	31%	25%	6.18
Services	56	14%	192,405	9%	3,436	1,411,101	19%	25,198	0.14	24	43%	56%	62%	8.08	32	57%	44%	38%	6.37
TOTAL	388		2,050,408		5,285	7,575,063		19,523	0.27	155				5.42	233				2.56

(*) J/S: number of jobs provided per 1 MUSD of annual sales

Furthermore, while family controlled firms are about half of the companies active in the manufacturing sector, they concentrate 57% of sales and 63% of personnel employed in this industry and provide 28% more workplaces per million USD in sales than nonfamily firms. In regard to the services sector, family controlled firms are 43% of these companies, concentrate 56% of sales and 62% of jobs of this industry, and provide 27% more jobs per million USD in sales than nonfamily firms. On the other hand, the sectors of raw materials and utilities are highly dominated by nonfamily firms regarding number of companies with 75% and 95% of the total respectively. For these two sectors family firms provide however more jobs per million USD in sales than nonfamily firms (76% more for raw materials and 20% more for utilities).

When companies are seen from the perspective of the short term financial performance, measured through return on equity (ROE), family controlled firms show an average ROE 25% lower than that of nonfamily firms. Comparing these groups of companies by age, an expression of longevity that proxies "the match between resources and capabilities and strategic industry factors" and signalises the ability to adapt to environmental change (Thornhill & Amit, 2003), family firms evidence an average age 31% higher than nonfamily firms. Table 5 displays ROE, age and jobs provided by industry and type of control and shows some heterogeneity regarding specific industries. In the sector of raw materials family controlled firms reach less than half the average ROE of nonfamily firms (6.88% versus 15.23%) but evidence an average age 53% higher and also 76% more employed personnel in regard to sales. Regarding utilities, family controlled firms reach about two thirds of the average ROE of nonfamily firms (11.13% versus 17.15%) and show a slightly higher average age of 5% above nonfamily firms and a ratio of jobs provided per sales 20% higher. The industrial sector of manufacturing is where family controlled firms experience the worse performance regarding average ROE reaching only one third of the average ROE of nonfamily firms (3.34 versus 10.19), although remain with 16% higher value on average age and 20% more jobs provided in relation to sales. In the sectors retail and services family controlled firms outperform nonfamily firms in average ROE (13.00% versus 2.57% for retail and 10.85% versus -6.37% for services), average age (64% higher for retail and 17% higher for services) and jobs provided in relation to sales (36% higher for retail and 27% higher for services).

Table 5: ROE, Age and Jobs Provided by Industry and Type of Control

	FB		NFB		Delta FB/NFB		
Industry	Avg. ROE (%) N=103	Avg. Age N=155	Avg. ROE (%) N=132	Avg. Age N=233	Avg. ROE (%)	Avg. Age	Delta J/S N=388
Raw Materials	6.88	79.80	15.23	52.17	45%	153%	176%
Utilities (& telecom)	11.13	48.00	17.15	45.64	65%	105%	120%
Manufacturing	3.34	66.90	10.19	57.59	33%	116%	127%
Retail	13.00	66.63	2.57	40.56	506%	164%	136%
Services	10.85	46.71	-6.37	40.00	171%	117%	127%
TOTAL	7.97	65.00	10.67	49.50	75%	131%	212%

Correlation matrix including the key variables used in this study for the analysis of the largest Latin American firms is displayed in Table 6. Employed personnel strongly correlates with financial size (r=0.58) what is interpreted as the influence of operational volume in regard to employed personnel. Besides just few cases with moderate correlation, independent variables show weak correlation, in order to minimize distortions with their inclusion in the regression models.

Table 6: Correlation Matrix All Firms in Sample (N=388)

	JOBS	FB	SALES	RAWMAT	UTILITY	MANUFCT	RETAIL	SERVICES	BRA	MEX	CHI	ARG	PER	COL	LISTED	STATEOWN	AGE
FB	0.22																
SALES	0.58	0.00															
RAWMAT	-0.11	-0.15	0.19														
UTILITY	-0.10	-0.30	-0.02	-0.21													
MANUFCT	-0.02	0.14	-0.07	-0.38	-0.31												
RETAIL	-0.19	0.26	-0.03	-0.21	-0.17	-0.31											
SERVICES	0.07	0.02	-0.07	-0.21	-0.17	-0.31	-0.17										
BRA	0.01	-0.02	0.02	-0.10	0.04	0.03	0.00	0.04									
MEX	0.16	0.13	0.04	-0.18	-0.12	0.23	0.01	-0.01	-0.47								
CHI	-0.02	-0.02	-0.02	0.09	0.06	-0.16	0.04	0.02	-0.30	-0.20							
ARG	-0.11	0.01	-0.06	0.08	-0.03	0.02	-0.03	-0.06	-0.27	-0.18	-0.11						
PER	-0.08	-0.01	-0.07	0.19	-0.05	-0.10	-0.01	-0.01	-0.22	-0.14	-0.09	-0.08					
COL	-0.07	-0.09	-0.03	0.06	0.07	-0.09	0.01	-0.03	-0.19	-0.13	-0.08	-0.07	-0.06				
LISTED	0.20	0.13	0.13	-0.02	0.09	-0.12	0.10	0.00	0.07	-0.07	-0.14	-0.17	0.06	-0.03			
STATEOWN	0.05	-0.25	0.28	0.11	0.28	-0.23	-0.14	0.04	-0.07	-0.08	-0.01	-0.02	-0.01	0.05	-0.04		
AGE	0.09	0.10	0.05	0.05	-0.12	0.13	0.04	-0.15	-0.04	0.00	0.05	0.10	-0.08	-0.02	0.10	-0.01	
FBNAME	0.18	0.47	0.01	-0.05	-0.16	0.01	0.14	0.08	0.11	0.01	-0.11	0.06	-0.04	-0.05	0.00	-0.13	0.24

Correlation matrix including the key variables used in this study for the analysis of the heterogeneity among the largest Latin American family firms is displayed in Table 7. Here also jobs provided strongly correlates with financial size (r=0.74). Besides another case with strong negative correlation (retail and manufacturing) and ten cases with moderate correlation, independent variables show weak correlation, in order to minimize distortions with their inclusion in the regression models.

Table 7: Correlation Matrix Family Firms (N=155)

	JOBS	SHARE	LATINCONTROL	FBODPRES	DIVERSEBOD	SIZEBOD	NFBOD	FCEO	CEOINBOD	GENERATIONS	FOUNDER	SALES	LISTED	AGE	RAWMAT	UTILITY	MANUFCT	RETAIL
SHARE	-0.10																	
LATINCONTROL	0.11	0.32																
FBODPRES	0.14	0.03	0.27															
DIVERSEBOD	0.03	-0.07	-0.38	0.09														
SIZEBOD	0.22	-0.45	-0.48	-0.25	0.03													
NFBOD	-0.02	-0.27	-0.20	-0.03	0.07	0.22												
FCEO	0.00	0.10	0.14	0.37	-0.02	-0.21	-0.07											
CEOINBOD	0.05	0.03	-0.10	0.09	-0.10	0.03	-0.13	0.48										
GENERATIONS	0.13	-0.09	-0.19	0.06	0.11	0.27	0.11	0.18	0.08									
FOUNDER	-0.01	0.01	0.17	0.12	-0.05	-0.13	-0.04	0.07	0.06	0.18								
SALES	0.74	-0.08	0.03	0.07	-0.11	0.23	0.07	0.03	0.04	0.16	0.01							
LISTED	0.20	-0.29	0.30	0.09	-0.16	0.05	0.16	-0.05	-0.07	-0.07	0.02	0.14						
AGE	0.04	-0.19	-0.33	-0.13	0.13	0.24	0.05	0.06	0.02	0.10	-0.46	0.02	-0.02					
RAWMAT	-0.14	0.05	-0.02	-0.12	-0.10	-0.03	0.01	-0.27	-0.17	-0.17	-0.19	0.07	0.03	0.15				
UTILITY	0.11	0.05	0.08	0.06	-0.12	0.04	0.04	-0.06	-0.08	0.04	0.00	0.28	0.04	-0.06	-0.06			
MANUFCT	0.09	-0.23	-0.24	-0.17	0.02	0.18	0.14	0.05	0.06	-0.01	0.00	-0.03	-0.06	0.05	-0.34	-0.12		
RETAIL	0.11	0.24	0.11	0.20	0.23	-0.11	-0.20	0.10	0.05	0.13	-0.03	-0.07	0.04	0.02	-0.23	-0.08	-0.52	
SERVICES	0.08	-0.04	0.19	0.08	-0.16	-0.10	0.02	0.07	0.05	0.00	0.20	-0.04	-0.01	-0.21	-0.17	-0.06	-0.37	-0.26

Direct Effects

Six models were estimated for assessing the direct effects of corporate control on jobs provided. The dependent variable *jobs provided* was expressed in logarithm in order to estimate its percentage changes. Several independent variables were incorporated to the model in order to control for firm and industry characteristics. Table 8 shows the OLS and 2SLS regression models with their diagnostic tests for heteroskedasticity (White test for the OLS case and Pagan-Hall test for the IV estimation), normality (Jarque-Bera test) and regression equation specification error test (Ramsey test).

The family firm (FB) dummy variable is statistically significant at the traditional levels in Models 1 to 6. While coefficients of Models 1 and 2 are stable at 0.77 and 0.68, indicating that family firm provide between 68% and 77% more jobs than non-family business companies, the magnitudes of the coefficients decrease when incorporating other control variables such as industry and country. OLS coefficients are 0.35, 0.34, and 0.25 when adding controls for economic sector (Model 3), nationality (Model 4), and listing as well as state ownership (Model 5) respectively. While successive incorporation of control variables has the effect of a progressive reduction in the magnitude of the coefficient, it increases substantially when estimating by 2SLS (Model 6). Model 6 displays a positive effect of family control on quantity of jobs provided with estimated coefficient indicating that, all things equal and in average, family firms provide 48% more jobs than non-family business companies. This effect is statistically significant at the 5% level. As for the control variables, financial *size* and its quadratic term are highly significant for all models showing an inverse U-shape relationship between the financial size of the firm and its workforce. That is, the firm's workforce increases with its financial size, but the workforce starts to increase at decreasing rate. This result may indicate that, the bigger the company, the more efficient it becomes showing a less need to increase its workforce. When it comes to industries, the omitted dummy variable (to avoid perfect collinearity) is that of the retail sector, and thus all the reported coefficients are negative and significant at traditional levels, with the exception of services, indicating that raw materials, utility and manufacturing provide fewer jobs than the retail sector. No statistical differences are found between the retail and services sectors in their workforce size. Model 6 also shows a positive effect of listed companies on jobs indicating that, all things equal and in average, listed firms provide 42% more jobs than non-family business companies.

Model 6 estimates the regression that includes all the control variables by 2SLS in order to evaluate the endogenous nature of the family firm variable in our sample. The first-stage regression (not reported) showed that the chosen instrument is positive and highly significant (t=8.68; p-value=0.000). This result indicates that the instrument is both relevant (significantly correlated with the endogenous regressor) and strong (it is not a weak instrument). Furthermore, the difference between Model 5 (OLS estimation) and Model 6 (2SLS estimation) in the estimated coefficient of the family business variable is indicative of its endogenous nature.

Table 8: Jobs Provided - Main Effects Model

				OLS Model 1	OLS Model 2	OLS Model 3	OLS Model 4	OLS Model 5	2SLS Model 6	2SLS (PSW) Model 7	QR Model 8
	INTERCEPT		Coef.	8.76 ***	8.24 ***	8.99 ***	9.03 ***	8.73 ***	8.71 ***	8.54 ***	8.60 ***
			t Stat.	108.99	100.43	65.42	40.86	33.70	26.80	28.67	22.29
	FB	The company is a Family Business	Coef.	0.77 ***	0.68 ***	0.35 ***	0.34 ***	0.25 **	0.48 **	0.56 ***	0.33 **
			t Stat.	6.00	6.20	3.36	3.22	2.51	2.00	2.80	2.58
Control Variables	SIZE	Annual Sales 2014 in MMUSD	Coef.		0.13 ***	0.14 ***	0.14 ***	0.13 ***	0.12 ***	0.13 ***	0.12 ***
			t Stat.		10.77	13.08	13.10	12.97	12.08	12.05	9.39
	SIZE^2		Coef.		-0.001 ***	-0.001 ***	-0.001 ***	-0.001 ***	-0.001 ***	-0.001 ***	-0.001 ***
			t Stat.		-8.20	-9.59	-9.54	-9.74	-9.22	-9.55	-6.27
	RAWMAT	Industrial Sector of Raw Materials	Coef.			-1.56 ***	-1.45 ***	-1.43 ***	-1.34 ***	-1.39 ***	-1.18 ***
			t Stat.			-9.98	-9.20	-9.48	-7.27	-8.95	-5.84
	UTILITY	Industrial Sector of Utilities	Coef.			-0.92 ***	-0.89 ***	-0.97 ***	-0.85 ***	-1.06 ***	-0.83 ***
			t Stat.			-5.32	-5.02	-5.32	-3.74	-5.61	-3.21
	MANUFACT	Industrial Sector of Manufacturing	Coef.			-0.57 ***	-0.63 ***	-0.59 ***	-0.54 ***	-0.59 ***	-0.57 ***
			t Stat.			-4.12	-4.63	-4.45	-3.78	-4.12	-3.21
	SERVICES	Industrial Sector of Services	Coef.			-0.08	-0.11	-0.08	-0.03	-0.04	-0.20
			t Stat.			0.17	-0.63	-0.47	-0.20	-0.25	-0.94
	BRA	Brazilian Company	Coef.				0.02	0.04	0.06	0.06	0.10
			t Stat.				0.09	0.16	0.24	0.23	0.29
	MEX	Mexican Company	Coef.				0.26	0.33	0.33	0.38	0.31
			t Stat.				1.27	1.37	1.36	0.26	0.84
	CHI	Chilean Company	Coef.				-0.07	-0.13	-0.11	-0.15	0.04
			t Stat.				-0.31	-0.53	-0.44	-0.54	0.11
	ARG	Argentinean Company	Coef.				-0.35	-0.25	-0.24	-0.19	-0.26
			t Stat.				-1.55	-0.97	-0.92	-0.69	-0.66
	PER	Peruvian Company	Coef.				-0.35	-0.37	-0.37	-0.42	-0.26
			t Stat.				-1.27	-1.21	-1.18	-1.24	-0.63
	COL	Columbian Company	Coef.				-0.45	-0.40	-0.37	-0.15	-0.62
			t Stat.				-1.36	-1.23	-1.11	-0.43	-1.48
	LISTED	Company listed in Stock Exchange	Coef.					0.44 ***	0.42 ***	0.54 ***	0.50 ***
			t Stat.					4.52	4.13	5.21	4.18
	STATEOWN	State-owned Company	Coef.					0.21	0.27	0.41	0.05
			t Stat.					1.07	1.32	2.96	0.24
	AGE	Years since Foundation	Coef.					0.002 **	0.002	0.002	0.001
			t Stat.					2.13	1.51	1.28	0.70
	N			388	388	388	388	388	388	388	388
	Adj R-squared			0.0835	0.3393	0.4909	0.5083	0.5379	0.5319		
	Global Significance F Test			36.25 ***	67.24 ***	54.30 ***	31.77 ***	29.16 ***	28.64 ***	31.22 ***	
Diagnostic tests											
Heteroskedasticity (White test/Pagan-Hall test)				0.03	4.41	14.54	67.56	98.20	17.45	--	--
Normality (Jarque-Bera test)				0.08	6.93 **	11.44 ***	10.61 ***	9.87 ***	8.80 **	7.72 **	7.72 **
RESET (Ramsey test)				0.00	3.52 **	3.42 **	3.00 **	2.21 *	0.05	4.29 **	4.29 **

Notes:
*p<0.10, **p<0.05, ***p<0.01
For OLS regressions the White test was conducted to test the null of homoskedasticity, while the Pagan-Hall test was performed in the 2SLS case.

The analysis of relevant regression coefficients for all six models leads to the key finding that the family controlled firm (FB) coefficient shows a substantial positive value, supporting the relationship between the business being a family firm and higher size of workforce employed.

In regard to analysis of heterogeneity among family firms, three models were estimated for testing the direct effects of specific characteristics of family firms on jobs provided. Proxies for family involvement were proposed as independent variables such as: the voting share owned by the family, a family member acting as president of the board of directors, a family member acting as CEO of the firm, the fact that the founder is acting either as CEO or as member in the board of directors, and the number of generations of the family acting either as CEO or as member in the board of directors. Other variables in regard to governance such as size of board of directors, diversity of board of directors and percentage of nonfamily members in the board of directors were incorporated. Also the specific characteristic regarding the roots of the controlling family (if the family is based in Latin America or elsewhere) was considered. Last but not least, several control variables were utilised such as size, age, the fact that the firm is listed in the stock exchange, and industry dummies. Table 9 shows the OLS regression models for the log(*jobs provided*) with their diagnostic tests for heteroskedasticity (White test), normality (Jarque-Bera test) and regression equation specification error t*est (Ramsey test)*.

The analysis of the relevant regression coefficients for the models shows a clear heterogeneity among the largest Latin American family firms. This heterogeneity is expressed regarding specific industrial sectors and also on governance issues. Regarding industrial sectors, family firms in retail provide more jobs.

Table 9: Jobs Provided by Family Firms - Main Effects Model

				OLS Model 1		OLS Model 2		OLS Model 3	
	INTERCEPT		Coef.	6.73	***	6.42	***	7.13	***
			t Stat.	11.35		12.75		13.05	
Independent Variables	SHARE	Ownership Percentage by Family Members	Coef.	-0.83	**	-0.34		-0.26	
			t Stat.	-2.12		-0.91		-0.82	
	LATINCONTROL	Residence of Ownership in Latin America	Coef.	1.60	***	1.21	***	1.00	***
			t Stat.	6.21		5.11		4.25	
	FBODPRES	President of BoD is a Family Member	Coef.	0.52		0.35		0.26	
			t Stat.	1.58		1.24		1.08	
	DIVERSEBOD	Percentage of Women in the BoD	Coef.	1.46	*	1.90	***	1.37	**
			t Stat.	1.96		2.96		2.05	
	SIZEBOD	Number of Directors in the BoD	Coef.	0.11	***	0.06	***	0.05	***
			t Stat.	4.36		3.27		2.85	
	NFBOD	Number of Nonfamily Directors in the BoD	Coef.	-0.07		-0.12		-0.08	
			t Stat.	-0.57		-0.81		-0.49	
	FCEO	CEO is a Family Member	Coef.	-0.19		-0.13		-0.28	
			t Stat.	-0.82		-0.69		-1.65	
	CEOINBOD	CEO is a Director in the BoD	Coef.	0.36		0.33	*	0.24	
			t Stat.	1.57		1.96		1.61	
	GENERATIONS	Number of Generations acting as CEO or in the BoD	Coef.	0.31	*	0.16		0.07	
			t Stat.	1.91		1.24		0.53	
	FOUNDER	Founder acting as CEO or in the BoD	Coef.	-0.11		0.13		0.05	
			t Stat.	-0.59		0.71		0.27	
			p value						
Control Variables	SIZE	Annual Sales 2014 in MMUSD	Coef.			0.16	***	0.17	***
			t Stat.			8.16		9.43	
	SIZE^2		Coef.			-0.002	***	-0.002	***
			t Stat.			-5.53		-4.87	
	LISTED	Company listed in Stock Exchange	Coef.			0.32	*	0.35	**
			t Stat.			1.77		2.15	
	AGE	Years since Foundation (or acquisition by a family)	Coef.			0.002		0.004	*
			t Stat.			0.84		1.79	
	RAWMAT	Industrial Sector of Raw Materials	Coef.					-1.17	***
			t Stat.					-4.56	
	UTILITY	Industrial Sector of Utilities	Coef.					-0.90	*
			t Stat.					-1.84	
	MANUFACT	Industrial Sector of Manufacturing	Coef.					-0.37	*
			t Stat.					-1.92	
	SERVICES	Industrial Sector of Services	Coef.					0.30	
			t Stat.					1.11	
N				152		152		152	
Adj R-squared				0.2415		0.5054		0.6005	
Global Significance F Test				5.81	***	12.02	***	13.61	***
Diagnostic tests									
Heteroskedasticity (White test)				75.47	*	132.75	*	152.00	
Normality (Jarque-Bera test)				0.16		3.97		5.01	*
RESET (Ramsey test)				0.57		1.44		1.75	

Notes:
*p<0.10, **p<0.05, ***p<0.01
Robust Standard Errors

When it comes to governance dimensions, positive effects in provided jobs are explained by the firms having Latin American roots (being controlled from Latin America), with more members in their boards of directors and with the highest percentage of women in their board of directors. These variables are statistically significant at the traditional levels in all Models showing, for the Model 3, a 100% increase in jobs provided in family firms with local Latin control, 5% increase in the workforce for an additional member in the board of directors, and 1.37% more employees for each increase of 1% in the board diversity. The fact that the family firm is listed also explains an increase of 35% in the workforce employed.

Robustness Check

The robustness check of the main results of Model 6 in Table 8 is performed in two ways: firstly, we employ matching estimators using Propensity Score Weighting (PSW) to assess if corporate control still has a significant and positive effect on the amount of jobs provided; secondly, given the non-normality observed in residuals of the estimated regression we re-estimated Model 6 using quantile (median) regression (QR).

We employ matching estimators, which are widely used in non-experimental evaluation research, to estimate the average effect of a treatment or program intervention. The main idea of the matching methods is to compare the outcomes (here, the jobs provided) of program participants (here, family controlled firms) with those of matched nonparticipants (here, non-family firms), where matches are chosen on the basis of similarity in observed characteristics.

In doing so, the matching is performed through a Propensity Score Weighting (PSW). A propensity score is the conditional probability of assignment to a treatment condition given a set of observed covariates. A potential drawback of this approach is that a very large number of firms will be needed, especially in the control group. However, propensity scores can be used as weights in a linear model, as those reported in Table 8. The key of the PSW analysis is to create weights based on propensity scores and therefore, the main advantage of this approach is that all firms in the sample are used rather than only matched cases. Therefore the PSW analysis was performed for the 2SLS estimation reported in Model 6 (Table 8). The results of the PSW–2SLS estimation are reported in Model 7 in Table 8. Results show a positive and statistically significant effect of the family firm variable, workforce increases 56% if the firm is a family business. The control variables effects are also maintained.

OLS or 2SLS estimations (such as Model 1 to 6 in Table 8) may be affected by the presence of outliers. Therefore, we re-estimated Model 6 using a quantile regression which is more robust against outliers in the response measurements.[1] The QR estimations are reported in Model 8 in Table 8. Results show that the main effect of FB on jobs is maintained with a positive and significant coefficient that indicates that family business firms employ, on average, 33% more people that non family business companies.

DISCUSSION

This phenomenon-based research encountered many significant relationships between corporate control and jobs provided and also found interactions among corporate control, economic sectors and performance that describe family firms in ways not previously explored. It also finds evidence on the heterogeneity of family firms in

[1] This approach is preferred to using trimmed data as trimming reduces the sample size.

several dimensions regarding the jobs they provide. The key findings of this fact-based research are summarised in Table 10 and described in the paragraphs below.

Table 10: Key findings from Facts and their Connection to Specific Relevant Literature

	Evidence from Facts	Extant Theory		Findings/Insights
Relationship of corporate control and jobs provided	Family firms are found to provide, all other things equal and in average, 33% more jobs than nonfamily firms	Contribution to employment by family firms	Shanker & Astrachan,1996; Astrachan & Shanker, 2003; Bjuggren, 2011	Family control as explanatory variable for jobs provided
		Higher employment stability at family firms	Lee, 2006); Stavrou, et al., 2007; Block, 2010; Bjuggren, 2015	
		Family firms have a negative impact and deter social actions related to employees	Cruz, et al., 2014; Neckebrouck, et al. (2017)	Context may influence behaviour and relevance of different dimensions of employee related outcomes
		Inclination to social issues and employee related social performance	Gómez-Mejía, et al. , 2007; Berrone, et al., 2010; Van Gils, et al., 2014; Vazquez, 2016	Family controlled firms have a higher social performance in the dimension of provision of jobs (variable capturing an aspect of value created to employees)
		Missing variables for value created to employees	Cohen, et al., 2008; Yu, et al., 2012	
	Largest Latin American family firms are 40% (by number and sales) but provide 60% of the jobs	Lower contribution to employment than expected because of negative link between firm size and family firm prevalence	Zellweger, 2017	Large family controlled firms, and not only SMEs, are significant contributors to employment
Role played by the different economic sectors regarding corporate control and jobs provided	Family firms in manufacturing are older and employ larger workforces but do much worse regarding financial performance than their nonfamily business counterparts	Evidence of systematic lower efficiency and a significant tendency to overuse labour and capital for manufacturing family firms	Erbetta, et al., 2013	While family firms have higher longevity and provide more jobs across all industries, financial performance have large variation depending on the industrial sector
	Family firms prevail in retail and achieve better performance regarding ROE, longevity and jobs provided than nonfamily firms	Families convey firm-specific behaviours and resources that provide competitive advantages to particular industries with specific market requirements and are likely to retain control in such industries.	Villalonga & Amit, 2010; Breton-Miller & Miller, 2015	
Relationship between financial performance and jobs provided	Amount of jobs provided is not necessarily in contradiction with financial performance (sectors services and retail)	Goals of family firms may be better understood under an harmonisation rather than a trade-off logic	Vázquez & Rocha, 2016	Empirical support to an harmonisation of social concerns (jobs provided) and profitability by family firms
Heterogeneity among family controlled firms in regard to the jobs provided	Positive effects in jobs provided are explained by the firms with Latin American roots (being controlled from Latin America), with the largest boards of directors, and with the highest percentage of women in their board of directors	Calls signalising the importance of inquiring in regard to variations among family firms	Chrisman & Patel, 2012	Local roots and composition of the Board of Directors (women and number of members) explain most of the heterogeneity among family firms regarding jobs provided
	Presence of the founding generation in the Board of Directors and longevity do not explain jobs provided	Call for exploring the specific roles of longevity, organizational and family identity in determining CSR behaviour	Block & Wagner, 2014	Insight on the negligible role of some specific family firm variables on employee related CSP
	Listed family firms provide 35% more jobs than non-listed family firms	Family firms under the pressure of "public market conditions" (professionalization, accountability, etc.) have better financial performance than non-family firms	Anderson & Reeb, 2003; Martínez, et al., 2007	Listed family firms seem to perform better also in the social dimension of provision of jobs compared to non-listed family firms

The relationship of corporate control and jobs provided

This article finds empirical support on the relationship between family control and amount of jobs provided. Adding to evidence on contribution to employment by family firms (Shanker & Astrachan, 1996; Astrachan & Shanker, 2003; Bjuggren, et al., 2011) and on higher employment stability by family firms (Lee, 2006; Stavrou, et al., 2007; Block, 2010; Bjuggren, 2015), this study provides evidence regarding family control as explanatory variable for the provision of more jobs than nonfamily firms. This means that, other things equal, a family controlled firm will provide more jobs than a nonfamily firm. Some researchers argue that family firms may have lower contribution to employment than expected due to “the negative link between firm size and family firm prevalence” (Zellweger, 2017, p. 30). However, this research shows that, at least in the context of a developing economy of a region such as Latin America, the largest family firms contribute to employment to higher levels than the largest nonfamily firms.

While there may be some dimensions regarding employees where social performance by family firms is lower than their nonfamily business counterparts (Cruz, et al., 2014; Neckebrouck, et al., 2017), and following the call by Cohen, et al., (2008) and Yu, et al., (2012) regarding missing variables for value created to employees, this study interprets the provision of jobs as a dimension of value created to the stakeholder group of employees. It is argued that different dimensions of value created to employees may have different relevance and behave differently in different contexts. For example, the study by Cruz, et al. (2014), which examines listed European firms, and the paper by Neckebrouck, et al. (2017), that considers private Belgian companies, are both focused on the European context. Unemployment benefits generosity is relatively high in Europe compared to other regions, and specific countries such as Belgium have increased this generosity during the last years (Stovicek & Turrini, 2012). Therefore, in could be argued that these studies focus more on other dimensions of value created to employees than the provision of jobs by the firms. For the case of Latin America, where unemployment benefits are well below the European standard, and where job informality is high (Mazza, 2000; Ginneken, 2003; Bacchetta, et al., 2009; Datta, et al., 2012), the provision of a formal job represents an important source of value to workers as "the informal economy is characterized by less job security, lower incomes, an absence of access to a range of social benefits and fewer possibilities to participate in formal education and training programmes" (Bacchetta, et al., 2009, p. 9).

This article argues that the dimension of formal jobs provided represents an outcome of social performance (Wood, 1991; Mitnick, 2000; Van Buren III, 2005) where family firms perform better in line with studies supporting higher inclination towards social issues by this kind of organisation compared to nonfamily businesses (Gómez-Mejía, et al., 2007; Van Gils, et al., 2014; Vazquez, 2016). A possible interpretation of the different results found when examining other dimensions of value created to employees in Europe (Cruz, et al., 2014; Neckebrouck, et al., 2017) is that the institutional gap regarding formal employment and unemployment benefits encourage the role of the family controlled firm in the dimension of provision of formal jobs (Basco, 2015).

The role played by the different economic sectors regarding corporate control and jobs provided

Evidence regarding jobs provided by the different economic sectors indicates that family controlled firms provide more jobs related to sales and live longer across all analysed industries. However, there is a considerable heterogeneity when considering other performance dimensions. For example, in line with evidence on systematic lower efficiency and a significant tendency to overuse labour and capital (Erbetta, et al., 2013), family firms in the manufacturing sector do much worse than their nonfamily business counterparts when analysing short term financial performance. On the other hand, there seem to be sectors such as retail and services where family controlled firms perform much better across all studied dimensions, supporting the claim that family firms provide specific competitive advantages to particular industries and are likely to retain control in such industries (Villalonga & Amit, 2010). As theorised by Breton-Miller & Miller (2015), this could be an indication that retail and services have specific market conditions that benefit from the human capital, tacit knowledge, reputation, relationship and accumulated resources generated by the long-term orientation as well as the intimate connection among family members by family firms.

The relationship between financial performance and jobs provided

As briefly introduced in the previous paragraph, the relationship between financial performance and jobs provided is found to be heterogeneous across industries. For some industries, a positive differential in jobs provided and longevity by family firms is accompanied by an underperforming short term financial result compared to nonfamily firms, such as the case of manufacturing. However, there are cases such as services and retail where outperformance in one dimensions is not followed by underperformance in others. The evidence for the cases of the sectors of retail and services show that family controlled firms can produce better results than nonfamily businesses not only in jobs provided and longevity but also in short term financial performance. While a recent review on the goals of family firms found that most research has conceptualised the goals of the family firms as a binary dichotomy of conflicting categories (economic vs. non-economic or financial vs. nonfinancial) which interact mainly through trade-offs

(Vazquez & Rocha, 2016), the evidence that family firms can achieve social and long-term market goals as well as short-term financial goals, while outperforming their nonfamily benchmark, provides insight about cases and industries with conditions to enable or produce synergistic goal interactions.

The heterogeneity among family controlled firms in regard to the jobs provided

Examination about the heterogeneity among family firms has been proposed to be as relevant as the research on differences between family and nonfamily businesses (Chrisman & Patel, 2012). This study finds that, regarding to the amount of jobs they provide, family firms differ mainly in their governance dimensions. Positive effects in jobs provided are explained by control from Latin America, listing in the stock exchange, amount of members of the board of directors, and diversity of the boards of directors. Evidence suggests that that, when top decision making by the largest Latin American firms happen in the region, where family firms are listed, and where boards of directors are larger as well as have more women among their members, this has causal implications for the provision of more jobs. Conversely, the amount of jobs provided is negatively associated with family firms being controlled from another region and with smaller and less diverse boards. Addressing calls for exploring the specific roles of longevity as well as organisational and family identity in determining the social behaviour of family firms (Block & Wagner, 2014), this study finds no significant effect on jobs provided in relation to the age of the firm or the presence of the founding generation in the board of directors.

While studies have found higher financial performance by listed family controlled firms in comparison with listed nonfamily controlled companies in the USA (Anderson & Reeb, 2003) and in Chile (Martínez, et al., 2007; Bonilla, et al., 2010), evidence from

Latin America show that listed family firms also produce a higher social performance regarding provision of jobs. It seems that the pressure of "public market conditions" for family firms (professionalization, accountability, etc.) has not only effects on financial but also on social performance.

Relevance of family firms among the largest companies of Latin America

Additionally to the questions motivating this research, the finding that 40% of the largest companies of Latin America are family firms is in line with other studies showing significant participation of this kind of business in the world economy (Anderson & Reeb, 2003; Faccio & Lang, 2002; La Porta, et al., 1999; Neubauer & Lank, 1998). This study is, to my understanding, the first empirical test showing the participation of family firms among the largest companies in Latin America.

CONCLUSION

Following the warnings by Shaw & Gruber (2017), this study tried to get out of the "streetlight effect", a common observation or convenience related bias, through a fact-based research perspective (Hambrick, 2007) that resulted in various discoveries.

This research finds that corporate control is related to employment as family control explains a higher amount of jobs provided compared to nonfamily firms. The examination of industrial sectors in this regard shows that there are heterogeneous results across industries regarding jobs provided and other performance measures. It is also found that a higher social performance regarding jobs provided can be, in some cases, associated with higher financial performance, signalising the possibility of a synergistic interaction of the goals of the family firm. Moreover, evidence shows that family firms who provide more jobs are those companies that are locally governed, that are listed, and that have more members as well as more women in their boards of directors.

Addressing several research calls and gaps in the literature, this paper intends to provide several “new ways of seeing” (Shaw, et al., 2017) in regard to the issue of employment by: 1) approaching the setting of a scarcely researched emerging region such as the largest economies of Latin America, including public as well as private companies, 2) seeing jobs provided by a firm as a dimension of its employee-related social performance and not only a proxy of firm size, 3) examining jobs provided in connection to corporate control, 4) contrasting the social dimension of jobs provided with other dimensions of performance such as short-term financial result as well as longevity, and 5) linking individual and group characteristics of people who control a family firm with its effect in jobs provided.

While further empirical research and theorising is needed in order to progress regarding the discoveries of this study, some findings have preliminary implications.

For policy making and society at large in Latin America, where access to employment and informality of jobs are critical economic and human issues (Bacchetta, et al., 2009, p. 9; Datta, et al., 2012), a re-consideration of the social value of large family firms, and no only SMEs, could inform the opinion regarding family firms which are sometimes viewed only as business groups pursuing mostly political rent seeking and embarking in corruption (Lansberg & Perrow, 1991; Morck & Yeung, 2004). Political and social recognition of the social value of the large family business may encourage enterprising families to be involved, to control, and to remain in job-generating business activities.

For Latin American enterprising families, being aware of the fact that their type of control on their businesses leads to a higher contribution to employment and human development may incorporate another decision-making variable regarding future investments and divestments. Moreover, it may encourage them to explicitly prepare the future generations for being better harmonisers of financial and social performance in order to be better stewards of the family values and legacy.

The insight that individual and group characteristics, such as goals, can have a significant influence on several performance dimensions, such as provision of jobs, can contribute to stimulate further examination and "give management researchers an important voice in solving the world's pressing problems" (Shaw, et al., 2017, p. 398), such as economic and human development through provision of jobs.

Further Research Needs

Several of the findings and conclusions of this research allow pursuing further empirical and theoretical work.

First, while a positive explanatory relationship was found between family control and amount of jobs provided, this is just one dimension of social performance related to employees. As corporate social responsibility is a multidimensional concept (Block & Wagner, 2014), and this study centres only an one key variable of interest such as the size of the employed workforce, testing other variables related to employment such as wage levels and quality of employment can support our findings on employee related social performance. Empirical studies considering several dimensions may help to understand how these dimensions relate to each-other and other variables of interest such as short and long-term financial dimensions.

Second, more studies contextualising our theories about social performance in general and value created to specific stakeholder groups such as employees in particular, are considered as necessary. In line with Basco (2015) cross-regional comparisons are encouraged.

Third, the evidence on the considerable heterogeneity when considering short-term financial performance by family firms across industries is in line with previous inquiries regarding the relationship between family control and economic sectors (Villalonga & Amit, 2010; Erbetta, et al., 2013) and calls for deeper investigations. Moreover, more research on the existence or not of financial trade-offs related to the higher employee related social performance by family firms have been already signalized (Block & Wagner, 2014) and the evidence of different kind of combinations showing underperformance or outperformance by family firms in comparison to nonfamily businesses across different performance dimensions may be an expression of the type of goal integration by family firms that face a high goal diversity (Vazquez & Rocha, 2016). This may indicate that, at least in the Latin American context, there seem to be business activities whose performance dimensions are influenced by the type of control and the kind of interaction of diverse goals. Examining the opportunities and challenges of the type of control regarding specific industries, as well as investigating the underlying causes and “dual goals and mixed motives of owner-managers” explaining different kinds of performance were already recognised as fruitful research avenues (Gedajlovic, et al., 2012).

A fourth area of further research is related to the key role that specific factors play in determining the heterogeneity among family firms regarding the amount of jobs they provide. The firm-level factors of a having Latin American roots (being controlled from Latin America), being listed in the stock exchange, and having more members and more women in their board of directors, can be related to the organizational-identity rationale for why family firms display proactive stakeholder approach towards employees (Block, 2010; Zellweger, et al., 2013). Further investigations considering this theoretical perspective regarding the possible underlying explanations for a larger amount of jobs provided by a specific type of family firms are assessed as an interesting research direction.

Limitations

Certain limitations are identified in this work. While usual limitations of research on publicly listed companies (Block, 2010) and methodological calls for eliminating dual or reverse causality (Block & Wagner, 2014) were overcome by this paper through the validation and utilisation of a database including public as well as privately held companies and through the incorporation of an instrumental variable and robustness checks, longitudinal studies incorporating the effects among the variables over time could provide further support to its findings.

As our sample is restricted to the largest Latin American firms, the findings of this work cannot be directly extrapolated to small and medium size companies. While intuition indicates that the results of this paper in regard to ubiquity of family firms and provision of more jobs than nonfamily firms should be even higher for smaller companies, studies with relevant samples can help to test the present findings in a different setting. Also checking the findings of this research in other geographical contexts are encouraged.

Summarising, testing additional variables related to employment, incorporating longitudinal analysis and extending the research setting to other populations are also aspects that remain open to future researchers.

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CHAPTER 5: CONCLUSION

General Discussion of Results and Conceptual Integration

The research needs motivating this thesis lead to the integrative question “what are the goals of the family business and how do goals and ethics of family firms influence its social performance regarding provision of jobs?”, and to three more specific research questions.

The answer to the first research question “what are the goals of family business and how are they integrated?” is that goals are diverse as well as classified in binary categories, and that the majority of studies integrate the diverse goals based on a trade-off rather than on a synergistic perspective. Goal diversity is explained, in part, by the presence of the family as the main stakeholder and, thus, by the pursuit of non-financial goals by family firms, which is one of their most salient differential characteristic compared to non-family business (Zellweger, et al., 2013; Sharma, et al., 1997; Chrisman, et al., 2003C; Chrisman, et al., 2012; Chrisman, et al., 2009). In regard to the trade-off pattern of goal interaction it can be argued that it both emerge from and reinforce the binary classification of the goals of family firms. The answer to this question shows that the research agenda on goals of the family firm is based on a classification in binary categories and integration based on trade-off logic, that is, mutually exclusive and conflicting categories. This presence of conflicting assumptions echoes typical classifications and trade-offs in the management literature, such as the trade-offs between firm performance and social welfare (Margolis & Walsh, 2003) or between principal and agent (Jensen & Meckling, 1976).

The answer to the second research question “why and how do family firms differ from non-family firms in regard to business ethics?” is that family firms are considerably different to non-family firms regarding ethical issues mainly because the involvement of the owning family, the inclination to specific goals pursuing socioemotional wealth, and due to characteristic social interactions. These aspects converge in the informal formulation, communication, and enforcement of ethical dynamics characteristic of family firms and also influence ethical issues relevant to various stakeholders of the family business such as: the moral development of the family members, the ethical climate at the family firm, the moral development and ethical behavior of the firm's members, and the ethical considerations towards external stakeholders.

The response to the third question "what is the link between corporate control and provision of jobs in the Latin American context?" is that family control explains a higher amount of jobs provided compared to nonfamily firms and that this higher social performance can be also, in some cases, associated with higher financial performance. Moreover, family firms who provide more jobs are the ones that are locally governed, listed in the stock exchange, and have more women as well as more members in their boards of directors.

Each of the three free-standing papers separately approaches each of the broad questions described and also addresses specific questions and issues. However, they converge to some common concepts such as goal nature, goal recipient, goal interaction, goal formulation as well as performance, allowing the integration of the various findings, as displayed in Table B.

Findings of the free-standing papers, when integrated, show that goals of family firms were conceptualized as diverse and that this special kind of diversity has emphasis on socio-emotional elements which are not of a short-term financial nature. This inclination by the controlling families to a broader range of goals is one of the key reasons explaining a higher ethical inclination and differential ways of formulating, communicating and enforcing ethical dynamics.

Table B: Conceptual Integration of Findings

	Key Concepts				
	Goal Nature	**Goal Recipient**	**Goal Interaction**	**Goal Formulation**	**Performance**
Paper 1	Goals are diverse and classified in binary categories (e.g. Financial and SEW)	Focus of research on the family as the main stakeholder	Trade-off	Formal vs. Informal	Firm performance vs. Social welfare (conflicting assumptions resemble typical classifications and trade-off in the management literature)
Paper 2	SEW as one of the key reasons explaining differential business ethics	Family (particular stakeholder) as one of the key reasons explaining differential business ethics	Characteristic social interactions as one of the key reasons explaining differential business ethics	Importance of informal practices for ethical formulation, communication, and enforcement	Positive differential for family firms in contrast to nonfamily firms regarding business ethics
Paper 3		Other stakeholder groups than the family, such as employees, are differentially affected as goal recipients	Heterogeneous across sectors. Family firms in specific sectors may enable or produce synergistic goal interactions (achieving higher social, long-term survival and short-term financial goals)	Provision of more jobs associated to individual and institutional characteristics affecting decision making: locality, BoDs with more women as well as members, and listing in the stock exchange	Other things equal, large family firms provide more jobs and live longer than nonfamily firms. In specific industries, family firms also achieve higher short-term financial performance

While literature on goals of the family firm has been generally focused on the controlling family as key recipient or beneficiary of the outcomes of the business, research in the Latin American context finds that another stakeholder group, namely the employees, seems to benefit from more jobs provided by family firms. Especially in the context of an emerging economy such as Latin American, with scarce unemployment benefits and high job informality (what is associated to less job security, lower income, absence of access to social benefits and fewer possibilities to participate in formal training programmes), the provision of a formal job represents an important source of value to workers. Therefore, this research argues that the dimension of formal jobs provided represents an outcome of social performance (Wood, 1991; Mitnick, 2000; Van Buren III, 2005) where family firms perform better in line with studies supporting higher inclination towards social issues by this kind of organisation compared to nonfamily businesses (Gómez-Mejía, et al., 2007; Van Gils, et al., 2014; Vazquez, 2016).

It has been already mentioned that most literature conceives the goals of the family firm in a binary classification of conflicting categories which interact through a trade-off mechanism. However, the evidenced higher social performance on the dimension of provision of jobs by large family firms in Latin America in co-existence with higher longevity as well as higher short-term financial performance, at least for some industries, is an indication that synergistic goal interaction may occur more frequently than expected.

The provision of more jobs has been found to be associated to individual and institutional characteristics such as locality of the controlling family, more women and more members in the boards of directors, and listing in the stock exchange. It seems that institutional pressures, both by the stock market and by the fact of residing in Latin America, plus specific conformation of the boards of directors, affect how decisions regarding provision of jobs are made.

The summarised answer to the integrative question of this thesis, “what are the goals of the family business and how do goals and ethics of family firms influence its social performance regarding provision of jobs?”, is that goals are more diverse and contribute to higher ethical and social inclination. The higher provision of jobs by large family firms in the Latin American institutional context is interpreted to be influenced by the more diverse goals and by the higher ethical inclination of these family firms.

Contributions

This thesis contributes to the literature through the individual findings and insights of the three free-standing papers and also through integrating goals, ethics and social performance.

The contributions of the individual free-standing papers are summarised in Table C.

The contribution of the first paper, “On the Goals of Family Firms: a Review and Integration”, is threefold. First, it reviews and integrates the research on the goals of family firms over a 24-year period. Second, it provides a comprehensive table that identifies the key themes and findings on the goals of family firms based on 71 articles from peer-review journals. Third, it develops a consolidated framework to guide future family firm research on the goals of the family firms making explicit, investigating and extending the current dominant theoretical assumptions in the field.

The main contributions of the second paper, “Family Business Ethics: at the Crossroads of Business Ethics and Family Business” are also three. First, through the identification, analysis, and integration of the relevant articles, a thorough review of the key issues at the intersection of business ethics and family business is provided. Second, this paper organizes the main findings and discusses the distinctiveness of business ethics in the context of family firms, the scarcity of research on family business ethics so far, and how the particular aspects of the family business will influence ethical issues relevant to various stakeholders of the family business. Finally, this article highlights the relevance of family business ethics both for the fields of business ethics and family business, and suggests various avenues for further research.

Table C: Summary of Contributions of the Three Free-Standing Papers

Paper N°	1	2	3
Chapter	Two	Three	Four
Title	**On the Goals of Family Firms: a Review and Integration**	**Family Business Ethics: at the Crossroads of Business Ethics and Family Business**	**Corporate Control and Employment: Do Family Firms Provide More Jobs? Evidence from The Largest Latin American Firms**
Research Questions	What are the goals of family business and how are they integrated?	What is the status of the current research at the intersection of business ethics and family business? Why and how do family firms differ from non-family firms regarding business ethics? And, what are the key directions for further research?	What is the relationship between corporate control and jobs provided? What role do the different economic sectors play regarding corporate control and jobs provided? What is the relationship between financial performance and jobs provided? And, how do family controlled firms differ among themselves in regard to the jobs provided?
Contributions	1) Review and integration of the research on the goals of family firms over a 24-year period. 2) Comprehensive table that identifies the key themes and findings on the goals of family firms based on 71 articles from peer-review journals. 3) Development of a consolidated framework to guide future family firm research on the goals of the family firms making explicit, investigating and extending the current dominant theoretical assumptions in the field.	1) Identification, analysis, and integration of the relevant articles, and thorough review of the key issues at the intersection of business ethics and family business. 2) Organization of main findings and discussion on the distinctiveness of business ethics in the context of family firms, the scarcity of research on family business ethics so far, and how the particular aspects of the family business will influence ethical issues relevant to various stakeholders of the family business. 3) Highlight of the relevance of family business ethics both for the fields of business ethics and family business, and suggestion of various avenues for further research.	1) Overcoming past limitations by considering a multi country setting including private as well as public companies of a developing region. 2) Extension of the literature on the relationship between corporate control and employment. 3) Exploration of the relationship between social and financial performance and the heterogeneity among family firms. 4) Incorporation of Latin America to the existing literature on the ubiquity of family firms in the world economy.

In regard to the third paper, “Corporate Control and Employment: Do Family Firms Provide More Jobs? Evidence from The Largest Latin American Firms”, this study contributes in several ways to the current literature. First, it overcomes past limitations as it considers a multi country setting including private as well as public companies of a developing region such as Latin America. Second, it extends the literature on the relationship between corporate control and employment. Third, it contributes to the field of family business by exploring the relationship between social and financial performance and the heterogeneity among family firms. Last but not least, this research also contributes to incorporate the context of Latin America to the existing literature on the ubiquity of family firms in the world economy.

The overall contribution of this thesis is the integration of family business goals and family business ethics and the elaboration on insights regarding their influence on social performance dimensions such as the provision of jobs. Controlling families are inclined to a broader range of goals, with emphasis on goals which are not of a short-term financial nature. These special goal characteristics, plus particular social elements as well as specific kinds of relationships, are key reasons explaining a higher ethical inclination of family firms. Large family firms providing more jobs across all industries in such a specific institutional context such as Latin America, where having a formal job has a high implication with human development, provides insights on a possible higher social inclination in this dimension.

Conclusions of most research on the goals of family firms, mainly approached through the lens of the assumptions of agency theory and resulting in a binary classification of conflicting goals, may indicate that this higher social performance should come at the expense of lower performance on the financial side. However, the evidence of specific industrial sectors where family firms can achieve higher results in several and diverse performance dimensions, such as short term results, survivability, and provision of jobs, provides an insight about achievement of synergistic effects among short-term financial and long-term survival as well as social goals. Moreover, evidence from other industrial sectors where family firms achieve positive results, but underperform on the short-term financial performance dimension compared to nonfamily firms, may provide insights about harmonisation of goals rather than goal trade-offs. In these sectors where family firm underperform in the perspective of short term financial performance, they outperform in the long-term survival as well as social perspective of jobs provided. It could be argued that increased goal diversity and higher ethical inclination due to family control influences prioritisation of stakeholders. In the institutional context of Latin America, where unemployment and job informality are high and having a formal job has a critical influence on human development, this higher goal diversity and ethical inclination may converge in having provision of jobs as one of the key objectives of the family firm to be harmonised among other key goals.

Implications

Implications for Academia

This thesis makes three remarks specially targeted to scholars: making explicit, investigating and extending the theoretical assumptions that underlie current research on goals of the family firms. First, making explicit the core assumptions of the mainstream theories in family business research is a fruitful first step for developing new theories. By exposing such assumptions, Ghoshal (2005) argued, researchers would be better positioned to understand where main theories come from and how they accommodate their lenses to understand the phenomenon object of study. Second, investigating the assumptions of the dominant theory in family business research on goals contribute to understand whether it has been decontextualized and applied to phenomena different from those for which it was conceived for. The motivational and rational assumptions of agency theory are based on a partial view of human beings (self-interested and rational maximizer; cf. Jensen & Meckling, 1994) and organizations (publicly traded corporations; cf. Davis, 2016), which does not fully correspond to the nature and specificity of goals of family business. Third and finally, extending the motivational and rational assumptions of agency theory focussing on value creation as the unifying purpose that describe the nature of goals, and on harmonization, as the main goal interaction mechanism, create fruitful conditions for new theory building on the goals of family firms.

In regard to family business ethics, the development of research in this area is expected to contribute both to the field of business ethics and to that of family business, increasing the understanding of two phenomena as deeply connected as ethics and family, and its translation into business.

The insight that individual and group characteristics, such as goals, can have a significant influence on several performance dimensions, such as provision of jobs, can contribute to stimulate further examination and “give management researchers an important voice in solving the world’s pressing problems” (Shaw, et al., 2017, p. 398), such as economic and human development through provision of jobs.

When it comes to teaching, business schools are recommended to include this knowledge on the goals of family firms in their courses focused on family business. That is because particular goals, special ethical inclination, and specific social performance of the family firm should be well understood in order for professionalization strategies and implementations to consider these peculiarities in its designs, and also in order for managers to expand their understanding on the motivations and behaviors of family firms.

Implications for Practitioners

The present three-paper thesis allows that individuals and families owning a business, as well as non-family managers working in family firms, reflect on the nature of the family business goals, ethics and social performance. This thesis presents evidence that the utilization of different assumptions than maximization and self-interest can increase our understanding on the goals of the family firm, that ethics at family firms are distinctive, and that specific goals such as providing jobs are stronger in family firms and can be assumed to be as rational as the pursuit of profits. This evidence is expected to provide a more effective perspective for understanding and evaluating typical behaviors and decisions in the family business context.

For Latin American enterprising families, being aware of the fact that their type of control on their businesses leads to a higher contribution to employment and human development may incorporate another decision-making variable regarding future investments and divestments. Moreover, it may encourage them to explicitly prepare the future generations for being better harmonisers of financial and social performance in order to be better stewards of the family values and legacy.

Implications for Policy Making

The preliminary evidence presented in the third paper of this thesis in regard to the special inclination by family firms to provide more jobs adds to the current evidence on employment stability (Block, 2010) and better environmental performance (Berrone, et al., 2010) also by family firms. For policy making and society at large in Latin America, where access to employment and informality of jobs are critical economic and human issues (Bacchetta, et al., 2009, p. 9; Datta, et al., 2012), a re-consideration of the social value of large family firms, and no only SMEs, could inform the opinion regarding these firms which are sometimes viewed only as business groups pursuing mostly political rent seeking and embarking in corruption (Lansberg & Perrow, 1991; Morck & Yeung, 2004). Political and social recognition of the social value of the large family business may encourage enterprising families to be involved, to control, and to remain in job-generating business activities.

Further Research

Given that research on goals of family business is a cornerstone to both create new theories of family business (Chrisman, Chua, and Steier, 2003A; Debicki et al. 2009; Chrisman, et al., 2012) as well as to understand the behaviour and performance of family firms (Chrisman, et al., 2012, p. 268), and that its particular goals are a key reason behind differential business ethics and social performance compared to nonfamily firms, it is important to investigate how to move beyond the current bipolar type of thinking to foster theoretical progress. Moreover, besides the goals of family firms, its related family business ethics and social performance are also areas requiring further research.

The further research areas encouraged by the individual free-standing papers are summarised in Table D.

Table D: Summary of Further Research Encouraged by the Three Free-Standing Papers

Paper N°	1	2	3
Chapter	Two	Three	Four
Title	**On the Goals of Family Firms: a Review and Integration**	**Family Business Ethics: at the Crossroads of Business Ethics and Family Business**	**Corporate Control and Employment: Do Family Firms Provide More Jobs? Evidence from The Largest Latin American Firms**
Research Questions	What are the goals of family business and how are they integrated?	What is the status of the current research at the intersection of business ethics and family business? Why and how do family firms differ from non-family firms regarding business ethics? And, what are the key directions for further research?	What is the relationship between corporate control and jobs provided? What role do the different economic sectors play regarding corporate control and jobs provided? What is the relationship between financial performance and jobs provided? And, how do family controlled firms differ among themselves in regard to the jobs provided?
Key Avenues for Further Research suggested	To make explicit, investigate and extend the theoretical assumptions (motivational and rational), that underlie current research on goals of the family firms. a) At the motivational level, we propose focusing on the unifying concept of value creation. b) At the rational level, we propose moving beyond the instrumental rationality logic that leads to maximization and trade-off dynamics and embracing a practical rationality logic that leads to a harmonization dynamic.	1) Family ethics dynamics, family driven ethical dilemmas, and business ethical challenges. 2) Transfer mechanisms of family ethics to the business. 3) Family business ethical climate and behaviour. 4) External stakeholders and family business ethics.	1) Testing other variables related to employment . 2) More studies contextualising our theories and cross-regional comparisons. 3) Explaining different kinds of performance of family firms regarding specific industries and underlying goals . 4) Key role that specific factors play in determining the heterogeneity among family firms regarding the amount of jobs they provide.

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