



universität
wien

DISSERTATION

Titel der Dissertation

„What makes a family business strong enough to manage
conflicts?

Conflict dynamics and family resources at the intersection
of the family business system“

Verfasserin

Mag. Lavinia Nose

angestrebter akademischer Grad

Doktorin der Philosophie (Dr. phil.)

Wien, 2014

Studienkennzahl lt. Studienblatt:

A 784 298

Dissertationsgebiet lt. Studienblatt:

Psychologie

Betreuerin / Betreuer:

Univ.-Prof. Dr. Christian Korunka, Univ.-Prof. Dr. Hermann Frank

Table of contents

Introduction	6
Different types of conflicts and their effects on the family business	8
The influence of positive family climate on relationship conflict and the business	11
Work-family conflict: When demands in the systems cannot be reconciled	13
Discussion of the Dissertation.....	15
Conclusion.....	16
References	17
Reprint of the articles of the dissertation	22
Article 1	22
Article 2	48
Article 3	89
Appendix	123
Abstract in German	123
Curriculum Vitae	125
Publications and Presentations.....	126

Abstract

Conflict research related to family firms and the dynamic processes such as utilization of family resources that could reduce those conflicts is in an early stage of development. To fill this gap, this dissertation examined processes at the intersection of family and business system. Specifically, the empirical investigation includes (1) the effects of conflicts on family business outcomes and the role of family resources on that conflict-business relationship, and (2) the decreasing effect of family resources such as family climate and satisfaction on the negative effect of work-family conflict on the family business. Based on a literature review and an empirical quantitative study that is representative for Austrian family businesses, this dissertation demonstrates that the family system is a valuable resource for the family business. Using a system based theory that undergirds the study system immanent dynamic processes could be explained and examined. In sum, interactions of family members cause conflicts that can have effects on the business but the way family members manage those conflicts and the strength of resources they develop helps them and the business to be healthy and successful over time.

Introduction

A basic form of human organizations is a family firm. For thousands of years children have worked with their parents, brothers or sisters and men and women have married into families and taken on roles in those families and businesses. Family business relationships are the norm, not an oddity (Kaye, 2005). One of the greatest concerns of family businesses is conflict and its effect on the sustainability of the firm (Cosier & Harvey, 1998; Danes & Olson, 2003). There exists a paradox within family businesses concerning conflicts: families with a climate that tolerates a healthy amount of conflicts that allows individuals to express themselves as well as establish their identities can be beneficial for the family business (Busby, 1977); too much or destructive conflict can detract from daily business and impact the family climate in a negative way.

The complexity of family businesses emanates from the overlap of the family and the business system; two different systems with contrary logic and rules. Family members are constantly and simultaneously part of both systems. When they are in the firm, they are doing their job as employees or owners of the business but, at the same time, they discuss family topics or continue with the fight they started in the morning at the breakfast table. To separate both systems is almost impossible; but is it necessary?

According to previous studies, the interconnection of the systems produces great tensions because of “simultaneous roles” (Tagiuri & Davis, 1996), and role-carryover (Sorenson, 1999) that leads to cross-role communication (Lundberg, 1994). The overlap of the family and the business system creates conflicts that hinder the well functioning of family members (Kaye, 1991). Danes, Rueter, Kwon, and Doherty (2002) argue that conflict is inevitable whenever the boundaries between family and business are not clear. Nonetheless, evidence for positive and mutual enrichment of both systems because of the interconnection can be found (see Eddleston & Kellermanns, 2007; Kellermanns & Eddleston, 2004; Lubatkin, Schulze, Ling, & Dino, 2005; Schulze, Lubatkin, & Dino, 2003).

The interaction of family members in the family and business system creates unique dynamics and processes. Dynamics can be explained as processes during times of stability and times of change. Those processes include interpersonal transactions and resource transactions between the family and the business system (Danes & Brewton, 2012). The main constructs examined in the studies of this dissertation such as conflict and utilization of family resources (e.g., family climate and satisfaction) are dynamic processes based on family interactions that occur at the intersection of family and business systems.

There is a lack of research dealing with processes emanating from interactions of family members. Shelton, Danes, and Eisenman (2008) call for further research to focus on the dynamics in family businesses such as conflicts or decision making in times of stability and times of disruption. Based on that call for further research about dynamic processes in family businesses and the call to extend general previous studies about conflict behavior and conflict management, this dissertation aims to answer the following research question: *What is that dynamic between conflict and family resources at the intersection of family business systems that affects business outcomes?*

Previous research discusses different types of conflicts such as relationship conflict that affect the family business negatively (Eddleston & Kellermanns, 2007; Eddleston, Otondo, & Kellermanns, 2008; von Schlippe & Kellermanns, 2008), task and process conflict that could benefit the firm (Kellermanns & Eddleston, 2004, 2007) and work-family conflict that has different negative effects on the family and the business (Carlson & Kacmar, 2000; Karofsky et al., 2001; Shelton, 2006; Smyrnios et al., 2003). Based on this variety, this dissertation focuses on those conflicts that negatively affect the business and examines how family system resources such as family climate can buffer those effects. Thus, this dissertation further aims to answer two sub-research questions which guided Article 2 and Article 3 (for an overview see Table 1):

Research question of Article 2: What are the effects of relationship conflict on family firms and the role of positive family climate on that conflict-business relation?

Research question of Article 3: Are there family system resources and achievements that support family business members when they suffer from work-family conflict?

Table 1

Overview of articles comprising the dissertation

	Research question	Method	Contribution/Findings
(1) Frank, H., Kessler, A., Nosé, L., & Suchy, D. (2011). Conflicts in family firms: State of the art and perspectives for future research. <i>Journal of Family Business Management</i> , 1(2), 130-153. doi: 10.1108/20436231111167219	1) Which definable content areas can be identified in family firms as regards conflicts? 2) What results have been presented and which methods were used in generating them? 3) Which options do these results leave for future research?	Literature review of 20 years (1990-2010) including a 2-step selection process and an abstract-analysis	It could be detected that not just individual but collective interests and values are influencing family firms. Furthermore, the analyzed articles show that relationship conflicts have to be taken into account, whereas task and process conflict should not be examined isolated but in a specific context.
(2) Nosé, L., Korunka, C., Frank, H., & Danes, S. M. (in press). Decreasing the effects of relationship conflict on family businesses: The moderating role of family climate. <i>Journal of Family Issues</i> .	What are the effects of relationship conflict on family firms and the role of positive family climate on that conflict-business relation?	Hierarchical multiple regression analyses DV: Business outcomes (firm performance, firm satisfaction) IV: Relationship conflict Mo: Family climate	Relationship conflicts affects family business outcomes negatively. Positive family climate has a positive direct effect on business outcomes. Further, it diminishes the negative effects of relationship conflicts on business outcomes
(3) Nosé, L., Danes, S. M., Korunka, C., & Frank, H. (submitted). How to avoid negative effects of work-family conflict on family firm performance? Positive family climate and firm satisfaction can help.	Are there family system resources and achievements that support family business members when they suffer from work-family conflict?	Moderated mediation regression analysis DV: Firm performance IV: Work-family conflict Mo: Family climate Me: Firm satisfaction	Work-family conflict has a negative effect on firm performance. Family climate moderates the conflict-satisfaction relationship. The moderated mediation shows that work-family conflict is not affecting the business anymore, when positive family climate and firm satisfaction are high.

Note. DV = Dependent variable, IV = Independent variable, Mo = Moderator, Me = Mediator

Different types of conflicts and their effects on the family business

In the family business literature, there is much concern about conflict in family businesses but relatively little empirical work surrounding this critical topic (Danes, Zuiker, Kean, & Arbuthnot, 1999; Frank, Kessler, Nosé, & Suchy, 2011). Although conflict can hurt a family and influence the performance of a closely held family business, it can also create opportunities. Constructive conflict can drive the firm toward its goals, whereas unaddressed

conflict can mire the system (Ward, 1997). Jehn (1997) distinguishes three types of conflicts that have different influences on performance. Task conflict (verbal disagreements and struggle for the best solution regarding goals and strategies) and process conflict (verbal disagreements about how goals are to be achieved) are the so called cognitive conflicts. Both may foster organizational learning and developing processes through struggling for the best solution (De Dreu & Weingart, 2003).

The third type of conflict is called relationship conflict and has a detrimental effect on performance and satisfaction (Jehn, 1997; von Schlippe & Kellermanns, 2008). It is connected with anger and negative emotions that are commonly associated with a detrimental effect because it decreases goodwill and mutual understanding (Deutsch, 1976). Relationship conflict goes hand in hand with affective components like displeasure, irritation and frustration, which make the completion of organizational tasks much more complicated (Jehn, 1997; Jehn & Mannix, 2001)..

The first article of this dissertation provides a literature review of company-related conflicts between family members working in their family business. It introduces the above mentioned conflict types differentiated by Jehn, Northcraft, and Neale (1999). It tries to answer three research questions that are: (1) which definable content areas can be identified in family firms as regards conflicts? (2) what results have been presented and which methods were used in generating them? And (3) which options do these results leave for future research? The literature review covers a research period of twenty years (1990 – 2010). After a two-step selection process, ten articles published in six journals remained. Using an abstract-analysis, articles could be categorized in three main topical clusters: (a) causes for conflicts in family firms, (b) effects of conflicts in family firms, and (c) management of conflicts in family firms.

It was indicated that the positive effect of task and process conflict on performance mentioned above could not be confirmed yet. However, taking moderator variables into

account to provide more clarity regarding the effects of firm performance was suggested. Furthermore, it was detected that not just individual, but collective interests and values were influencing family firms. Thus, the focus on only causes and effects of conflict is not leading to a satisfying competence of solution for practical use. To take family resources into account would add some new perspectives. Thus, from this point of view, the conclusion was made that this is definitely an under-researched area. To refer to the first two research questions, it indicated that the three clusters presented have been the main research areas in the last twenty years of conflict research in family businesses. Empirical quantitative and qualitative analyses showed that particularly relationship conflict was a sensitive area that has to be taken into account, whereas task and process conflict should be examined in a specific context.

The answer to the third research question presents a list of future research projects and three perspectives regarding (1) the measures to increase reliability and validity of conflict studies (replications), (2) additional qualitative research of conflicts in family firms to focus on content, conflict logic and dynamics that quantitative studies can hardly capture; and (3) emphasizing the theoretical anchoring of conflict research. In this context a systems-theoretical perspective could make use of the achievement potential of this theory and strengthen the theoretical anchoring of conflict research.

In sum, although the topic of conflicts in family businesses has been discussed for several decades (Levinson, 1971), the literature review shows that conflict research related to family firms is still in an early stage of development. The assumption and also conclusion that family firms are per se conflict-laden organizations cannot be supported by this literature review. Thus, the authors proposed that not only the frequency and the type of conflict are important to examine, but even more the conflict potential of family firms should be focused on.

The influence of positive family climate on relationship conflict and the business

Relationship conflict is one of the greatest tension producers in family businesses. As mentioned before, relationship conflict is a form of interpersonal conflict that emanates from emotions such as anger, rage, and resentment (Jehn et al., 1999). In family businesses where the family and the business system are inextricably linked (Danes & Olson, 2003; Stafford, Duncan, Danes, & Winter, 1999) the potential for emotional conflicts is high (von Schlippe & Kellermanns, 2008). Danes and Olson (2003) found that when more than one member of the family is involved in the business, tension over business issues increases.

Family business conflicts often have significant features that do not fit the prevailing dispute/resolution models (Kaye, 1991). Conflicts within groups of related or mutually dependent people are fundamentally different from conflicts between unrelated parties. A fundamental distinction has to be made between all types of conflicts within groups that are not related to each other and groups with a long-term relationship. However, most of the conflict resolution models focus on conflicts of clearly unrelated parties. Thus, those models are inadequate for understanding conflicts among families working together in their company (Kaye, 1991).

This lack of models to explain conflict dynamics in family firms point out the importance of theories that guide the research and that describe the systems, their interplay and their dynamics which cannot be measured in those models. A theory that enhances the understanding of the dynamics and integration of the family in the business setting is the Sustainable Family Business Theory (SFBT). It is a comprehensive general systems theory that gives equal recognition to the family and the business systems and that emphasizes processes (Stafford et al., 1999). SFBT focuses on firm sustainability that is a function of both firm success and family functioning, and incorporates the exchange of resources across systems (Danes & Brewton, 2012).

The theory postulates that the use of resource patterns during stable times creates resilience capacity for challenges during times of planned change or unexpected internal or external disruptions (Danes & Brewton, 2012). Conflicts are a form of disruption that can evolve from the family or the business system and can have major impacts on either system. Business disruptions such as relationship conflict can require firm and family to pool resources to sustain the family business (Stafford et al., 1999). Thus, the overlap of both systems, the connection of system-immanent resources bares high capability to create strong bonds that endure those conflicts and create resilience (Danes, Leichentritt, Metz, & Huddleston-Casas, 2000).

Family climate is a family system resource. Björnberg and Nicholson (2007) characterize family climate as the functioning of a family: their way of communication, decision making and how adaptable and cohesive they are. In regard to the SFBT, family climate can be described as a family resource that creates a stock of resilience capacity or otherwise, if family climate is weak and a strain, a state of vulnerability. Thus, family climate is a collective attribute that is based in the family system and adapted for use in the family business because of the overlap of both systems.

Due to positive family climate, conflicts can be openly expressed and carefully considered because of the trustful and respectful climate. A healthy way of conflict management can be established and relationship conflict can be managed before it escalates (Nosé, Korunka, Frank, & Suchy, 2013). Not having the opportunity to discuss and make decisions about issues in the family firm can intensify relationship conflict. Speaking openly about difficulties or problems people have with each other may reduce the detrimental effect of conflict (Stewart & Danes, 2001).

The second article of this dissertation is based on these propositions (Nosé, Korunka, Frank, & Danes, in press). It expands previous literature by examining the negative effects of relationship conflict on the firm. Further, it is the first study to our knowledge that examines

family climate and its direct and indirect effects (by reducing relationship conflict) on the family business outcome. In a two-wave procedure, we obtained cross-sectional self-reported data from a nationally representative sample of 392 Austrian family businesses.

The results we achieved from hierarchical multiple regression analyses showed that relationship conflict has a strong negative impact on business outcomes. Furthermore, data displayed that family climate increases business outcomes and is able to reduce the negative effect of relationship conflict on the firm. Based on SFBT, this study contributes to the proposition that family and business systems are interconnected and resources from both systems are shared and used simultaneously.

Work-family conflict: When demands in the systems cannot be reconciled

Work-family conflict is defined as a form of inter-role conflict arising because of mutually incompatible demands, emanating from the family and/or business system (Greenhaus & Beutell, 1985). Managing work-family conflict is likely to be an important issue for family businesses because of the strong connection of family and business systems; what affects the family system also affects the business system and vice versa. It includes issues that surface at the intersection of the family and business system (Boles, 1996). Furthermore, researchers have argued that difficulty in managing work-family conflict negatively influences business performance (Karofsky et al., 2001; Shelton et al., 2008; Smyrnios et al., 2003). Challenges in managing demands from either system can hinder firm performance by reducing the well being and health of the business owner (Allen et al 2000, Shelton, 2006), and by requiring time and resources that could be invested in the business.

The negative effect of work-family conflict on firm performance is the main focus in the third article. The purpose is to empirically examine resources of the family system that reduce the negative effect of work-family conflict. According to Cooper and Artz (1995) several variables influence the relationship between work-family conflict and firm

performance. One of those is positive family climate; family climate is a family system resource that reduces relationship conflict according to the results of Study 2 (Nosé et al., in press). A well-functioning family with a positive family climate acts flexibly to change, is cohesive, and exchanges information (Björnberg & Nicholson, 2007). This fosters binding and involvement within the family system and develops a feeling of well-being and satisfaction (Sekaran, 1989). Due to the interconnection of family and business system, family members take their resources into the business system which increases the potential for satisfaction of family members working in the business (Adams, King, & King, 1996).

In regard to SFBT, which is the theoretical underpinning in Article 3, how family members work together in times of stability is thought of as standard operating procedures (Werbel & Danes, 2010). In times of disruption and change, those procedures need to be reconstructed to manage an increase of demands and to stabilize the situation. All family and business resources are bundled and utilized in this process of reconstruction (Danes & Brewton, 2012). This could lead to a mismatch of demands and resources between both systems that according to the main proposition of SFBT creates work-family conflict.

The results of Article 3 of this dissertation achieved from a moderated-mediation analysis highlight the influence of the family on the business. Work-family conflict changes how family members work in their business and what they are able to contribute to its success. A family business member who is satisfied with one's business has more resources at one's disposal and functions better in the company. Therefore, it is very important for family businesses to develop a positive family climate that helps to create resources of support and trust for times of change and disruptions. A well-functioning family system is able to develop strong processes of mutual support and understanding to use for times of change and disruption. In sum, the study demonstrates that family members, when suffering from work-family conflict, can utilize the resources of a healthy-functioning family system to keep

energy up so that they can function well in the business during times of change and disruption.

Discussion of the Dissertation

Family businesses present a unique culture; the two systems of family and business are closely linked (Olson et al., 2003). System immanent patterns of communication and interaction are unconsciously transferred between both systems (Hollander & Bukowitz, 2002). In family businesses, these patterns can easily develop a special dynamic because family members know each other very well. Those dynamic processes can be found in conflict patterns and in the interaction of family members.

What are the effects of relationship conflict on family firms and the role of positive family climate on that conflict-business relation? was the research question of the second article of this dissertation. Generally, regarding the results, it was shown that relationship conflict has a harmful effect on business outcomes. However, that diminishing effect can be buffered by a positive and strong family climate that itself also has a positive effect on business outcomes. The study highlights the transfer of family system inherent resources, like positive family climate, into the business system. Thus, the family supports the business with a variety of resources and improves firm satisfaction and firm performance. Through the access and use of the family's resilience capacity, epitomized by positive family functioning, a positive and supportive family climate can be developed that enables family members to work effectively on business tasks.

The research question that the third article aimed to answer was: *Are there family system resources and achievements that support family business members when they suffer from work-family conflict?* Generally, study results demonstrated that family members, when suffering from work-family conflict can utilize the resources of a healthy-functioning family system to keep their energy level up so that they can function well in the business during

times of change and disruption. Further, work-family conflict changes how family members work in their business and what they are able to contribute to its success. A well-functioning family system is able to develop strong dynamic processes of mutual support and understanding to use for times of change and disruption.

Conclusion

In conclusion and to answer the main research question of this dissertation *what is the dynamic between conflict and family resources that affects business outcomes*, it is important to be aware of the differences of both systems. They are like two countries with different languages, cultures and rules. Family members are living and operating in both systems. Dynamic processes in family firms are based on interactions between family members. Different types of dynamic processes can be found in this dissertation that affect both systems simultaneously because of permeable boundaries and transactional processes between those systems.

Relationship conflict and family climate are such dynamic processes that have strong effects on the system. Due to the overlap of family and business system, demands can evolve that need to be addressed. All system resources are bundled and utilized in that process of reconstruction. However, if those demands are contradicting and cannot be addressed properly, they harm the business and the family. Business performance gets diminished and motivation, well-being and satisfaction of family business members get reduced. Thus, to focus on the dynamic processes of the family and to be aware of the strength family resources provide for the company helps the business to be healthy and successful over time.

References

- Adams, G. A., King, L. A., & King, D. W. (1996). Relationships of job and family involvement, family social support, and work-family conflict with job and life satisfaction. *Journal of Applied Psychology*, 81(4), 411-420.
- Björnberg, A., & Nicholson, N. (2007). The family climate scales. Development of a new measure for use in family business research. *Family Business Review*, 20(3), 229-246.
- Boles, J. S. (1996). Influences of work-family conflict on job satisfaction, life satisfaction and quitting intentions among business owners: The case of family-operated businesses. *Family Business Review*, 9(1), 61-74. doi: 10.1111/j.1741-6248.1996.00061.x
- Busby, B. (1977). The contribution of conflict analysis to home management theory. *Journal of Consumer Studies & Home Economics*, 1(4), 289-297. doi: 10.1111/j.1470-6431.1977.tb00222.x
- Carlson, D. S., & Kacmar, K. M. (2000). Work-family conflict in the organization: Do life role values make a difference? *Journal of Management*, 26(5), 1031-1054. doi: 10.1177/014920630002600502
- Cooper, A. C., & Artz, K. W. (1995). Determinants of satisfaction for entrepreneurs. *Journal of Business Venturing*, 10(6), 439-457. doi: 10.1016/0883-9026(95)00083-K
- Cosier, R. A., & Harvey, M. (1998). The Hidden Strengths in Family Business: Functional Conflict. *Family Business Review*, 11(1), 75-79.
- Danes, S. M., & Brewton, K. E. (2012). Follow the capital: Benefits of tracking family capital across family and business systems. In A. L. Carsrud & M. Brännback (Eds.), *Understanding family businesses: Undiscovered approaches, unique perspectives, and neglected topics* (pp. 227-250). New York: Springer.
- Danes, S. M., Leichentritt, R. D., Metz, M. E., & Huddleston-Casas, C. (2000). Effects of conflict styles and conflict severity on quality of life of men and women in family businesses. *Journal of Family and Economic Issues*, 21(3), 259-286.
- Danes, S. M., & Olson, P. D. (2003). Women's role involvement in family businesses, business tensions, and business success. *Family Business Review*, 16(1), 53-68. doi: 10.1111/j.1741-6248.2003.00053.x
- Danes, S. M., Rueter, M. A., Kwon, H.-K., & Doherty, W. (2002). Family FIRO Model: An application to family business. *Family Business Review*, 15(1), 31-43.
- Danes, S. M., Zuiker, V. S., Kean, R., & Arbuthnot, J. (1999). Predictors of family business tensions and goal achievement. *Family Business Review*, 12(3), 241-252.

- De Dreu, C. K. W., & Weingart, L. R. (2003). Task versus relationship conflict, team performance, and team member satisfaction: A meta-analysis. *Journal of Applied Psychology*, 88(4), 741-749. doi: 10.1037/0021-9010.88.4.741
- Deutsch, M. (1976). *Konfliktregelung*. München: Ernst Reinhardt Verlag.
- Eddleston, K. A., & Kellermanns, F. W. (2007). Destructive and productive family relationships: A stewardship theory perspective. *Journal of Business Venturing*, 22(4), 545-565. doi: 10.1016/j.jbusvent.2006.06.004
- Eddleston, K. A., Otondo, R., & Kellermanns, F. W. (2008). Conflict, participative decision-making, and generational ownership dispersion: A multilevel analysis. *Journal of Small Business Management*, 46(3), 456-484.
- Frank, H., Kessler, A., Nosé, L., & Suchy, D. (2011). Conflicts in family firms: State of the art and perspectives for future research. *Journal of Family Business Management*, 1(2), 130-153. doi: 10.1108/20436231111167219
- Greenhaus, J. H., & Beutell, N. J. (1985). Sources of conflict between work and family roles. *Academy of Management Review*, 10(1), 76-88.
- Hollander, B. S., & Bukowitz, W. R. (Eds.). (2002). *Women, family culture and family business*. Marietta, GA: Business Resources.
- Jehn, K. A. (1997). A qualitative analysis of conflict types and dimensions in organizational groups. *Administrative Science Quarterly*, 42(3), 530-557.
- Jehn, K. A., & Mannix, E. A. (2001). The dynamic nature of conflict: A longitudinal study of intragroup conflict and group performance. *The Academy of Management Journal*, 44(2), 238-251.
- Jehn, K. A., Northcraft, G. B., & Neale, M. A. (1999). Why differences make a difference: A field study of diversity, conflict, and performance in workgroups. *Administrative Science Quarterly*, 44(4), 741-763.
- Karofsky, P., Millen, R., Yilmaz, M. R., Smyrnios, K. X., Tanewski, G. A., & Romano, C. A. (2001). Work-family conflict and emotional well-being in American family businesses. *Family Business Review*, 14(4), 313-324. doi: 10.1111/j.1741-6248.2001.00313.x
- Kaye, K. (1991). Penetrating the cycle of sustained conflict. *Family Business Review*, 4(1), 21-44. doi: 10.1111/j.1741-6248.1991.00021.x
- Kaye, K. (2005). *The dynamics of family business: Building trust and resolving conflicts*. Lincoln: iUniverse.

- Kellermanns, F. W., & Eddleston, K. A. (2004). Feuding families: When conflict does a family firm good. *Entrepreneurship Theory and Practice*, 28(3), 209-228.
- Kellermanns, F. W., & Eddleston, K. A. (2007). A family perspective on when conflict benefits family firm performance. *Journal of Business Research*, 60(10), 1048-1057. doi: 10.1016/j.jbusres.2006.12.018
- Levinson, H. (1971). Conflicts that plague family businesses. *Harvard Business Review*, 49(1), 90-98.
- Lubatkin, M. H., Schulze, W. S., Ling, Y., & Dino, R. N. (2005). The effects of parental altruism on the governance of family-managed firms. *Journal of Organizational Behavior*, 26(3), 313-330. doi: 10.1002/job.307
- Lundberg, C. C. (1994). Unraveling communications among family members. *Family Business Review*, 7(1), 39-37. doi: 10.1111/j.1741-6248.1994.00029.x
- Nosé, L., Korunka, C., Frank, H., & Danes, S. M. (in press). Decreasing the effects of relationship conflict on family businesses: The moderating role of family climate. *Journal of Family Issues*.
- Nosé, L., Korunka, C., Frank, H., & Suchy, D. (2013). Familienklima und Konflikte in Familienunternehmen: Eine empirische Analyse ihrer Erfolgswirkungen. *Zeitschrift für KMU und Entrepreneurship*, 61(1./2.), 55-82.
- Olson, P. D., Zuiker, V. S., Danes, S. M., Stafford, K., Heck, R. K. Z., & Duncan, K. A. (2003). The impact of the family and the business on family business sustainability. *Journal of Business Venturing*, 18(5), 639-666.
- Schulze, W. S., Lubatkin, M. H., & Dino, R. N. (2003). Toward a theory of agency and altruism in family firms. *Journal of Business Venturing*, 18(4), 473-490.
- Sekaran, U. (1989). Paths to the job satisfaction of bank employees. *Journal of Organizational Behavior*, 10, 347-359.
- Shelton, L. M. (2006). Female entrepreneurs, work-family conflict, and venture performance: New insights into the work-family interface. *Journal of Small Business Management*, 44(2), 285.
- Shelton, L. M., Danes, S. M., & Eisenman, M. (2008). Role demands, difficulty in managing work-family conflict, and minority entrepreneurs. *Journal of Developmental Entrepreneurship*, 13(3), 315-342. doi: 10.1142/S1084946708000983
- Smyrnios, K. X., Romano, C. A., Tanewski, G. A., Karofsky, P. I., Millen, R., & Yilmaz, M. R. (2003). Work-family conflict: A study of American and Australian family

- businesses. *Family Business Review*, 16(1), 35-51. doi: 10.1111/j.1741-6248.2003.00035.x
- Sorenson, R. L. (1999). Conflict Management Strategies Used by Successful Family Businesses. *Family Business Review*, 12(4), 325-339. doi: 10.1111/j.1741-6248.1999.00325.x
- Stafford, K., Duncan, K. A., Danes, S. M., & Winter, M. (1999). A research model of sustainable family businesses. *Family Business Review*, 12(3), 197-208. doi: 10.1111/j.1741-6248.1999.00197.x
- Stewart, C. C., & Danes, S. M. (2001). Inclusion and control in resort family businesses: A developmental approach to conflict. *Journal of Family and Economic Issues*, 22(3), 293-320.
- Tagiuri, R., & Davis, J. A. (1996). Bivalent attributes of the family firm. *Family Business Review*, 9(2), 199-208.
- von Schlippe, A., & Kellermanns, F. W. (2008). Emotionale Konflikte in Familienunternehmen. *Zeitschrift für KMU und Entrepreneurship*, 56(1/2), 40-58.
- Ward, J. L. (1997). *Keeping the family business healthy: How to plan for continuing growth, profitability, and family leadership*. Marietta, GA: Business Owner Resources.
- Werbel, J. D., & Danes, S. M. (2010). Work family conflict in new business ventures: The moderating effects of spousal commitment to the new business venture. *Journal of Small Business Management*, 48(3), 421-440.

Reprint of the articles of the dissertation

Article 1

Frank, H., Kessler, A., Nosé, L., & Suchy, D. (2011). Conflicts in family firms: State of the art and perspectives for future research. *Journal of Family Business Management*, 1(2), 130-153. doi: 10.1108/20436231111167219



Conflicts in family firms: state of the art and perspectives for future research

Hermann Frank

*Research Institute for Family Business,
WU Vienna University of Economics and Business, Vienna, Austria*

Alexander Kessler

*Institute for Management and Entrepreneurship,
FH Wien University of Applied Sciences of WKW, Vienna, Austria, and*

Lavinia Nosé and Daniela Suchy

*Research Institute for Family Business,
WU Vienna University of Economics and Business, Vienna, Austria*

Abstract

Purpose – The aim of the paper is to provide a systematic overview of the literature dealing with business-related conflicts between family members in (their) family firms (FF). On the basis of this focus, the research questions are: Which delimitable topics with regard to contents can be identified in the literature on conflicts in FF? Which findings are available referring to this and how were they generated? Which options can be derived for future research?

Design/methodology/approach – The analysis is based on a systematic literature review including articles published in peer-reviewed academic journals from January 1990 to June 2010.

Findings – It was found that three distinguishable topical areas can be identified: causes for conflicts in FF; effects of conflicts in FF; and management of conflicts in FF.

Research limitations/implications – The small number of contributions calls for further studies with replication studies as a promising option. Due to the specific nature of the conflict dynamic and logic in FF, which can hardly be captured by quantitative studies alone (even with longitudinal designs), a promotion of qualitative studies is advisable, too. In this regard, a systems-theoretical perspective could utilize the capability of this theory and strengthen the theoretical foundation of research on conflicts in FF.

Originality/value – This review shows three rather clearly distinguishable research streams and offers options for future research, with a special focus of modern systems theory which conceptualizes conflicts as a special system within the family business system.

Keywords Family firms, Family business management, Family, Organizational conflict, Conflict management, Systems theory

Paper type Research paper



1. Introduction

Conflicts are not specific to family firms (FF), but they are still a central problem for this type of company, as due to the familial relations, conflicts escalate much more easily and can rapidly shift to the personal level. From this, a specific conflict dynamics and logic can emerge, with the potential to destroy economic as well as meta-economic values and to endanger company and family (Davis and Harveston, 2001; Levinson, 1971). The focus of the following analysis is on company-related conflicts between family members in (their) FF. Hence, the focus is on conflicts that are the subject of company-related communication processes. Purely familial and psychological, as well as work-family, conflicts are not covered in this paper.

Looking at the literature, several differentiations regarding the conflicts of interest here can be made out. Frequently there is a distinction between task, process and relationship conflicts, with the first often called cognitive and the last emotional conflicts. In task conflicts, there are communicated disagreements when people struggle for the best solution regarding goals and strategies, which can result in an effect conducive to success. Process conflicts relate to communicated disagreements concerning how goals are to be achieved and can also further success. Relationship conflicts are conflicts connected with negative emotions that are commonly associated with a destructive effect (Jehn, 1997; Von Schlippe and Kellermanns, 2008).

Conflicts normally occur in connection with decisions. Especially in FF, they can turn into a threat (Beckhard and Dyer, 1983). Preventing and detecting conflicts and developing a conflict management system are thus a central task for FF, particularly as they can lead to an escalation process that is difficult to deal with (Glasl, 2002).

In the literature, a change of perspective of social conflict in organisations as a dysfunctional, stressful event towards a more positive view of conflict as possible functional can be observed (De Dreu and Weingart, 2003; Kellermanns and Eddleston, 2004). Prior research, however, mainly focused on the negative effects of conflict (e.g. Harvey and Evans, 1994; Levinson, 1971) and only few works emphasised the beneficial effect of conflict at a low level (e.g. Coser, 1956; Tjosvold, 1991). In the past 15 years, there has been the prevailing view in the conflict literature in general and in the family business conflict literature in particular to assume that task and process conflict can, under specific circumstances, be beneficial and improve performance (Amason and Schweiger, 1994; Jehn, 1995, 1997; Jehn and Mannix, 2001; Kellermanns and Eddleston, 2007).

Task conflict therefore occurs, when differences in viewpoints and opinions about the task are communicated (Jehn and Mannix, 2001). Process conflict relates to communicated disagreements concerning how goals and tasks are to be achieved (Jehn *et al.*, 1999). Both may foster organisational learning and development processes through struggling for the best solution (De Dreu and Weingart, 2003) and a synthesis of diverse perspectives (Jehn and Mannix, 2001). The literature, therefore, concludes that both conflict types may be productive. Relationship conflict, in contrast, is detrimental for performance and satisfaction (Amason, 1996; Kellermanns and Eddleston, 2004; Van de Vliert and De Dreu, 1994), because it decreases goodwill and mutual understanding (Deutsch, 1969). Relationship conflict is connected with negative emotions and affective components like displeasure, frustration and irritation, which makes the completion of organisational tasks much more complicated (Jehn, 1997; Jehn and Mannix, 2001).

All these are reasons to ask what is already known about the conflicts that are of relevance in this paper. The research questions relating to the focus referred to above, are:

- (1) Which definable content areas can be identified in FF as regards conflicts?
- (2) What results have been presented and which methods were used in generating them? and
- (3) Which options do these results leave for future research?

The following literature review is based on journal articles that have undergone a peer-review process. Literature reviews are of relevance for a number of reasons: they provide an overview of a partial area of a subject and its developments, they form a

basis for research that aims to build on previous knowledge in order to expand and validate, they further reflect and support the further development of theoretical and methodological approaches and they are the foundation for evaluating research, which in turn is the basis for (evidence-based) recommendations for practical use (Tranfield *et al.*, 2003).

2. Method

The following literature analysis covers a research period from 1 January 1990 to 30 June 2010. It was conducted by means of the ABI Inform Global/ProQuest database. Abstracts were searched for the terms “conflict” and “FF” or “family business”. This narrow search strategy makes it possible to identify articles with an explicit relation to the topic. The search strategy at first resulted in 54 hits. A first check revealed the double listing of an article and a book review. One article was written in French and was eliminated due to lacking language skills. One paper was a comment on a journal article, with the article commented on not on the list of results generated; it was also removed. Therefore, the result of this first check was 50 articles.

In a next step, the articles were checked based on the “Jourqual 2” ranking of the German Academic Association for Business Research, as only articles in journals ranked at least C were to be included. A total of 16 articles had been published in journals ranked lower than C or not at all. Having also the international relevance of the journals and articles in mind, the list was cross-checked with the list of leading management journals publishing family business articles presented in the review of Debicki *et al.* (2009). This left 34 articles, whose abstracts and chapter headings were closely scrutinised in order to find out their thematic relevance. Within this process the main focus was on the prominence of the conflict subject as detailed above and on business-related conflicts of family members. This excluded agency-based conflicts, which deal with conflicts between owner family and non-family owners, as they do not cover conflicts in the family running the company. Similarly, so-called work-family conflicts, which deal with the effects of conflicts in companies on the family and vice versa, were not included, as this paper, as mentioned above, focuses on the emergence, effect and management of conflicts in FF.

This inspection resulted in a reduction in the number of relevant publications. As a result, ten articles published in six journals between 1999 and 2008 remained (see Table I). This can be seen as a surprise, as although the topic is given some prominence, it can hardly be called a main research focus of family business research.

Overall, this gives the impression that with a search and selection strategy based on journal ranking and the relevance regarding the postulated topical focus, a manageable number of journal articles remains, for which a quantitative meta-analysis does not seem suitable due to the diversity of the articles (Fink, 2009).

Table I.
Distribution of articles by
journal

Journal	Number of articles	Jourqual 2 ranking
<i>Family Business Review</i>	3	C
<i>Journal of Small Business Management</i>	2	B
<i>Journal of Business Research</i>	2	B
<i>Journal of Business Venturing</i>	1	A
<i>Entrepreneurship Theory and Practice</i>	1	A
<i>International Journal of Cross Cultural Management</i>	1	C

Table II lists the ten remaining papers in chronological order, by author, title, journal and year of publication.

In a final step, based on the analysis of the abstracts and chapter headings, we tried to categorise the articles into topical clusters according to the similarity or dissimilarity of their content. This step resulted in three clearly distinguishable topical areas: causes for conflicts in FF, effects of conflicts in FF and management of conflicts in FF. Some of the papers dealt with both causes and effects of conflicts: these were categorised based on their main focus.

Table III shows the categorisation of articles into clusters.

Both the selection process of the articles, which resulted in the reduction from 34 to ten articles, and the categorisation of the articles according to their main topic are subject to partially subjective evaluations. For this reason, a second person was asked to also select and categorise, without knowing the results of the first person. The agreement of the selection regarding both steps (checking the 34 article's relevance and categorisation of the articles) is, at 81.8 per cent (agreement value) (= Cohen's κ 0.859) and therefore in a satisfactory range.

Authors	Title of the paper	Journal	Year of publication	Number
Davis and Harveston	In the founder's shadow: conflict in the family firm	<i>Family Business Review</i>	1999	1
Sorenson	Conflict management strategies used by successful family businesses	<i>Family Business Review</i>	1999	2
Davis and Harveston	The phenomenon of substantive conflict in the family firm: a cross-generational study	<i>Journal of Small Business Management</i>	2001	3
Kellermanns and Eddleston	Feuding families: when conflict does a family firm good	<i>Entrepreneurship: Theory and Practice</i>	2004	4
Yan and Sorenson	The influence of Confucian ideology on conflict in Chinese family business	<i>International Journal of Cross Cultural Management</i>	2004	5
Van der Heyden, Blondel and Carlock	Fair process: striving for justice in family business	<i>Family Business Review</i>	2005	6
Eddleston and Kellermanns	Destructive and productive family relationships: a stewardship theory perspective	<i>Journal of Business Venturing</i>	2007	7
Ensley, Pearson and Sardeshmukh	The negative consequences of pay dispersion in family and non-family top management teams: an exploratory analysis of new venture, high-growth firms	<i>Journal of Business Research</i>	2007	8
Kellermanns and Eddleston	A family perspective on when conflict benefits family firm performance	<i>Journal of Business Research</i>	2007	9
Eddleston, Otondo and Kellermanns	Conflict, participative decision-making, and generational ownership dispersion: a multilevel analysis	<i>Journal of Small Business Management</i>	2008	10

Table II.
Publications on
conflicts in FF

Due to the necessary brevity of this paper, it is not possible to describe the individual articles in the clusters in detail. Therefore, the following section describes and analyses the articles in the three clusters in table form according to the major criteria for scientific research, while Section 4 summarises the clusters in a critical analysis.

3. Description and analysis of the clusters

Cluster 1: causes of conflicts

This group of articles (see Table IV), which deals with the causes and the emergence of conflicts in FF, includes six publications (Davis and Harveston, 1999, 2001; Van der Heyden *et al.*, 2005; Eddleston and Kellermanns, 2007; Ensley *et al.*, 2007; Eddleston *et al.*, 2008).

Cluster 2: effects of conflicts in FF

Two publications are part of this cluster (Kellermanns and Eddleston, 2004, 2007) (see Table V).

Cluster 3: conflict management in FF

This cluster (see Table VI) consists of two publications: Sorenson (1999) as well as Yan and Sorenson (2004).

4. Summarising critical analysis of the clusters

Taking an overall look at cluster 1 (causes of conflicts), it becomes clear that all six studies are empirical in nature, five of them empirical-quantitative and testing hypotheses. One study uses qualitative case studies, but these have an illustrative character and do not meet any explorative or type-creating requirements. Three empirical-quantitative studies are based on interviewing several persons in each company, which generally looks sensible in a conflict context. In all studies there is a connection to FF that are owned by several generations or where several generations have an influence on management. These multi-generation FF are, judging by the results, more in danger of conflicts. A potential benefit arising from the presence of the generation handing over is not discussed. None of the empirical-quantitative studies addresses the topic of justice, primarily procedural justice, although scales are available, and tests whether there is a reduction in conflicts, although this was suggested as early as in 2005 by Van der Heyden *et al.* This aspect indicates that the research into the causes of conflicts might also be conceived as research into prevention. On the other hand, the paper discussing the pay of TMT, could be interpreted as an approach towards the topic of justice. Summarising the independent and moderator variables used, the following list can be drawn up: generational shadow, composition of the family work group, influence of the family work group, interaction

Table III.
Main focus of topic

Cluster name	Article number (from Table II)
Causes of conflicts	1, 3, 6, 7, 8, 10
Effects of conflicts	4, 9
Management of conflicts	2, 5

Number	Authors, year	Title	Research question(s)	Orientation/sample/ method(s) of analysis	Hypotheses/propositions	Results/conclusions
1	Davis and Harveston (1999)	In the founder's shadow: conflict in the family firm	What influence does the generation running the company and a potential "generational shadow" have on organisational conflicts?	Empirical-quantitative $n = 535$, 150, 163 ANOVA	<p><i>H1</i>: Conflict will be higher among FF headed by second-generation leaders than among those headed by the founder</p> <p><i>H2a</i>: Conflict will be higher among FF headed by third- (or later) generation leaders than among those headed by the founder or by the second-generation of leaders</p> <p><i>H2b</i>: The increase in conflict between FF headed by second-generation leaders and firms headed by the third-generation will be less than the increase in conflict occurring between firms headed by the founder and those headed by the second generation</p> <p><i>H3a</i>: Conflict will be higher in the presence of the founder's generational shadow than in its absence</p> <p><i>H3b</i>: The presence or absence of a generational shadow cast by succeeding generations will not affect the issue of conflict</p>	<p>Results support only <i>H2a</i>. Generally it can be stated, though, that conflicts increase with the number of the generation, and that the generational shadow also furthers conflicts</p> <p>From this, the authors recommend that the influence of the older generation is to be reduced, or measures are to be developed that result in a consensus between the generations regarding the company</p>

(continued)

Table IV.
Description of cluster 1:
causes of conflicts

Table IV.

Number	Authors, year	Title	Research question(s)	Orientation/sample/ method(s) of analysis	Hypotheses/propositions	Results/conclusions
3	Davis and Harveston (2001)	The phenomenon of substantive conflict in the family firm: a cross- generational study	How can frequency and intensity of conflicts from the owner's perspective be explained by various aspects of family influence?	Empirical- quantitative <i>n</i> = 457, 134, 143 and 457, 135, 144 Subgroup hierarchical regression	<i>H1</i> : The more family members who work in the FB and the higher their levels of family affiliation and organisational roles, the lower conflict will be in the organisation <i>H2</i> : The greater the number of family members with close family affiliation who do not work in day-to-day operations but who still exercise influence in the FB, the lower conflict will be in the organisation <i>H3</i> : The more family members interact through family social interaction, the lower conflict will be in the organisation <i>H4</i> : The relationship between family-level factors and organisational conflict will be moderated by the generation of the firm's leadership	The variables used show significant influence, but the hypotheses are not fully confirmed. The results depend on the generation running the company. Conflicts in FF run by the first generation are less pronounced both in frequency and intensity than conflicts in FF run by the third The authors recommend that particularly in FF not run by the first generation anymore, the influence of family members not active in the firm is to be strengthened in the sense of "peace making" and that in FF run by the second generation, the founder has an important role reducing conflicts

(continued)

Number	Authors, year	Title	Research question(s)	Orientation/sample/ method(s) of analysis	Hypotheses/propositions	Results/conclusions
6	Van der Heyden <i>et al.</i> (2005)	Fair process: striving for justice in family business	What importance does procedural justice have in FF as a conflict-reducing or conflict- preventing instrument?	Conceptual; empirical-qualitative illustration in five case studies	Procedural justice increases interpersonal trust and commitment, as well as the performance of FF. Ongoing breaches of procedural justice are a massive source of conflicts in FF Distributional justice cannot be realised in FF, due to the differing expectations and functions held by family, company and ownership This problem can be solved by procedural justice, i.e. in the design of fair processes to handle diverging demands and expectations regarding decisions In decision making in FF, thus, it is important to include all relevant actors and describe the problem comprehensively. In the next step, decision options are developed and evaluated, and less useful ones are eliminated. This is followed by selecting, explaining and justifying the chosen alternative	

(continued)

Table IV.

Table IV.

Number	Authors, year	Title	Research question(s)	Orientation/sample/ method(s) of analysis	Hypotheses/propositions	Results/conclusions
8	Ensley <i>et al.</i> (2007)	The negative consequences of pay dispersion in family and non-family top management teams: an exploratory analysis of new venture, high-growth firms	What effects do differences in the remuneration of top management teams (TMT) in FF and non-FF have on task and relationship conflicts and what effect on the company's growth (measured by sales) as a measure of business performance? ^{2a}	Empirical-quantitative <i>n</i> = ca. 550 top managers from about 200 companies <i>t</i> -test, stacked models and chi-squared comparisons (LISREL)	<i>H1</i> : Less pay dispersion will exist in the TMTs of FF than in non-FF <i>H2</i> : Pay dispersion in TMTs will be positively related to affective conflict among team members. This relationship will be stronger in TMTs of FF than in non-FF <i>H3</i> : Pay dispersion in TMTs will be negatively related to cognitive conflict among team members. This relationship will be stronger in TMTs of FF than in non-FF <i>H4</i> : Pay dispersion in TMTs will be negatively related to cohesion among team members. This relationship will be stronger in TMTs of FF than in non-FF	All hypotheses were confirmed, with task conflicts having a positive and relationship conflicts having a negative effect on performance. The higher pay dispersion is in respect of short-term remuneration, the more relationship and the less task conflicts occur. This holds true for FF and non-FF. In FF, however, also increasing dispersion of long-term remuneration furthers relationship conflicts, in contrast to non-FF, where task conflicts are furthered. This implies that in FF too much pay dispersion increases conflicts and also has negative effects on the company's performance

(continued)

Number	Authors, year	Title	Research question(s)	Orientation/sample/ method(s) of analysis	Hypotheses/propositions	Results/conclusions
7	Eddleston and Kellermanns (2007)	Destructive and productive family relationships: a stewardship theory perspective	What effects do altruism, participatory strategy development and concentration of management responsibilities (regarding generations) have on relationship conflicts and eventually the firm's performance? ^a	Empirical- quantitative <i>n</i> = 107 family members from 60 FF Structural equation modelling	<p><i>H1</i>: Altruism is negatively related to relationship conflict in FF</p> <p><i>H2</i>: Altruism is positively related to a participative strategy process in FF</p> <p><i>H3</i>: Control concentration is negatively related to a participative strategy process in FF</p> <p><i>H4</i>: Control concentration is positively related to relationship conflict in FF</p> <p><i>H5</i>: A participative strategy process is positively related to FF performance</p> <p><i>H6</i>: A participative strategy process is negatively related to relationship conflict in FF</p> <p><i>H7</i>: Relationship conflict is negatively related to FF performance</p>	<p><i>H1</i>, <i>H2</i>, <i>H5</i> and <i>H7</i> are supported by results, <i>H3</i>, <i>H4</i> and <i>H6</i> are not supported</p> <p>The model's explained variance is at 42 per cent. Altruism can reduce relationship conflicts and is thus also relevant for the firm's performance. Altruism implies strong, positive emotional relationships, loyalty and responsibility <i>vis-à-vis</i> family and company. FF in which strong altruism exists in the family running the company so have a resource that generates competitive advantages</p>

(continued)

Number	Authors, year	Title	Research question(s)	Orientation/sample/ method(s) of analysis	Hypotheses/propositions	Results/conclusions
10	Eddleston <i>et al.</i> (2008)	Conflict, participative decision making, and generational ownership dispersion: a multilevel analysis	What causes are there for task and relationship conflicts in FF?	Empirical- quantitative <i>n</i> = 86 family members from 37 FF ANOVA, OLS regression, hierarchical linear regression	<i>H1</i> : Participative decision making is positively related to cognitive conflict <i>H2</i> : Participative decision making is negatively related to relationship conflict <i>H3.1</i> : Generational ownership dispersion (firm level) will exhibit a direct cross-level relationship with cognitive conflict (individual level) <i>H3.2</i> : The relationship between participative decision making and cognitive conflict will be moderated by generational ownership dispersion (firm level) <i>H4.1</i> : Generational ownership dispersion (firm level) will exhibit a direct cross-level relationship with relationship conflict (individual level) <i>H4.2</i> : The relationship between participative decision making and relationship conflict (individual level) will be moderated by generational ownership dispersion (firm level)	Participatory decision making reduces task conflicts, and the same goes for relationship conflicts. The cross-level effect between the generation-related concentration of ownership and task/relationship conflicts, however, could not be confirmed. Still, the results show a moderating effect of inter-generational concentration of ownership on the relation between participatory decision making and the two conflict types It is recommended that in case of a high degree of participatory decision making the danger of group-thinking is to be kept in mind, which might undermine potential positive effects of task conflicts. If ownership is spread over several generations, though, a high degree of participatory decision making increases the danger of furthering relationship conflicts

Notes: ^aAs it is a hypothesis that postulates the effect of TMT cohesion on the firm's performance, the article is categorised with the causes cluster. ^bAs this article also contains a hypothesis that concerns the effect of conflicts on the firm's performance, it could also be categorised with cluster 2

Number	Authors (year)	Title	Research question(s)	Orientation/sample/ method(s) of analysis	Hypotheses/propositions	Results/conclusions
4	Kellermanns and Eddleston (2004)	Feuding families: when conflict does a family firm good	How do task, process and relationship conflicts affect the performance of FF?	Conceptual	<p>As too much focus on goals and strategies endangers performance in the same way as too little, a curvilinear relation between task and process conflicts and performance is assumed</p> <p>Different is the relation between relationship conflicts and performance: the stronger they are, the more negative it is on performance. Relationship conflicts have a particular “quality” – they imbue processes in the company with negative emotions and reduce the potentially positive effects of task and process conflicts (moderating variables)</p> <p>In FF the existence of altruism can be assumed that can create a high cohesion and mutual trust. Reciprocal altruism can reduce relationship conflicts. Other FF-specific factors are the concentration of management competences on family members and family members of various generations contributing towards decision making</p> <p>Regarding the three conflict types, FF-typical propositions are: the more concentrated management is, the lower the level of task and process conflicts, but the higher the level of relationship conflicts as family members feel excluded from decision making. During handover processes and generally in FF’s managed by several generations, task and process conflicts can be seen as functional for performance, as by discussing diverging positions, knowledge and experience is passed on to the younger generation and the struggle for the best solution can be expected to have positive effects on performance</p>	

(continued)

Table V.
Description of cluster 2:
effects of conflicts

Table V.

Number	Authors (year)	Title	Research question(s)	Orientation/sample/ method(s) of analysis	Hypotheses/propositions	Results/conclusions
9	Kellermanns and Eddleston (2007)	A family perspective on when conflict benefits family firm performance	What effect do task and relationship conflicts have on the performance of FF? Testing of the model by Kellermanns/ Eddleston 2004	Empirical- quantitative <i>n</i> = 51 FF Regression with interactions	<i>H1</i> : Cognitive conflict is positively related to FF performance <i>H2</i> : Process conflict is positively related to FF performance <i>H3</i> : The relationship between cognitive conflict and process conflict, and FF performance is moderated by family-member exchange. Higher levels of family-member exchange will enhance the positive relationship between conflict and performance <i>H4</i> : The relationship between cognitive conflict and process conflict, and FF performance is moderated by generational ownership dispersion. Specifically, higher levels of cognitive and process conflict are beneficial in FF with low ownership dispersion, while lower levels of cognitive and process conflict are beneficial in FF with higher levels of generational ownership dispersion	In one (of three) models, a significantly negative relation between the strength of task conflicts and performance has been detected; process conflicts have no significant effect. <i>H1</i> and <i>H2</i> have to be rejected Both moderating variables have a significant effect on performance: communication a positive one, distribution of ownership across several generations a negative one. If interactions are included in the model, it can be seen that all four have a significant influence on performance. <i>H3</i> is supported by results; <i>H4</i> only partially Therefore FF owned by several generations are advised to reduce inter-generational communication if task conflicts arise

Number	Authors (year)	Title	Research question(s)	Orientation/sample/ method(s) of analysis	Hypotheses/propositions	Results/conclusions
2	Sorenson (1999)	Conflict management strategies used by successful family businesses	What connection is there between various conflict resolution strategies (collaboration, competition, compromise, avoidance, accommodation) and the FF's performance (business outcomes/family outcomes)?	Empirical-quantitative $n = 59$ FF; ANOVA, MANOVA	<p><i>H1</i>: FF that achieve relatively positive business and family outcomes will rely more on collaboration and compromise than will businesses that achieve relatively negative business and family outcomes</p> <p><i>H2</i>: FF that achieve relatively positive family outcomes will rely more on accommodation than will businesses that obtain relatively negative family outcomes</p> <p><i>H3</i>: FF that achieve relatively negative business and family outcomes will use more competition and avoidance to manage conflicts than will businesses that achieve relatively positive business and family outcomes</p>	<p><i>H1</i> and <i>H2</i> were partly confirmed; <i>H3</i> not FF with positive business and family outcomes follow more collaborative strategies compared to companies with negative values in both areas. In general, collaboration, compromise and accommodation show positive effects on business and family, while competition inhibits performance</p> <p>The author recommends that accommodation and compromise is preferred to competition and avoidance</p>

(continued)

Table VI.
Description of cluster 3:
conflict management

Table VI.

Number	Authors (year)	Title	Research question(s)	Orientation/sample/ method(s) of analysis	Hypotheses/propositions	Results/conclusions
5	Yan and Sorenson (2004)	The influence of Confucian ideology on conflict in Chinese family business	How can the selection of the conflict management strategy in FF be explained on the basis of Confucian ideology?	Conceptual	<p>The dual-concern model (own interest vs interest of others) is to be surpassed, as the selection of the conflict management strategy depends on other influences</p> <p>The dependent variable is the five conflict management styles (collaboration, competition, compromise, avoidance, accommodation). Additional influences affecting the selection of the conflict management strategy include trans-individual values such as good relations and shared interests, norms and values</p> <p><i>P1</i>: Concern about good relations correlates positively with an avoidance, accommodation and compromise strategy and negatively with a competition strategy</p> <p><i>P2a</i>: Concern about adhering to inter-personal norms correlates positively with a competition strategy, i.e. if social norms are breached, one tries to defend them</p> <p><i>P2b</i>: Concern about adhering to inter-personal norms and family values correlates positively with an avoidance, compromise and accommodation strategy regarding goal conflicts</p> <p><i>P2c</i>: Persons involved in conflicts with a low status, young age and/or female persons reduce, regarding norm conflicts, the tendency towards competition strategies, while persons with a high status rather follow these. On the other hand, collective interests such as those of the family rank higher than individual interests</p> <p><i>P3a</i>: Concern about following collective interests correlates positively with an avoidance strategy in relationship conflicts, i.e. relationship conflicts are rather avoided as not to endanger following collective interests</p> <p><i>P3b</i>: Concern about following collective interests correlates positively with a collaboration strategy; in order to master task conflicts, i.e. to achieve collective aims, a way of collaboration is aimed for despite diverging preferences</p>	

of the family work group, procedural justice, pay dispersion of TMT, type of decision making, generation-related concentration of ownership and altruism.

Anchoring these variables in one (or more) theories, reflecting on the results regarding theories used or using these results for developing theories are all only attempted sparingly. The articles hardly refer to each other, only Eddleston *et al.* (2008) cite the two papers by Davis and Harveston (1999, 2001), and Eddleston and Kellermanns (2007) refer to Davis and Harveston (2001). What can be detected is a broadening of topics in the research into the causes of conflicts, which due to the small number of publications should not come as a surprise.

The articles from cluster 2 (effects of conflicts) harmonise with each other, which is not surprising considering they were both written by the same authors. One paper is empirical-quantitative, the other one conceptual. In contrast to the negative effect on performance of relationship conflicts, the positive effect of task and process conflicts has not quite been confirmed yet. Only taking moderator variables into account provides more clarity regarding positive effects on performance. In the empirical study, the following independent variables are used: task conflicts, process conflicts, communication (relating to family members) and generation-related income distribution.

The two papers of cluster 3 supplement each other nicely, as on the one hand the effects of conflict management strategies and on the other hand decisions on the use of conflict management strategies are analysed, with the latter, so the argument goes, particularly in FF influenced not just by individual, but by collective interests and values. Both questions are of central importance for practical purposes, as analysing causes and effects of conflicts in FF alone does not provide sufficient competence for solutions. Seen from this point of view, this is definitely an under-researched area. As independent and moderating variables the five conflict management styles or strategies are used; in the second paper it is common norms and values, as well as interests and various types of conflicts, status and gender.

Concerning the first two research questions, it can be said that the literature analysed does show topic areas that can be easily kept apart and have been referred to as causes of conflicts, effects of conflicts and conflict management. On the one hand, an appreciation of the results is easy if one lists the results presented in a research-technical sense and can thus see that relationship conflicts are a sensitive area, that influence exerted by the handover-generation increases conflicts and that the effect of task and process conflicts is to be seen in specific contexts rather than isolated. On the other hand, there is no satisfactory picture regarding the possibility to derive evidence-based recommendations for use in practice. Although the topic of conflicts in FF has been discussed for several decades (Levinson, 1971), the impression is borne out that FF-related conflict research is still in an early stage of development. If consultants were only able to draw on knowledge contained in the articles analysed, many problems would have to be left unsolved. By implication this means that practice requires a more extensive knowledge base.

In order to answer research question (3), what options there are for future research, it might be worth looking at the articles analysed again. Many of the papers presented (see Table II) make suggestions, both topical and occasionally methodological, for future research projects. These are listed below, grouped by cluster.

Cluster 1:

- (1) Taking into account planning behaviour: common planning could reduce conflict, as the proposition goes.

- (2) Taking into account further external and family-internal stakeholders (e.g. banks, persons or firms potentially taking over the company in future, influential persons associated with the family running the firm). These can start or reduce conflicts.
- (3) Taking into account justice: procedural justice is said to have a conflict-reducing effect. It has to be kept in mind here that justice in the family follows other premises than in a company (Simon *et al.*, 2005).
- (4) Taking into account the hierarchy in the family and in the company: here the assumption is a clear hierarchical ranking makes decisions solve conflicts. This holds true as long as the hierarchy is not questioned.
- (5) Taking into account the influence of a family constitution (or an advisory body). This can have a preventative effect; often such an institution also includes rules for solving conflicts.
- (6) Taking into account the (quality of the) relationships in the family: resilient relationships can reduce the negative effects of conflicts.

Cluster 2:

- (1) Emphasis on studying the effect of the various conflict types in the handover and succession process and their effects on performance.
- (2) Emphasis on studying FF that are successful in spite of relationship conflicts. This indicates that FF that do not lose track of the company's and/or family's well-being despite numerous conflicts can limit the negative effects of relationship conflicts.
- (3) Emphasis on the search for moderator variables that influence the relation between conflict and performance. The example above regarding the limited damaging effect of relationship conflicts shows the relevance of this claim.

Cluster 3: as regards the publications categorised in this cluster, no specific recommendations for future research projects were identified.

From the methodological point of view, there is frequently a call for panel studies and data collection strategies that interview several people per company in order to ensure the quality of the data.

These suggestions for future research projects result from the respective research design and the results thus derived at. Overall, a fairly erratic picture emerges that does not provide any satisfactory indication of general perspectives for future research projects. The following section tries to outline an answer to this problem and hence to research question (3).

5. Options for future conflict research in FF

Against this background, three perspectives for future conflict research will be outlined that are deemed to be particularly important, with reasons provided in the respective descriptions:

- (1) measures to increase reliability and validity of conflict studies (replications);
- (2) researching conflicts in FF by means of qualitative methodology; and
- (3) emphasising the theoretical anchoring of conflict research.

5.1 Measures to increase reliability and validity of quantitative data

In empirical-quantitative research, conflict studies face particular challenges. While in studies that analyse e.g. the link between strategy and performance a single person as a source of data can already be criticised by means of dependent and independent variables (common method bias), conflict studies naturally involve diverging or contrasting points of view, which have higher demands on reliability and validity. Therefore, methods will be discussed that can result in an increased reliability and validity.

Reliability describes the degree of exactness with which a particular aspect is measured. Thus the reliability of a measurement is high if the test values of a person are identical when measured under identical circumstances (Kubinger, 2006). A method to increase measuring accuracy is retest reliability, which involves interviewing the same person again at a later date. This method does increase the reliability of the measuring instrument, but also presupposes the stability of the feature measured. From conflict research, however, it can be seen that conflict processes can be subject to change (Regnet, 2001) and so make measuring retest reliability more difficult. As, however, in FF research the main focus is not on developing procedures in line with the test theory, which aims at a continuous improvement of reliability, but on developing and testing hypotheses by means of measuring instruments that should have a satisfactory reliability, more attention should be paid to validity.

Validity refers to the validness of the data collected within the conflict construct. One specific form is external validity, which describes to what extent results can be generalised. Empirical studies show a high degree of external validity if the results for the population specific to the study can be generalised and the design of the study is valid at another time or in another situation. Each successful replication of the research design (with or without extensions) increases external validity (e.g. Frank *et al.*, 2010), as by varying sample or setting the restrictions on generalising results become fewer (e.g. Schnell *et al.*, 2008). Replication is essential for the validity of results, but also for generating knowledge, as it increases the transferability of results to other contexts and furthers theory development (Tsang and Kwan, 1999). According to Tsang and Kwan (1999) the added value of replications is not perceived properly, although in the FF research field the dearth of replication studies significantly restricts the development of a scientifically grounded knowledge base for conflict research. Here it seems obvious to replicate particularly those studies that show a high quality and were therefore generally published in highly ranked journals; these mainly include Eddleston and Kellermanns (2007), Kellermanns and Eddleston (2007) and Eddleston *et al.* (2008).

Regarding external validity and in a broader sense replication (as a method to increase the validity of results), another method could be mentioned, which on the one hand lowers the common method bias (Podsakoff *et al.*, 2003) mentioned above and, on the other hand, increases validity. In this sense, interviewing several persons is one way to reduce bias and increase validity. Several studies on conflict research in FF, however, were based on interviewing just one person (generally the owner) (e.g. Davis and Harveston, 2001; Sorenson, 1999), while only few studies included several family members active in the company (e.g. Kellermanns and Eddleston, 2007; Eddleston and Kellermanns, 2007; Eddleston *et al.*, 2008). An optimum form of analysing data of several family members in a FF is aggregating the values (Kellermanns and Eddleston, 2007; Eddleston and Kellermanns, 2007; Ensley *et al.*, 2007). Based on the consensus model by Chan (1998), consensus within the group is a prerequisite for aggregating

values on a group level and so allows the calculation of a value for the company level (e.g. James *et al.*, 1984). To determine the degree of consensus, the r_{wg} according to James *et al.* (1984) is calculated for FF, where more than one family member answered. If r_{wg} is higher than 0.50, the answers show no high dispersion and calculating an aggregated value is acceptable (James *et al.*, 1984).

5.2 Qualitative research strategy

The impression arises that the articles analysed provide interesting explanations. The contexts and the specific processuality of conflicts, however, do not come to life in this manner. It is hardly possible to understand the overall picture and the content references of conflicts. A static image of conflicts emerges, where neither escalation and de-escalation processes, conflict interruptions, conflict termination, nor the shift from latent to manifest conflicts and vice versa can be made out. But first and foremost, the papers analysed cannot shed light on the quality of conflicts. The idea is that conflicts develop new qualities over time that are marked by “turning points”, as is expressed in phase models. In the beginning, for instance, a win-win might still be possible, while towards the end of the escalation spiral everybody follows the path to the abyss together (Glasl, 2002). Also the number of parties to the conflict, their stability, the so-called migration of conflicts in the company, changing coalitions, inclusion and exclusion of persons in the course of a conflict, attempts at mediation and the like remain in the dark. Granted, all these aspects might already exist in various popular descriptions, but there is no methodologically sound treatment that generates an understanding of conflicts in FF appropriate to the potential complexity of the subject as well as knowledge suitable for interventions (see the case study by Fock, 1998).

If the intention is to capture the respective uniqueness of conflicts in FF, and not just to meet information requirements defined in advance and filtered by means of hypotheses, the practicability of proceeding openly, relying on the communication process between researcher and research object becomes apparent, which at the same time makes it possible to thematise the nature of conflicts as a process. This is by no means to be seen as the allocation of the conflict topic to an explorative qualitative research strategy and thus a preparatory step for empirical-quantitative research, but rather an independent, empirically grounded claim to establishing types, which makes it possible to combine the respective case-specific features (Lamnek, 2005) and to conflate them into conflict configurations. The idea is to understand those rules that delimit the room for action and define further options, and by which persons act in specific situations. In this sense, such an analysis deals with the conditions for the internal dynamics of conflicts in a social context (Froschauer and Lueger, 2009).

For establishing types, a heuristic framework can be useful that provides guidance during data collection and analysis as well as for the formation of types, but without erecting all too strong content barriers. It is based on a differentiation between object (What is the object of the conflicts?), logic (How does the conflict proceed?) and dynamics (Why is the conflict changing?) (see also Frank and Lueger, 1997). The basic idea is that conflicts are a (specific) form of organisational order (Luhmann, 1984) and this order can be reconstructed as a system of rules regarding its genesis, reproduction and transformation:

- (1) Object(s) of conflicts: the main focus is on the content references of conflicts. This means opening up towards a multi-dimensional reconstruction of the

conflict object, which includes not just a content dimension, which in task and process conflicts may be in the foreground, but also a political dimension, which focuses on the interests and relationships between persons or groups of persons and shows references to relationship conflicts, as well as a cultural dimension, which rests on basic assumptions regarding the conflict object and has a specific, describable conflict identity. The differing perceptions of these dimensions, their partly latent character (e.g. concerning the basic assumptions) and their variable “weighting” by the parties to the conflict provide valuable hints for a diagnosis that also help for understanding the logic.

- (2) Logic(s) of conflicts: for analysing the development of conflicts not only describing changes in objects is important, but also reconstructing those rules that combine specific behaviour into structured patterns and so, on the one hand, provide stable reproduction patterns of conflict orders or, on the other hand, establish the room for changing the rules of behaviour, so that development processes become possible that change the logic of a conflict. Within this process, decisions are made or they emerge from the conflict dynamics, which stabilise or transform the existing rules. The rules of behaviour inherent to these decisions are thus an important area of reconstructing the conflict logic.
- (3) Dynamics of conflicts: while the rule system that constitutes the conflict logic steers types of behaviour and allocations of meaning, it only becomes effective once it is combined with forces. These are conflict-immanent “energetic potentials”, which result from contradiction (the negation of negation; Simon, 2010) and, via the rule system, either contribute to the reproduction of an existing conflict logic, or if there is a change in the rule system due to the conflict-immanent energetic potentials, lead to its transformation. In analysing the conflict dynamics, therefore, those forces are focused upon that keep the conflict alive or change it.

The claim of this analytical framework is to be able to generate results that cannot be achieved through empirical-quantitative methods. What is more, the effect of conflicts can also be thematised from the point of view of its organisational reach and its importance for the “host” FF: not every task conflict regarding a small investment decision in which two family members also act out their relationship conflict is hence relevant for success.

5.3 Theoretical anchoring of conflict research

In general, it is noticeable that an explicit use of theories, especially conflict theories, can rarely be found in the publications analysed. So it does not come as a surprise that there is hardly any discussion or definition of the term conflict. Rather, quickly reference is made to types of conflicts, their causes and effects are discussed and existing measuring instruments are made use of.

An obvious option for theoretical anchoring is systems theory (Luhmann, 1984, 1995): if conflicts are seen as a social phenomenon, systems theory is of particular interest, because as a universal theory it claims to explain all things social, which includes social conflicts that are based on communication and represent a “system within the system”, with communication also including non-verbal contradictions

(Lehnert, 2006). In this respect systems theory is an extremely useful theory for family business research and especially research into conflicts in FF: not only does it make a contribution to explaining the relationship between family and company in the meaning of a structural coupling, but it also can be applied to analysing conflicts in FF for the explanation of “harmony”. Luhmann defines the term conflict as a communicated contradiction: a conflict only occurs if expectations are communicated and the non-acceptance of this communication is communicated back (Luhmann, 1984, p. 530). On the basis of this definition of conflict it is understandable that conflicts can easily constitute themselves as autonomous autopoietic systems in FF, as company-related communication of family members can be rejected particularly easily and permanently. In this manner, a conflict quickly attains structure and permanence. Conflicts based on this systems theory are not automatically grounded in the social (Lehnert, 2006), but require negating communication in order to become conflicts. This makes sense particularly in the case of FF, as there are many FF that – despite the conflict potential resulting from the structural coupling of family and company and its susceptibility to paradox conflicts (Von Schlippe and Kellermanns, 2008) – have a high degree of consensus in their company, to which particularly communication forums (e.g. in the form of a family council) can contribute, in which not conflict but consensus comes out on top (Van der Merwe and Ellis, 2007).

6. Conclusion

FF are seen as particularly prone to conflicts. In particular relationship conflicts are said to have a negative effect that reduces performance, while the effect of task and process conflicts has not been clarified sufficiently.

Existing research results cover both the causes and effects of conflicts, as well as conflict management; the number of publications on all three topics, however, is small. Deriving evidence-based recommendations for FF from them thus seems impudent, at least at this stage.

One option for future research on conflicts in FF would therefore be an increased emphasis on replication studies. Still, due to the specific nature of the research object also qualitative studies should be increasingly utilised, which focus content, conflict logic and dynamics that empirical-quantitative studies, even in the case of panel studies could capture only with difficulty. In this context, a systems-theoretical perspective could make use of the achievement potential of this theory and strengthen the theoretical anchoring of conflict research.

In how far FF really face more and/or more intense conflicts, though, also requires empirical evidence by means of an increased use of comparative studies with non-FF. Beehr *et al.* (1997), for example, report partly surprising results. The frequently heard expectation that FF are particularly conflict-laden organisations, was not supported by this study. Hence the assumption could be made that in many (conceptual) discussions it is the higher conflict potential of FF that receives attention rather than actual conflicts.

References

- Amason, A.C. (1996), “Distinguishing the effects of functional and dysfunctional conflict on strategic decision making: resolving a paradox for top management teams”, *Academy of Management Journal*, Vol. 39 No. 3, pp. 123-48.

-
- Amason, A.C. and Schweiger, D.M. (1994), "Resolving the paradox of conflict, strategic decision making, and organizational performance", *International Journal of Conflict Management*, Vol. 5 No. 1, pp. 239-53.
- Beckhard, R. and Dyer Jr, W.G. (1983), "SMR forum: managing change in the family firm – issues and strategies", *Sloan Management Review*, Vol. 24 No. 3, pp. 59-65.
- Beehr, T., Drexler, J. and Faulkner, S. (1997), "Working in small family businesses: empirical comparison to non-family businesses", *Journal of Organizational Behavior*, Vol. 18 No. 3, pp. 297-312.
- Chan, D. (1998), "Functional relations among constructs in the same content domain at different levels of analysis: a typology of composition models", *Journal of Applied Psychology*, Vol. 83 No. 2, pp. 234-46.
- Coser, L.A. (1956), *The Functions of Social Conflict*, Free Press, New York, NY.
- Davis, P.S. and Harveston, P.D. (1999), "In the founder's shadow: conflict in the family firm", *Family Business Review*, Vol. 12 No. 4, pp. 311-25.
- Davis, P.S. and Harveston, P.D. (2001), "The phenomenon of substantive conflict in the family firm: a cross-generational study", *Journal of Small Business Management*, Vol. 39 No. 1, pp. 14-30.
- Debicki, B.J., Matherne III, C.F., Kellermanns, F.W. and Chrisman, J.J. (2009), "Family business research in the new millennium: an overview of the who, the where, the what, and the why", *Family Business Review*, Vol. 22 No. 2, pp. 151-66.
- De Dreu, C.K.W. and Weingart, L.R. (2003), "Research reports. Task versus relationship conflict, team performance, and team member satisfaction: a meta-analysis", *Journal of Applied Psychology*, Vol. 88 No. 4, pp. 741-9.
- Deutsch, M. (1969), "Conflicts: productive and destructive", *Journal of Social Issues*, Vol. 25 No. 1, pp. 7-41.
- Eddleston, K.A. and Kellermanns, F. (2007), "Destructive and productive family relationships: a stewardship theory perspective", *Journal of Business Venturing*, Vol. 22 No. 4, pp. 545-65.
- Eddleston, K.A., Otondo, R.F. and Kellermanns, F.W. (2008), "Conflict, participative decision making, and generational ownership dispersion: a multilevel analysis", *Journal of Small Business Management*, Vol. 46 No. 3, pp. 456-84.
- Ensley, M.D., Pearson, A. and Sardesmukh, S. (2007), "The negative consequences of pay dispersion in family and non-family top management teams: an exploratory analysis of new venture, high-growth firms", *Journal of Business Research*, Vol. 60 No. 10, pp. 1039-47.
- Fink, A. (2009), *Conducting Research Literature Reviews. From the Internet to the Paper*, Sage, Thousand Oaks, CA.
- Fock, S.-T. (1998), "The impact of family conflicts on the development of the Chinese entrepreneurially managed family business: the Yeo Hiap Seng case in Singapore", *Journal of Small Business and Entrepreneurship*, Vol. 15 No. 2, pp. 88-102.
- Frank, H. and Lueger, M. (1997), "Reconstructing development processes. Conceptual basis and empirical analysis of setting up a business", *International Studies of Management and Organization*, Vol. 27 No. 3, pp. 34-67.
- Frank, H., Kessler, A. and Fink, M. (2010), "Entrepreneurial orientation and business performance – a replication study", *Schmalenbachs Business Review*, Vol. 62 No. 4, pp. 175-98.
- Froschauer, U. and Lueger, M. (2009), *Interpretative Sozialforschung: Der Prozess*, facultas wuv, Wien.
- Glasl, F. (2002), *Konfliktmanagement. Ein Handbuch für Führungskräfte. Beraterinnen und Berater*, 7th ed., Haupt, Bern-Stuttgart-Wien.

-
- Harvey, M. and Evans, R.E. (1994), "Family business and multiple levels of conflict", *Family Business Review*, Vol. 7 No. 4, pp. 331-48.
- James, L.R., Demaree, R.G. and Wolf, G. (1984), "Estimating within-group interrater reliability with and without response bias", *Journals of Applied Psychology*, Vol. 69 No. 1, pp. 85-98.
- Jehn, K.A. (1995), "A multimethod examination of the benefits and detriments of intragroup conflict", *Administrative Science Quarterly*, Vol. 40 No. 2, pp. 256-82.
- Jehn, K.A. (1997), "A qualitative analysis of conflict types and dimensions in organizational groups", *Administrative Science Quarterly*, Vol. 42 No. 3, pp. 530-57.
- Jehn, K.A. and Mannix, E.A. (2001), "The dynamic nature of conflict: a longitudinal study of intragroup conflict and group performance", *Academy of Management Journal*, Vol. 44 No. 2, pp. 238-51.
- Jehn, K.A., Northcraft, G. and Neale, M. (1999), "Why differences make a difference: a field study of diversity, conflict, and performance in workgroups", *Administrative Science Quarterly*, Vol. 44 No. 4, pp. 741-63.
- Kellermanns, F.W. and Eddleston, K.A. (2004), "Feuding families: when conflict does a family firm good", *Entrepreneurship: Theory and Practice*, Vol. 28 No. 3, pp. 209-28.
- Kellermanns, F.W. and Eddleston, K.A. (2007), "A family perspective on when conflict benefits family firm performance", *Journal of Business Research*, Vol. 60 No. 10, pp. 1048-57.
- Kubinger, K.D. (2006), *Psychologische Diagnostik*, Hogrefe, Göttingen.
- Lamnek, S. (2005), *Qualitative Sozialforschung*, 4th ed., Beltz, Weinheim und Basel.
- Lehnert, M. (2006), *Gibt es Konflikte? Eine systemtheoretische Beobachtung*, Carl Auer, Heidelberg.
- Levinson, H. (1971), "Conflicts that plague the family business", *Harvard Business Review*, Vol. 71 No. 2, pp. 90-8.
- Luhmann, N. (1984), *Soziale Systeme: Grundriss einer allgemeinen Theorie*, Suhrkamp, Frankfurt am Main.
- Luhmann, N. (1995), *Social Systems*, Stanford University Press, Stanford, CA.
- Podsakoff, P.M., MacKenzie, S.B., Lee, J.-Y. and Podsakoff, N.P. (2003), "Common method biases in behavioral research: a critical review of the literature and recommended remedies", *Journal of Applied Psychology*, Vol. 88 No. 5, pp. 879-903.
- Regnet, E. (2001), *Konflikte in Organisationen. Formen, Funktion und Bewältigung*, Verlag für Angewandte Psychologie, Göttingen.
- Schnell, R., Hill, P. and Esser, E. (2008), *Methoden der Empirischen Sozialforschung*, 8th ed., Oldenbourg, München.
- Simon, F.B. (2010), *Einführung in die Systemtheorie des Konflikts*, Carl Auer, Heidelberg.
- Simon, F.B., Wimmer, R. and Groth, T. (2005), *Mehrgenerationenfamilienunternehmen*, Carl Auer, Heidelberg.
- Sorenson, R.L. (1999), "Conflict management strategies used by successful family businesses", *Family Business Review*, Vol. 12 No. 4, pp. 325-39.
- Tjosvold, D. 1991, "Rights and responsibilities of dissent: cooperative conflict", *Employee Responsibilities and Rights Journal*, Vol. 4 No. 1, pp. 13-23.
- Tranfield, D., Denyer, D. and Smart, P. (2003), "Towards a methodology for developing evidence-informed management knowledge by means of systematic review", *British Journal of Management*, Vol. 14 No. 3, pp. 207-22.
- Tsang, E.W.K. and Kwan, K.-M. (1999), "Replication and theory development in organizational science: a critical realist perspective", *Academy of Management Review*, Vol. 24 No. 4, pp. 759-80.

- Van de Vliert, E. and De Dreu, C.K.W. (1994), "Optimizing performance by stimulating conflict", *International Journal of Conflict Management*, Vol. 5 No. 3, pp. 211-22.
- Van der Heyden, L., Blondel, C. and Carlock, R. (2005), "Fair process: striving for justice in family business", *Family Business Review*, Vol. 18 No. 1, pp. 1-21.
- Van der Merwe, S.P. and Ellis, S.M. (2007), "An exploratory study of some of the determinants of harmonious family relationships in small and medium-sized family businesses", *Management Dynamics*, Vol. 16 No. 4, pp. 24-35.
- Von Schlippe, A. and Kellermanns, F. (2008), "Emotionale Konflikte in Familienunternehmen", *Zeitschrift für Klein- und Mittelunternehmen und Entrepreneurship*, Vol. 56 No. 1, pp. 40-58.
- Yan, J. and Sorenson, R. (2004), "The influence of Confucian ideology on conflict in Chinese family business", *International Journal of Cross Cultural Management*, Vol. 4 No. 1, pp. 5-17.

Corresponding author

Hermann Frank can be contacted at: hermann.frank@wu.ac.at

Article 2

Nosé, L., Korunka, C., Frank, H., & Danes, S. M. (in press). Decreasing the effects of relationship conflict on family businesses: The moderating role of family climate. *Journal of Family Issues*.

Decreasing the effects of relationship conflict on family businesses: The moderating role of family climate

Lavinia Nosé¹, Christian Korunka¹, Hermann Frank² and Sharon M. Danes³

¹University of Vienna, ²Vienna University of Economics and Business, ³University of Minnesota

Author Note

Lavinia Nosé, Department of Applied Psychology: Work, Education, Economy, University of Vienna; Christian Korunka, Department of Applied Psychology: Work, Education, Economy, University of Vienna; Hermann Frank, Research Institute for Family Business, Vienna University of Economics and Business; Sharon M. Danes, Family Social Science Department, University of Minnesota.

Correspondence concerning this article should be addressed to Lavinia Nosé, Department of Applied Psychology: Work, Education, Economy, University of Vienna, Universitaetsstrasse 7, 1010 Vienna, Austria.

E-mail: lavinianose@yahoo.de

Abstract

The study examines how family climate counteracts the constraints in the business system created by relationship conflict that is known to negatively affect business outcomes (firm satisfaction and firm performance). Cross-sectional self-reported data were obtained from a nationally representative sample of 392 Austrian family businesses. The core tenet of sustainable family business theory provided the theoretical underpinnings for the study's hypotheses. Family climate includes measures of cohesion, adaptability and open communication. Results demonstrate the negative effects of relationship conflict on firm satisfaction and firm performance. Adaptability was significantly related to firm performance. Cohesion and adaptability moderated the negative effect of relationship conflict on firm satisfaction; adaptability moderated the negative effect of relationship conflict on firm performance.

Keywords: relationship conflict, family climate, cohesion, adaptability, open communication

According to Carlock and Ward (2001), all families experience relationship problems. Relationship conflicts such as children's desire to differentiate themselves from their parents, marital discord or ownership dispersion among family members are central to every family (Eddleston & Kellermanns, 2007). However, family businesses face even bigger challenges and are fertile grounds for conflicts (Harvey & Evans, 1994a; Sorenson, 1999) because family and business are interconnected so that the potential for conflict is greater than in firms with other governance forms (Danes, Rueter, Kwon, & Doherty, 2002; Lee & Rogoff, 1996).

Conflict in family businesses is a double-edged sword that can have positive or negative effects on the business. On one hand conflict is described as bad and detrimental, and, on the other hand, it can be beneficial in the sense that it can motivate a system to change (for an overview see Frank, Keßler, Nosé, & Suchy, 2011). It is critical when studying conflict in family business to recognize the distinction between conflicts among related family members versus conflict among unrelated organizational team members (Harvey & Evans, 1994b; Kaye, 1991). Related family members have enduring dual relationships, long histories, and deep-seeded, unspoken agendas (Kaye, 2005) that result in common as well as different ways of construing reality (Amarapurkar & Danes, 2005). Thus, understanding and managing destructive conflicts (e.g., relationship conflict) in the short-term can affect business productivity and business survival in the long-run (Gudmunson & Danes, 2013; Stewart & Danes, 2001; Vincent, 1966).

This study is grounded in the sustainable family business theory (SFBT), a behavior-oriented systems theory demonstrating integration of the family system, the business system and their interplay (Danes & Brewton, 2012). SFBT recognizes that conflict amongst related family members is distinct from conflict among unrelated organizational team members (Kaye, 1991). This study utilizes SFBT propositions to examine relationship conflict and

family climate as resource and interpersonal transactions that occur as family system processes at the interface of family and business systems.

Eddleston and Kellermanns (2007) found a negative association between relationship conflict and family firm performance with altruism, a family system outcome (Schulze, Lubatkin, & Dino, 2003), tempering that negative effect. This study contributes to their call to further elucidate how an owning family can be a source of strength and comparative advantage to the family firm by examining family climate, a family system resource. Family climate plays a unique role in family firms compared to other companies (Dyer, 2003). A positive family climate is a type of bonding social capital that creates resilience capacity epitomized by functional strength (Danes, Stafford, Haynes, & Amarapurkar, 2009). When family climate is accessed and used, it can build trust through open communication, build solidarity through internal cohesiveness and adaptability through flexible conflict management (Gudmunson & Danes, 2013).

This study utilizes multiple measures of business outcomes that contribute to a deeper insight into dynamic processes within family businesses. Typical financial indicators of firm success found in the literature are gross revenue, survival, return on assets, sales growth, profits and number of employees (Miner, 1997; Stafford, Danes, & Haynes, 2013). However, Pieper and Klein (2007) postulated that family businesses incorporate a multidimensional nature that needs to be addressed. In fact, Astrachan and Jaskiewicz (2008) developed a formula for business “value” inclusive of both financial and what they labeled as “emotional” components. When the study’s research question focuses on effects of relationship conflict on family firms and the role of positive family climate, as is the case in this study, it is essential to utilize a multidimensional business outcome measure to elucidate a more complete lens into the impact of those socio-emotional processes (Gomez-Mejia, Cruz, Berrone, & De Castro, 2011). Gimeno Sandig, Labadie, Saris, and Mendoza Mayordomo (2006) indicated

that more subjective, nonfinancial assessments of business success are needed to more fully understand dimensions of success such as owner expectations and motivations.

The study purpose is to examine the effect of positive family climate on the association of relationship conflict and business outcomes (firm satisfaction and firm performance). The study purpose reflects the SFBT proposition that during times of stability, family businesses garner resources primarily within the business system, but with the disruption that relationship conflict with the business creates, it is often necessary to access and use resources from both the family and business systems (Danes & Brewton, 2012). This resource integration during times of disruption and change occurs at the family business interface. This study contributes to the research gap found by Zacchary (2011) by identifying measurable dimensions of family climate representing owning family bonding social capital that contributes to enhancing business outcomes. Family climate has been theorized and research has called for studies incorporating family climate (Björnberg & Nicholson, 2007), however, neither main effects nor moderating effects of positive family climate on firm satisfaction or firm performance have been examined. This study addresses this research gap to empirically examine the effects of positive family climate on family firms.

Theoretical Foundation

Previous research has utilized theories that describe the various aspects of the intersection of work and family domains. For instance, the conditions under which the spillover between work and family is positive or negative is described very well with spillover theory (Westman, Brough, & Kalliath, 2009). Role theory (Kahn, Wolfe, Quinn, Snoeke, & Rosenthal, 1964) proposes that social structures are made up of role relationships between work and family that may be incompatible with one another (Goode, 1960; Greenhaus & Beutell, 1985). However, neither of these theories describe the effects of family members, considered as a system, working together in the company on a daily basis on which this study

focuses. A theory that has been systemic orientation is boundary theory (Ashforth, Kreiner, & Fugate, 2000). Although it describes the permeability of system boundaries very well, it does not address processes composed of interpersonal transactions that lead to higher permeability, like disruptions caused by work/family issues. A theory that incorporates a systemic approach with propositions addressing processes and disruptions within a family business is the sustainable family business theory (SFBT) which guides this study.

The central SFBT tenet is that equal recognition is given to family and firm and that each system takes available resources and constraints and transforms them via interpersonal and resource transactions into achievements (Danes & Brewton, 2012). This central tenet undergirds the study's analytical model. Relationship conflict is a constraint that consistently has negative impacts on firm performance (Eddleston & Kellermanns, 2007). Family climate is a family and business system inherent resource that is part of bonding family social capital that epitomizes its resilience capacity through functional strength.

Access to and use of family climate occur through interpersonal and resource transactions (Danes & Stafford, 2011). Thus, another SFBT proposition that applies here is: Processes in the family and business are composed of interpersonal transactions and resource transactions (utilization of bonding family social capital) that can be thought of as routine or standard operating procedures (Danes & Brewton, 2012). An owning family's cohesiveness and adaptability and their way of talking openly with each other (dimensions of family climate) affect daily business and professional handling of conflicts (e.g., Olson & Gorall, 2003).

Dissecting this main tenet into component parts, one more targeted SFBT proposition informing this study's analytical model is that family social capital can have simultaneous positive or negative effects on business outcomes depending on the circumstances (Danes & Brewton, 2012). Family social capital is described as goodwill and trust among family

members. Family climate is a reflection of the owning family's resilience capacity to tackle problems that cause tensions at the family-firm interface (Gudmunson & Danes, 2013).

In sum, a positive family climate creates a resilience capacity that serves as the foundation for addressing disruptions in the family business such as relationship conflicts. SFBT proposes that patterns of resource and interpersonal transactions in firm and family systems during times of stability create a resilience capacity that serves as a foundation for addressing stresses during times of change and disruptions (Danes & Brewton, 2012). When the owning family encounters disruptions such as relationship conflict, family members access and use the stock of social capital through interpersonal transactions to moderate the effects of those disruptions. Family climate is an aspect of an owning family's resilience capacity and it can be drawn upon to temper the negative effect of relationship conflict of the firm.

Relationship Conflict

Drawing on past research and given the breadth of conflict literature (Baron & Kenny, 1986; Jehn, 1997; Jehn & Bendersky, 2003; Jehn, Greer, Levine, & Szulanski, 2008; Jehn & Mannix, 2001), two streams of thought exist that address a paradox of conflict. On one hand, conflict can act as a creative mechanism that stimulates richer interactions and supports innovative decisions (De Dreu & Van De Vliert, 1997; Janssen, Van De Vliert, & Veenstra, 1999; Jehn, 1995, 1997). It can increase opportunity recognition, environmental scanning, and the learning necessary for entrepreneurial behavior (Corbett, 2005; Eddleston, Otondo, & Kellermanns, 2008; Lumpkin & Lichtenstein, 2005). On the other hand, conflict, especially relationship conflict (defined as interpersonal conflict involving emotions such as anger, resentment, and worry), is detrimental to firm performance because it limits information processing ability or the cognitive functioning of family members by increasing stress and anxiety levels (Jehn & Mannix, 2001; von Schlippe & Kellermanns, 2008).

Conflict can be categorized into three types – task, process, and relationship conflict (Jehn, 1995). These conflict types arise in the context of organizational issues, and relate, in particular, to differences in viewpoints and opinions pertaining to a task, or to controversies about aspects of how task accomplishment will proceed, respectively (Jehn & Mannix, 2001). Relationship conflict exists when there are interpersonal incompatibilities and disagreements which typically include tension, animosity, and annoyance. In this study, relationship conflict conceptually represents the frequency and intensity of interpersonal conflicts between family members within the business system. Harvey and Evans (1994a) indicate that conflict in family businesses emanates from three arenas, family, business and external stakeholders. Relationship conflict between family members occurs in one arena with effects on the other arena. According to SFBT, it represents the internal disruption in one of these arenas that has effects on the other where the two arenas intersect.

Research findings indicate that the disruption produced by relationship conflict causes family members to focus more on each other than on the problem itself (Jehn, 1995). Doing so limits the information processing ability of people, distracts them from the task that needs to be accomplished, causes them to work less effectively (Jehn, 1995), and to be less satisfied with the job (Li, Zhou, & Leung, 2011). The disruption is very strong in family businesses because of the unique link between family and business which makes them more vulnerable to the negative effects of relationship conflict (Kellermanns & Eddleston, 2004). Given that negative events have been found to explain more of the variance in outcomes than positive events (Olson & Gorall, 2003), we focus on relationship conflict to identify the negative effect on business outcomes (firm satisfaction and firm performance).

Firm performance subsumes market criteria such as turnover, profit, number of employees, and share of regular customers whereas firm satisfaction is based on the business owners' assessment of the firm. Both are relevant in the evaluation of success in family firms

(Conway & Lance, 2010). Neither aspect of success should be substituted for the other, since each serves a specific purpose (e.g., Ruderman, Ohlott, Panzer, & King, 2002). The measurement of business outcomes is more complex than either of the measures alone so it is very important to include both to better reflect reality and to make a more meaningful contribution to practice (Chrisman, Chua, & Sharma, 2005). According to SFBT, both measures represent the achievement of the firm. On the basis of the above reasoning and its theoretical grounding Hypothesis 1 was proposed:

H 1: Relationship conflict is negatively related to a) firm satisfaction and b) firm performance.

Family Climate

In general, climate is a person-oriented concept that reflects shared perceptions of how things are (Ostroff, 1993). Following James and Jones (1974), who recommended that a differentiation of climate should be made according to the used attribute, we use the term “family climate” that is referring to family attributes. Following the convention of organizational climate research (James et al., 2008; James & Jones, 1974; Pritchard & Karasick, 1973) that combines collective organizational and psychological dimensions, family climate combines organizational and familial dimensions. How the family functions creating a stock of resilience capacity or a state of vulnerability is a collective attribute that is based in the family system and adapted for use to the organizational system.

Family climate characterizes the functioning of a family, for example, how family members communicate, make decisions, and adapt, especially in unexpected situations (Björnberg & Nicholson, 2007). A widely accepted definition of family functioning is based on the Circumplex Model of Marital and Family Functioning (Olson, Sprenkle, & Russel, 1979) which includes three dimensions: cohesion, adaptability and communication. Cohesion reflects the emotional bonding a family shares; adaptability is the ability of a family to cope

with change (Olson, 2000). Communication is considered to facilitate changes in cohesion and adaptability.

Family cohesion, the *emotional and intellectual glue* (Björnberg & Nicholson, 2007), is defined as the emotional bonding family members have with one another and the degree of individual autonomy a person experiences in the family system (Danes, Lee, Stafford, & Heck, 2008). It focuses on separateness versus togetherness of family business systems. Thus, family cohesion is conducive to effective family functioning (Danes et al., 2008).

Adaptability is the ability of a family to deal effectively with a problematic situation by changing roles and strategies in terms of new or modified assessments of situations it confronts (Kossek, Colquitt, & Noe, 2001). The family serves very often as a *familia spongia* that is highly adaptive externally to the demands of the environment and internally to the needs of its own members (Vincent, 1966, p. 29) which is a vital function in changing environments. An adaptable and viable family needs to balance change and stability and manage problems which arise because of different external and internal requirements. This approach suggests viewing family as not only maintenance-oriented but also developmental and growth oriented (Danes et al., 2008).

We define open communication as a regular, straight-forward and interactive dialogue involving listening as well as sincere expression of concerns. To use open communication skills enables families to alter and adjust their levels of cohesion and adaptability to meet developmental or situational demands (Olson & Gorall, 2003). In this study, family climate conceptually represents the functioning of a family composed of cohesiveness, adaptability, and open communication. Considering SFBT's proposition that family social capital when accessed and used, influences the disruptive effect of relationship conflict, the following hypotheses were introduced.

H 2_{I-III}: Cohesion (I), adaptability (II), and open communication (III) are positively related to a) firm satisfaction and b) firm performance.

The Moderating Role of Family Climate

Family climate is composed of interaction processes between family members. Family climate is fundamental for integrating and regulating change in the family system (Björnberg & Nicholson, 2007). Even when a family develops a positive family climate, relationship conflict can arise but the way the dispute is managed most likely will be less detrimental. A positive family climate implies that cohesion, adaptability and open communication are high. Where a positive family climate exists, conflicts can be openly expressed and carefully considered because every family member has the security of knowing that their attitude and perception will be heard and respected by the others.

Due to existence of a positive family climate, a healthy way of handling the conflict can be established and relationship conflicts can be managed before they escalate. Not having the opportunity to discuss and make decisions about family business issues can intensify relationship conflict (Stewart & Danes, 2001). Speaking openly about a conflict and trusting that everyone is working for the common good may reduce the detrimental effect of conflict.

In regard to SFBT, family climate is a form of bonding family social capital that is accessed and used by family members in times of disruptions such as relationship conflict. Hence, the use and access of family climate fosters resilience capacity within the family which influences the negative effects of relationship conflict on firm satisfaction and firm performance. On the basis of this theoretical reasoning and its theoretical grounding Hypothesis 3 was proposed:

H 3_{I-III}: The relationship between relationship conflict and a) firm satisfaction and b) firm performance is moderated by positive family climate; Cohesion (I), adaptability (II), and open communication (III) reduce the negative effect of relationship conflict on firm satisfaction and firm performance.

Method

To test the primary research question of this study-if positive family climate influences the negative effect of relationship conflict on both of the business outcomes (firm satisfaction and firm performance), a quantitative approach was used. We conducted an online questionnaire that was sent to a random sample of Austrian businesses of all industries.

Recruitment Procedure

A three-step participant recruitment procedure was conducted from November 2010 until January 2011. First step: Firms with more than ten employees were selected from Aurelia (Austrian reliable company information) due to higher occurrence of relationship conflict in larger firms (Eddleston & Kellermanns, 2007). Aurelia is a business database composed of current information for about 160,000 businesses. A super-population of 19,593 firms was obtained that was representative of all Austrian businesses. Second step: Out of this population, a random sample of 5,500 firms was generated and each of them was invited by phone to participate in the study. Third step: An online questionnaire link was sent via email to 2,400 firms that agreed to participate (44% gross response rate). A total of 583 questionnaires were returned fully completed (24% net response rate).

Sample Description and Representativeness

To make sure that these questionnaires were representative of the distribution of Austrian businesses, we compared a list of industries of the Austrian Economic Chambers (WKO, 2013) that represents data of the basic population of all Austrian businesses with the firms in our study (see Table 1). There are only small differences in the distribution of industries between our study and the list of industries of the Austrian Economic Chambers. In the study, more Crafts, Utilities and Constructions were included and fewer firms related to Tourism and Leisure Industry, and Information and Consulting were included. All other industries had distributions similar to the basic population of Austrian businesses. A

comparison of employees between the Austrian corporate landscape and our study shows similar differences in the aforementioned industries.

Table 1 about here

To capture the degree of family influence in our sample, we used the F-PEC scale (Astrachan, Klein, & Smyrnios, 2002). The F-PEC is a measurement instrument that addresses the multidimensional and continuous operationalization of the family influence construct, which is achieved through power, experience and culture. According to Cliff and Jennings (2005) who encourage researchers to examine the sub-dimensions of the family influence construct as separate variables, we used the power dimension of the F-PEC Scale. The power dimension measures the degree of potential overall influence on the firm either directly through family members or indirectly through people chosen by the family (Aiken & West, 1991). The power subscale results from a combination of a) the extent of direct equity stake of the family in relation to total company equity; b) the extent of direct governance control through family board members in relation to the overall number of members on the board of directors; and c) extent of direct managerial control through family managers in the supervisory board in relation to the total number of members on this committee. Firms with a score for the power subscale of the F-PEC of less than 1 were excluded as they cannot be classified as family firms. Companies having a value equal or above 1 were defined as family firms (Klein, Astrachan, & Smyrnios, 2005).

In family businesses where only one family member is active and decides, relationship conflict within the business setting based on business decisions is unlikely to occur (Eddleston & Kellermanns, 2007). Therefore, firms with fewer than two active family members were removed from the sample. Based on these procedures, the final sample consists of 392 family businesses.

According to the European Union definition, the sample consisted of 97% small and medium-sized firms and 3% large firms. Furthermore, 37% of respondents were female, and

63% were male, with an average age of 41 years. Positions held by respondents in their firms were 68% owner/shareholder, 35% executive board member/CEO, 13% middle management, 1% member of supervisory board or advisory board, and 7% other positions (multiple answers are possible). On average, three people worked in general management ($SD=3.98$), of which, on average, two were family members ($SD=.91$). In 66% of family firms, up to three family members were active, and in 34% four or more family members were active. Family firms were managed by first (35%), second (32%), third or higher (33%) generations.

Measures

Most of the constructs were measured by already validated scales. If necessary, items were slightly adapted to account for the family firm setting. Scale characteristics are described in Table 2. Unless otherwise noted, constructs were measured on a 5-point Likert scale of *does not apply at all* (1) – *applies fully* (5).

Relationship conflict.

Relationship conflict was measured by adapting items developed by Jehn (1995, 1997). It may be assumed that conflicts in family firms occur frequently, but the perception of their intensity is different (Stewart & Danes, 2001). Thus, we also included evaluations about conflict intensity. This introduction was given before participants answered the items, “Please think about decisions you made in the company together with other family members during the last year and rate the following statements in frequency and intensity” *There have been personal conflicts amongst family members* and *There have been conflicts about personal goals with family members*.

The frequency of relationship conflict was measured on a 5-point Likert scale ranging from *never* (1), *hardly ever (fewer than 6x/year)* (2), *some of the time (1x/month)* (3), *almost always (1x every 2 weeks)* (4), and *always (min. 1x/week)* (5); Cronbach’s alpha for the measure was .79. The intensity of relationship conflict ranged from *none/irrelevant* (1), *somewhat strained* (2), and *severely strained* (3) with a Cronbach’s alpha of .79. Frequency

and intensity of each item of relationship conflict were multiplied and show a Cronbach's alpha of .81.

Family climate.

Family climate questions were adapted from Björnberg and Nicholson's Family Climate Scale (2007). The number of questions within each subscale of family climate was reduced from the original scale due to constraints of cultural understandings and time restrictions of business owners.

The introduction to this set of questions began with this statement: "Following statements refer to family members working in the family business". Open communication (e.g., *We are frank with each other*), cognitive cohesion (e.g., *We have shared interests and tastes*), and adaptability (e.g., *When we face difficulties we work together effectively*) were all composed of three questions; two items asked about the emotional cohesion (e.g., *We make each other feel secure*). Cronbach's alphas of cognitive and emotional cohesion were very low (beneath .50), so we calculated a factor analysis to figure out if both scales measured distinct constructs. The results showed that all items of the cognitive and emotional cohesion scales loaded on only one factor. We combined the two sets of question to develop only one cohesion scale and obtained a Cronbach's alpha of .78. Both open communication and adaptability had a Cronbach's alpha of .81.

Dependent variables.

Firm satisfaction was based on the Satisfaction With Life Scale (SWLS) of Diener, Emmons, Larsen, and Griffin (1985) and is a business owner assessed indicator. According to Wanous, Reichers, and Hudy (1997) who stated that even a single item is acceptable to capture firm satisfaction, we used two items *I am satisfied with the firm* and *Family members in the business are very satisfied*; Cronbach's alpha for this scale is .77.

Firm performance was subjectively measured by success evaluations over three years (2008 to 2010) to balance short-term fluctuations (*Please rate how the company developed the*

in the last three years (2008-2010) in comparison with its biggest competitor: turnover, profit, number of employees, and share of regular customers). As reported in previous studies (e.g., Eddleston & Kellermanns, 2007; Love, Priem, & Lumpkin, 2002), the subjective measurement of firm performance was necessary due the fact that closely held firms are not willing to report objective business data (Love et al., 2002). The items were rated on a 5-point Likert scale with the dimensions *worse development* (1) – *much better development* (5) for turnover and profit, and the dimensions *strongly decreasing* (1) – *strongly increasing* (5) for number of employees and share of regular customers, with a Cronbach's alpha of .80.

Control variables.

A firm managed by the second or third generation suffers more from relationship conflict due to the complexity of family and work relationships involved (Davis & Harveston, 1999). Thus, we controlled for active family members in business and the generation currently in charge of the family business. Further, we controlled for firm size (number of employees in 2010). According to Eddleston and Kellermanns (2007), larger firms may have less immediate interaction among family members and therefore the occurrence of relationship conflict may be less pronounced than in smaller firms.

The variable *active family members* was divided in four groups: (a) minimum two family members (34%), (b) three family members (32%), (c) four family members (19%) and (d) five family members or more (15%), and dummy coded. We defined four groups of active family members; the group with a minimum of two family members was the reference group.

The variable *generation* was dummy coded as well. We divided family firms by generation that leads the business into the groups: (a) first generation (35%), (b) second generation (32%), and (c) third generation or higher (32%). We defined the first generation as the reference group because it represents the majority of firms. *Firm size* was computed by number of employees working in the firm in 2010 and converted into fulltime equivalence

($M=44.39$, $SD=90.62$). Scales means, standard deviations and the consistently satisfying reliabilities are summarized and represented in Table 2.

Table 2 about here

Analyses

The correlation matrix of the study variables is shown in Table 2. Magnitude and directions of the correlations of relationship conflict and family climate with firm satisfaction and firm performance were as expected. The variables were centered to reduce problems associated with multicollinearity among the variables in the regression equation (for further explanation see Gimeno Sandig et al., 2006; Stafford et al., 2013). The highest observed variance inflation index (VIF) for the main effect models was 2.38 and for the interaction model a VIF equaled 7.15, which is still below the values that would suggest multicollinearity (Janssen et al., 1999).

The hypotheses were tested through inferential statistics by two separate hierarchical multiple regression analyses for each criterion variable. The control variables were entered in the first model block. Relationship conflict was defined as the second block to test Hypothesis 1. The three dimensions of family climate were entered in the third block to test Hypothesis 2. The fourth block consisted of the three interactions to test Hypothesis 3 (see Stafford et al., 2013).

Results

Main Effects of Relationship Conflict and Family Climate

First, we present the results of the hierarchical regression analysis with the criterion variable firm satisfaction (see Table 3). Model 1 shows that control variables did not affect firm satisfaction. To test Hypothesis 1a, relationship conflict was entered in Model 2; relationship conflict was significantly, negatively related to firm satisfaction ($\beta = -.15$, $p < .001$), which supports Hypothesis 1a. In the third model, the main effect of family climate was entered to test Hypotheses 2a_{I-III}. As we hypothesized, the results show that cohesion

($\beta = .19, p < .01$) (I), adaptability ($\beta = .18, p < .01$) (II), and open communication ($\beta = .20, p < .01$) (III) are directly and significantly related to firm satisfaction, which supports all Hypotheses 2a_{I-III}. Each family climate dimension had a positive relationship with firm satisfaction. Furthermore, Table 3 shows that the negative effect of relationship conflict on firm satisfaction and on firm performance, respectively was reduced from Model 2 to Model 3, when entering family climate into Model 3. This highlights that family climate reduces the explanatory power of relationship conflict greatly.

Table 3 about here

Second, Table 3 also presents the results of the hierarchical regression analysis for firm performance. The first model shows that the control variables *1st vs. 2nd generation* ($\beta = -.35, p < .001$) and *1st vs. 3rd or higher generation* ($\beta = -.22, p < .01$) were significant and the beta values were negative, which means that firm performance in family firms who are led by the first generation is higher than firm performance in family firms led by second or higher generations. Firm size in 2010 ($\beta = .01, p < .01$) was significantly and positively related to firm performance, indicating stability of family firms with regard to number of employees.

The second model tested Hypothesis 1b; results show that relationship conflict was significantly and negatively related to firm performance ($\beta = -.06, p < .001$) which supports Hypothesis 1b. Model 3 tested the main effect of family climate on firm performance (Hypotheses 2b_{I-III}); adaptability ($\beta = .09, p < .05$) showed a significant direct effect on firm performance. Thus, just Hypothesis 2b_{II} was supported.

Moderating Effects of Family Climate

A moderating role of family climate was confirmed for firm satisfaction. When analyzing the moderating role of specific family climate dimensions, the following significant results were observed. Cohesion moderates the effect of relationship conflict on firm

satisfaction; a combination of a high relationship conflict with low cohesion decreases firm satisfaction ($\beta = .09$, $p < .01$, Figure 1). Thus, our results support Hypothesis 3a_I.

Figure 1 about here

Adaptability moderates the effect of relationship conflict on firm satisfaction ($\beta = -.06$, $p < .01$, Figure 2) which supports hypothesis 3a_{II}. Low relationship conflict and high adaptability are related to enhanced firm satisfaction but high relationship conflict reduces satisfaction regardless whether adaptability is low or high. A moderating effect of open communication on firm satisfaction could not be confirmed; hence, Hypothesis 3a_{III} was not supported.

Figure 2 about here

A moderating role of family climate was also confirmed for firm performance: Adaptability moderates the effect of relationship conflict on firm performance ($\beta = -.04$, $p < .05$, Figure 3), thus, Hypothesis 3b_{II} was supported. Low relationship conflict and high adaptability go hand in hand with an enhanced firm performance but equal with the results of firm satisfaction, high relationship conflict causes low performance regardless if adaptability is low or high. Our results do not show any moderating effects of cohesion (Hypothesis 3b_I) or open communication (Hypothesis 3b_{III}) on the negative effect of relationship conflict on firm performance, thus, Hypothesis 3b_I and Hypothesis 3b_{III} were not supported.

Figure 3 about here

Discussion

Study purpose was to examine the effect of relationship conflict on firm satisfaction and firm performance considering the moderating effect of positive family climate. SFBT (sustainable family business theory) was the theoretical guide for the study. As predicted, relationship conflict negatively affected firm satisfaction and firm performance. More importantly, study findings indicated direct and moderating effects of positive family climate on firm satisfaction and firm performance.

Summary

Direct effects on business outcomes.

Concerning direct effects, relationship conflict affects firm performance and firm satisfaction negatively which is consistent with previous research (e.g., Eddleston & Kellermanns, 2007; Jehn, 1995; Jehn & Bendersky, 2003; Jehn et al., 2008; Jehn & Mannix, 2001). Furthermore, direct effects of cohesion, adaptability, and open communication were significantly related to firm satisfaction. Hence, family climate affects the firm satisfaction of family members who are working in the business. However, just adaptability was significantly related to market oriented firm performance. This finding is unexpected as prior studies showed a relationship of cohesion and open communication to firm performance (see Astrachan & McMillan, 2003; Ensley, Pearson, & Amason, 2002). A reason could be that positive family climate could be seen as something in the background, which keeps the system running by creating resilience in the business owner. Kossek et al. (2001) showed that a change in family climate, such as less open communication or low mutual bonding, could create a negative family climate to evolve which would have a detrimental effect on firm performance. This seems an interesting point which should be examined in greater depth within future research.

Moderating effects of family climate.

In line with previous studies that showed effects of psychological climate on work-family outcomes in a care giving setting (Kossek et al., 2001) or the positive effects of a good organizational climate on job related outcomes (Pritchard & Karasick, 1973), our study shows positive effects of family climate on business outcomes. The findings pertaining to the moderating effects of positive family climate indicated that cohesion reduced the negative impact of relationship conflict on business owner assessed firm satisfaction. This supports previous results of a qualitative study that reported chief among health indicators is family cohesion (Pieper, 2007).

Adaptability moderated the effects on both business indicators when relationship conflict was low, and open communication didn't show any moderating effect. Thus, we assume that if relationship conflict occurs in a family firm where cohesion and adaptability within the family are very high, a cohesive and adaptable family climate reduces the negative effect of relationship conflict on firm satisfaction. Family members are taking this good cohesive climate with them into the business. In combination with daily business tasks, it fosters a benevolent and productive atmosphere in the business system.

Adaptability also reduced the negative effects of relationship conflict on firm performance but if the relationship conflict rose in intensity and frequency, high adaptability didn't show this effect any more. Thus, in times of stability and low relationship conflict, highly adaptable families are working together on challenges and business tasks as part of their standard operating procedures, enhancing firm performance and also handling relationship conflicts that come up once in a while. Those families seem to act in a stability-promoting and self-corrective process, which allows them to deflect a conflicting and challenging situation and to apply useful measures. If it comes to disruptions caused by severe relationship conflicts, the results of our study show that the highly adaptable family is using a large amount of their resources to manage these conflicts so that business tasks suffer and firm performance decreases. Thus, high family adaptability seems to be supportive for the business in times of stability but turns into a burden in unstable disruptive times.

Open communication didn't show any moderating effect. Olson and Gorall (2003)) define communication as a facilitating dimension that enables families to alter their levels of cohesion and adaptability to meet disruptions. Thus, open communication seems to be more fundamental under conditions of relationship conflict because being cohesive or adaptable in times of change is not possible without talking and listening to each other on a regular basis.

Theoretical Implications

Study findings about family climate contribute to SFBT. They support the main proposition of the theory that the family and business systems take available inherent resources, like positive family climate, and transform them via resource transactions into achievements. For instance, a positive family climate supports daily tasks in the family business when mutual trust and open communication is established. Positive family climate is a form of bonding family social capital that contributes to the resilience capacity of the family members working in the business (Danes & Brewton, 2012). According to our results, positive family climate is productive for the business because it strengthens resiliency to address disruptions caused by relationship conflict. Positive family climate created by highly cohesive and adaptable family members reduces the negative effect of relationship conflict on both business indicators. This undergirds the basic tenet of the SFBT that in times of change and disruption, resources of the family system are transferred to the business system to develop resilience capacity to address disruptions.

Furthermore, the findings about direct effects of positive family climate on both business indicators supported the main proposition of the SFBT that positive family climate, a form of bonding family social capital, can be accessed and used to manage problems of the collective interaction between family and business in the business system (Danes & Brewton, 2012). Results of this study indicated that there is a transfer of family system inherent resources, like positive family climate, into the business system. Thus, the family supports the business with a variety of resources and improves firm satisfaction and performance by developing a positive and supportive family climate enabling family members to work effectively on business tasks through the access and use of the family's resilience capacity epitomized by positive family functioning. This study provides insights into what specific characteristics of the complex dynamics of family climate affect which aspects of business outcomes.

Future Research and Limitations

The present study had certain limitations that should be acknowledged. We used shortened scales for several reasons. We had to face practical limitations because when family business owners and managers are asked to complete questionnaires, they do not have a lot of time due to a very tight schedule. So we tried to shorten the questionnaire as much as possible. Further, there may be issues of face validity. In particular, respondents may resent being asked questions that appear to be repetitious. From a management perspective, a single item is usually easier to understand than a scale score, which might appear as academic nit-picking (Wanous et al., 1997). However, we acknowledge that shortened scales are a study limitation. Even so, the reliabilities of all scales were satisfying which should encourage further studies to focus on the potential use of shortened scales.

Further, the distortion of the memories of the respondents can be assumed when it comes to self-ratings of conflict frequency or the intensity of the dimensions of family climate. It is widely assumed that common method bias inflates relationships between variables measured by self-reports. Referring to the work of Conway and Lance (2010) self-reports are clearly appropriate for constructs like firm satisfaction. For firm performance, other measures might be appropriate unless the authors provide a solid rationale for their choice. In our study, we asked how the company developed in the last three years in comparison with its biggest competitor to measure firm performance. This request, to draw a comparison to the biggest competitor, induces a subjective component which can be best answered through self-reports. Therefore we included this question in our survey.

Due to the theory guiding this study, causal interpretation can be established. However, a follow-up study could be conceived to get data across a longer period, which would allow interpretation over time and insight into changing processes. Furthermore, the study is focusing on Austrian family businesses. It is important to indicate that due to our used concept of family climate, which is based on familial ties and bonds, our results could be

different in other countries due to cultural differences. Cultural differences as Shelton, Danes, and Eisenman (2008) pointed out might have an influence on the family climate of family businesses.

This study results point out that open communication seems to be a fundamental construct of family climate. It could be part of future research to examine the facilitating characteristic of open communication in a different organizational context. For instance, if task or process conflict comes up, the differing viewpoints or controversies about task procedures need to be openly discussed in order for them to be managed successfully. Thus, open communication could be essential to manage task and process conflicts as compared to relationship conflict.

Practical Implications

This study conceptually specified family climate as having three dimensions. Doing so provides a lens into the conditions and family characteristics where owning families might be able to address relationship conflicts as they affect firm satisfaction and performance themselves and where external professional assistance might be needed. The family climate dimensions within the study had varying direct and indirect effects.

Those effects indicate that when a family business consultant is assessing the strengths and weaknesses of the owning family, not only should those assessments include strengths and weaknesses in terms of leadership and management of the business, but an assessment of its cohesion characteristics, its adaptability capacity, and its communication patterns.

Owning families experiencing high relationship conflicts that also have low cohesion (lower emotional bonding) will also experience lower firm satisfaction. Families with these characteristics do not have the internal resilience to tackle this level and type of conflict and may need some assistance external to the family. It could be helpful to establish a family manager, mostly a senior family member who is taking care of the owning family. This family

manager could set up family events or family days that strengthen familial ties and provide an opportunity to talk openly with each other.

The study findings indicate that low levels of relationship conflict in owning families with high adaptability characteristics can access that internal capacity to address the conflict so it does not influence either firm satisfaction or firm performance. However, a highly adaptive family would still be affected by high relationship conflict because that level and type of conflict will decrease both firm satisfaction and performance. External, professional assistance with family system training is called for in this situation because of its effect on both financial and nonfinancial business goals. Furthermore, this finding speaks to the tendency of many business consultants to attempt and to address relationship conflicts in the business by changing roles and strategies (the study definition of adaptability). The study findings indicate that the use of this structural solution to a situation of high relationship conflict does not target the core symptoms (the reason for the relationship conflict) and, thus, is not effective.

Conclusion

This is one of few studies that empirically investigated the effect of relationship conflict on firm performance and firm satisfaction, as well as the direct effect of family climate on firm satisfaction and firm performance and its moderating effect under conditions of relationship conflict. Furthermore, we addressed the lack of research focusing on the family system in family businesses and family climate a form of its family social capital which had an important influence on the business, as the results of this study showed. One of the main findings of our study was the direct and enhancing impact of family climate on both business indicators as well as the moderating impact of family climate on the negative effect of relationship conflict on the business.

Future studies might include longitudinal data which would allow interpretation over time and insight into changing processes and the conditions under which family social capital tends to be consumed. Just as businesses need to grasp effects of the global market on their performance, so must the family business discipline need to capture the intricate processes that compose family social capital development and maintenance over time and to capture the competitive advantage those processes have to offer family businesses.

References

- Aiken, L. S., & West, S. G. (1991). *Multiple Regression: Testing and interpreting interactions*. California: Sage.
- Amarapurkar, S. S., & Danes, S. M. (2005). Farm business-owning couples: Interrelationships among business tensions, relationship conflict quality, and spousal satisfaction. *Journal of Family and Economic Issues*, 26(3), 419-441. doi: 10.1007/s10834-005-5905-6
- Ashforth, B. E., Kreiner, G. E., & Fugate, M. (2000). All in a day's work: Boundaries and micro role transitions. *Academy of Management Review*, 25(3), 472-491.
- Astrachan, J. H., & Jaskiewicz, P. (2008). Emotional returns and emotional costs in privately held family businesses: Advancing traditional business valuation. *Family Business Review*, 21(2), 139-149.
- Astrachan, J. H., Klein, S. B., & Smyrnios, K. X. (2002). The F-PEC scale of family influence: A proposal for solving the family business definition problem. *Family Business Review*, 15(1), 45-58.
- Astrachan, J. H., & McMillan, K. S. (2003). *Conflict and communication in the family business* (Vol. 16). Marietta: Family Enterprise Publishers.

- Baron, R. M., & Kenny, D. A. (1986). The moderator-mediator variable distinction in social psychological research: Conceptual, strategic, and statistical considerations. *Journal of Personality and Social Psychology*, 51(6), 1173-1182.
- Björnberg, A., & Nicholson, N. (2007). The family climate scales. Development of a new measure for use in family business research. *Family Business Review*, 20(3), 229-246.
- Carlock, R. S., & Ward, J. L. (2001). *Strategic Planning for the Family Business: Parallel Planning to Unite the Family and Business*. New York: Palgrave.
- Chrisman, J. J., Chua, J. H., & Sharma, P. (2005). Trends and directions in the development of a strategic management theory of the family firm. *Entrepreneurship Theory and Practice*, 29(5), 555-575.
- Cliff, J. E., & Jennings, P. D. (2005). Commentary on the multidimensional degree of family influence construct and the F-PEC measurement instrument. *Entrepreneurship Theory and Practice*, 29(3), 341-347.
- Conway, J. M., & Lance, C. E. (2010). What reviewers should expect from authors regarding common method bias in organizational research. *Journal of Business and Psychology*, 25, 325-334. doi: 10.1007/s10869-010-9181-6
- Corbett, A. C. (2005). Experiential learning within the process of opportunity identification and exploitation. *Entrepreneurship Theory and Practice*, 29(4), 473-491. doi: 10.1111/j.1540-6520.2005.00094.x
- Danes, S. M., & Brewton, K. E. (2012). Follow the capital: Benefits of tracking family capital across family and business systems. In A. L. Carsrud & M. Brännback (Eds.), *Understanding family businesses: Undiscovered approaches, unique perspectives, and neglected topics* (pp. 227-250). New York: Springer.
- Danes, S. M., Lee, J., Stafford, K., & Heck, R. K. Z. (2008). The effects of ethnicity, families and culture on entrepreneurial experience: An extension of sustainable family business theory. *Journal of Developmental Entrepreneurship*, 13(3), 229-268.

- Danes, S. M., Rueter, M. A., Kwon, H.-K., & Doherty, W. (2002). Family FIRO Model: An Application to Family Business. *Family Business Review*, 15(1), 31-43.
- Danes, S. M., & Stafford, K. (2011). Family social capital as family business resilience capacity. In R. Sorenson (Ed.), *Family Business and Social Capital* (pp. 79-105). UK.: Edward Elgar
- Danes, S. M., Stafford, K., Haynes, G., & Amarapurkar, S. S. (2009). Family Capital of Family Firms: Bridging Human, Social, and Financial Capital. *Family Business Review*, 22(3), 199-215. doi: 10.1177/0894486509333424
- Davis, P. S., & Harveston, P. D. (1999). In the founder's shadow: Conflict in the family firm. *Family Business Review*, 12(4), 311-323. doi: 10.1111/j.1741-6248.1999.00311.x
- De Dreu, C. K. W., & Van De Vliert, E. (1997). *Using conflict in organizations*. London: Sage Publications.
- Diener, E., Emmons, R. A., Larsen, R. J., & Griffin, S. (1985). The satisfaction with life scale. *Journal of Personality Assessment*, 49(1), 71-75.
- Dyer, G. W. (2003). The family: The missing variable in organizational research. *Entrepreneurship Theory and Practice*, 27(4), 401-416.
- Eddleston, K. A., & Kellermanns, F. W. (2007). Destructive and productive family relationships: A stewardship theory perspective. *Journal of Business Venturing*, 22(4), 545-565. doi: 10.1016/j.jbusvent.2006.06.004
- Eddleston, K. A., Otondo, R., & Kellermanns, F. W. (2008). Conflict, participative decision-making, and generational ownership dispersion: A multilevel analysis. *Journal of Small Business Management*, 46(3), 456-484.
- Ensley, M. D., Pearson, A. W., & Amason, A. C. (2002). Understanding the dynamics of new venture top management teams: Cohesion, conflict, and new venture performance. *Journal of Business Venturing*, 17(4), 365-386. doi: 10.1016/S0883-902600000653

- Frank, H., Keßler, A., Nosé, L., & Suchy, D. (2011). Conflicts in family firms: state of the art and perspectives for future research. *Journal of Family Business Management*, 1(2), 130-153.
- Gimeno Sandig, A., Labadie, G. J., Saris, W., & Mendoza Mayordomo, X. (Eds.). (2006). *Internal factors of family business performance: an integrated theoretical model*. UK: Edward Elgar Publishing.
- Gomez-Mejia, L. R., Cruz, C., Berrone, P., & De Castro, J. (2011). The bind that ties: Socioemotional wealth preservation in family firms. *The Academy of Management Annals*, 5(1), 653-707. doi: 10.1080/19416520.2011.593320
- Goode, W. J. (1960). A theory of role strain. *American Sociological Review*, 25(3), 483-496.
- Greenhaus, J. H., & Beutell, N. J. (1985). Sources of conflict between work and family roles. *Academy of Management Review*, 10(1), 76-88.
- Gudmunson, C. G., & Danes, S. M. (2013). Family social capital in family businesses: A stocks and flows investigation. *Family Relations*, 62(3), 399-414. doi: 10.1111/fare.12017
- Harvey, M., & Evans, R. E. (1994a). Family Business and Multiple Levels of Conflict. *Family Business Review*, 7(4), 331-348. doi: 10.1111/j.1741-6248.1994.00331.x
- Harvey, M., & Evans, R. E. (1994b). The Impact of Timing and Mode of Entry on Successor Development and Successful Succession. *Family Business Review*, 7(3), 221-236. doi: 10.1111/j.1741-6248.1994.00221.x
- James, L. R., Choi, C. C., Ko, C.-H. E., McNeil, P. K., Minton, M. K., Wright, M. A., & Kim, K.-i. (2008). Organizational and psychological climate: A review of theory and research. *European Journal of Work and Organizational Psychology*, 17(1), 5-32. doi: 10.1080/13594320701662550
- James, L. R., & Jones, A. P. (1974). Organizational climate: A review of theory and research. *Psychological Bulletin*, 81(12), 1096-1112.

- Janssen, O., Van De Vliert, E., & Veenstra, C. (1999). How task and person conflict shape the role of positive interdependence in management teams. *Journal of Management*, 25(2), 117-141. doi: 10.1177/014920639902500201
- Jehn, K. A. (1995). A multimethod examination of the benefits and detriments of intragroup conflict. *Administrative Science Quarterly*, 40(2), 256-282.
- Jehn, K. A. (1997). A qualitative analysis of conflict types and dimensions in organizational groups. *Administrative Science Quarterly*, 42(3), 530-557.
- Jehn, K. A., & Bendersky, C. (2003). Intragroup conflict in organizations: A contingency perspective on the conflict-outcome relationship. *Research in Organizational Behavior*, 25, 187-241.
- Jehn, K. A., Greer, L., Levine, S., & Szulanski, G. (2008). The effects of conflict types, dimensions, and emergent states on group outcomes. *Group Decision Negotiation*, 17(6), 465-495.
- Jehn, K. A., & Mannix, E. A. (2001). The dynamic nature of conflict: A longitudinal study of intragroup conflict and group performance. *The Academy of Management Journal*, 44(2), 238-251.
- Kahn, R. C., Wolfe, D. M., Quinn, R. P., Snoeke, J. D., & Rosenthal, R. A. (1964). *Organizational Stress: Studies in role conflict and ambiguity*. New York: Wiley.
- Kaye, K. (1991). Penetrating the Cycle of Sustained Conflict. *Family Business Review*, 4(1), 21-44. doi: 10.1111/j.1741-6248.1991.00021.x
- Kaye, K. (2005). *The dynamics of family business: Building trust and resolving conflicts*. Lincoln: iUniverse.
- Kellermanns, F. W., & Eddleston, K. A. (2004). Feuding families: When conflict does a family firm good. *Entrepreneurship Theory and Practice*, 28(3), 209-228.

- Klein, S. B., Astrachan, J. H., & Smyrnios, K. X. (2005). The F-PEC scale of family influence: Construction, Validation, and further implication for theory. *Entrepreneurship Theory and Practice*, 29(3), 321-339.
- Kossek, E. E., Colquitt, J. A., & Noe, R. A. (2001). Caregiving decisions, well-being, and performance: The effects of place and provider as a function of dependent type and work-family climates. *Academy of Management Journal*, 44(1), 29-44.
- Lee, M.-S., & Rogoff, E. G. (1996). Research Note: Comparison of Small Businesses with Family Participation versus Small Businesses Without Family Participation: An Investigation of Differences in Goals, Attitudes, and Family/Business Conflict. *Family Business Review*, 9(4), 423-437. doi: 10.1111/j.1741-6248.1996.00423.x
- Li, F., Zhou, F., & Leung, K. (2011). Expecting the worst: Moderating effects of social cynicism on the relationships between relationship conflict and negative affective reactions. *Journal of Business and Psychology*, 26(3), 339-345. doi: 10.1007/s10869-010-9192-3
- Love, L. G., Priem, R. L., & Lumpkin, G. T. (2002). Explicitly articulated strategy and firm performance under alternative levels of centralization. *Journal of Management*, 28(5), 611-627. doi: 10.1016/S0149-2063(02)00158-7
- Lumpkin, G. T., & Lichtenstein, B. B. (2005). The Role of Organizational Learning in the Opportunity-Recognition Process. *Entrepreneurship Theory and Practice*, 29(4), 451-472. doi: 10.1111/j.1540-6520.2005.00093.x
- Miner, J. B. (1997). The expanded horizon for achieving entrepreneurial success. *Organizational Dynamics*, 25(3), 54-67. doi: 10.1016/S0090-2616(97)90047-4
- Olson, D. H. (2000). Circumplex model of marital and family systems. *Journal of Family Therapy*, 22(2), 144-167. doi: 10.1111/1467-6427.00144
- Olson, D. H., & Gorall, D. M. (2003). Circumplex model of marital and family systems. In F. Walsh (Ed.), *Normal family processes* (pp. 514-547). New York: Guilford.

- Olson, D. H., Sprenkle, D. H., & Russel, C. S. (1979). Circumplex model of marital and family systems: I. Cohesion and adaptability dimensions, family types, and clinical applications. *Family Process*, 18(1), 3-28. doi: 10.1111/j.1545-5300.1979.00003.x
- Ostroff, C. (1993). The effect of climate and personal influences on individual behavior and attitudes in organizations. *Organizational Behavior and Human Decision Processes*, 56(1), 56-90. doi: 10.1006/obhd.1993.1045
- Pieper, T. M. (2007). *Mechanism to assure long-term family business survival: A study of the dynamics of cohesion in multigenerational family business families*. Frankfurt am Main: Peter Lang.
- Pieper, T. M., & Klein, S. B. (2007). The Bulleye: A systems approach to modeling family firms. *Family Business Review*, 20(4), 301-319. doi: 10.1111/j.1741-6248.2007.00101.x
- Pritchard, R. D., & Karasick, B. W. (1973). The effects of organizational climate on managerial job performance and job satisfaction. *Organizational Behavior and Human Performance*, 9, 126-146.
- Ruderman, M. P., Ohlott, P. J., Panzer, K., & King, S. N. (2002). Benefits of multiple roles for managerial women. *Academy of Management Journal*, 45(2), 369-387.
- Schulze, W. S., Lubatkin, M. H., & Dino, R. N. (2003). Toward a theory of agency and altruism in family firms. *Journal of Business Venturing*, 18(4), 473-490.
- Shelton, L. M., Danes, S. M., & Eisenman, M. (2008). Role demands, difficulty in managing work-family conflict, and minority entrepreneurs. *Journal of Developmental Entrepreneurship*, 13(3), 315-342. doi: 10.1142/S1084946708000983
- Sorenson, R. L. (1999). Conflict Management Strategies Used by Successful Family Businesses. *Family Business Review*, 12(4), 325-339. doi: 10.1111/j.1741-6248.1999.00325.x

- Stafford, K., Danes, S. M., & Haynes, G. W. (2013). Long-term family firm survival and growth considering owning family adaptive capacity and federal disaster assistance receipt. *Journal of Family Business Strategy*, 4(3), 188-200. doi: 10.1016/j.jfbs.2013.06.002
- Stewart, C. C., & Danes, S. M. (2001). Inclusion and control in resort family businesses: A developmental approach to conflict. *Journal of Family and Economic Issues*, 22(3), 293-320.
- Vincent, C. E. (1966). Familia spongia: The adaptive function *Journal of Marriage and Family*, 28(1), 29-36.
- von Schlippe, A., & Kellermanns, F. W. (2008). Emotionale Konflikte in Familienunternehmen. *Zeitschrift für KMU und Entrepreneurship*, 56(1/2), 40-58.
- Wanous, J. P., Reichers, A. E., & Hudy, M. J. (1997). Overall job satisfaction: How good are single-item measures? *Journal of Applied Psychology*, 82(2), 247-252.
- Westman, M., Brough, P., & Kalliath, T. (2009). Expert commentary on work–life balance and crossover of emotions and experiences: Theoretical and practice advancements. *Journal of Organizational Behavior*, 30, 587-595. doi: 10.1002/job.616
- WKO. (2013). Unternehmen nach Beschäftigtengrößenklassen und Sparten WKO *Beschäftigungsstatistik in der Kammersystematik*. Vienna: WKO.
- Zacchary, R. K. (2011). The importance of the family system in family business. *Journal of Family Business Management*, 1(1), 26-36. doi: 10.1108/20436231111122263

TABLE 1: Basic population of Austrian businesses

	Austrian Economic Chamber ¹	Study ¹	Austrian Economic Chamber ¹	Study ¹
	Distribution of Branches		Employees	
Craft (i.e. clothing, shoemanufacturing, etc.)	31.5	51.5	26.7	32.2
Utilities and Construction	2.2	9.2	18.7	28.1
Retail, Services	24.8	22.4	20.9	22.4
Bank and Insurance	0.4	0.0	4.7	0.0
Transportation and Logistic	6.0	7.4	8.5	8.7
Tourism and Leisure Industry	17.8	7.4	12.8	7.2
Information and Consulting	17.3	2.1	7.7	1.4
¹ Statistics in %	100.0	100.0	100.0	100.0

TABLE 2: Correlation matrix of study variables

	1	2	3	4	5	6	7	8	9	10
1 Relationship conflict	.79									
2 Cohesion	-.42 ***	.79								
3 Adaptability	-.46 ***	.58 ***	.78							
4 Open communication	-.52 ***	.65 ***	.65 ***	.81						
5 Firm satisfaction	-.46 ***	.46 ***	.47 ***	.50 ***	.80					
6 Firm performance	-.20 ***	.16 **	.19 ***	.14 **	.38 ***	.81				
7 Firm size 2010	.06	-.07	-.03	-.02	.03	.15 **	.77			
8 Active family members	.12 **	-.04	-.01	-.08	.01	.08	.12 *	—		
9 1st vs 2nd generation	-.03	-.07	-.01	.01	-.08	-.19 ***	-.05	-.04	—	
10 1st vs 3rd generation	.03	.03	.01	.04	.02	-.02	.11 *	.10 †	-.48 ***	—
M	3.02	3.92	4.08	4.30	3.93	3.27	44.39	2.15	.32	.47
SD	2.57	.70	.74	.71	.82	.63	90.62	1.05	.33	.47

Note . N = 392. The diagonal shows Cronbach's alphas.

†p < .10. *p < .05. **p < .01. ***p < .001

TABLE 3: Results from hierarchical multiple regression models

	Firm satisfaction								Firm performance							
	Model 1		Model 2		Model 3		Model 4		Model 1		Model 2		Model 3		Model 4	
	β	SE	β	SE	β	SE	β	SE	β	SE	β	SE	β	SE	β	SE
1st generation	-.16	.10	-.17 [†]	.09	-.16 [†]	.08	-.17 [†]	.08	-.35 ***	.08	-.35 ***	.07	-.34 ***	.07	-.34 ***	.07
2nd generation	-.05	.10	-.05	.09	-.08	.08	-.11	.08	-.22 **	.08	-.22 **	.07	-.22 **	.07	-.23 **	.07
Firm size 2010	.00	.00	.04	.00	.00	.00	.00	.00	.00 **	.00	.00 **	.00	.00 **	.00	.00 **	.00
Active family members	.01	.04	.05	.04	.05	.03	.04	.03	.04	.03	.06 [†]	.03	.05 [†]	.03	.05 [†]	.03
Relationship conflict			-.15 ***	.01	-.08 ***	.02	-.10 ***	.02			-.06 ***	.01	-.04 **	.01	-.06 ***	.05
Cohesion					.19 **	.07	.18 **	.07					.05	.06	.05	.10
Adaptability					.18 **	.06	.21 **	.06					.09 *	.06	.12 *	.09
Open communication					.20 **	.07	.20 **	.07					-.03	.07	-.03	.10
Rel conflict*Cohesion							.09 **	.03							-.01	.03
Rel conflict*Adaptability							-.06 **	.02							-.04 *	.02
Rel conflict*Open communication							-.04 [†]	.03							.02	.02
ΔR^2	.01		.215***		.13***		.03***		.08***		.05***		.01		.02*	
R^2	.01		.22		.35		.38		.08		.13		.14		.16	
Adjusted R^2	.00		.21		.34		.37		.07		.12		.12		.14	
F	.68		22.07***		26.01***		21.44***		7.98***		11.08***		7.63***		6.42***	

Note . N = 392. β = Beta standardized

[†] $p < .10$. * $p < .05$. ** $p < .01$. *** $p < .001$.

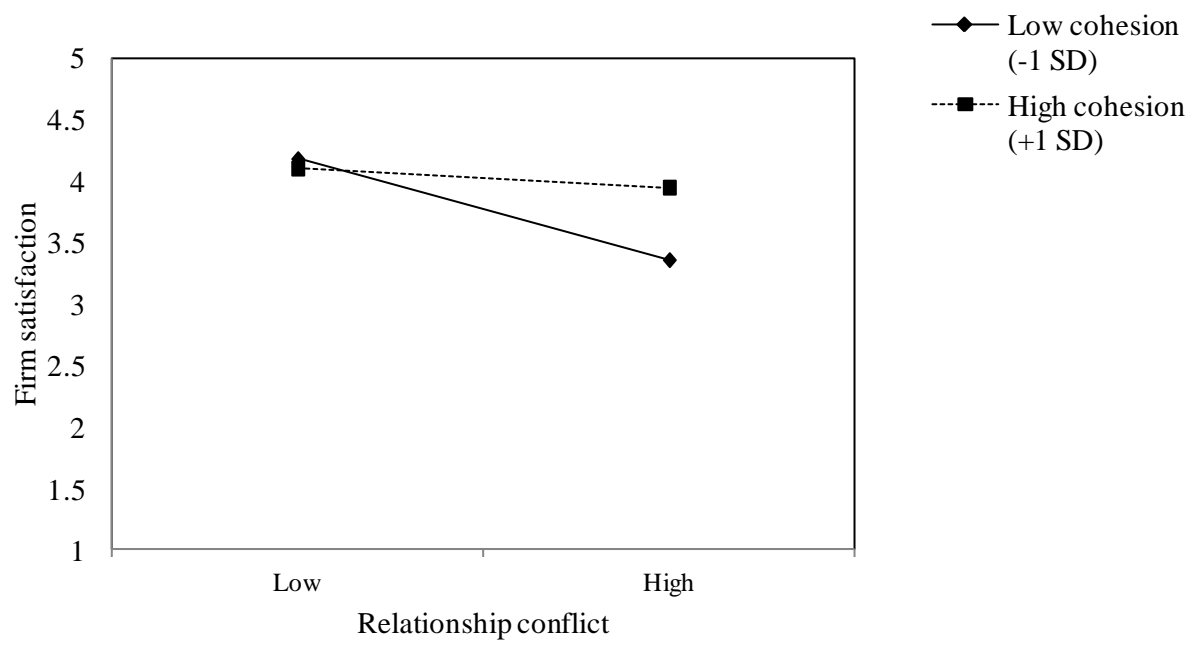
FIGURE 1 Relationship conflict, cohesion, and firm satisfaction

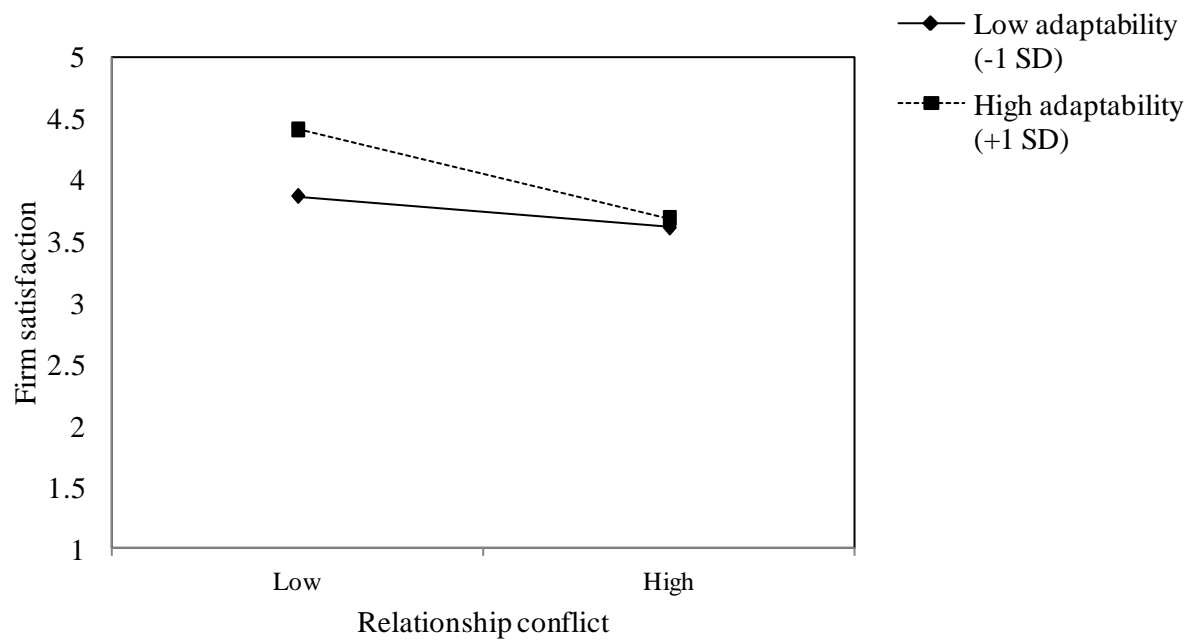
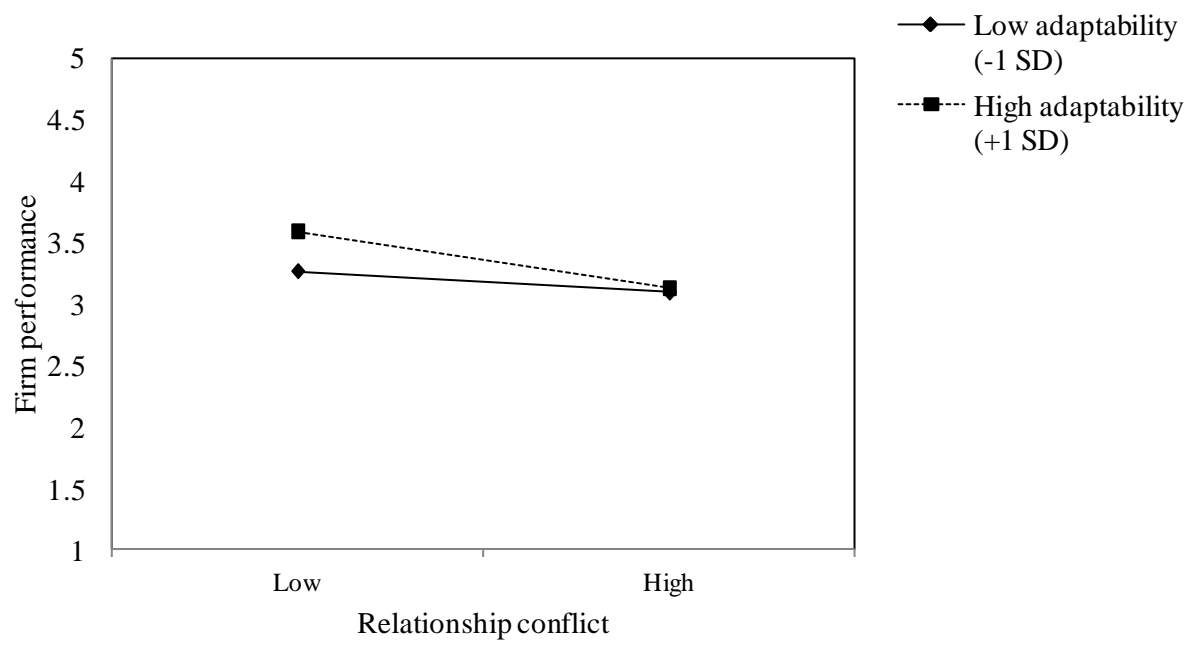
FIGURE 2 Relationship conflict, adaptability, and firm satisfaction

FIGURE 3 Relationship conflict, adaptability, and firm performance

Article 3

Nosé, L., Danes, S. M., Korunka, C., & Frank, H. (submitted). How to avoid negative effects of work-family conflict on family firm performance? Positive family climate and firm satisfaction can help.

How to avoid negative effects of work-family conflict on family firm performance?

Positive family climate and firm satisfaction can help

Lavinia Nosé

Department of Applied Psychology: Work, Education, Economy

Faculty of Psychology, University of Vienna

lavinia.nose@univie.ac.at

Sharon Danes

Family Social Science Department

University of Minnesota

Christian Korunka

Department of Applied Psychology: Work, Education, Economy

Faculty of Psychology, University of Vienna

Hermann Frank

Research Institute for Family Business

Vienna University of Economics and Business

ABSTRACT

Research on work-family conflict in family businesses has provided abundance of evidence that family and work systems are strongly linked and cause a variety of conflicts that negatively affect firm performance. However, conflict-diminishing factors arising from the family system (e.g. positive family climate) or firm satisfaction of family business members working in the business, have received little attention. Based on the Sustainable Family Business Theory, we examine the mediating effect of firm satisfaction, and the moderating effect of positive family climate on the relation of work-family conflict and firm performance by using a moderated mediation regression analysis. Cross-sectional self-reported data were obtained from a nationally representative sample of 421 Austrian family businesses. Findings demonstrate that firm satisfaction mediates the negative impact of work-family conflict on firm performance. Furthermore, a positive family climate diminishes the negative effect of work-family conflict on firm satisfaction. We contribute to the literature of work-family conflict in family businesses by shifting the focus on the indirect processes of work-family conflict in the family business and highlighting the family system as a source to buffer conflict, in contrary to the one-sided assumption of the family as a fertile soil for conflicts.

Keywords: work-family conflict, family climate, firm satisfaction, firm performance, Sustainable Family Business Theory (max. 6)

INTRODUCTION

Managing conflicts between family and business systems is an ever present challenge for family business owners and their families. While previous studies have documented that the potential to experience work-family conflict for family business owners and their families is high (Gersick, Davis, McCollom Hampton, & Lansberg, 1997; Karofsky et al., 2001; Werbel & Danes, 2010), relatively little research has explicitly examined how work-family conflict is buffered (or vice versa) by owning-family interactions (Clark, 2000) or how that buffering effect on family and business within family firms is exhibited in business outcomes (Shelton, 2006; Shelton, Danes, & Eisenman, 2008; Smyrnios et al., 2003). This study addresses this gap in focusing on family resources that have the potential to buffer the negative effects of work-family conflicts on the business. Thus, the study aim is to show that an owning family cannot just be seen as a constraint for the company (e.g., Barnett, Eddleston, & Kellermanns, 2009; Eddleston & Kellermanns, 2007) but that it can also be a source of strength and comparative advantage to the family firm.

Gudmunson and Danes (2013) showed that work-family conflict is one of the biggest tension producer in family firms. Work-family conflict is generally described as a form of interrole-conflict arising from participation of an individual in work and family domains (Greenhaus & Beutell, 1985). It is a source of stress that affects the productivity in the business system. That potential decrease in productivity results in a detrimental effect on financial outcomes for the business (Shelton, 2006).

To manage work-family conflict previous research has focused on work-family balance that occurs at the individual level to manage work-family conflict (Ashforth, Kreiner, & Fugate, 2000). However, an intriguing research result was stated by Greenhaus, Collins, and Shaw (2003). They demonstrated that greater emphasis on family is a better predictor of quality of life than is “balancing” work and family or devoting the most attention and effort to work. Furthermore, Salvato and Aldrich (2012) postulate that the family system has to be

taken into account when examining influences on the family business; Cooper and Artz (1995) highlighted the importance of family resources to influence work-family conflict. We contribute to this call for research (e.g., Martins, Eddleston, & Veiga, 2002) by focusing on supportive family system resources (family climate) and family achievements (firm satisfaction) that strengthen family business members to manage work-family conflict.

Firm satisfaction, a family system achievement, has been examined in a number of previous studies wherein work-family conflict has been examined as a factor influencing firm satisfaction (see Ford, Heinen, & Langkamer, 2007 for an overview). It can reasonably be expected that as work-family conflict increases, firm satisfaction will decrease (Allen, Herst, Bruck, & Sutton, 2000). Otherwise firm satisfaction can function as a predictor for firm performance (Boles, 1996). Hence, firm satisfaction plays a central role between work-family conflict and firm performance. In this study we want to examine the potential buffering effect of firm satisfaction.

Furthermore we want to focus on resources when investigating work-family conflict and firm satisfaction in family firms. The owning family acts as a very strong resources-producer in family businesses (Werbel & Danes, 2010). A family system resource is positive family climate, composed of a number of dimensions: cohesion, adaptability, and open communication. A well-functioning family is cohesive, acts flexibly to change, and exchanges information openly creating a positive family climate (Björnberg & Nicholson, 2007). This fosters binding and involvement within the family system and develops a feeling of well-being and satisfaction (Sekaran, 1989). Due to the permeable borders of family firms, family members take their resources into the business system which increases the potential for satisfactory interactions among family members working in the business (Adams, King, & King, 1996). The energy created by this perceived satisfaction is fuel that drives firm productivity and ultimately firm performance.

How families and businesses manage in times of stability is thought of as standardized operating procedures (Werbel & Danes, 2010). In times of disruption and change those procedures and management processes need to be reconstructed to meet the increased demands created by the change (Danes & Brewton, 2012). Thus, resources (e.g., spending more time at work) are needed to reconstruct those processes. Hence, work-family conflict could evolve during this reconstruction period. In the family business the process of work-family conflict is based on the permeability of the boundaries between family and business systems (Clark, 2000).

A theory that gives equal recognition to the interaction of both systems and to processes arising in both systems is the Sustainable Family Business Theory (SFBT). SFBT stipulates that family and firm are interconnected and that resources (e.g. family climate) and constraints (e.g. work-family conflict) are transferred between both systems. This study uses SFBT as the theoretical grounding and contributes to the main premise that conflicts appear because of a mismatch of demands and resources. Furthermore, we contribute to the proposition that the use and access of family system resources and achievements (family climate and firm satisfaction) supports family members to manage disruptions, like work-family conflict.

In sum, despite the wealth of work-family conflict research grounded in private and organizational settings (Eby, Casper, Lockwood, Bordeaux, & Brinley, 2005), there is a lack of research in the family business setting. Our research is based on SFBT and focuses on family system resources and achievements that support family business members when they suffer from work-family conflict. The purpose of this study is to identify potential buffering effects of family system's based resources (firm satisfaction and family climate) on disruptions (work-family conflict) that negatively affect the company (firm performance).

WORK-FAMILY CONFLICT

The effects of conflict between family and business systems on business outcomes is a major problem faced by many family business members (Boles, 1996). Work-family conflict has been linked, directly or indirectly with firm performance (Shelton, 2006; Shelton et al., 2008), family cohesion (Smyrnios et al., 2003), and firm satisfaction (Boles, 1996). Work-family conflict is a form of interrole-conflict because of mutually incompatible demands, emanating from the family and/or business system (Greenhaus & Beutell, 1985). Three work-family conflict approaches are primarily used to explicate that conflict: segmentation, spillover, and compensation (Westman, Brough, & Kalliath, 2009). All three approaches focus on two systems' (work and family) demands that contribute to work-family conflict (Shelton, 2006). However, their focus is addressing emotional linkages (e.g., emotional well-being, frustration), and give only little or no acknowledgement to dynamic processes between business and family systems (e.g., social or behavioral connections) (Clark, 2000; Karofsky et al., 2001).

Dynamic processes are explained in SFBT as standardized operating procedures that are describing how families and businesses manage in times of stability (Werbel & Danes, 2010). In times of disruption and change those processes and procedures have to be adapted and reconstructed due to the demands (Danes & Brewton, 2012). All accessible resources are needed for the reconstruction process which could lead to stress and pressure within the family member. Thus, work-family conflict can come up based on less time and energy for family and private life. The presupposed border of the two systems in times of stability becomes permeable in times of disruption and interconnects the systems (Werbel & Danes, 2010).

In sum, family members have to juggle the differences between the systems which in times of disruption (Knapp, 2013) tend to exacerbate work-family conflict (Clark, 2000). Meeting the demands from one system reduces resources available to function in the other

system and thus, create work-family conflict (Ruderman, Ohlott, Panzer, & King, 2002) which effects social capital resources in both the family and business system. Difficulties in managing demands in the family and business lowers firm performance by reducing the satisfaction and health of the business owner (Shelton, 2006), and by requiring time, energy, and material resources that could be otherwise invested in the firm (Shelton et al., 2008).

THEORY BASED RESEARCH MODEL

Our proposed analytical model (see Figure 1) is based on major Sustainable Family Business Theory (SFBT) tenets. We indicate the overall application of SFBT in establishing the study's analytical model. Then we indicate the application of specific tenets of SFBT to specify study hypotheses. Family and business systems are fundamentally different from each other in terms of rules and strategies (Frank, Lueger, Nosé, & Suchy, 2010). These systems are like two different countries, with different languages, cultures, and goals (von Schlippe & Frank, 2013).

Figure 1 about here

The mediating effect of firm satisfaction

Several variables influence the relationship between work-family conflict and firm performance (Cooper & Artz, 1995). Shelton (2006) postulates that the relationship of work-family conflict and firm performance is affected indirectly through responses of family business members. We insinuate that firm satisfaction of family business members plays a very important role concerning their functioning in the business. Firm satisfaction is constantly formed and influenced by family resources and it provides more insight into the owner's commitment to or passion for the firm (Stanforth & Muske, 2001)

Previous research has primarily focused upon the consequences of firm satisfaction influenced by work demands (Boles, 1996; Duxbury & Higgins, 1991; Greenhaus & Beutell, 1985) and upon the antecedents of satisfaction for business performance (Daily & Near,

2000). Though, the indirect processes were left out of focus. Boles (1996) showed that conflicts between family and business responsibilities make work less satisfying since destructive indirect dynamic processes involved in working in blurred systems foster work-family conflict and result in lower firm satisfaction. Processes that further the interconnection of satisfaction and business accomplishments in family businesses cause dissatisfaction when they are not realized (Karofsky et al., 2001).

Based on SFBT processes are standardized procedures that maintain the systems in times of stability. Due to external or internal changes, disruptions can evolve of either one or both systems. Thus, the processes need to be modified so that a family business remains healthy when responding to those changes (Danes, Rueter, Kwon, & Doherty, 2002; Danes, Zuiker, Kean, & Arbuthnot, 1999). Generally, processes transform resources into achievements to enhance and increase existing resources (Amarapurkar & Danes, 2005). The achievement within the business is profit; the achievement within the family is satisfaction (Werbel & Danes, 2010). Firm satisfaction experienced by family business members in times of stability regenerates resources that can be used to strengthen both systems by serving as a buffer in times of change and disruption (Ford et al., 2007).

According to SFBT family members are able to manage disruptions and reduce the negative effects of work-family conflict on the business, if there are enough resources developed and transformed into satisfaction in times of stability. Thus, we hypothesize that firm satisfaction of family business members can be seen as an efficient buffer to prevent the business and its performance from perceived work-family conflicts.

H1: Firm satisfaction mediates the relationship between work-family conflict and firm performance.

The moderating effect of family climate

Family climate characterizes the functioning of a family; it reflects how family members communicate, make decisions, and adapt, especially in unexpected situations

(Björnberg & Nicholson, 2007). Björnberg and Nicholson (2007) indicate that family climate is composed of cohesion, adaptability and open communication. Cohesion, the *emotional and intellectual glue* of a family (Björnberg & Nicholson, 2007) is defined as the emotional bonding family members have with one another and the degree of individual autonomy a person experiences in the family system (Danes, Lee, Stafford, & Heck, 2008). Adaptability helps the family to react flexibly and effectively to solve problems and to develop strategies to support each other (Björnberg & Nicholson, 2007). Open communication enables the family to alter and adjust their levels of cohesion and adaptability to meet various demands in the family and the business system (Olson & Gorall, 2003).

SFBT proposes that establishing social capital in times of stability creates a resilience capacity which is necessary to meet gaps between demands created by disruptions and resources to address those demands in an efficient manner (Stafford, Duncan, Danes, & Winter, 1999). Family climate, a form of social capital, is generated in the family through interactions among family members (Björnberg & Nicholson, 2007). Positive family climate can be established in times of stability that generates resilience capacity. The use and access of this resilience capacity during times of disruption supports the family firm by reconstructing processes to ensure short-term viability and sustainability over time (Danes & Brewton, 2012). In sum, positive family climate developed in the family system is a resource for the family business system. It creates resilience capacity that serves as a foundation for conflict management. Previous studies showed that social support moderates the relationship between work-family conflict and satisfaction (Greenhaus & Beutell, 1985). Thus, family climate tempers the negative effects of a system's specific demands and enhances satisfaction (Smyrnios et al., 2003). On the basis of the above reasoning and its theoretical grounding, Hypothesis 2 is proposed:

H 2: Family climate moderates the relationship between work-family conflict and firm satisfaction; a positive family climate reduces the negative effect of work-family conflict on firm satisfaction.

In regard to our assumption that positive family climate is an appropriate moderator to reduce the negative effects of work-family conflict, we further hypothesize that it facilitates higher satisfaction of family members within the firm. We suggest that the support of the family system is a main condition for family members to be more satisfied with their firm and to function better in the family business. More precisely, our reasoning implies the following hypothesis:

H 3: The indirect effect of work-family conflict on firm performance is stronger for family members more satisfied with their firm and perceiving positive family climate as compared to family members experiencing weak family climate.

METHODS

Sample and procedures

A three step participant recruitment procedure was conducted from November 2010 until January 2011. In the first step, firms with more than ten employees were selected from Aurelia (Austrian reliable company information), a business database which enables searching for current information about 160,000 businesses. A population of 19,593 firms was obtained that was representative of all Austrian businesses. In the second step, a random sample of 5,500 firms was generated out of this population and each of them was invited by phone to participate in the study. In the third step, an online questionnaire link was sent via email to 2,400 firms that agreed to participate (44% gross response rate). A total of 583 questionnaires were returned fully completed (24% net response rate).

To make sure that these questionnaires were representative of the distribution of Austrian businesses, we compared it to a list of the Austrian Economic Chambers (WKO, 2013) that represents data of the basic population of all Austrian businesses with the firms in

our study (see Table 1). There were only small differences in the distribution of industries between our study and the list of the Austrian Economic Chambers. In the study, more Crafts, Utilities and Constructions were included and fewer firms related to the industries of Tourism and Leisure Industry, and Information and Consulting. All other industries show very akin distributions as the basic population of Austrian businesses. A comparison of employees between the Austrian corporate landscape and our study shows similar differences in the aforementioned industries. The number of employees in Crafts, Utilities and Constructions is a bit higher in our study than in the basic population of Austrian businesses and we have lower number of employees in Tourism and Leisure Industry, and in Information and Consulting. Overall, the distribution in the study is quite representative of Austrian businesses.

Table 1 about here

For a definition of family firms, we used the power dimension of the F-PEC Scale (see Astrachan, Klein, & Smyrnios, 2002). The power dimension measures the degree of potential overall influence on the firm either directly through family members or indirectly through people chosen by the family (Aiken & West, 1991). Firms with a score for the power subscale of the F-PEC of less than 1 were excluded as they cannot be classified as family firms. Companies having a value equal or above 1 were defined as family firms (Astrachan et al., 2002). We removed sole proprietorship because the study's focus is on the resources established by at minimum two family members who are active in the company. Based on these procedures the final sample consists of 421 family businesses.

According to the European Union's categorization¹ the sample consisted of 97% small and medium-sized firms and 3% large firms. Furthermore, 37% of respondents were female and 63% were male, with an average age of 41 years. Positions held by respondents in their

¹ EUROSTAT:

http://epp.eurostat.ec.europa.eu/portal/page/portal/european_business/special_sbs_topics/small_medium_sized_enterprises_SMEs.

firms were 68% owner/shareholder, 35% executive board member/CEO, 13% middle management, 1% supervisory board or advisory board member, and 7% other positions (multiple answers are possible). On average, three people worked in general management ($SD = 3.98$), of which, on average, two were family members ($SD = .91$). In 66% of firms, up to three family members were active, and in 34% four or more family members were active. Family firms were managed by first (35%), second (32%), third or higher (33%) generations.

Measures

Most constructs were measured by already validated scales. Items were adapted to the family firm context to account for the family firm setting. Unless otherwise noted, constructs were measured on a 5-point Likert scale of *does not apply at all* (1) – *applies fully* (5).

Work-family conflict was measured by three items based on the Work-Family Conflict Scale of Netemeyer, Boles and McMurrian (1996) (e.g., *The demands of my work interfere with my home and family life; My job produces strain that makes it difficult to fulfill family duties; Due to work-related duties, I have to make changes to my plans for family activities*). Cronbach's alpha (α) for this scale is .86.

Family climate was measured with questions adapted from Björnberg and Nicholson's (2007) Family Climate Scale (e.g., *The emotional bond between us all is very strong; We are flexible and adaptable in how we deal with difficulties; We are frank with each other*). The number of questions within each subscale of family climate was reduced from the original scale due to constraints of cultural understandings and time restrictions of business owners. The introduction to the questions began as follows, "Following statements refer to family members working in the family business", ($\alpha = .89$).

Firm satisfaction was measured with two items of the Satisfaction With Life Scale (SWLS) (Diener, Emmons, Larsen, & Griffin, 1985). According to Wanous, Reichers, and Hudy (1997) who stated that even a single item is acceptable to capture firm satisfaction, we

used two items (*I am satisfied with the firm* and *Family members in the business are very satisfied*), ($\alpha = .80$).

Firm performance was measured by success evaluations over three years (2008 to 2010) to balance short-term fluctuations (e.g., *Please rate how the company developed the last three years (2008-2010) in comparison with its biggest competitor: turnover, profit, number of employees, and share of regular customers*). The items were rated on a 5-point Likert scale with the dimensions *worse development* (1) – *much better development* (5) for turnover and profit, and the dimensions *strong decreasing* (1) – *strong increasing* (5) for number of employees and share of regular customers ($\alpha = .81$).

Control Variable

According to Becker (2005) and James (1980), control variables should meet three conditions for inclusion in a study: (a) a strong expectation that the variable is related to the dependent variables, (b) that the control variable be related to other independent variables (see correlation matrix in Table 3), and (c) that it not be more central to the explanation of the dependent variable than the hypothesized variables. Due to the correlation between firm size and firm performance (see Table 2) we included firm size as a control variable for the analyses. Firm size was computed by number of employees working in the firm in 2010 and converted in fulltime equivalence ($M = 56.99$, $SD = 193.53$).

Analyses

A moderated mediation analysis (e.g. Edwards & Lambert, 2007; Preacher, Rucker, & Hayes, 2007) is appropriate for models where the strength of mediation (i.e. firm satisfaction in our case) is conditional on a moderator (i.e. family climate in our case). Following the suggestions by Preacher et al. (2007), we first tested for simple mediation between work-family conflict, firm satisfaction, and firm performance. While mediation has long been tested using methods outlined in Baron and Kenny (1986), a number of methodologists have

identified weaknesses with this approach (e.g. MacKinnon, Lockwood, Hoffman, West, & Sheets, 2002; Zhao, Lynch, & Chen, 2010).

Baron and Kenny (1986) recommended testing of significance of mediation using the Sobel test, which Edwards and Lambert (2007) note is problematic because the Sobel test relies on a normal distributed assumption. For this reason, Edwards and Lambert (2007) recommend bootstrapping procedures to develop confidence intervals to test for mediation and provide a method for testing a moderated mediation model, in which mediation is contingent on the levels of a moderator variable.

Preacher and Hayes (2004) suggest a two step process to test for a moderated mediation model. They suggest that researchers first test for simple mediation between work-family conflict on firm performance via firm satisfaction. Therefore we used the *MEDIATE* macro provided by Hayes and Preacher (2013). Secondly, the hypothesized moderated mediation model (Hypothesis 2 and Hypothesis 3) was tested using the *MODMED* macro provided by Preacher et al. (2007).

RESULTS

The correlation matrix of the study variables is shown in Table 2. Magnitude and directions of the correlations of work-family conflict and family climate with firm satisfaction and firm performance were as expected.

Table 2 about here

To test the moderated mediation, we followed the steps outlined in the analyses section. First, we tested for simple mediation between work-family conflict, firm satisfaction, and firm performance. The results of the simple mediation analysis are displayed in Table 4. The effect of work-family conflict on firm satisfaction (path a) was negative and significant ($\beta = -.31, p < .001$); firm size did not have a significant effect. The effect of firm satisfaction on firm performance (path b) was positive and significant ($\beta = .30, p < .001$). The total effect of work-family conflict on firm performance (path c) is negative and significant ($\beta = -.06$,

$p < .05$). The direct effect of work-family conflict on firm performance became non-significant when including the mediator (firm satisfaction). The test of homogeneity of regression found no significant interaction between work-family conflict and firm satisfaction. Furthermore, based on bootstrapping, the indirect effect of firm satisfaction was significant ($\beta = -.09$), confidence interval $(-.12, -.06)$. Thus, firm satisfaction significantly mediated the relationship between work-family conflict and firm performance.

Table 4 about here

Second, we tested for moderated mediation analysis (Hypothesis 2 and Hypothesis 3). Results are presented in Table 5. The interaction between work-family conflict and family climate in the mediator variable model was positive and significant ($\beta = .11$, $p < .05$, path a). This implies that the indirect effect of work-family conflict on firm performance through firm satisfaction is moderated by family climate.

The conditional indirect effects showed that family climate is still a significant moderator if the value is \pm one standard deviation from sample mean. Hence, family climate moderates the negative effect of work-family conflict on firm satisfaction which supports Hypothesis 2. Bootstrap confidence intervals based on 10,000 bootstrap samples yielded a 90% bias corrected and accelerated confidence interval $(-.12, -.06)$. The effect of $-.09$ ($SE = .02$) was part of it which showed that the indirect effect was significant on the 10% level, which supports Hypothesis 3; above or below that confidence interval family climate no longer moderated the indirect effect of work-family conflict on firm performance through firm satisfaction.

Table 5 about here

In sum, a simple mediation analysis showed that work-family conflict had a negative effect on firm performance that was mediated through firm satisfaction. Work-family conflict affected firm performance negatively but when firm satisfaction was included, the negative effect was no longer significant. Thus, high firm satisfaction buffers the negative effect of

work-family conflict. Also, the negative relationship between work-family conflict and firm satisfaction was moderated by family climate. Based on the bootstrapping procedure, the effect was included in the confidence interval, the moderated mediation was significant. Thus, the mentioned buffering effect of firm satisfaction was conditional upon positive family climate. The coefficient from Table 4 and 5 served as the information used to visualize the moderation between work-family conflict and family climate on firm satisfaction, which is displayed in Figure 2.

Figure 2 about here

SUMMARY AND DISCUSSION

The study aim was to test the moderating effect of family climate between owning family work-family conflict and firm satisfaction and the mediated effect of work-family conflict on firm performance through firm satisfaction. Work-family conflict is very complex in family businesses because of the permeability of the family and business system, and because family members take their attitudes, emotions and conflicts with them from one system to the other (Clark, 2000).

We used a theory-based approach, using SFBT, to explain the influence of the family system as an indirect effect of work-family conflict on family business performance. We hypothesized that work-family conflict does not directly impact family firm performance, but rather indirectly through the owning family members. The perceived work-family conflict and the lack of available resources to meet those demands created by the conflict are what harms business productivity. Furthermore, we proposed that the family system allocates resources to family business members that can be used to function better in the firm in times of turmoil.

The proposed research model was supported. Our results supported the indirect path from work-family conflict to firm performance, which was higher for stronger levels of family climate (moderated mediation effect). Furthermore, the indirect effect of work-family

conflict was significant once firm satisfaction was taken into account (mediation effect). The outcomes will be discussed in more details.

Indirect effects: The mediating role of firm satisfaction and the moderating role of family climate

We postulated that firm satisfaction would mediate the association between work-family conflict and firm performance; this mediation proposition was fully supported as there was an indirect effect of work-family conflict on firm performance. The results support the Shelton (2006) assumption that work-family conflict indirectly influences firm performance through the well being of the entrepreneur. Study results contribute to previous studies (Daily & Near, 2000; Sekaran, 1989) that high firm satisfaction buffers the negative effect of work-family conflict on the firm's performance.

We further postulated that the mediation process would be moderated by family climate at the first stage, that is, for the path between work-family conflict and firm satisfaction. We did find moderation for the association between work-family conflict and firm satisfaction. Thus, family members perceiving positive family climate manage work-family conflict better than those perceiving weak family climate. These findings contribute to previous research about work-family conflict in teams (Martins et al., 2002) that have shown a tendency of the strength of a community to reduce the negative effect of work-family conflict on satisfaction. However, this study could show that mutual support is not just limited to teams but can also be found in family businesses with a positive family climate based on a cohesive and adaptable family system.

Furthermore, we postulated that the indirect effect of work-family conflict on firm performance is higher for family members perceiving strong support from the family system (e.g., positive family climate) and feeling more satisfied with their business than family members lacking support from the family or satisfaction with the firm. We did find the moderated mediation for the indirect effect of work-family conflict on firm performance.

Thus, family members who are involved in a very healthy functioning family system have ready access to all the system's resources. This leads us to the conclusion that the use and access of family climate fosters satisfaction with the firm and buffers negative effects of work-family conflict on the business.

Contribution to the theory

Our proposed research model is based on the SFBT. Our results supported the main tenets in the several ways. First, we demonstrated that there are processes of conflict-buffering that lead to an indirect effect of work-family conflict on business performance. This supported the SFBT propositions that on one side, family and business systems are interconnected, and on the other side, resources are exchanged and transformed into achievements (Stafford et al., 1999). Second, our results supported the SFBT premise that conflicts appear because of a mismatch between demands and resources (Danes & Brewton, 2012). If a family member does not perceive support from ones family when working in the business, it would be more difficult to meet the demands in the business.

Third, high firm satisfaction enables family members to manage disruptions in the business system (Danes & Olson, 2003). The mediation in our research model addresses this tenet in showing that high firm satisfaction mediates the conflict-performance relationship. Firm satisfaction can be a strong support for family firm members to manage demands created by work-family conflict and to buffer it from affecting the firm. Fourth, if family climate, a family based resource, is strong and available for family business members, it creates resilience capacity that in times of disruption supports family members and contributes to their firm satisfaction. This process of use and access of family system resources allows family members to respond to demands or disruptions in a healing way. Even more, it conserves and increases the energy of family members to reconstruct standard processes so that problems and disruptions can be met.

Limitations and directions for further research

A few limitations of the current study have to be acknowledged. First, and most importantly, given the cross-sectional nature of the research design, the causal path is uncertain. Future studies could use longitudinal designs (Maxwell & Cole, 2007). Second, we assessed all variables by self report. Although common method problems are likely to have been overstated in general (Spector, 2006), this may lead to inflated relationships. On the other hand, common method variance makes interaction effects more difficult to detect (Aiken & West, 1991). Moreover, a meta-analysis has shown that reports of work-family conflict reveal good convergence (Mesmer-Magnus, 2005). Therefore, it is unlikely that assessing all variables by self-report can explain our results. Third, we used shortened scales to measure our constructs for several reasons. We had to face practical limitations because when family business owners and managers are asked to complete questionnaires, they do not have a lot of time due to a very tight schedule. So we tried to shorten the questionnaire as much as possible. However, we acknowledge that shortened scales are a study limitation. Even so, the reliabilities of all scales were satisfying which should encourage further studies to focus on the potential use of shortened scales.

PRACTICAL IMPLICATION AND CONCLUSION

Our results suggest that first and foremost, family business counselors should focus on the influence family has on the family business. Especially when a family business is not performing well, it would be very important not just to focus on economic reasons but to look deeper into the structures and processes that are encompassing the family business system. Second, the results of our study disclose the interconnection of both systems and the permeable borders that family members constantly cross. A family business counselor needs to be aware of the interconnectedness of both systems when giving advice to family business members. What might be good for the firm could be destructive for the family. Due to the

interconnectedness of both systems, a negative effect on the family could cause disruptions and harm to the business in the long-term.

Third, a family business member who is motivated and satisfied with one's business has more resources at one's disposal and functions better in the company. Therefore, it is very important for family businesses to develop a positive family climate that helps to create resources of support and trust for times of change and disruptions. Thus, to focus on the family side of the family business, and to be aware of the strength family resources provide for the company, helps the business to be healthy and successful over time.

Finally, our results highlight that work-family conflict affects the family, the energy, motivation, and communication of each family member. It affects their individual energy that influences the assessment of satisfaction. Work-family conflict changes how family members work in their business and what they are able to contribute to its success. A well-functioning family system is able to develop strong processes of mutual support and understanding to use for times of change and disruption.

Our article addressed a significant gap by investigating that family resources buffer the negative effect of work-family conflict on the business. The study findings highlight a main pathway: work-family conflict at first affects family members that in turn influence their assessment of firm satisfaction. Furthermore, the family has an indirect effect on firm performance. Our study demonstrates that family members, when suffering from work-family conflict, can utilize the resources of a healthy-functioning family system in the resilience reservoir to keep their physical and psychic energy up so that they can function well in the business during times of change and disruption.

REFERENCES

Adams, G. A., King, L. A., & King, D. W. (1996). Relationships of job and family involvement, family social support, and work-family conflict with job and life satisfaction. *Journal of Applied Psychology*, 81(4): 411-420.

- Aiken, L. S., & West, S. G. (1991). *Multiple Regression: Testing and interpreting interactions*. California: Sage.
- Allen, T. D., Herst, D. E. L., Bruck, C. S., & Sutton, M. (2000). Consequences associated with work-to-family conflict: A review and agenda for future research. *Journal of Occupational Health Psychology*, 5(2): 278-308.
- Amarapurkar, S. S., & Danes, S. M. (2005). Farm business-owning couples: Interrelationships among business tensions, relationship conflict quality, and spousal satisfaction. *Journal of Family and Economic Issues*, 26(3): 419-441. doi:10.1007/s10834-005-5905-6
- Ashforth, B. E., Kreiner, G. E., & Fugate, M. (2000). All in a day's work: Boundaries and micro role transitions. *Academy of Management Review*, 25(3): 472-491.
- Astrachan, J. H., Klein, S. B., & Smyrnios, K. X. (2002). The F-PEC scale of family influence: A proposal for solving the family business definition problem. *Family Business Review*, 15(1): 45-58.
- Barnett, T., Eddleston, K. A., & Kellermanns, F. W. (2009). The Effects of Family Versus Career Role Salience on the Performance of Family and Nonfamily Firms. *Family Business Review*, 22(1): 39-52. doi:10.1177/0894486508328814
- Baron, R. M., & Kenny, D. A. (1986). The moderator-mediator variable distinction in social psychological research: Conceptual, strategic, and statistical considerations. *Journal of Personality and Social Psychology*, 51(6): 1173-1182.
- Björnberg, A., & Nicholson, N. (2007). The family climate scales. Development of a new measure for use in family business research. *Family Business Review*, 20(3): 229-246.
- Boles, J. S. (1996). Influences of Work-Family Conflict on Job Satisfaction, Life Satisfaction and Quitting Intentions Among Business Owners: The Case of Family-Operated Businesses. *Family Business Review*, 9(1): 61-74. doi:10.1111/j.1741-6248.1996.00061.x
- Clark, S. C. (2000). Work/family border theory: A new theory of work/family balance. *Human Relations*, 53(6): 747-770. doi:10.1177/0018726700536001
- Cooper, A. C., & Artz, K. W. (1995). Determinants of satisfaction for entrepreneurs. *Journal of Business Venturing*, 10(6): 439-457. doi:10.1016/0883-9026(95)00083-K
- Daily, C. M., & Near, J. P. (2000). CEO satisfaction and firm performance in family firms: Divergence between theory and practice. *Social Indicators Research*, 51(2): 125.
- Danes, S. M., & Brewton, K. E. (2012). Follow the capital: Benefits of tracking family capital across family and business systems. In A. L. Carsrud & M. Brännback (Eds.),

- Understanding family businesses: Undiscovered approaches, unique perspectives, and neglected topics* (pp. 227-250). New York: Springer, 10.1007/978-1-4614-0911-3.
- Danes, S. M., Lee, J., Stafford, K., & Heck, R. K. Z. (2008). The effects of ethnicity, families and culture on entrepreneurial experience: An extension of sustainable family business theory. *Journal of Developmental Entrepreneurship*, 13(3): 229-268.
- Danes, S. M., & Olson, P. D. (2003). Women's role involvement in family businesses, business tensions, and business success. *Family Business Review*, 16(1): 53-68. doi:10.1111/j.1741-6248.2003.00053.x
- Danes, S. M., Rueter, M. A., Kwon, H.-K., & Doherty, W. (2002). Family FIRO Model: An Application to Family Business. *Family Business Review*, 15(1): 31-43.
- Danes, S. M., Zuiker, V. S., Kean, R., & Arbuthnot, J. (1999). Predictors of family business tensions and goal achievement. *Family Business Review*, 12(3): 241-252.
- Diener, E., Emmons, R. A., Larsen, R. J., & Griffin, S. (1985). The satisfaction with life scale. *Journal of Personality Assessment*, 49(1): 71-75.
- Duxbury, L. E., & Higgins, C. A. (1991). Gender differences in work-family conflict. *Journal of Applied Psychology*, 76(1): 60-74.
- Eby, L. T., Casper, W. J., Lockwood, A., Bordeaux, C., & Brinley, A. (2005). Work and family research in IO/OB: Content analysis and review of the literature (1980–2002). *Journal of Vocational Behavior*, 66(1): 124-192.
- Eddleston, K. A., & Kellermanns, F. W. (2007). Destructive and productive family relationships: A stewardship theory perspective. *Journal of Business Venturing*, 22(4): 545-565. doi:10.1016/j.jbusvent.2006.06.004
- Edwards, J. R., & Lambert, L. S. (2007). Methods for integrating moderation and mediation: A general analytical framework using moderated path analysis. *Psychological Methods*, 12(1): 1-22. doi:10.1037/1082-989X.12.1.1
- Ford, M. T., Heinen, B. A., & Langkamer, K. L. (2007). Work and family satisfaction and conflict: A meta-analysis of cross-domain relations. *Journal of Applied Psychology*, 92(1): 57-80. doi:10.1037/0021-9010.92.1.57
- Frank, H., Lueger, M., Nosé, L., & Suchy, D. (2010). The concept of "Familianness". Literature review and systems theory-based reflections. *Journal of Family Business Strategy*, 1(3): 119-130.
- Gersick, K. E., Davis, J. A., McCollom Hampton, M., & Lansberg, I. (1997). *Generation to Generation. Life Cycle of the Family Business*. Boston, MA: Harvard Business School Press

- Greenhaus, J. H., & Beutell, N. J. (1985). Sources of conflict between work and family roles. *Academy of Management Review*, 10(1): 76-88.
- Greenhaus, J. H., Collins, K. M., & Shaw, J. D. (2003). The relation between work-family balance and quality of life. *Journal of Vocational Behavior*, 63(3): 510-531. doi:10.1016/S0001-8791(02)00042-8
- Gudmunson, C. G., & Danes, S. M. (2013). Family social capital in family businesses: A stocks and flows investigation. *Family Relations*, 62(3): 399-414. doi:10.1111/fare.12017
- Hayes, A. F., & Preacher, K. J. (2013). Statistical mediation analysis with a multicategorical independent variable. *British Journal of Mathematical and Statistical Psychology*, Article first published online: 5 Nov 2013. 5. Nov 2013. doi:10.1111/bmsp.12028
- Karofsky, P., Millen, R., Yilmaz, M. R., Smyrnios, K. X., Tanewski, G. A., & Romano, C. A. (2001). Work-family conflict and emotional well-being in American family businesses. *Family Business Review*, 14(4): 313-324. doi:10.1111/j.1741-6248.2001.00313.x
- MacKinnon, D. P., Lockwood, C. M., Hoffman, J. M., West, S. G., & Sheets, V. (2002). A comparison of methods to test mediation and other intervening variable effects. *Psychological Methods*, 7(1): 83-104.
- Martins, L. L., Eddleston, K. A., & Veiga, J. F. (2002). Moderators of the relationship between work-family conflict and career satisfaction. *Academy of Management Journal*, 45(2): 399-409. doi:10.2307/3069354
- Maxwell, S. E., & Cole, D. A. (2007). Bias in cross-sectional analyses of longitudinal mediation. *Psychological Methods*, 12(1): 23-44. doi:10.1037/1082-989X.12.1.23
- Mesmer-Magnus, J. (2005). Convergence between measures of work-to-family and family-to-work conflict: A meta-analytic examination. *Journal of Vocational Behavior*, 67(2): 215-232. doi:10.1016/j.jvb.2004.05.004
- Olson, D. H., & Gorall, D. M. (2003). Circumplex model of marital and family systems. In F. Walsh (Ed.), *Normal family processes (pp. 514-547)*. New York: Guilford,
- Preacher, K. J., & Hayes, A. F. (2004). SPSS and SAS procedures for estimating indirect effects in simple mediation models. *Behavior Research Methods, Instruments, & Computers*, 36(4): 717-731.
- Preacher, K. J., Rucker, D. D., & Hayes, A. F. (2007). Addressing moderated mediation hypotheses: Theory, methods, and prescriptions. *Multivariate Behavioral Research*, 42(1): 185-227.

- Ruderman, M. N., Ohlott, P. J., Panzer, K., & King, S. N. (2002). Benefits of multiple roles for managerial women. *Academy of Management Journal*, 45(2): 369-386.
doi:10.2307/3069352
- Salvato, C., & Aldrich, H. E. (2012). "That's interesting!" in family business research. *Family Business Review*, 25(2): 125-135. doi:10.1177/0894486512446327
- Sekaran, U. (1989). Paths to the job satisfaction of bank employees. *Journal of Organizational Behavior*, 10: 347-359.
- Shelton, L. M. (2006). Female Entrepreneurs, Work-Family Conflict, and Venture Performance: New Insights into the Work-Family Interface*. *Journal of Small Business Management*, 44(2): 285.
- Shelton, L. M., Danes, S. M., & Eisenman, M. (2008). Role demands, difficulty in managing work-family conflict, and minority entrepreneurs. *Journal of Developmental Entrepreneurship*, 13(3): 315-342. doi:10.1142/S1084946708000983
- Smyrnios, K. X., Romano, C. A., Tanewski, G. A., Karofsky, P. I., Millen, R., & Yilmaz, M. R. (2003). Work-family conflict: A study of American and Australian family businesses. *Family Business Review*, 16(1): 35-51. doi:10.1111/j.1741-6248.2003.00035.x
- Spector, P. E. (2006). Method Variance in Organizational Research. *Organizational Research Methods*, 9(2): 221-232. doi:10.1177/1094428105284955
- Stafford, K., Duncan, K. A., Danes, S. M., & Winter, M. (1999). A research model of sustainable family businesses. *Family Business Review*, 12(3): 197-208.
doi:10.1111/j.1741-6248.1999.00197.x
- Stanforth, N., & Muske, G. (2001). An exploration of entrepreneurship. *Stillwater: Department of Design, Housing & Merchandising, Oklahoma State University*.
- von Schlippe, A., & Frank, H. (2013). The theory of social systems as a framework for understanding family businesses. *Family Relations*, 62(3): 384-398.
doi:10.1111/fare.12010
- Wanous, J. P., Reichers, A. E., & Hudy, M. J. (1997). Overall job satisfaction: How good are single-item measures? *Journal of Applied Psychology*, 82(2): 247-252.
- Werbel, J. D., & Danes, S. M. (2010). Work family conflict in new business ventures: The moderating effects of spousal commitment to the new business venture. *Journal of Small Business Management*, 48(3): 421-440.

- Westman, M., Brough, P., & Kalliath, T. (2009). Expert commentary on work–life balance and crossover of emotions and experiences: Theoretical and practice advancements. *Journal of Organizational Behavior*, 30: 587-595. doi:10.1002/job.616
- WKO. (2013). Unternehmen nach Beschäftigtengrößenklassen und Sparten. In WKO Beschäftigungsstatistik in der Kammersystematik. Vienna: WKO.
- Zhao, X., Lynch, J. G. J., & Chen, Q. (2010). Reconsidering Baron and Kenny: Myths and truths about mediation analysis. *Journal of Consumer Research*, 37. doi:10.1086/651257

Table 1: Basic population of Austrian businesses

	Austrian Economic Chamber ¹	Study ¹	Austrian Economic Chamber ¹	Study ¹
	Distribution of Branches		Employees	
Craft (i.e. clothing, shoemanufacturing, etc.)	31.5	51.5	26.7	32.2
Utilities and Construction	2.2	9.2	18.7	28.1
Retail, Services	24.8	22.4	20.9	22.4
Bank and Insurance	0.4	0.0	4.7	0.0
Transportation and Logistic	6.0	7.4	8.5	8.7
Tourism and Leisure Industry	17.8	7.4	12.8	7.2
Information and Consulting	17.3	2.1	7.7	1.4
¹ Statistics in %	100.0	100.0	100.0	100.0

Table 2: Description of variables

	1	2	3	4	5
1 Work-family conflict	.86				
2 Family climate	-.20 ***	.89			
3 Firm satisfaction	-.39 ***	.54 ***	.80		
4 Firm performance	-.11 **	.17 ***	.38 ***	.81	
5 Firm size 2010	.01	-.05	.05	.18 **	—
M	2.85	4.07	3.92	3.27	56.99
SD	1.03	.62	.80	.63	193.53

Note . N = 421 (except firm size N=331). The diagonal shows Cronbach's alphas.

†p < .10. *p < .05. **p < .01. ***p < .001

Table 4: Simple mediation analysis

	Direct and total effects						
	β	SE β	t	p	R ²	F	p
Path a (Wfc -> Firm Satisfaction)					.16	31.21	<.001
Wfc	-.31	.04	-7.84	<.001			
Firm Size	.00	.00	1.10	.27			
Path b (Firm satisfaction -> Firm Performance)					.16	21.33	<.001
Firm Satisfaction	.30	.04	6.85	<.001			
Firm Size	.00	.00	3.24	<.01			
Path c (Wfc -> Firm Performance)					.03	5.16	<.01
Wfc	-.06	.03	-1.82	<.05			
Firm Size	.00	.00	3.43	<.01			
Omnibus Test of Direct Effect					.01	3.30	<.05
Path c' (Wfc -> Satisfaction -> Firm Performance)					.15	20.24	<.001
Wfc	.03	.04	.94	.35			
Firm Satisfaction	.30	.04	6.85	<.001			
Firm Size	.00	.00	3.43	<.01			
Test of Homogeneity of Regression					.00	.01	.94
Omnibus Test of Direct Effect					.00	.89	<.05
Indirect effect of wfc through firm satisfaction							
	Effect	SE	90% LLCI	90% ULCI			
Bootstrapping (N=10,000)	-.09	.02	-.12	-.06			

Note. N = 421; CI = confidence interval; LL = lower limit; UL = upper limit; Wfc = Work-family conflict.

Table 5: Moderated mediation analysis

Mediator Variable Model				
	B	SE B	t	p
Wfc	-.66	.22	-2.95	<.001
Family climate	.33	.16	2.04	<.05
Wfc*Family climate	.10	.05	1.93	<.05
Dependent Variable Model				
	B	SE B	t	p
Firm Satisfasfaction	.33	.04	7.42	<.001
Wfc	.23	.20	1.13	.26
Family climate	.09	.15	.62	.54
Wfc*Family climate	-.05	.05	-.99	.32
Conditional indirect effect at specific values				
Family climate ¹	Indirect effect	SE B	Z	p
3.47	-.10	.02	-4.90	<.001
4.07	-.07	.01	-5.17	<.001
4.69	-.05	.02	-3.13	<.01

Note . N = 421.

¹ Moderator values listed are the sample mean and +/- 1 SD.

Wfc=Work-family conflict

Figure 1: Proposed research model

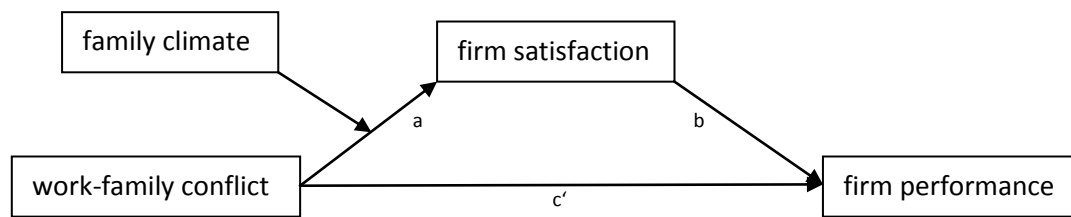
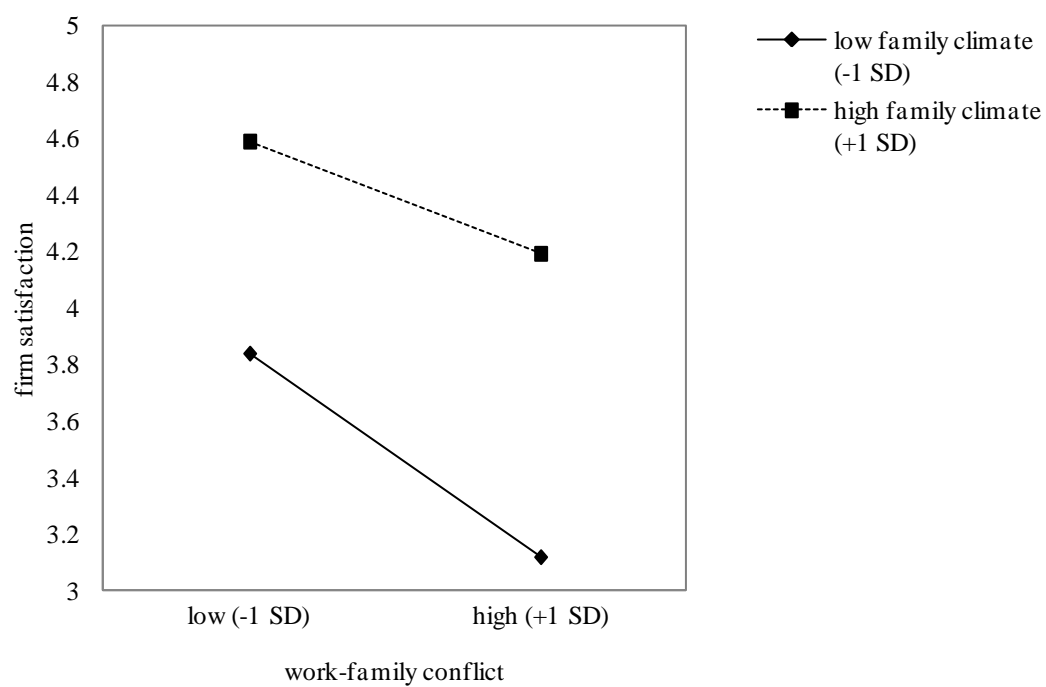


Figure 2: Interaction effect of family climate on work-family conflict



Appendix

Abstract in German

Die Forschung zu Konflikten in Familienunternehmen bietet eine Vielfalt an Ergebnissen, dass die Überschneidung des Familiensystems und des Unternehmenssystems große Spannungen und Konflikte erzeugt. Dennoch mangelt es an eingehender und aufklärender Konfliktforschung in Familienunternehmen und an Forschung über dynamische Prozesse, wie etwa familiärer Ressourcen, die diese Konflikte reduzieren könnten. Um diese Forschungslücke etwas zu füllen, widmet sich diese Dissertation den dynamischen Prozessen an der Schnittstelle vom Familien- und Unternehmenssystem, die aufgrund interpersoneller Interaktionen und Ressourcentransaktionen entspringen. Im Besonderen beinhaltet die empirische Forschungsarbeit (1) die Effekte von Konflikten auf das Familienunternehmen und die Rolle von Familienressourcen auf die Konflikt-Unternehmens-Beziehung; (2) den konfliktreduzierende Effekt von Familienressourcen, wie etwa Familienklima und Zufriedenheit von Work-Family Konflikt auf das Familienunternehmen. Basierend auf einer Literaturrecherche und einer empirisch-quantitativen Studie, die an österreichischen Familienunternehmen durchgeführt wurde, veranschaulicht diese Dissertation, dass das Familiensystem eine wertvolle Ressource für das Familienunternehmen darstellt. Die theoretische Untermauerung erfolgt anhand einer Systemtheorie, die systemimmanente dynamische Prozesse aufzeigt und das Zusammenspiel der konzeptuellen Modelle erklärt. Zusammenfassend zeigt sich, dass Interaktionen zwischen Familienmitglieder Konflikte auslösen können, die Einfluss auf das Unternehmen einnehmen können, aber wie die Familienmitglieder mit diesen Konflikten umgehen und die Stärke und Ressourcen, die sie entwickeln unterstützt diese und das Familienunternehmen, auf lange Sicht erfolgreich und gesund zu bleiben.

Curriculum Vitae

Name: Lavinia Nosé
Citizenship: Austrian

Education

Since 2010 University of Vienna, PhD in Social Sciences: Psychology
2001-2009 University of Vienna, Studies of Psychology (Mag. rer. nat.);
Diploma thesis: Crossover-effect of burnout and engagement in teams

Professional Academic Experiences

2010-2013 Lecturer of Exercise Course „Demonstrations in Economic Psychology”, University of Vienna, Austria
2012 J1 scholar at University of Minnesota, Family Social Science Department
2009-2011 Research assistant, WU Vienna University of Economics and Business, Research Institute for Family Business

Awards

2012 Emerald Literati Network Awards for Excellence
2012-2013 Scholarship - EQUA foundation of family businesses
2011 Scientific Award of the Austrian chamber of labour

Publications and Presentations

Peer-reviewed publications

- Nosé, L., Korunka, C., Frank, H., & Suchy, D. (2013). Familienklima und Konflikte in Familienunternehmen: Eine empirische Analyse ihrer Erfolgswirkungen. *Zeitschrift für KMU und Entrepreneurship*, 61 (1./2.), 55-82.
- Suchy, D., Lueger, M., Froschauer, U. & Nosé, L. (2012). Konfliktbearbeitung in Familienunternehmen: Eine qualitative Analyse. *Zeitschrift für KMU und Entrepreneurship*, 60 (4), 337-354.
- Frank, H., Lueger, M., Nosé, L. & Suchy, D. (2010). The concept of "Familianness". Literature review and systems theory-based reflections. *Journal of Family Business Strategy*, 1 (3), 119-130.

Book chapters:

- Nosé, L., Korunka, C., Suchy, D. & Frank, H. (2011). Bedeutung und Wirkung von Konflikten in Familienunternehmen. In: Frank, H.; Korunka, C. & Lueger, M. (Eds.), *Konfliktbewältigung in Familienunternehmen* (pp. 121-194). Wien: Facultas WUV.
- Lueger, M., Froschauer, U., Suchy, D., Frank, H., Nosé, L. & Korunka, C. (2011). Fallstudien zu Entscheidungs- und Konfliktprozessen in Familienunternehmen. In: Frank, H.; Korunka, C. & Lueger, M. (Eds.), *Konfliktbewältigung in Familienunternehmen* (pp. 43-120). Wien: Facultas WUV.
- Suchy, D., Nosé, L., Frank, H., Lueger, M. & Korunka, C. (2011). Konfliktforschung über Familienunternehmen - eine Literaturanalyse. In: Frank, H.; Korunka, C. & Lueger, M. (Eds.), *Konfliktbewältigung in Familienunternehmen* (pp. 23-42). Wien: Facultas WUV.
- Korunka, C. & Nosé, L. (2011). Zusammenarbeit auf engstem Raum: Familienunternehmen im Spannungsfeld zwischen Familie und Unternehmen. In: Lueger, M. & Frank, H. (Eds.), *Wie erfolgreiche Familienunternehmen handeln – Good Practice Fallanalysen* (pp. 150-179). Wien: Facultas WUV.

Weismeyer-Sammer, D., Frank, H., Nosé, L. & Suchy, D. (2011). Ausgestaltung der Familiness in Familienunternehmen: Distanz als Mittel zur strukturellen Kopplung von Familie und Unternehmen. In: Lueger, M. & Frank, H. (Eds.), *Wie erfolgreiche Familienunternehmen handeln – Good Practice Fallanalysen* (pp. 180-209). Wien: Facultas WUV.

Abstracts in proceedings and presentations:

Frank, H., Keßler, A., Nosé, L., & Suchy, D. (2011). Conflicts in family firms - State of the art and perspectives for future research. In: Tomaselli, S. & Montemerlo, D. (Eds.), *Intelligence and courage for the development of family business: Theory - Practice - Policy*, (pp. 54-55). Palermo: Università di Palermo.

Nosé, L., Suchy, D., Korunka, C., Frank, H., Lueger, M. (2011). *Does family climate influence the relationship conflict-performance relations in family firms?* In: Tomaselli, S. & Montemerlo, D. (Eds.), *Intelligence and courage for the development of family business: Theory - Practice - Policy*, (pp. 220-221). Palermo: Università di Palermo.

Nosé, L., Danes, S. M., Korunka, C. & Frank, H. (2014, March). *Work-Family Konflikt in Familienunternehmen: Wenn die Überschreitung der Grenzen zur Grenzüberschreitung führt*. Paper presented at the 4. Konferenz deutschsprachiger Zentren für Familienunternehmensforschung, Austria, Vienna.

Nosé, L., Suchy, D., Korunka, C., Frank, H. & Lueger, M. (2011, June). *Does family climate influence the relationship conflict performance relation in family firms?* Paper presented at the 11th Annual World Family Business Research Conference, Palermo, Italy.

Frank, H., Lueger, M., Nosé, L. & Suchy, D. (2010, June). *The Concept of Familiness - Literature Review and Systems Theory-Based Reflections*. Paper presented at the 6th Workshop on Family Firms Management Research EIASM, Barcelona, Spain.