

Family Business Research and Education in U.S.A

Findings and Implication from Studying
of Dependent Variables (DV)
in Family Business Research
(FBR 1988-2020) & Family Business Curriculum and Education in U.S.A

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Presentation Outline

- ▶ The Importance of Knowing Dependent Variables (DV)
- ▶ Research Questions
- ▶ Debatable Definitions of Family Business
- ▶ A Need for a Taxonomy
- ▶ Methods
- ▶ Preliminary Results
- ▶ Suggested Future Research

The Importance of Knowing DVs

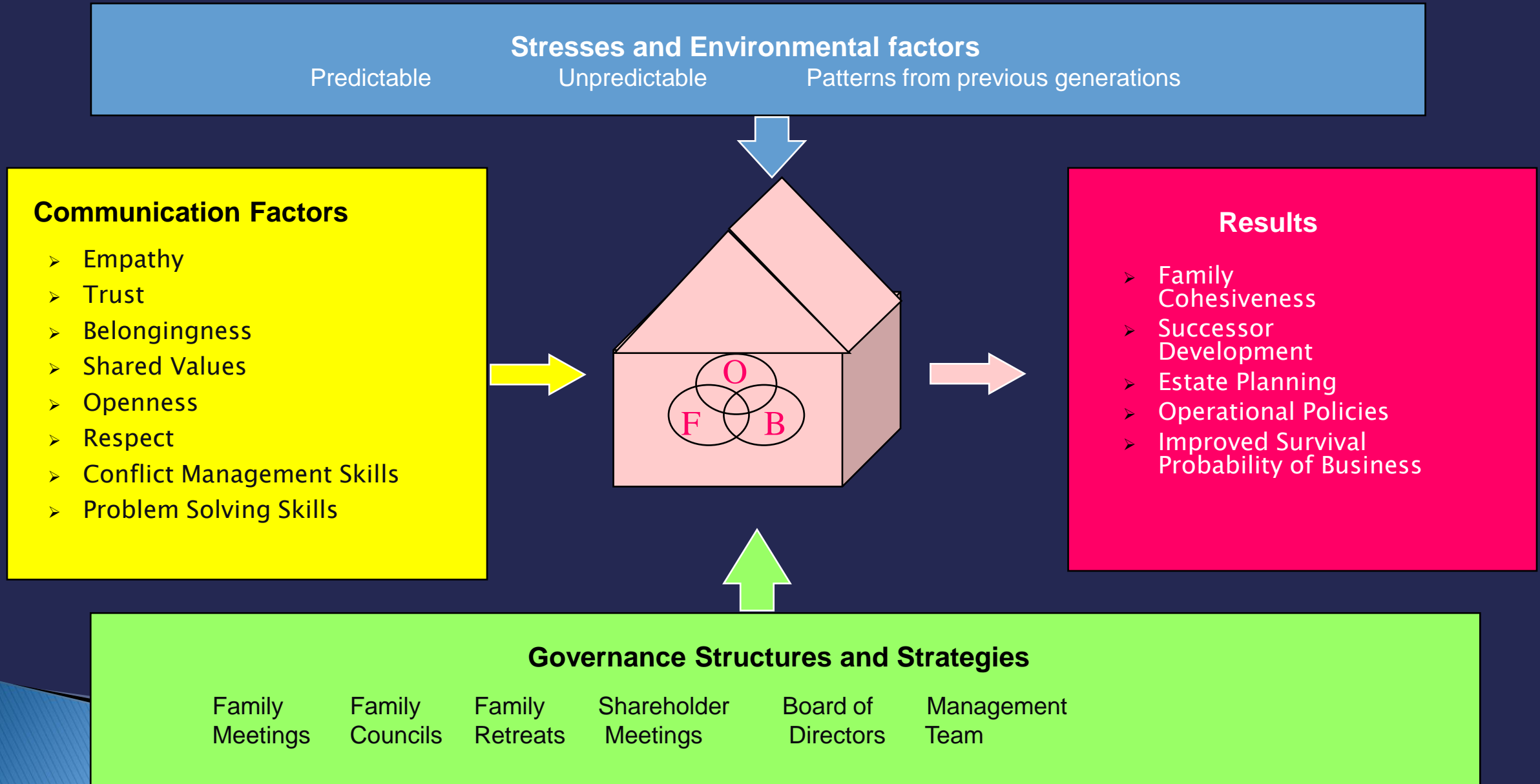
For Family Business (FB) Studies...

What are the unique and not so unique variables used in family business studies?

Questions

- ▶ What are the DVs that have been highlighted in prior empirical FB studies?
- ▶ What is the underlying information and what can be learned from the study of DVs in terms of academics and practice?
- ▶ What's missing? Are there unique DVs to help distinguish FB domain from others? What are the DVs that deserve more attention?

The Dr. Ji-Hee Kim's Model for Understanding Family Business



Taxonomy approaches to studying DVs

- ▶ Two major differences (McKelvey, 1982; Priem et al., 2002):
 - Typology: few variables and deductive
 - Taxonomy: multiple variables and inductive
- ▶ Numerical taxonomy is “...based on many characteristics of the forms to be classified” (Priem, et al., 2002)

A Need for a Taxonomy

- ▶ An inductive, data-driven approach
- ▶ An updated classification system
- ▶ A general framework, not focusing on a specific issue
- ▶ A taxonomy will be useful for new theory building in FB

Methods

- ▶ Reviewing Theories and Approaches from empirical literature in Family Business Review (FBR) between 1988-2020
- ▶ Collecting DVs from empirical literature between 1988-2020
- ▶ Using a modified Delphi procedure to generate DV categories
- ▶ Designing a survey to ask FB scholars to group these categories by similarity
- ▶ Analyzing data

The Rationale for Selecting Journals

► Why FBR (Family Business Review Journal)?

Family Business Review (*FBR*) is the first scholarly publication in the world devoted exclusively to exploring the dynamics of family-controlled enterprise of all sizes. *FBR* is focused not only on the entrepreneurial founding generation, but also on family enterprises in the 2nd and 3rd generations and beyond, including some of the world's oldest companies. In addition, the journal publishes multidisciplinary research on families of wealth and the family office.

A refereed journal published by SAGE, FBR achieved an Impact Factor of 5.528 and is ranked #4 out of 110 in Business (Source: 2013 Journal Citation Reports, Thomson Reuters 2014).

- Well-recognized journal and used by previous reviews (i.e., Bird, et al., 2002; Dyer & Sanchez, 1998; Sharma, 2004; Sharma et al., 1996)
- Dyer & Sanchez (1998) published a review of **FBR** articles from 1988 to 1997

Preliminary Results

Used Theories, Approaches, and Methodologies
for Family Business Research

Various Theories/ Approaches (41) for FB research

- Agency Theory
- Stewardship Theory
- General Systems Theory
- Open-Systems Approach
- Dual Systems Approach
- Single Entity/Single Systems Approach
- Bowen Systems Theory
- Three Circle Model
- Two Circles Model
- Holistic Approach
- Unified System Performance Model
- Sustainable Family Business Theory
- Game Theory
- New Leader Development Model
- Bowen Systems Theory
- FIRO Model
- F-PEC Scale
- Trade-Off Theory
- Transaction-Cost Theory
- Pecking Order Theory
- Structure-Based Approach
- Intentions-Based Approach
- Grounded Theory
- Institutional Theory
- Resource-Based View
- Knowledge-Based View
- Culture Theory/Symbolic Interactionism
- Theory of Planned Behavior
- Founder Homosocial Reproduction Model
- Social Capital Theory

Theories/ Approaches for FB research (Cont.)

- Socioemotional Wealth Perspective
- Socioemotional Selectivity Theory
- Family Embeddedness Perspective
- Boundary Theory
- Identity Theory
- Network Theory
- Social Exchange Perspective
- Real Options Theory
- Affect Infusion Model
- Uppsala Model
- Model of Sustaining Trust

Methodologies

Simplistic Methods

descriptive statistics, correlations, simple regression, linear regression, ANOVA, MANOVA, MANCOVA

Advanced Methods

logistic, hierarchical and OLS regression, covariance based structural equation modeling (CB-SEM), partial least squares structural equation modeling (PL-SEM), cluster analysis, linear modeling, meta-analysis

Methodologies (Cont.)

Qualitative Methods :

conceptual works, case studies, rigorously applied qualitative studies, theory building, interviews, case studies, field surveys, panels, longitudinal case study, cross-case analysis, content analysis, thematic analysis, social network analysis

Other Methods

inductive techniques, reliability analysis, comparative analysis, factor-analytic procedures, envelopment analysis, discriminant analysis, matched Pairs, co-citation analysis, analytic induction, econometric techniques, visual ethnography

Three Steps for a Taxonomy

- ▶ 1. Coding articles to generate a DV list
- ▶ 2. Using a modified Delphi procedure to generate 19 DV Categories (clarification of subcategories)
- ▶ 3. Designing a survey about the 19 DV categories

Categories and Subcategories

1. **Succession**: successors, predecessors, succession process, succession plan, succession transition event, development, characteristics, dissolution, death, phases, retirement, offspring, planning, post-succession

2. **Gender**

3. **Continuity**

4. **Conflict**: resolution, mediation, strategies

Categories and Subcategories (Cont)

5. Family Dynamics: siblings, copreneur, communication, family life cycle, prenuptial agreements, marriage, nepotism, family meetings, trust, roles, impact on business, relationships, family complexity, in-laws, resources

6. Family vs. Nonfamily

7. Family vs Business System

8. International: global family business, internationalization, ethnicity, cross-cultural dimensions, joint ventures

Categories and Subcategories (Cont.)

9. Business Areas Management: business mission/goals, legal, financial, accounting, auditing, earnings management, investors, investment polity, financial structure, compensation, marketing, human resources, customer service, professionalism of management

10. Structure: home-based, corporation, limited liability, legal structure, private-held, public

11. Government Impact: (Institutional) tax policy, estate tax, healthcare, laws and regulations, business environmental issues

Categories and Subcategories (cont.)

12. Strategy: growth, goals, risk, social capital/relationships, turnaround, merger and acquisition, training, venture creations, outsourcing, branding, market orientation, IPO, HR management, management, technology, compensation, competitive advantage, training, resources, R&D, branding

13. Performance: economic impact, measurement of outcomes, survival, overall success, financial growth

14. Outsider Organizations/Individuals: shareholders, boards, foundations, trusts

Categories and Subcategories (Cont.)

15. Outside Support Systems consultants, advisor, family business centers, educational programs, counselors, mentoring, networks, associations, workshops

16. Family Business as a System: definitions, opportunities, economic impact, failures, sustainability, development stages, serial business families, impact on family, values, characteristics, levels of analysis, generational differences, psychology, social capital, high-performance work systems, cognitive legitimacy, employment, family orientation, family capital

Categories and Subcategories (Cont.)

17. Organizational Behavior: founder impact, culture, ethics, employee health, innovation, structure/relationships, social responsibility, adaptation/flexibility, philanthropy/donations, values, buying behavior, entrepreneurial orientation, sustainability, employment

18. Control: ownership, management, governance, leadership, stages, ESOPs, publicly traded companies, family involvement

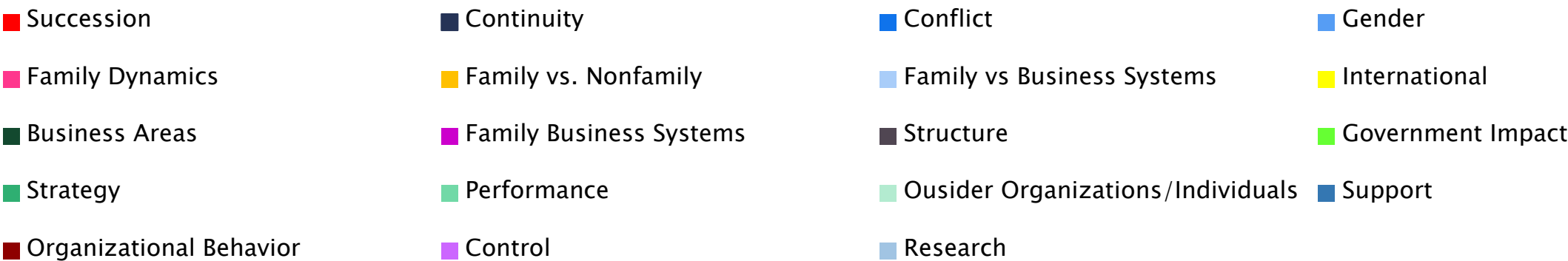
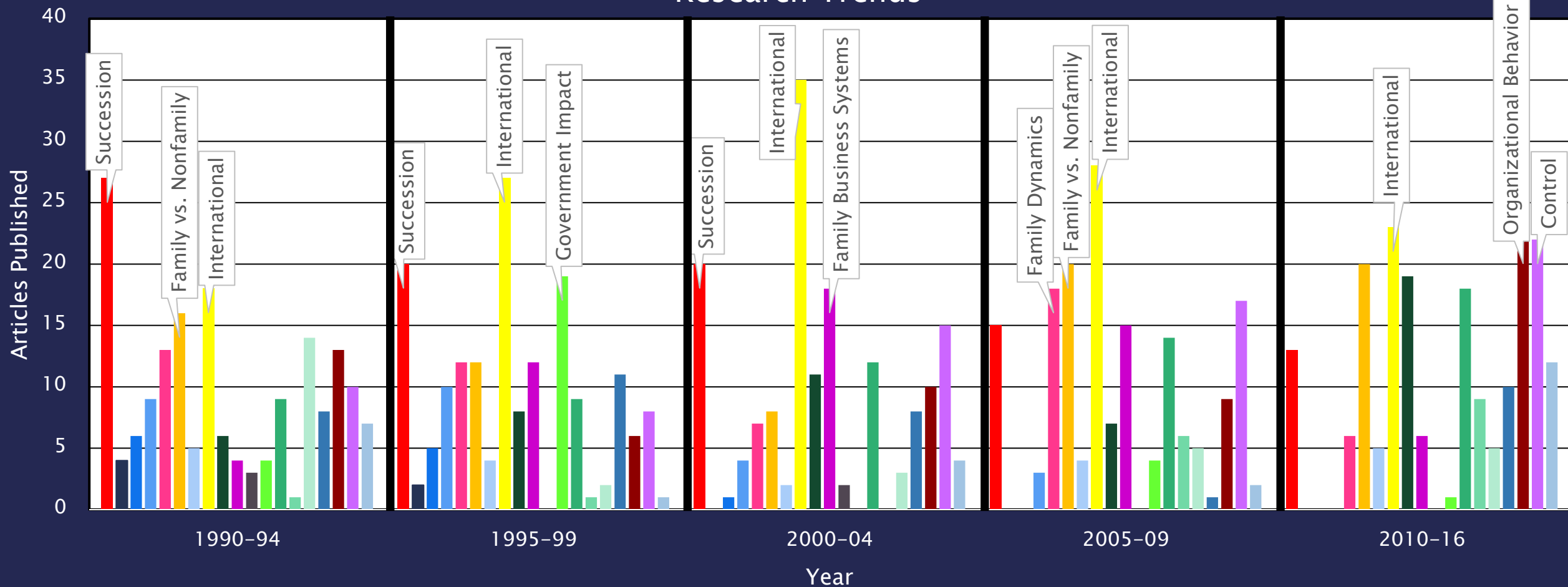
19. Research: history, future, trends

Research Topics (919 papers)

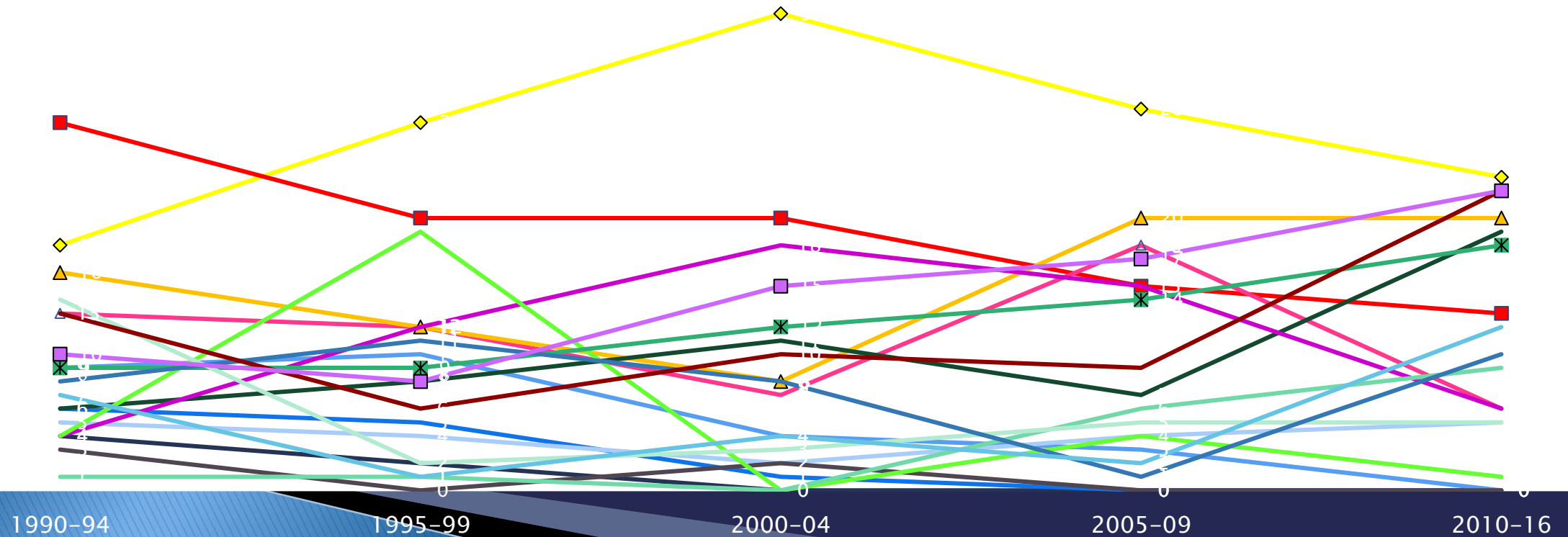
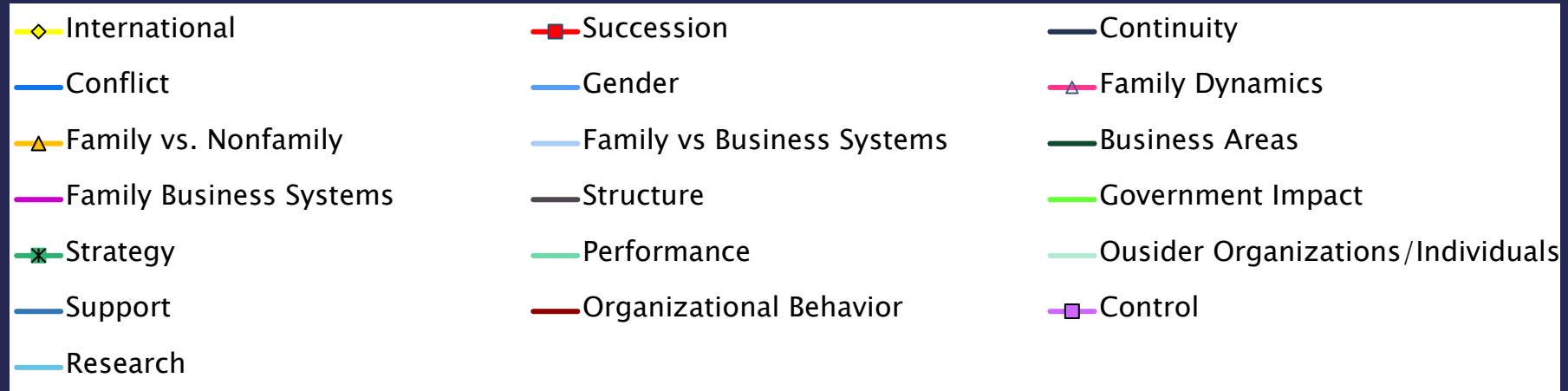


- International
- Succession
- Family vs. Nonfamily
- Control
- Strategy
- Organizational Behavior
- Family Dynamics
- Family Business Systems
- Business Areas
- Support
- Outsider Organizations/Individuals
- Government Impact
- Gender
- Research
- Family vs. Business Systems
- Performance
- Conflict
- Continuity
- Structrue

Research Trends



Research Trends



A Survey to FB Scholars for Future Research

- ▶ Sample: 30 FB scholars (22 returned, 73.3%)
 - Editorial Board of *FBR*
 - Personal networking
- ▶ One-Page Survey

3 Questions in the One-Page Survey

- ▶ 1. Which outcomes categories do you believe distinguish the family business domain from other research domains. Please check all that apply.
- ▶ 2. In your opinion, were any DV variable categories unaccounted for in our set? In other words, what, if anything, is missing?
- ▶ 3. In general, what outcome variables (either in the above list or otherwise) deserve more attention in future family business research? Why?

Q1. Top categories used to Distinguish FBs (Unique DV)

- Family involvement in management (22/22)
- Family value and concerns (20/22)
- Family business characteristics and definition (20/22)
- Attitude toward family business (family members) (19/22)
- Succession process (17/22)
- Attitude toward family business (CEO) (16/22)
- Role of spouse/ copreneur (15/22)
- Succession plan (14/22)
- Succession/ transition event (14/22)
- Role of female family members (14/22)
- Ownership (14/22)
- Attitude toward family business (non-family members) (14/22)

Q1. Not so unique DV categories

- ▶ Regulatory and business environment (0/22)
- ▶ Business Satisfaction (1/22)
- ▶ Internationalization (2/22)
- ▶ Economic impact (2/22)

Q2: Suggested Future Research Topics

What is missing? Quotations from FB scholars –

- ▶ 1. Management of family; family satisfaction with and commitment to the business; effect of business on family life style; family resources available to the business.
- ▶ 2. Role of in-laws and relatives by marriage; comparative kinship systems; legal issues.
- ▶ 3. Cultural impacts
- ▶ 4. Longevity; family goals and outcomes

Q2: Suggested Future Research Topics

What is missing? Quotations from FB scholars (Cont.)

- ▶ 5. Non-economic goals; succession intentions; family vision; altruism (could be dependent or independent variable)
- ▶ 6. "Soft performance"-- socio-emotional costs
- ▶ 7. Trust; Change/Tradition; Emotional asset; Industry situation
- ▶ 8. Ethical focus; anticipated growth (sales/ revenue); employee growth

Q3: What outcomes deserve more attention? Why?

- ▶ 1. Commitment of family members to the family business and family business decisions. This DV will reveal processes that can help explain family management processes (governance) that contribute to both family and firm success.
- ▶ 2. Situating businesses in the wider kinship systems and not assuming we know what is meant by "family."
- ▶ 3. Family values

Q3: What outcomes deserve more attention? Why? (Cont.)

- ▶ 4. Entrepreneurial behavior-The family's unique ability to start new ventures and innovate over time seems critical to all themes-performance, longevity, etc.
- ▶ 5. (1) non-economic goals-influence relative behavior and performance of family firms; (2) altruism-we've only scratched the surface on that topic.
- ▶ 6. non-financial performance, as a DV that explain family firm behavior, e.g., long-term orientation.
- ▶ 7. Ethical focus

Suggested Future Research

- ▶ **Family Outcomes (FOs) vs. Business Performance (BP)**
 - FOs: (1) family independence and satisfaction, (2) tight-knit family, (3) respect in community, (4) child & business development
 - BP: market share, growth, comparison to competitors, profitability, and sales
- ▶ **FB Practices to FOs vs. BP**
 - FB Practices: formalization, decentralization, professionalism, Innovation
 - Cross-Cultural study
- ▶ **Entrepreneurial Orientation to FOs vs. BP**
 - EO: risk-taking(opportunity taking), pro-activeness, innovativeness
 - Family identity as a moderator

3rd Generation of Family Business (Kim's family business)

- ▶ 삼성출판사 – 3rd Generation (Founder, Son, Grandson)
- ▶ 아트박스 – 2nd Generation of 삼성 출판사 started (Siblings team)
- ▶ FnF, 바닐라 코 – 2nd Generation of 삼성출판사 started (Siblings team)
- ▶ 스마트스터디 – 3rd Generation of 삼성출판사 started

<https://www.facebook.com/SmartStudyKR>

http://korean.seoul.usembassy.gov/mobile/p_pr_061616.html



Family Business Curriculum & Activities

- ▶ Families in Business
- ▶ Family Business Management
- ▶ Family Business and Innovation
- ▶ Family Enterprise Governance
- ▶ Family Business Field Studies
- ▶ Building a Legacy: Family Office Wealth Management
- ▶ Join Family Business and Entrepreneurship Clubs
- ▶ Attend Family Business Events

Any Questions?