THE INFLUENCE OF FAMILY DECISION MAKING, VALUES, AND BONDS ON FAMILY EMPLOYEE BEHAVIOR (SUMMARY)

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SUMMARY

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Principal Topic

A key concern for family business researchers and practitioners is the survival of family businesses post founder departure (Aronoff, 1999; Kets de Vries, 1993). A successful inter-generational ownership transition process (Stravrou, 1999) ensures the continuity of the family business by passing the leadership to the next generation. However, the inter-generational transition is complex and many family businesses fail to navigate the generational divide successfully. In the proposed study, we take a unique approach to examining heir’s behavior towards family business. Drawing from the family studies literature, we argue that heir’s behavior and actions are shaped by the existing dynamics of the family (Sandra & McCartney, 1983). As a result, we propose that family decision making, values and bonds will determine heir’s commitment (to business), satisfaction (with business), and intention (to continue in business).

Method

We conducted a survey of family businesses located in the western region of the USA to collect the data for testing our proposed model. Measures were adapted to suit the family business context. We then conducted a pilot study to refine our measures. Based on feedback from business owners and peers, we revised some of the measures for using in the family business context. We used a total of 6 multi-item measures along with 3 control variables. Respondents’ age, education, and number of siblings are control variables.

We performed exploratory factor analysis and reliability analysis to assess the psychometric properties of our measures. As expected, all items loaded on the underlying factors. All our study measures exhibited high reliability (coefficient $\alpha \geq .80$). We also performed Herman’s single factor test to assess common method variance (CMB) problem in our data. We did not find any evidence of common method variance problem in our data. Sample size limits our ability to use latent variable model for testing our theoretical model. We used linear regression for testing our hypotheses and model.

Results and Implications

Our research contributes to the family business literature on the inter-generation transfer by focusing on the influence of family dynamics on heir’s behavior towards the family business. In this study we have tested the connection between family dynamics (family decision making, values and bonds) and heir’s behavior (commitment, satisfaction and intention) towards the family business.

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