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Alex Stewart
Marquette University, alex.stewart@marquette.edu

Michael A. Hitt
Texas A & M University - College Station

Accepted version. *Advances in Entrepreneurship, Firm Emergence and Growth*, Vol. 12 (2010): 243-276. DOI. This article is © Emerald Group Publishing and permission has been granted for this version to appear here. Emerald does not grant permission for this article to be further copied/distributed or hosted elsewhere without the express permission from Emerald Group Publishing Limited.

The Yin and Yang of Kinship and Business: Complementary or Contradictory Forces? (And Can We Really Say?)

Alex Stewart
Marquette University
Milwaukee, WI

Michael A. Hitt
Texas A&M University, College Station
College Station, TX

Introduction

Are the social domains of kinship and business on balance complementary or contradictory? Do ventures that invest heavily in both – conventionally referred to as "family firms" - bear a net gain or net loss? We are scarcely the first to raise these questions. How then will we try to contribute to an answer? We try this in five ways, all of them based on previous literature. First, we develop the dichotomy of kinship and business by taking seriously the metaphor of *yin* and *yang*, merging it with the anthropological constructs of structural domains such as "domestic" and "public." This metaphor proves to shed light on the relevant literature. Second, we provide a qualitative survey of the costs and benefits of kinship in business. Third, we summarize the empirical work that addresses the performance outcomes from family involvement. Fourth, we consider the practitioner implications of these studies. Finally, we ask if scholars are as yet in a position to answer these questions.

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The Structural Domains of Kinship and Business

Let us imagine two domains, first the domain of kinship and marriage, second the domain of commerce and economy. Following Fortes (1969: 97), by "domain" we mean a sector of social life with a distinctive "range of social relations, customs, norms, [and] statuses… unified by the stamp of distinctive functional features". Based on anthropological kinship theory (e.g., Bloch, 1973; Fortes, 1969; Jones, 2005) we generate a set of correlative pairs, which (following Jones, 2005) we call Structural Dualism One:

Domain A	Domain B
Kinship	Business
Domestic	Politico-jural
Private	Public
Nature	Culture
Female	Male
Long-term generalized reciprocity	Short-term balanced reciprocity

The yin-yang metaphor

Unsurprisingly this sort of dualism has generated controversy, particularly among feminist scholars (Rotman, 2006, Smith, 2009). As these critics have documented, the extent to which this dualism has been accepted is historically contingent (Comaroff, 1987; di Leonardo, 1987; Jones, 2005). Nonetheless, binary thinking along these lines has had a long history in many cultures. The most elaborated version of this thinking is the ancient Chinese *yin-yang* cosmology. In this cosmology, one side (our Domain A) is *yin* (陰) and the other (our Domain B) is *yang* (陽), terms that in this cosmology "subsume" all other "complementary" pairs"(Allen, 1997: 59). Following Cheng (2008) and Graham (1989), we take some of the fundamental pairs within this extensive set of paradigms to generate Structural Dualism Two:

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Domain A	Domain B
Yin	*Yang*
Darkness	Sunlight
Cold	Heat
Earth	Heaven
Passivity	Action
Softness	Strength
Female	Male

Within this worldview, the right or *yang* side is considered "dominant" (Cheng, 2008: 223). Therefore, as with Dualism One, this set lends itself readily to sexist, and indeed "feudal," ideology (Cheng, 2008: 224; Li, 2000: 34-36; Jones, 2005). Greenhalgh (1994) provides an excellent example of the use of this ideology by patriarchs of family firms. However, it is not only females – and the young – who can be marginalized by these dichotomies, so also can family business itself. After all, family firms are precisely those organizations that invest energy and derive resources substantially in both domains. Therefore, we find in the family firm literature sufficient material to derive a dualism based on the real or imagined differences in managerial philosophy. Following Benedict (1968), Jones (2005), and Stewart (2003; 2008) we derive Structural Dualism Three:

Domain A (*yin*)	Domain B (*yang*)
Family firms	Non-family firms
Amateurism	Professionalism
Informality	Formality
Private and secret	Public and open
Functional diffuseness	Functional specificity

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Ascription	Achievement
Nurturance and indulgence	Competition
Consumption	Production
Subjectivity	Objectivity

This dualism is, like the others, ideologically charged and potentially most misleading. Clearly, this dualism rests on the first, that of kinship and business (if not also, in China, on yin and *yang*). Therefore, its underlying assumptions tend to be those of Structural Dualism One, not least of which is the great divide between "ascription" (actors playing their given roles) and "achievement" (agents actively strategizing) within pre-capitalist and capitalist societies respectively. The fact that these assumptions have long been shown to be ethnographically misleading (Finnegan, 1970; Goody, 1996; Saberwal, 1998; Wallman, 1975) has not much altered their enduring influence. For a scathing critique of such dualisms as achievement and ascription as merely "words, treated as logical contradictions," see Faris (1953: 105). Moreover, the pairs that are culturally salient, and their relative valuations, vary throughout space and time. For example, Japanese oppositions such as *uchi* (inside) and *soto* (outside) are uniquely elaborated in that culture (Borovoy, 2005). Moreover, the valuations placed upon each side also vary. Not everyone worships the workaholic Wall Street warrior. To the contrary, in the early decades of the rise of the British middle class, many men viewed their business careers as necessary antecedents to time better spent on domestic, religious, and cultural pursuits (Davidoff and Hall, 1987; Creed, 2000 gives further examples). Finally, these dichotomies are not purely opposites, and tend to be fluid if not always overtly contested (Rotman, 2006; see generally Comaroff, 1987).

What then remains of value in the *yin-yang* metaphor? For a start, *yin-yang* self- advertises as a metaphor with no concrete referent; it simply references the dichotomies we associate, rightly or wrongly, with on the one hand kinship and family businesses (FBs) and on the other hand commerce and non-family businesses (NFBs). For this reason we use the Chinese terms, un-translated; these are in fact "untranslatable" (Oshima, 1983: 65). Moreover, the *yin- yang*

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metaphor raises our central questions in this essay. "Throughout the chain [*yang*] is superior to [*yin*] but the two are mutually dependent. China tends to treat opposites as complementary, the West as conflicting" (Graham, 1989: 331). Although the orthodox strain of Chinese classical scholarship has regarded *yin* and *yang* as "dynamically harmonious" and not "antagonistic", they have also been seen as "not entirely balanced" (Cheng, 2008: 219, 231). The *yin-yang* metaphor therefore leaves open the question of the relationship between the two sides. More strongly, it poses that question itself. In its earliest known form, *yin* and *yang* referred to the "mutually destructive" forces of water and fire (Allen, 1997: 58). Only with the elaboration of *yin-yang* cosmology around 250 B.C. did they come to represent "the complementary forces that imbue and define all life" (as above). The metaphor therefore raises the central question for family firms, are kinship and business primarily complementary or contradictory?

Moreover, the *yin-yang* metaphor is not merely a literary device. By forcing the terms into binary opposites it may create something of a caricature, but by the same token it draws in sharp relief the potential for considerable discrepancies of evaluation across these domains. Here we must assume that *to some extent* actual behavior regarding roles of kinship and of business bears some resemblance to Dualism One, if not of Two and Three. Certainly it is not uncommon for the domains of business and kinship to be culturally considered as "very different in their essence" (De Lima, 2000: 152). An example from the ethnographic record is a young man who, in the *yin* domain, is a "pet" child, but in the *yang* an incompetent successor (Hamabata, 1990: 43; Ram & Holliday, 1993). This is an example in which the mixing of *yin* and *yang* represents a cost born by the business. Managing a family firm is at its heart an effort to reconcile such dichotomies (Colli, 2003: 67; Jones, 2005; Stewart, 2003). Empirical studies of family firm performance give evidence to the double-edged sword of the mixture. Literature reviews in these studies adopt a stance of "on one hand, on the other hand"; the family firm has benefits like lower paid workers; it has costs like employees (not all of them kin) with senses of entitlement.

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Structural domains and entrepreneurship

The concept of structural domains also resonates with the foundational theory of entrepreneurship within anthropology. First, however, we must make an ethnographic assumption: that in many cultures, kinship is at least a widely adopted idiom that reflects the deepest moral values of the culture (Bloch, 1973; Peletz 2001; Song, 1999: 82-83; Steadman, Palmer & Tilley, 1996; Stewart, 1990). If so, it may be that these domains are in practice – on the ground - quite distinct, such that the same resources, say, personal networks or potential employees, are discrepantly valued in each, such that a classic form of entrepreneurial opportunity arises. As Barth argued in his seminal paper, "economic spheres in Darfur," "entrepreneurs will direct their activity pre-eminently towards those points of an economic system where the discrepancies of evaluation are the greatest, and will attempt to create bridging transactions" (Barth, 1967: 171; Stewart, 1990; 2003).

An example of higher valuation than in the *yin* world than the *yang*: a modestly profitable venture, not very interesting in financial terms, but an opportunity for reuniting scattered kin (Bruun, 1993: 32; Greenhalgh, 1994). An example of higher valuation in the *yang* world than the *yin*: the ability to keep a confidence for many years (Benedict, 1968; Marcus with Hall, 1992: Chap. 4). Discretion is useful with clandestine bedroom arrangements but materially more useful with clandestine boardroom agreements. Marcus (1992: 131) argued that kinship networks have a unique capacity to provide linkages, "to make secret deals, … to pull together resources from across various social and institutional spheres to pursue a single aim… [because] they integrate functions and activities that specialized institutional orders differentiate and fragment." For example, for families that own small businesses, kinship is the source of the "synthesis" needed to patch together "multiple incomes, from multiple sources, with multiple fallback positions" (Creed, 2000: 343).

Yin and yang in scholarly research

Another suggestion that these dichotomies refer to matters "in the real world" can be found in the scholarly division of labor. Stewart (2008) examined the structure of topical attention (that is, the network amongst topics) for 14 fields of study, comparing their

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attention to topics along the "familial" and "commercial" poles. He found that some fields clustered together along the familial pole, some along the commercial pole, and some were rather more balanced in coverage. As represented by their foregrounded topics (in abstracts of articles) strategy, economics, marketing and finance clustered tightly together around the commercial pole, with entrepreneurship so highly skewed in that direction as to be less highly correlated. Anthropology, family and marital therapy, history, law, and sociology clustered tightly around the familial pole, with psychology alone very highly correlated with family and marital therapy.

Business school scholars, therefore, organize their efforts *as if* they subscribe to the concepts of structural domains. Their division of labor reflects a skewing to either the *yin* or the *yang*, with few fields of study well balanced between the two.[1] To the extent that a field considers a given *yin* topic (such as emotions), it is more inclined to consider others (such as secrecy), and less inclined to consider the *yang* topics (such as investments or arbitrage). The reverse is also true. To date, qualitative overviews of the costs and benefits of kinship in firms have been based on *yin*-oriented scholarship: from anthropology (Stewart, 2003), Chinese history (Whyte, 1996), and family studies (Mattessich & Hill, 1976). Empirical research on family firm performance has been conducted instead in *yang*-oriented fields such as economics, finance and strategy. Therefore, we turn next to a qualitative overview based on this sort of scholarship, followed by a summary of the findings about performance.

Advantages and Disadvantages of Kinship in Business

Family businesses are among the oldest forms of business organization, with the earliest records dating back at least to 1900 BCE (Goody, 1996: 138). Some currently active family firms have extremely long histories, especially in the context of the turbulent starting, stopping and restructuring of firms of all types. The first recorded family business that continued into the modern era was

[1] Family business, as reflected by the *Family Business Review*, was found to be fairly well balanced, as was public administration and policy. Fields of study tended to converge more in full texts coverage of topics, with entrepreneurship and strategy remaining the most skewed to the commercial and family and marital therapy, and psychology, the most skewed to the familial.

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Kongo Jumi, started in Japan in 578 A.D and lasting through 40 generations before its liquidation in 2006. Surviving, very old family firms include Hoshi Ryokan (Japan, est. 718), the Chateau de Goulaine vineyard (France, est. 1,000) and the Marinelli foundry (Italy, est. 1339). By North American standards, very old family firms include Shirley Plantation (est. 1613), Zildjian (est. 1623, albeit in Constantinople before moving to the U.S. in1929), Laird and Company (U.S.A., est. 1780), and Molson's Brewery (Canada, est. 1786) (Anonymous, 2007). In some countries, such as Germany, firms often remain in the control of the same family for several generations (Erhardt, Nowak, & Weber, 2005; see generally Church, 1993).

Family businesses have been and remain important despite having a particularly complex form of business organization (Danes et al.,2002; Haddadj, 2003; Nordqvist, Hall, & Melin, 2009; Ram & Holliday, 1993; Schwass, 2005). That is because of the integration and interrelationships between the business organization, its structure and the family with its hierarchy. In the face of this complexity, the family business form has proven resilient; it is not a passing phase of development (Colli, 2003; Church, 1993). "By far the dominant form of controlling ownership in the world is… by families" (La Porta, Lopez-de-Silanes, & Shleifer, 1999: 496). Such ownership is important even amongst U.S. public firms. For example, approximately one-third of the *Standard and Poor's* 500 firms have founding family members still in the management. This means that, in some way, the family continues some influence on the operation and outcomes of these major business organizations. Additionally, family business is popular all over the world. For example, over 50 percent of the firms in Asia and almost 45 percent of the firms in Europe are controlled by families (Claessens, DjanKoo & Lang, 2000; Faccio & Lang, 2002). Also, business groups are a major form of business operations in Latin America and they are commonly family-controlled as well (Luo & Chung, 2005). The lengthy history and ubiquity of family firms suggests that they must enjoy some advantages over other forms of business organization and ownership.

Advantages of Kinship in Business

The writings on the performance effects of family involvement cite four main areas in which family involvement generates an advantage: (1) internal coordination, (2) monitoring of agents, (3)

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long-term commitment, and (4) external relationships. One suggested reason for the first of these advantages, better internal coordination, is lower costs for transactions between internal units and between individuals and boundary spanners within the organization (Khanna & Palepu, 2000). This is because family business encourages information dissemination, more so than other forms of organization. Thus, when disputes arise, the conflict is usually resolved in a more efficient manner with fewer negative outcomes because of the commitment to the organization and the personal incentives to ensure that the firm is successful. In short, information is shared because of greater trust and family norms that encourage conciliation (Arregle, Hitt, Sirmon, & Very, 2007; Peng, 2004).

Second, the traditional view is that family business organizations typically have lower agency costs (compare Schulze et al., 2001). One reason is that family members are concerned about the family, their family's reputation and about the business owned by the family. There is such an integration of the family business and the family as a unit that family members are much less likely to take actions that are in their own self-interest but not in the interest of the family business or the family. Moreover, controlling families "have strong incentives to monitor carefully" any hired managers, and they may have idiosyncratic knowledge that facilitates their controls (Andres, 2008: 433; also Saito, 2008).

The third advantage claimed for family firms stem from a long-term commitment to the enterprise. The close integration of family and firm generates a strong socio-emotional endowment or commitment to the family business (Gómez-Mejía, Haynes, Nunez-Nickel, Jacobson & Moyano-Fuentes, 2007). Family members are concerned about the reputation of the business because it reflects on the family name. Furthermore, if the family business succeeds, it contributes to the well being, financially and otherwise of the family as well as to the family members' standing in the community. As a result, firms with long-term family control are regarded as less likely than other firms to default on their obligations, and consequently enjoy a lower cost of debt (Anderson, Mansi, & Reeb, 2003).

Sirmon and Hitt (2003) argued that family businesses often have more patient capital and survivability capital. This means that the family and individual family members are more willing to risk their

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personal capital for a longer period of time to ensure that the success of their business. Additionally, even more distant family members may be willing to provide extra financial capital when the business is under financial duress, such as in the global economic crisis experienced in 2009. Thus, family businesses often have access to special types of capital through family members and, therefore, may not have to seek funds from independent external sources. External sources of capital often place restrictions on the use of the capital, require shorter-term repayments, and charge higher rates of interest. As a result, family businesses often are able to take a longer-term view and act in ways that display greater strategic persistence (Anderson & Reeb, 2003). Thus, family businesses may be able to stay with a strategy longer to ensure that it will be successful rather than trying to take actions in the short-term that satisfy external constituents.

This independence of action allows family firms to take actions, such as R&D investments, that may generate their returns only in the longer term (Allouche et al., 2008). Increasing investments in R&D should provide greater innovations and, thus, allow the firm to introduce new and highly competitive products into the marketplace. Furthermore, if firms enter international markets effectively (that is, they choose the appropriate markets to enter and enter in ways that allow them to be successful), internationalization should allow the firm to enhance its economies of scale and scope (Hitt, Hoskisson & Kim, 1997).

Finally, a family builds up external social capital over time and passes it down to successor generations. Such social capital over time is less assured in a typical business organization as much social capital is often tied to the individual rather than the organization as such. There may be more continuity of membership in family firms than in non-family firms. Family businesses may also display more altruistic actions to employees and to the external community they serve than other forms of business organizations. Chrisman, Chua and Kellermanns (2009: 743) found support for their hypothesis that family firms develop better "long-term stable relationships that depend on external collaboration," with the result that family firms gain a significantly greater performance benefit from external social capital than do non- family firms.

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Disadvantages of Kinship in Business

Whereas this literature proposes four advantages of family firm, six disadvantages are noted. Moreover, these disadvantages are cited more frequently than the advantages. This skewing towards the costs not benefits contrasts with the more sanguine overviews noted above in anthropology, Chinese history and family studies. Perhaps these fields are more attuned to the *yin* domain, which provides "softer" benefits that are hard to quantify. Perhaps, of course, this more *yang*-oriented literature is simply more realistic. Moreover, all six disadvantages should be interpreted in the context of entrenched family control, which is non uncommon but not universal in family firms. In any case, the six disadvantages are (1) management that is less entrepreneurial and less flexible, (2) agency conflicts between controlling and minority owners, (3) weaker governance that tolerates mediocre management, (4) a bias towards heirs regardless of capabilities and poor preparation of successors due to indulgence (parental altruism), (5) limitations in their mobilization of non-family talent, and (6) higher levels of conflict.

The first disadvantage is that family businesses may be reluctant to take risks. For example, prior research has found that family businesses are often cautious about investing in higher risk industries (Luo & Chung, 2005). Additionally, there is a higher potential for path dependence in the learning and decision making of family businesses because of the heavy employment of family members. This characteristic sometimes leads to more incremental changes and fewer risky decisions and strategies employed (Nordqvist, 2005). Thus, while family businesses have greater discretion allowing them to take a longer term view, they may not do so because of the risk often associated with these longer-term actions. Due to the emotional link between family and firm, controlling families seek to preserve existing capital and therefore to resist the creative destruction that is inherent in the entrepreneurial process (Fogel, 2006; Morck, Strangeland, & Yeung, 2000; Morck & Yeung, 2003; Gómez-Mejía et al., 2007 is consistent with this argument despite their distinctions).

Just as family firms may be less entrepreneurial, they may also be less adaptive. For example, it is rare for a family firm to engage in downsizing or downscoping (Ghemawat & Khanna, 1998). Family

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members often are the primary managers of the major units in the family firm and, thus, it is uncommon for those units to be closed, sold off or outsourced. The family's altruism also extends to long-time employees and making downsizing decisions less attractive to family businesses as well (Ram & Holliday, 1993). While the unwillingness to harm loyal employees has advantages, it limits the flexibility of the firm to make strategic readjustments as the competitive landscape and/or economic environment change.

The second disadvantage, of conflicts between controlling and minority shareholders (sometimes called the second agency problem), does not necessarily follow from the owning family's wish for control. Rather, it follows from a desire to leverage family wealth, often tied up in the firm, with outside investors' equity. This can lead to the use of mechanisms that create a "wedge" between their "control [and their] sheer equity stake" (Villalonga & Amit, 2009: 3048). The most widely used wedges are differential board membership, classes of stock with differential voting rights, and chains of ownership (pyramids) that can generate ultimate control well in excess of their equity stake. Consequently the controlling owners can provide themselves cash and salary benefits, "potentially biased related third-party transactions" and other benefits at odds with the interests of minority shareholders (Achmad et al., 2009: 42; also Anderson & Reeb, 2004; Andres, 2008; Fogel, 2006; Morck, Strangeland, & Yeung, 2000; Morck & Yeung, 2003; Sciasia & Mazzola, 2008).

The family's desire for control conflicts with "strict adherence to wealth maximization" (Anderson, Mansi, & Reeb, 2003: 264). If the owning family's control is entrenched – hard to discipline with market forces – they face less favorable access to external equity markets as well (Andres, 2008; Chua & Chrisman, 2004; Morck, Wolfenson, & Yeung, 2005). Thus, this second agency problem results in discounted valuations of the firm in the financial markets (Villalonga & Amit, 2009). Further, despite a lower cost of debt, family firms may be reluctant to take a chance on default and only cautiously use debt to leverage their equity (Allouche et al., 2008).

The family's desire for control also leads to the third disadvantage, weaker governance that tolerates weaker management. Independent boards are correlated with higher firm performance but obviously not with the independent discretion of the owning family. As

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a result, many family firms operate with weak governance mechanisms, most obviously by means of boards with few outside members and very few members who are truly independent of the owners. These boards in turn are reluctant to question the owning families' decisions or actions (Anderson & Reeb, 2004; La Porta, Lopez-de-Silanes, & Shleifer, 1999; Lubatkin et al., 2005; Westhead & Howorth, 2006). It is less common to see managers replaced, particularly if they are members of the family or have strong linkages to the family. As a result, ineffective managers may remain in leadership positions much longer than they would in nonfamily businesses (Gómez-Mejía, Núñez-Nickel & Gutierrez, 2001).

Weaker boards are also less inclined to question the succession to leadership roles of less qualified members of the family (the fourth disadvantage). Family businesses can therefore suffer from nepotism (Schulze et al, 2001). They may fail to select individuals who have the strongest human capital for key positions. This is almost inevitable based on limiting the available talent pool to kin (Bennedsen et al., 2007). Moreover, the controlling family may compound this problem by failing to prepare their offspring to be competent, independent adults rather than indulged children (Lubatkin et al., 2005; Ram & Holliday, 1993; Song, 1999: 87). Financial markets apparently assume that this outcome is most likely because they react to scions' successions by discounting the shares (Morck & Yeung, 2003).

The fifth disadvantage follows from the preferential treatment of family members and the reluctance to share control with non-family members. The differentially favorable promotion and compensation of family members, and the reluctance to share stock ownership, make it difficult to promote and compensate non-kin appropriately. As a result, family firms fail to take full advantage of external labor markets (Chua, Chrisman, & Bergiel, 2009; Gedajlovic, Lubatkin, & Schulze, 2004).

The sixth disadvantage refers to the *yin* domain (Stewart, 2008): interpersonal conflicts. Not surprisingly, then, it received little attention in this literature. It does not go unnoticed nonetheless. A greater prevalence of conflict is proposed for relations between kin and non-kin, and amongst kin, particularly over contested successions (Lubatkin et al., 2005; Miller et al., 2009; Minichilli, Corbetta, & MacMillan, 2010; Sciascia & Mazzola, 2008).

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Performance Effects of Family Involvement

What then is the net effect of the costs and benefits of kinship involvement in business? Table One summarizes 32 empirical studies that offer an answer in terms of the effect on firm performance. We distinguish, as do the studies, between family involvement in management (FIM) and family involvement in ownership (FIO), and between accounting or operating measures (such as sales growth) and financial market measures. Naturally the latter measures cannot be used with privately held firms, which it will be seen represent a minority of the samples despite being a majority of family firms. Accordingly we also distinguish between studies with samples of traded, public firms from those with non-traded, private firms, and those with mixed samples. The sample for Bennedsen and colleagues (2007) is mixed but must presumably be primarily private, considering the large number of firms (5,334 that experienced a succession) within a small country (Denmark). The sample for Minichilli, Corbetta and MacMillan is 73% private (67/92)/

Table One

Performance effects for private firms

Distinguishing between public and private samples draws in sharp relief the differences in performance effects. The broad brush picture is clear. Family involvement has a positive effect for the public firms and a negative effect for the private firms. For example, there are five random samples of private firms. (These are marked with an asterisk. Chrisman, Chua and Kellermanns (2009) used a random sample of a convenience sample: SBDC clients.) In two of these studies (Smith, 2008; Westhead & Howorth, 2006), family influence has an insignificant or quite specific negative effect. In one sample (Schulze et al., 2001), the negative effect is an opportunity cost because the only positive effect is found in the absence of family influence. In the other two studies (Jorissen et al., 2005 and Sciasia & Mazzola, 2008), family influence has a significant negative effect. All of these five studies considered both FIM and FIO, with the exception of Jorissen and colleagues, which considered FIO. Further, the

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sophisticated large sample study by Bennedsen and colleagues (2007), which used the random sex of the firstborn as an instrument for succession, found significant negative effects of FIM. As previously noted, we can assume that most firms in this sample were private. Two of the findings of Minichilli and colleagues present puzzles for future research. They found that private family firms outperform public private firms. They also found a U shaped (not inverted U shaped) effect of family involvement on performance, which they attribute to diminishing and increasing schisms in families as more become involved in management.

Performance effects for public firms

Empirical results are more complex for public family firms, with several studies reporting non-linear effects and different results depending on the level of family involvement. Several studies also distinguish between the founding generation and succeeding heirs, with the former outperforming the latter. In fact, Fogel (2006) and Saito (2008) argue that the positive effects that have been found may be driven by founders who are, after all, unusually successful having taken their businesses public. That is, the positive results might better be construed as entrepreneurial effects rather than family effects. Lower performance for heirs than for non-descendents or founders was found by several of the public sample studies (Anderson, Mansi & Reeb, 2003; Andres, 2008; Morck, Strangeland & Yeung, 2000; Pérez-González, 2006; Saito, 2008; Villalonga & Amit, 2006; for mixed samples by Barth et al., 2005 and by Bennedsen et al., 2007; for private samples by Barontoni & Caprio, 2006; Erhardt et al., 2005; Saito, 2008).

However, in contrast with the findings for private firms, only one of the studies (Achmad et al., 2009) found an overall negative effect, and they found this in a low shareholder protection environment (Indonesia). Moreover, 14 of the 18 studies found positive effects of family involvement, *given* a variety of contingencies such as level of control, generation, and HRM practices.

Practitioner Implication: Professionalize

An obvious implication of the negative effects of family for private firms and positive effects for public firms is that family firms

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ought to professionalize their management and governance (as recommended by Schulze et al., 2001; Sciascia & Mazzola, 2008; Westhead & Howorth, 2006). Martínez, Stöhr, & Quiroga (2007: 93) made the case as follows: "when family-controlled firms professionalize their management and governance bodies, and have to be accountable to minority shareholders, they can overcome most of their traditional weaknesses and take advantage of their strengths and succeed."

This sanguine conclusion makes sense for several reasons. First, it is consistent with a finding we can call the "Goldilocks" effect. There is a level of family involvement in ownership and involvement in management that is optimal: not too little and not too much. For example, Sirmon, Arregle, Hitt and Webb (2008) argued that family-influenced firms (as opposed to family-controlled firms) tended to achieve more positive outcomes. For example, the family influence allows the positive attributes of a family to be infused into an organization while having only a certain level of influence without having control limits the potential negative effects of family involvement. The research reported by Sirmon and colleagues (2008) concluded that firms responding to competitive threats (e.g., imitating their strategies) with higher investments in research and development and with enhanced internationalization tended to perform at higher levels than those who responded by curtailing R&D and internationalization. They also found that firms having family influence were more likely to respond with these strategic approaches than nonfamily firms or family controlled firms. They also found that the maximum performance was achieved when families held about 15 percent of the equity in a firm, which allowed them influence but did not allow them control over the firm's strategies and operations.

The precise levels for the optimum vary amongst the studies, presumably due to different contexts and different definitions of "family" involvement. However, a widespread finding is that performance is highest with moderate to moderately high levels of involvement (Anderson & Reeb, 2003; Barth et al., 2005; Chahine, 2007; Maury, 2006; however, de Miguel et al., 2004 found instead a U shaped curve). These are all studies with samples of public firms, with the exception of the mixed sample by Barth and colleagues. For private firms, of course, there cannot be a Goldilocks effect regarding

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involvement in ownership. Perhaps there could be one regarding involvement in management, although in the private firm sample of Sciascia and Mazzola (2008) the less the family involvement the better. We cannot assume, though, that a hybrid of involvement by family insiders and outsiders, or an "open family firm" (Colli, 2003) is infeasible in private firms.

Second, the process of going public brings responsibility to external shareholders and regulators, whose expectations and procedures have become standardized through legal regimes and socialization by business schools and the business media (Tsao et al., 2009; Zhang & Ma, 2009). Third, family firms with boards independent of the controlling family outperform those with boards beholden to the family (Anderson & Reeb, 2004). Board independence is a characteristic of professional governance. Fourth, firms with non-family successor CEOs significantly outperform firms with family successor CEOs (Anderson, Mansi & Reeb, 2003; Barantoni & Caprio, 2006; Morck, Strangeland & Yeung, 2000; Pérez-González, 2006; Saito, 2008; Villalonga & Amit, 2006). As Bennedsen and colleagues (2007: 653) inferred, "professional CEOs [provide] extremely valuable services."

Transitioning to professional management entails more than hiring non-family successors. More basic is developing a management that is more "formalized, standardized, and… scientific" (Zhang and Ma, 2009: 133). In short, the transition is one from *yin* to *yang*: from amateurism to professionalism, informality to formality, secrecy to openness, ascription to achievement, and subjectivity to objectivity. Such a transition may not require our invocations as management scholars; in many cultures it has been found to be the emergent, unplanned consequence of coping with the challenges that firms face as they grow (Berghoff, 2006; Goody, 1996: 143, 155; Kondo, 1990: 167ff., Marcus & Hall, 1992: 15-16; Trevinyo-Rodríguez, 2009; Tsui-Auch, 2004; Zhang & Ma, 2009). The family firm might need to professionalize as it faces the urging of governments and increased needs for internal coordination, technological capabilities, outside financing, and global competitive pressures (Tsui-Auch & Lee, 2003). Pressures to professionalize emerge from the kinship end as well. As Trevinyo-Rodríguez (2009) noted, the growth of the firm is linear but the growth of the kindred is exponential.

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Many successful family firms do make the conscious decision to professionalize, whether by hiring outside CEOs or educating the succeeding generation in high quality business schools (Benedict, 1968; De Lima, 2000; Douglass 1992, 223, 225; Pérez-González, 2006; Tsui-Auch & Lee, 2003; Tsui-Auch, 2004). Those family firms that professionalize may reap performance benefits. In one of the few studies of HRM practices in family firms, Tsao and colleagues (2009) found that family firms that adopted professional HRM practices (termed High Performance Work Systems) outperformed non-family firms, whereas those who did not do so underperformed non-family firms. Despite these apparent advantages it is clear from the performance of private family firms that many have failed to professionalize. As Schulze and colleagues (2001: 111) suggested, "there may be two types of family firms," those who professionalize and those that do not. Why might this be so?

Why Not Professionalize: Lack of Ability

One answer is that many family firms *cannot* professionalize. This incapacity may result from cognitive, cultural, emotional, and managerial causes. A fundamental cognitive impediment is that family business managers can fail to see the need for change. Poza, Hanlon and Kishida (2004) found that the perceptions of family firm CEOs and parents, were significantly more sanguine regarding their management than were other family and non-family managers. Moreover, family member CEOs tend to be longer-tenured and less well educated than non-family CEOs (Bennedsen et al., 2007; Jorissen et al., 2005; Pérez-González, 2006). These CEOs might believe that they are doing all they can to keep up with change and simply cannot learn any faster (Zahra & Filatotchev, 2004). Curiously, however, Tsui-Auch's (2004) study of professionalization among Chinese family firms in Singapore found no correlation with educational levels.

Cultural impediments include the norms of kinship systems that are at odds with purely economic rationality. A classic problem for entrepreneurs who look to grow their ventures has been called the challenge of disembedding (Stewart, 1990). Their need to channel resources into their business conflicts with the obligations that flow from the webs of kinship within which they and their firms are embedded. In many cultures they are expected to make displays of their wealth and to redistribute it generously amongst their kindred.

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Failure to do so leads to intra- personal and inter-personal conflicts (Davidoff & Hall, 1987: 216; Hart, 1975; Marcus with Hall, 1992: Chap. 4; Watson, 1985: 163). Further, entrepreneurs might seek to include or exclude family members from responsible positions based largely on capabilities. In most kinship systems they enjoy considerable latitude, but if they prioritize family membership less than expected given the norms of their culture, emotionally painful conflict is likely to follow (Bertrand & Schoar, 2006; Hamabata, 1990).

As this example suggests, cultural impediments are linked with emotional impediments. Culture includes expectations about emotions, and as components of culture so to does a kinship system. Individuals often experience ambivalence about their expected feelings, but this ambivalence only serves to give evidence that they have internalized the expectations (Peletz, 2001). We have noted a central source of ambivalence for family business owners: parents' recognition that they should develop independence in their children but feeling a temptation to spoil them. Similarly, siblings might recognize the need to promote the most capable scion but still find it hard not to view their own offspring as more capable than their nieces and nephews (Forden, 2001; Tsui-Auch, 2004). The psychological concept used in the family business literature to describe this conundrum is "parental altruism" (Lubatkin, Schulze & Ling, 2005). In Japanese culture, a similar concept that is widely discussed and considered endemic in family firms is the indulgence of passive love; in Japanese, *amayakasu* for the giving of indulgence (*amae* is the noun; Kondo, 1990: 150; the classic account is Doi, 1973; a recent comparison with British terms is Lewis and Ozaki, 2009). This problem of indulging family members can extend to non-family employees as well as family members thanks to ideologies of the workplace as a "family" (Ram & Holliday, 1993; Smith, 2009).

Emotional and cultural entanglements such as these make it impossible to professionalize a family firm simply by recruiting non-family managers. Being a "professional" manager in a family firm requires the capacity to navigate through idiosyncratic family cultures (Hall & Nordqvist, 2008; Lee, Lim & Lim, 2003). Nor can the family firm operate just as if it were a non-family firm. Professionalizing HRM practices, for example, requires consideration for the firm's non-economic goals, long time horizons, and desire to maintain control

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over the generations, all of which militate against shorter-term or stock-based incentives (Chua, Chrisman, & Bergiel, 2009; Gedajlovic, Lubatkin, & Schulze, 2004). Efforts to import current HRM practices without consideration of the family context can be lead to conflict (Bertrand & Schoar, 2006; Hall & Nordqvist, 2008). Similarly, pay dispersion in the top management team correlates with significantly higher growth in non-family firms but significantly lower growth in family firms (Ensley, Pearson, & Sardeshmukh, 2007; also Schulze et al., 2001). For these reasons, family firms can find it difficult to attract, reward and retain high quality "professional" managers (Barnett & Kellermanns, 2006; Beehr, Drexler, & Faulkner, S., 1997; Stewart, 2003).

Why Not Professionalize: Lack of Desire

Family CEOs could, of course, prefer to maintain the cultures and emotional orders of their firms, however non-professional we academics might consider them. Moreover, they might view professional management as a threat to five of the benefits that they currently enjoy: discretionary use of cash flows, maintenance of non-economic benefits, unique access to resources found uniquely in the kinship domain, and secrecy. The first of these benefits applies equally to other closely held, private firms and does not explain the apparently lower accounting and operating performance of family firms. The same desire to reduce taxes and hence reported income applies equally to their comparison firms. However, family firm CEOs might have a different set of preferences than non-family firm CEOs (Astrachan & Jaskiewicz, 2008; Chrisman et al., 2010). They might prefer, as Gómez-Mejía and colleagues put it, to preserve their "socioeconomic wealth" rather than maximize their financial wealth. For example, only the former might have a preference for finding employment for relatives, or for maintaining a long- standing company name that provides prestige for the family (Berghoff, 2006; Erhardt, Nowak, & Weber, 2005). Moreover, the "tunneling" of wealth from the firm to the owners' coffers could be more prevalent in family-controlled than in other closely held firms (Bertrand & Schoar, 2006; Lomnitz & Pérez-Lizaur, 1987: 13, 105; 116-117). Consequently the apparently lower performance of family firms might not be construed as such by these CEOs (Pérez-González, 2006).

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Professionalizing management could also be seen as a threat to the current CEOs' power, especially if these CEOs are, as often, less well educated than their peers (Zahra & Filatotchev, 2004). They could see a threat to their unique access to familial resources. As Greenhalgh (1994: 751) expressed it regarding a Taiwanese "family head," embeddedness in and manipulation of kinship traditions enabled him to "build his firm out of the loyalties and talents of his family." This capacity must seem to be worth keeping. Finally, professional management could be seen as valuing openness and disclosure in contrast with reticence and secrecy (Gedajlovic, Lubatkin, & Schulze, 2004; Greenhalgh, 1994; Stewart, 2003). This too could seem to be threatening. On balance, then, the family firm may choose to retain its "traditional" methods, particularly in functions related to control over privileged access to resources such as cash flows and executive positions. Therefore we would expect that the most likely areas of conflict in efforts to professionalize are financial and HR strategy, and governance.

Why Not Professionalize: Lack of a Need

Professionalizing might not be possible and it might not be desired. It might also not be needed. The firm's situation might not require the transition. "Cultural and institutional factors" such as the need to professionalize, so as to appear legitimate for outsiders, might not as yet be salient (Tsui-Auch, 2004: 713). The prevailing managerial culture might also be unsympathetic to the transition (Whyte, 1996; Zhang & Ma, 2009). The competitive environment might not require changes if niches are small, markets fragmented, and environments dynamic (Gedajlovic, Lubatkin, & Schulze, 2004). In such cases the firm will also not experience internal pressures for professionalizing so as to deal with increasing scale, R&D intensity, or marketing sophistication (Lin & Hu, 2007).

These arguments have assumed that firms "fail" to professionalize, rather than stick wisely to their course. We should reflect on this. Have we assumed the validity of Structural Dualism Three, the managerial variant of *yin-yang* ideology? Have we undersold the value for business of such *yin* qualities as informality, nurturance, and subjectivity? Qualities such as these offer opportunities for deploying resources from the *yin* domain, where they generate low profits, to the *yang* domain where they generate

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competitive advantage (following Barth, 1967). Further, the assumption that a category called "family firms" should be subsumed under *yin* may be misleading, for three reasons. First, it might be based on inadequate or faulty observations. Second, while *yin* qualities might characterize some family firms they might not for others. "Family firms" are homogenous (Colli, 2003; Croutsche & Ganidis, 2008; Lin & Hu, 2007). Third, we cannot assume that all the *yin* qualities more strongly correlate with one another rather than with *yang*, and vice versa; that is, we ought not to draw "vertical" inferences from the dualisms (Rutherford, 2010). Doing so, as Graham (1989: 338) has argued, is an error typical of "protoscientific" thinking.

We need moreover to be cautious in our assumptions about the meaning of professional management in family firms. As Hall and Nordqvist (2008) have argued, the professional manager in the family firm has to be astute regarding both *yin* and *yang*, to return to our metaphor. For this reason, it could be misleading to argue that succession by heirs gives evidence of drawing on a limited talent pool, because the talent of value might be idiosyncratic. We need therefore to be cautious in equating non-family CEO successions with a professional transition (as with Bennedsen et al., 2007; Lin & Hu, 2007; Zhang & Ma, 2009). Non-family CEOs might be amateurs just as family managers might be professionals (Hall & Nordqvist, 2008).

We should also recall the thesis from agency theory that introducing non-family managers introduces conflicts of interest between the owners and their agents, the managers (Chua, Chrisman, & Bergiel, 2009; Lee, Lim, & Lim, 2003). Introducing these managers also introduces what Leonard Sayles disparaged as "Generally Accepted Management Principles (GAMP)", which looks to solve ongoing coordination challenges by means of command and control. Observational studies over several decades have shown that this abstract, *yang*-oriented approach fails whereas "work flow entrepreneurship" by lower level employees succeeds (Sayles & Stewart, 1995; Smith, 2009: 81-86). Further, the evidence favoring professional" management in entrepreneurial ventures is weak. Willard, Krueger and Feeser (1992) failed to find evidence that professionally managed high growth ventures outperformed founder-managed high growth ventures. On balance, we should be cautious

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about equating family firms with amateurism and non-family firms with professionalism.

Cause for Caution: Limitations in Current Knowledge

Practitioners, were they to examine empirical research on family firm performance, might not be inclined to draw any managerial implications. The studies are carefully crafted and many are clever. However, they are not without serious limitations. We have noted the skewing to public firms. Absent a theoretical interest in public family firms as such – which is rare – this amounts to biased convenience sampling (Combs, 2008; La Porta, Lopez-de-Silanes, & Shleifer, 1999; Morck & Yeung, 2003; Schulze & Gedajlovic, 2010). Only five studies are based on random samples of private firms; clearly more are needed (Chrisman et al., 2010).

Naturally enough, performance studies exhibit the usual tradeoffs of survey research. For example, this research is overwhelmingly cross-sectional (Bertrand & Schoar, 2006; there are exceptions such as Gómez-Mejía et al., 2007). However, changes in family systems have major impacts on family firms (Aldrich & Cliff, 2003; Greenhalgh, 1994; Whyte, 1996), and families and households are systematically misrepresented without attention to the domestic life cycle (Goody, 1996; Harrell, 1997; Robertson, 1991). For family firm entrepreneurs, knowledge of when kinship is a resource requires a keen attention to timing and kinship dynamics (Aldrich & Cliff, 2003; Stewart, 1990).

Survey research such as these studies gives up contextual depth in favor of generalizability. Yet for practitioners, context is everything: just when it is that connections from the *yin* domain are a resource, a hindrance or irrelevant is entirely situational (Wallman, 1975; also Astrachan & Jaskiewicz, 2008; Harrell, 1997: 36; Sahlins, 1972: 198-199). This research *does* attend to certain contexts such as countries, albeit with *yang*-oriented concerns such as shareholder protection regulations (Allouche et al., 2008; Fogel, 2006; Khanna & Yafeh, 2007; Smith, 2008). However, as others have noted, we need more research on "family-related differences [such as] variations in inheritance structures or marriage norms" Bertrand and Schoar, 2006: 94; also Khanna & Yafeh, 2007). Very little attention is paid in these

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performance studies to country histories (Church, 1993) or societal factors that particularly impact family structures (Jones, 2005). Examples of such factors are the socialization of reproduction (Robertson, 1991: 128) and the legal regimes as they affect family firms. For example, the "distinction [that] is often made between ancestral and self-acquired property" (Goody, 1997: 455) has profound implications for power relations and conflicts in Chinese family firms (for the example of Chinese family firms, Greenhalgh,1994; for conflicts therein Oxfeld 1993: 191-196). With some exceptions (e.g., Jorissen et al., 2005), this research also pays little attention to individual or demographic variables, which are important for understanding family firms (Bertrand & Schoar, 2006; Danes, Stafford & Loy, 2007). Most strikingly, only two of the studies, and none of the five random sample private firm studies, have any data at all on kinship itself. The family is treated as a "'black box'" (Creed, 2000: 346). The studies also dichotomize their samples into family and non-family firms in various ways, whereas the "degree… and mode" of kinship involvement is not "an either-or scenario" (Sharma, 2004: 4).

Survey research tends to have the sorts of limitations we have noted. It cannot be expected to examine the subtle realities of management. Unfortunately, qualitative researchers, who could contribute to this puzzle, have little to offer on the inner workings of family firms. Sorely lacking from our literature are extensive, in-depth studies by social scientists on kinship *and business* within particular firms (Nordqvist, Hall, & Melin, 2009). We know of no studies comparable to studies of non-family business such classics as Bower (1970), Dalton (1959), Gouldner (1951), and Pettigrew (1986). It is true that there are useful journalistic books on business families, especially prominent ones such as the Bronfmans (Faith, 2006), Dasslers (Smit, 2008), Guccis (Forden, 2001) and Guggenheims (Unger & Unger, 2005). It is also true that historical studies can be helpful, such as Fruin (1983) on the "Kikkoman company, clan and community" and Watson (1985) on the Teng lineage of Ha Tsuen in southern China.

Monograph-length ethnographies of family firms, however, are notable for their absence. Perhaps these will begin to appear as the family business field emerges; perhaps doctoral students are working

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on family firm ethnographies as we write this. If so, they might also be capable and interested in the study of both the *yin* and *yang* domains and of the interplay between them. One likely reason for the dearth of such studies, however, is likely to remain. Access into the field is a challenge for organizational ethnography of any description. Family firm access is more challenging yet. Gatekeepers of these firms are accustomed to privacy and may well be concerned that sensitive family matters might be publicized should they grant researchers up-close, long-term access to their domains. Opportunistic use of pre-existing connections such as consultancy roles may prove to be necessary, as it was also for Dalton, Gouldner, Pettigrew and other organizational ethnographers.[2] Bower's access, by contrast, was gained through "time and care" (personal communication), although it surely helped, as with Hamabata (1990), to have an elite affiliation (Harvard University).

Near exceptions to the dearth of in-depth field studies include two books about Japanese family businesses by Japanese-American scholars, Hamabata (1990) and Kondo (1990). Each is well worth reading by family business scholars but neither has a great deal to say about business as such. Their focus – Hamabata's especially – is on *yin* not *yang*. Both these books demonstrate that there can be much of value for family business scholars from studies that look at the business side from the family side, rather than the reverse. These books and other, familial oriented studies such as Davidoff and Hall (1987), Douglass (1992), Hamilton (2006), Smith (2009), and Zwick (2004), reveal complex "set[s] of mutual connections" between "market [and] family" (Davidoff & Hall, 1987: 32). Typically they find important roles of women who, with apparently only private, domestic roles, influence public affairs, often through networks of other women (Davidoff & Hall, 1987: 202, 227; also Bruun, 1993: 22; di Leonardo, 1987; Lomnitz & Pérez-Lizaur, 1987: 118; Robertson, 1991: 41; Rotman, 2006). Hamabata, for example, found that very wealthy Japanese women conducted transactions through their natal kin; this is unexpected in a strongly patrilocal society (1990: 28). However, these studies fail to pursue the kinship-business connection very far at all into the business domain.

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[2] Jenny Helin is currently doing just this for her dissertation at Jönköping International Business School.

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In this they reflect an unfortunate division of scholarly labor. *Yin*-oriented scholars have shown little interest in the *yang*. As Plath has lamented, in his review of Kondo's work, "research on family… [has been] intellectually ghettoed from research on work or industrial organization" (1991: 417; also Aldrich & Cliff, 2003; Smith, 2009: 8-11). *Yang*-oriented scholars have, for their part, marginalized *yin*-oriented subjects such as family firms – at least the *family* firm aspects of these firms (Jones, 2005; Stewart, 2008). Because of this disjunction, our knowledge base is limited. We know that most firms are profoundly embedded in kinship and marriage. We know that *yin* and *yang* have complex inter-connections (Creed, 2000; Schwass, 2005; Smith, 2009). We have reason to consider these connections to be, on balance, complementary. We have reason to think that the management of "the overlap between the family and the business" is crucial for family firm performance (Olson et al., 2003: 661; Sharma, 2004). However, we know little of the situational logics or the strategizing of managers, the human agents who navigate the boundaries of the *yin* and the *yang*. In just what ways, in what situations, do family business entrepreneurs profit from bridging the domains? We await the answers. Until such time as we gain a deeper grasp of these questions we ought to be cautious about prescribing the best course of action for particular family firms.

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Table 1. Summary of Empirical Studies of the Effect of Family Involvement on Firm Performance.

Study	Sample	Country	IV: FIO, FIM	Kin data	PERF. (DV)	Significant effects of family involvement
Sample of public firms						
Achmad et al., 2009	N=105, 5yrs	Indonesia	FIO	no	accounting	negative
Allouche et al., 2008	N=243	Japan	both	no	accounting (24)	several positive, FFs with both FIO & FIM outperform those with just one
Anderson, Mansi & Reeb, 2003	N=252, 6yrs	U.S.A.	FIO, then FIM	no	cost of debt	pos. for FIO at modest levels; neg. for descendent CEOs
Anderson & Reeb, 2003	N=403, 8yrs	U.S.A.	both	no	actg and financial	pos. mkt & actg, but non-monotonic; founder CEOs may drive pos. results
Andres, 2008	N=275, 7yrs	Germany	both	no	actg and financial	pos. for actg; only when founding family active, founding CEO esp.
Barontoni & Caprio, 2006	N=675, 3yrs	11 Eur. Cont.	both	no	actg and financial	pos. mkt & actg, but NS with descendant CEOs
Chahine, 2007	N=163	France	FIO	no	financial	pos. for mod FIO, neg. for high FIO; cubic relationship
de Miguel et al., 2004	N=135, 6yrs	Spain	owner. concent.	no	financial	nonlinear; pos. at low, neg. at middle, pos. at high levels
Lee, 2006	N=403	U.S.A.	both	no	accounting	FIO: pos, FIM: pos for more measures
Martínez et al., 2007	N=175, 10yrs	Chile	both	no	actg and financial	pos. actg; pos. financial (if controlling for liquidity)
Maury, 2006	N=1,672	13 in W Eur	both	no	actg and financial	pos except at high control levels, actg pos GIVEN active family involvement, fin. pos at lower levels
McConaughy et al.,	N=219	U.S.A.	both	no	actg and financial	pos. for FIO for both actg and financial results
Morck et al., 2000	N=246	Canada; 41 countries	FIO	no	accounting, GDP	neg. for heir-controlled large firms, and for countries with lower "self-made" billionaire wealth
Pérez-González, 2006	N=335	U.S.A.	FIM	no	actg and financial	actg and financial neg. for nepotism in CEO succession
Saito, 2008	N=1,818, 9yrs	Japan	both	no	financial	pos. fin. founder-managed firms; neg. for both FIM and FIO with successors; pos. for FIO *OR* FIM successors
Tsao et al., 2009	N=91	Taiwan	both	no	accounting	neg. given lower high-performance work systems (HPWS); pos. given higher HPWS
Villalonga & Amit, 2006	N=508, 5.5yrs	U.S.A.	both	no	financial	pos. for founder-managed; neg. for successor-managed
Viviani et al., 2008	N=143	Italy	FIO	no	financial	NS
Sample of private firms						
Chrisman et al., 2009	N=505	U.S.A.	both	no	accounting	NS direct effect; family influence has a mixed moderating effect on resource stocks
Jorissen et al., 2005	N=839*	Belgium	FIO	no	accounting, other	neg. for ROA; CEOs older, less educated, longer tenured, more female
Oswald et al., 2009	N=2,631	U.S.A.	both	no	accounting	neg. for FIM; presumably mainly private firms
Schulze et al., 2001	N=1,376*	U.S.A.	both	no	accounting	pos. for pay incentives to NON-family members, NS for family members
Sciascia & Mazzola, 2008	N=620*	Italy	both	no	subj, accounting	FIO NS, FIM neg. quadratic relationship**
Smith, 2008	N=2,190*	Australia	both	no	actg, exporting	NS overall; any sig difference is sector-specific
Westhead & Howorth, 2006	N=240*	United Kingdom	both	no	actg, exporting	NS generally, neg. for FIM and exporting
Mixed samples						
Barth et al., 2005	N=438	Norway	both	no	productivity	neg. for FIM; non-monotonic
Bennedsen et al., 2007	N=5,334 successions	Denmark	FIM: successions	yes	accounting	neg. for FIM; (random) sex of firstborn an instrument for succession
Bertrand et al., 2008	N=2,153, 93 families	Thailand	both	yes	accounting, governance	FIO neg. actg; FIM neg. for governance
Ehrhardt et al., 2005	N=124, 100yrs	Germany	FIO mainly	no	actg and financial	financial: not significant, operating mixed: pos. IF private; declines with heirs
Fogel, 2006	N=400 groups	41 countries	FIO	no	country level	neg. oligarchic control of large firms correlates with sig worse socio-economic and political conditions
Minichilli et al., 2010	N=92	Italy	FIM	no	accounting	Positive U shaped effect, attributed to schisms in family

* random sample. Chrisman et al. 2009 is a random sample of a convenience sample (SBDC clients).
** "This means that performance decreases as FIM increases, and the decrease is more noticeable at higher levels of FIM" (p. 340).

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