



IE UNIVERSIDAD

DOCTORAL DISSERTATION

TESIS DOCTORAL

WHY DO SOME FAMILY FIRMS THRIVE ACROSS
GENERATIONS AND OTHERS DON'T?: A DUAL
BALANCE APPROACH TO
TRANSGENERATIONAL VALUE CREATION

¿POR QUÉ ALGUNAS EMPRESAS FAMILIARES PROSPERAN A
TRAVÉS DE LAS GENERACIONES Y OTRAS NO?: UN
ENFOQUE DE BALANCE DUAL PARA LA CREACIÓN DE VALOR
TRANSGENERACIONAL

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ABSTRACT

The success across generations of family firms has long attracted scholarly attention. The heterogeneity among family firms in this endeavor is the motivation to this dissertation: ***why do some family firms thrive across generations and others don't?*** To answer that question, this work lays a common ground between Socioemotional Wealth and Organizational Ambidexterity in family business literature that allows the emergence of a new conceptualization for transgenerational value creation, the "Dual Balance" Approach to Transgenerational Potential.

RESUMEN

El éxito de las empresas familiares a través de las generaciones ha atraído la atención académica durante mucho tiempo. La heterogeneidad entre las empresas familiares en este desafío es la motivación de esta disertación: ***¿por qué algunas empresas familiares prosperan a través de generaciones y otras no?*** Para responder a esta pregunta, este trabajo establece un terreno común entre la Riqueza Socioemocional y la Ambidestreza Organizacional en la literatura de empresas familiares que permite el surgimiento de una nueva conceptualización para la creación de valor transgeneracional, el enfoque del "Balance Dual" para el Potencial Transgeneracional.

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CHAPTER I. INTRODUCTION

I.1. RATIONALE AND MOTIVATION

The importance of family business in the economy of the world is broadly recognized (Astrachan and Shanker, 2003; Gagné, Sharma, and De Massis, 2014). The prevalence (e.g. La Porta, Lopez-de-Silanes, Shleifer, and Vishny, 1999) and the impact of family firms on the broader economy (e.g. Amit and Villalonga, 2014; Anderson and Reeb, 2004; Gómez-Mejía, Makri, and Larraza Kintana, 2010) further strengthen the case for extending our understanding of this singular organizational form. Past efforts of scholars in the field have been focused on explaining the differences between family and non-family firms. As the field is reaching its adulthood (Jaskiewicz, Neubaum, De Massis, and Holt, 2020) new compelling discussions start to emerge. One of the most thrilling avenues ahead is the heterogeneity of family firms (Daspit, Chrisman, Ashton, and Evangelopoulos, 2021) and more specifically answering to: ***why do some family firms thrive across generations and others don't?***

To explain the heterogeneity in success across generations, scholars have called attention to family owners' ability to create transgenerational value (Nordqvist and Zellweger, 2010; Zellweger, Nason and Nordqvist 2012; Sharma, Auletta, DeWitt, Parada, and Yusof, 2015). Zellweger (2017, p.328) defines transgenerational value as the "process, structures and resources through which a family creates economic and social value across generations". This is a new approach compared to other traditional family firms' lenses. First, the traditional approach lays the foundations of family firms' success on concepts like

succession and value preservation. In contrast, the transgenerational value creation approach explains family success across generations by organizational change and entrepreneurship (Habbershon and Pistrui, 2002; Hall, Melin, and Nordqvist, 2001; Zahra, Hayton, and Salvato, 2004). To thrive across generations, families must find a balance between the exploitation of existing markets and technologies and the exploration by each generation of new customers, businesses, and markets (Goel and Jones, 2016; Jaskiewicz, Combs, and Rau, 2015; Salvato, Chirico, and Sharma, 2010; Sharma and Salvato, 2011; Zellweger *et al.*, 2012). Secondly, if we focus on transgenerational value creation, success should not be measured only through the family firm performance, we must also consider the ability of the family to generate value in each generation (Habbershon and Pistrui, 2002). This implies that we must change our focus from the firm to the family (Payne, 2020), thus from the “family business” to the “business family” self-understanding (Zellweger, 2017). As the focus in the family firm performance blurs, the achievement of socioemotional goals (Gomez-Mejia *et al.*, 2007), such as family cohesion or family identification, emerges as the focal point to ensure success for the business families (Jaskiewicz, *et al.*, 2015; Kammerlander, Dessì, Bird, Floris, and Murru, 2015; Sharma *et al.*, 2015; Webb, Ketchen, & Ireland, 2010; Zahra, 2012). Hence, the creation of transgenerational value entails not only ensuring financial wealth with an exploitation/exploration mindset, but also paying attention to the preservation of the family Socioemotional Wealth (Berrone, Cruz, and Gómez-Mejía, 2012; Gómez-Mejía, Cruz, Berrone, and De Castro, 2011).

The introduction of Socioemotional Wealth (SEW) by Gómez-Mejía and

colleagues had a great impact on family business research and has been credited as “one of the most important developments” (Brigham and Payne, 2019, p. 326) in the field. Rooted in Prospect Theory and Behavioral Agency Theory, SEW is claimed to be a key factor to capture family firms’ essence (Berrone, *et al.*, 2012; Gomez-Mejia *et al.*, 2011; Jiang, Kellermanns, Munyon, and Morris, 2018), as it describes strategic decision making in the light of the preservation or enhancement of nonfinancial aspects or affective considerations related to the ownership of the family firm (Berrone *et al.*, 2012).

Since its inception in 2007, much of the discussion in the SEW domain has focused on how family owners’ strategic decision making is influenced by the trade-off between financial wealth and socioemotional wealth creation. Nevertheless, the introduction of the multidimensional characteristic of Socioemotional Wealth (Berrone *et al.*, 2012) opened a new thrilling avenue to understand heterogeneity in family firms which is still understudied. Berrone and colleagues (2012) contributed to the development of SEW with the introduction of a set of dimensions that transformed SEW from a broad term to a fine-grained understanding of different stocks of affect-related values. With this advancement, several authors argued that family owners’ strategic decision making would be different depending on the how they prioritize the different dimensions of the family SEW (Cruz, Gomez-Mejia and Imperatore, 2015, Cruz and Arredondo, 2016).

Building on the above discussion, in this thesis I suggest that, to achieve transgenerational value creation, family owners must simultaneously deal with

two “balances”. The first balance entails the ability to exploit current competitive advantages and, at the same time, explore future opportunities, what is known in the literature as Organizational Ambidexterity (OA) (e.g. Allison, McKenny, and Short, 2013; Moss, Payne, and Moore, 2014) to ensure financial value creation. The second balance relates to how families manage the different dimensions of socioemotional wealth to create socioemotional value (Berrone *et al.*, 2012; Gomez-Mejia *et al.*, 2011; Martin and Gomez-Mejia, 2016).

I claim that despite important advancements, existing studies have not focused on understanding how business families deal with the two balances simultaneously. Instead, they have concentrated on explaining either how family firms reach organizational ambidexterity (Allison *et al.*, 2013; Moss *et al.*, 2014; Webb *et al.*, 2010) or how families manage the trade-off between the creation of financial wealth and the preservation of SEW (e.g. Gomez-Mejia *et al.*, 2014a, 2014b, 2015; Kotlar, Signori, De Massis, and Vismara, 2017). As a result, we lack an understanding on the relationship between the different SEW dimensions and the family firm strategic orientation. Consequently, we have an incomplete picture about what it takes for families to ensure transgenerational value creation.

Embracing a paradox perspective (Smith and Lewis, 2011) the aim of this dissertation is to offer a more thorough view about how owning families deal with the challenges involved in transgenerational value creation. I do so by exploring the intersection between Organizational Ambidexterity literature and Socioemotional Wealth studies (Arredondo and Cruz, 2019).

I.2. CONTRIBUTIONS AND STRUCTURE OF THE THESIS

This dissertation makes several contributions to the family business field and the Organizational Ambidexterity literature. First, the dissertation adds to the current vivid discussion about heterogeneity in family business (Jaskiewicz and Dyer, 2017). Specifically, it contributes to the understanding of socioemotional idiosyncratic factors that influence the heterogeneity in the ambidextrous orientation of family firms. Second, it proposes a new approach to transgenerational value creation which, along with my advisor Cristina Cruz, we have named the 'Dual Balanced' Approach. This approach highlights that to thrive in the long run, family owners need to simultaneously manage two types of tensions. On the one hand, tensions in the family arising from the presence of socioemotional goals. On the other hand, a tension in the business which emerges from the need to balance exploration and exploitation.

Moreover, the thesis contributes to enhance the validity of the SEW approach by validating the two most widespread SEW scales, namely FIBER and REI in the context of Latin America. Last, the dissertation contributes to the broad Organizational Ambidexterity literature, investigating how socioemotional aspects influence OA; thus, incorporating new antecedents to the pursuance of ambidexterity.

Having depicted my motivation and contributions, I describe the structure of this thesis and summarize the content of its individual chapters.

Chapter II focuses on the theoretical foundations and constructs that are the building blocks of this thesis: Transgenerational value creation,

Socioemotional Wealth and Organizational Ambidexterity.

In Section II.2, I delve into the literature of transgenerational value creation and propose a new approach to understand how families create value across generations. Transgenerational value creation stems from the developments made by STEP Project community. “The STEP Project Global Consortium” was created by a group of scholars and institutions with the aim to investigate antecedents and outcomes of Successful Transgenerational Entrepreneurship Practices in family firms. Since its 2005 foundation, STEP Project has been striving to ‘understand the transgenerational nature of business families and groups by assessing how they create new economic activity across time’ (Cruz, Habbershon, Nordqvist, Salvato, and Zellweger, 2006). In this dissertation I embrace the powerful idea of transgenerational value creation but argue for a more holistic view that incorporates concepts from the OA literature and the SEW approach to better explain how families create transgenerational value.

In Section II.3, I argue about the central role of Socioemotional Wealth to predict family owner’s behavior and address heterogeneity within family business. Fifteen years have passed since Gomez-Mejia and his colleagues introduced socioemotional wealth to predict family owner’s behaviors regarding risk taking. Nevertheless, sometimes the family business field has misused the approach, using it interchangeably with other concepts such as “Familiness” or “Family Centered Non-Economic Goals”. To further advance our knowledge about the SEW, Section II.3 attempts to provide a better understanding of the micro-foundations of the SEW approach, as well as to offer some guidance to the research community regarding how to enhance the predictive value of the SEW

approach building on the SEW behavioral roots (Cruz and Arredondo, 2016). This section is based on an article I have already published: **Cruz, C., & Arredondo, H. (2016). Going back to the roots of socioemotional wealth. Management Research: Journal of the Iberoamerican Academy of Management, 14(3), 234-243.**

Section II.4 sets the limits in which this dissertation understands and treats ambidexterity. Given the vastness of OA literature, we need to seek precision when dealing with it (O'Reilly and Tushman, 2013). Although the term Organizational Ambidexterity was first introduced by Duncan (1976), it was March's paper published in 1991 on Organization Science that generated a great interest in the concept. Since then, Organizational Ambidexterity has grown as an extensive literature that provides a wide range of approaches and insights (Raisch and Zimmermann, 2019).

Chapter III focuses on the importance of Socioemotional Wealth on the ambidexterity of family firms. This is my first step to explore the interplay between socioemotional wealth preservation and ambidexterity in family firms. The ability to be an ambidextrous organization is known to enhance family firms' performance. Nevertheless, previous literature shows a great heterogeneity in the ambidextrous orientation among family firms. Building on socioemotional wealth preservation as a theoretical framework, Chapter III sheds light on how the importance of different socioemotional dimensions affects the strategic orientation of family firms. The main research question of the study is: ***How do different dimensions of socioemotional wealth affect the ambidexterity of the family business?***

To answer this question, I characterize organizational ambidexterity as the ability to solve a tension between two streams of innovation, namely exploration (discontinuous innovation) and exploitation (incremental innovation). Extant research has linked family ownership characteristics such as culture, tacit knowledge, fast decision making, and governance to family firm's ability to innovate (a thorough literature review can be found in Kraiczy and Hack, 2015). Yet what factors help family firms to solve the tension between the two types of innovation (exploitation and exploration) and become an ambidextrous organization is still unknown. To do so, I built on the SEW approach to argue that given the multidimensionality of family owners' socioemotional goals (Berrone *et al.*, 2012, Cennamo, Berrone, Cruz, and Gomez Mejia, 2012, Cruz and Arredondo, 2016), family firms resolve the tension between exploration and exploitation differently, depending on the most salient non-economic goal that the family pursues. An early version of Chapter III was presented at the *10th Iberoamerican Academy of Management Conference* in a full paper discussion panel and in the *14th Family Enterprise Research Conference (FERC)* in Guadalajara (Arredondo, H. and Cruz, C. (2018). **Achieving the Right Balance: A Paradoxical View of Socioemotional Wealth**), where it won the Best Innovation & Entrepreneurship Award.

Chapter IV builds on what I found in Chapter III and proposes the emergence of a "Dual Balance" approach for transgenerational value creation. To that end, I use cluster analysis to reveal different typologies of entrepreneurial families, regarding how they manage socioemotional value creation and the pursuance of exploration/exploitation. The election of cluster analysis as the

methodological approach is based on the aim to develop theory, rather than testing it, using a grounded theory approach (Carter, Stearns, Reynolds, and Miller, 1994; Glaser and Strauss, 1967) as the research philosophy. Each typology might suggest a distinct approach to balance socioemotional goals and to pursue explorative and/or exploitative activities. The emergence of different archetypes, which are theoretical sound and empirically robust, allows the study to posit new promising avenues for future research. This study is an enhanced version of a book chapter developed with Prof. Cristina Cruz: **Arredondo, H., & Cruz, C. (2019). How Do Owing Families Ensure the Creation of Value Across Generations? A “Dual Balance” Approach.** This book chapter was published in *The Palgrave Handbook of Heterogeneity among Family Firms*, edited by professors Esra Memili and Clay Dibrell.

Chapter V presents the conclusions of the dissertation. In a nutshell, this dissertation will contribute, both theoretical and empirical, to support a new approach to transgenerational value creation that, along with Prof. Cruz, we have named the “Dual Balance” Approach. In other words, in order to thrive in the long run, families have to carefully balance their attention between the business and the family. In the business side, family firms must exploit and explore to create financial value across generations. In the family side, entrepreneurial families must develop the right family mind-set, one that makes them families with high transgenerational potential and in which socioemotional goals are carefully managed.

With Chapters III, IV and V, I connect and expand from an academic research stand point the findings included in two Practice Oriented White Papers

developed for Credit Suisse with Prof. Cristina Cruz and Laura Jiménez. Both White Papers are based on several ideas developed through the process of writing this dissertation and the data collected for it. The title of the first White Paper is **Solutions for Entrepreneur Families: How to transfer wealth without killing ambition** and White Paper II title is **Latin American Entrepreneur Families: How to increase cross-generational potential?**

Last but not least, this thesis has one final contribution to the SEW approach. Despite its popularity, several concerns remain regarding the validity of the SEW construct and its measurement (Chua *et al.*, 2015; Newbert and Craig, 2017; Brigham and Payne, 2019). The FIBER scale, originally developed by Berrone *et al.* (2012)¹ is one of the most popular in the literature (Swab *et al.*, 2020). As part of the empirical process, in the Appendix A I validate a shorter version of the scale, the REI scale, proposed by Hauck *et al.*, 2016. My results show that the REI scale is more adequate to capture SEW than the original FIBER scale proposed by Berrone *et al.* (2012).

¹ The FIBER scale proposes a five-dimension scale reflected in a 27-item scale to capture the multidimensional nature of SEW: (1) Family control and influence; (2) Identification of family members with the firm; (3) Binding social ties; (4) Emotional attachment of family members; and (5) Renewal of family bonds to the firm through dynastic succession. The first article that developed the FIBER scale (Berrone *et al.*, 2012) has been among the most cited papers in Family business Review with over 2,400 citations in Google Scholar as of March 2022. Moreover, the review conducted by Swab *et al.* (2020) identified 82 papers focusing on one or more elements of the FIBER scale published between 2014 and 2017.

CAPÍTULO I. INTRODUCCIÓN

I.1. RACIONAL Y MOTIVACIÓN

La importancia de las empresas familiares en la economía mundial es ampliamente reconocida (Astrachan y Shanker, 2003; Gagné, Sharma y De Massis, 2014). La prevalencia (ej., La Porta, Lopez-de-Silanes, Shleifer y Vishny, 1999) y el impacto de las empresas familiares en la economía en general (ej., Amit y Villalonga, 2014; Anderson y Reeb, 2004; Gómez-Mejía, Makri, y Larraza Kintana, 2010) fortalecen aún más el caso para ampliar nuestra comprensión de esta singular forma organizativa. Los esfuerzos anteriores de los académicos en el campo se han centrado en explicar las diferencias entre las empresas familiares y no familiares. A medida que el campo alcanza su madurez (Jaskiewicz, Neubaum, De Massis y Holt, 2020), comienzan a surgir nuevos debates. Una de las avenidas más emocionantes por delante es la heterogeneidad de las empresas familiares (Daspit, Chrisman, Ashton y Evangelopoulos, 2021) y responder más específicamente a: ***¿por qué algunas empresas familiares prosperan a través de generaciones y otras no?***

Para explicar la heterogeneidad en el éxito a través de las generaciones, los académicos han llamado la atención sobre la capacidad para crear valor transgeneracional de los propietarios familiares (Nordqvist y Zellweger, 2010; Zellweger, Nason y Nordqvist 2012; Sharma, Auletta, DeWitt, Parada y Yusof, 2015). Zellweger (2017, p.328) define el valor transgeneracional como “el proceso, las estructuras y los recursos a través de los cuales una familia crea valor económico y social a lo largo de las generaciones”. Este es un nuevo

enfoque en comparación con las aproximaciones tradicionales al estudio de las empresas familiares. Primero, el enfoque tradicional sienta las bases del éxito de las empresas familiares en conceptos como la sucesión y la preservación del valor. Por el contrario, el enfoque de creación de valor transgeneracional explica el éxito familiar a través de las generaciones mediante el cambio organizacional y el espíritu empresarial (Habbershon y Pistrui, 2002; Hall, Melin y Nordqvist, 2001; Zahra, Hayton y Salvato, 2004). Para prosperar a través de las generaciones, las familias deben encontrar un equilibrio entre la explotación de los mercados y las tecnologías existentes, y la exploración por parte de cada generación de nuevos clientes, negocios y mercados (Goel y Jones, 2016; Jaskiewicz, Combs y Rau, 2015; Salvato, Chirico y Sharma, 2010; Sharma y Salvato, 2011; Zellweger *et al.*, 2012). En segundo lugar, si nos enfocamos en la creación de valor transgeneracional, el éxito no debe medirse únicamente a través del desempeño de la empresa familiar, también debemos considerar la capacidad de la familia para generar valor en cada generación (Habbershon y Pistrui, 2002). Esto implica que debemos cambiar nuestro foco desde la empresa hacia la familia (Payne, 2020), por lo tanto, de la “empresa familiar” a la autocomprensión de la “familia empresaria” (Zellweger, 2017). A medida que se desdibuja el enfoque en el desempeño financiero de la empresa familiar, el logro de objetivos socioemocionales (Gomez-Mejia *et al.*, 2007), como la cohesión familiar o la identificación familiar, emerge como el punto focal para asegurar el éxito de las familias empresarias (Jaskiewicz, *et al.*, 2015; Kammerlander, Dessì, Bird, Floris y Murru, 2015; Sharma *et al.*, 2015; Webb, Ketchen e Ireland, 2010; Zahra, 2012). Por lo tanto, la creación de valor transgeneracional implica no solo

asegurar la riqueza financiera con una mentalidad de explotación/exploración, sino también prestar atención a la preservación de la Riqueza Socioemocional familiar (Berrone, Cruz y Gómez-Mejía, 2012; Gómez-Mejía, Cruz, Berrone y De Castro, 2011).

La introducción de la Riqueza Socioemocional (SEW, por sus siglas en inglés) por Gómez-Mejía y sus colegas tuvo un gran impacto en la investigación de empresas familiares y ha sido reconocida como “uno de los desarrollos más importantes” (Brigham y Payne, 2019, p. 326) en el campo. Basada en la Teoría Prospectiva y la Teoría de Agencia del Comportamiento, se afirma que SEW es un factor clave para capturar la esencia de las empresas familiares (Berrone, *et al.*, 2012; Gomez-Mejia *et al.*, 2011; Jiang, Kellermanns, Munyon, y Morris, 2018), ya que describe la toma de decisiones estratégicas a la luz de la preservación o mejora de los aspectos no financieros o afectivos relacionados con la propiedad de la empresa familiar (Berrone *et al.*, 2012).

Desde su introducción en 2007, gran parte de la discusión en el dominio de la Riqueza Socioemocional se ha centrado en cómo la toma de decisiones estratégicas de los propietarios familiares se ve influenciada por la compensación entre la riqueza financiera y la creación de riqueza socioemocional. Sin embargo, la introducción de la característica multidimensional de la Riqueza Socioemocional (Berrone *et al.*, 2012) abrió una nueva, y aún no estudiada, avenida para comprender la heterogeneidad en las empresas familiares. Berrone y colegas (2012) contribuyeron al desarrollo de la Riqueza Socioemocional con la introducción de un conjunto de dimensiones que

transformaron a la misma de un término amplio a una comprensión detallada del *stock* de valor afectivo. Con este avance, varios autores argumentaron que la toma de decisiones estratégicas de los propietarios familiares sería diferente dependiendo de cómo prioricen las distintas dimensiones Riqueza Socioemocional familiar (Cruz, Gomez-Mejia e Imperatore, 2015, Cruz y Arredondo, 2016).

Sobre la base de la discusión anterior, en esta tesis sugiero que, para lograr la creación de valor transgeneracional, los propietarios familiares deben lidiar simultáneamente con dos "balances". El primer balance implica la capacidad de explotar las ventajas competitivas actuales y, al mismo tiempo, explorar oportunidades futuras, lo que se conoce en la literatura como Ambidestreza Organizacional (AO) (e.g. Allison, McKenny, y Short, 2013; Moss, Payne, y Moore, 2014) para garantizar la creación de valor financiero. El segundo balance se relaciona con cómo las familias manejan las diferentes dimensiones de la Riqueza Socioemocional para crear valor socioemocional (Berrone *et al.*, 2012; Gomez-Mejia *et al.*, 2011; Martin y Gomez-Mejia, 2016).

A pesar de los importantes avances mencionados anteriormente, los estudios existentes no se han centrado en comprender cómo las familias empresarias manejan los dos balances simultáneamente. En cambio, se han concentrado en explicar cómo las empresas familiares alcanzan la Ambidestreza Organizacional (Allison *et al.*, 2013; Moss *et al.*, 2014; Webb *et al.*, 2010) o cómo las familias manejan el *trade-off* entre la creación de riqueza financiera y la preservación de Riqueza Socioemocional (*ej.*, Gomez-Mejia *et al.*, 2014a, 2014b,

2015; Kotlar, Signori, De Massis y Vismara, 2017). Como resultado, carecemos de una comprensión de la relación entre las diferentes dimensiones de la Riqueza Socioemocional y la orientación estratégica de la empresa familiar. En consecuencia, tenemos una imagen incompleta sobre lo que necesitan las familias para garantizar la creación de valor transgeneracional.

Adoptando una perspectiva paradójica (Smith y Lewis, 2011), el objetivo de esta disertación es ofrecer una visión más completa sobre cómo las familias empresarias enfrentan los desafíos inherentes a la creación de valor transgeneracional. Para ello, en este trabajo exploro la intersección entre la literatura de Ambidestreza Organizacional y los estudios de Riqueza Socioemocional (Arredondo y Cruz, 2019).

I.2. CONTRIBUCIONES Y ESTRUCTURA DE LA TESIS

Esta disertación hace varias contribuciones al campo de la empresa familiar y la literatura de ambidestreza organizacional. Primero, la disertación se suma a la vibrante discusión actual sobre la heterogeneidad en las empresas familiares (Jaskiewicz y Dyer, 2017). Específicamente, contribuye a la comprensión de los factores socioemocionales idiosincráticos que inciden en la heterogeneidad en la orientación ambidiestra de las empresas familiares. En segundo lugar, propone un nuevo enfoque para la creación de valor transgeneracional que, junto con mi asesora Cristina Cruz, hemos denominado Enfoque de "Balance Dual". Este enfoque destaca que, para prosperar a largo plazo, los propietarios familiares deben gestionar simultáneamente dos tipos de tensiones. Por un lado, las tensiones en la familia derivadas de la presencia de

metas socioemocionales. Por otro lado, una tensión en el negocio que surge de la necesidad de balancear exploración y explotación.

Además, la tesis contribuye a mejorar la validez de la Riqueza Socioemocional al validar las dos escalas más extendidas de Riqueza Socioemocional (a saber, FIBER y REI) en el contexto de América Latina. Por último, la disertación contribuye a la amplia literatura sobre Ambidestreza Organizacional, investigando cómo los aspectos socioemocionales influyen en la AO; por lo tanto, incorporando nuevos antecedentes en la búsqueda de la ambidestreza.

Habiendo establecido mi motivación y contribuciones, describo la estructura de esta tesis y resumo el contenido de sus capítulos.

El **Capítulo II** se enfoca en los fundamentos teóricos y constructos que son los pilares de esta tesis: Creación de valor transgeneracional, Riqueza Socioemocional y Ambidestreza Organizacional.

En la Sección II.2, profundizo en la literatura sobre la creación de valor transgeneracional y propongo un nuevo enfoque para comprender cómo las familias crean valor a través de las generaciones. La creación de valor transgeneracional surge de los desarrollos realizados por la comunidad del Proyecto STEP. El “STEP Project Global Consortium” fue creado por un grupo de académicos e instituciones con el objetivo de investigar los antecedentes y los resultados de las prácticas exitosas de emprendimiento transgeneracional (*Successful Transgenerational Entrepreneurship Practices*) en empresas familiares. Desde su fundación en 2005, el Proyecto STEP se ha esforzado por

“comprender la naturaleza transgeneracional de las familias y los grupos empresariales evaluando cómo crean nuevas actividades económicas a lo largo del tiempo” (Cruz, Habbershon, Nordqvist, Salvato y Zellweger, 2006). En esta disertación abrazo la poderosa idea de la creación de valor transgeneracional, pero propongo una visión más holística que incorpore conceptos de la literatura de AO y el enfoque Riqueza Socioemocional para explicar mejor cómo las familias crean valor transgeneracional.

En la Sección II.3, discuto sobre el papel central de la Riqueza Socioemocional para predecir el comportamiento de los propietarios de la familia y abordar la heterogeneidad dentro de la empresa familiar. Han pasado quince años desde que Gómez-Mejía y sus colegas introdujeron la riqueza socioemocional para predecir los comportamientos de los propietarios de la familia con respecto a la asunción de riesgos. Sin embargo, en ocasiones el campo de la empresa familiar ha hecho un mal uso del enfoque, utilizándolo indistintamente con otros conceptos como “*Familiness*” o “*Family Centered Non-Economic Goals*”. Para avanzar aún más en nuestro conocimiento sobre la Riqueza Socioemocional, la Sección II.3 intenta proporcionar una mejor comprensión de los micro-fundamentos del enfoque de la Riqueza Socioemocional, así como ofrecer una orientación a la comunidad de investigación sobre cómo mejorar el valor predictivo de la Riqueza Socioemocional basado en las raíces conductuales de esta (Cruz y Arredondo, 2016). Esta sección está basada en un artículo que ya he publicado: **Cruz, C., & Arredondo, H. (2016). Going back to the roots of socioemotional wealth. Management Research: Journal of the Iberoamerican Academy of**

Management, 14(3), 234-243.

La Sección II.4 establece los límites en los que esta disertación entiende y trata la ambidestreza. Dada la inmensidad de la literatura de AO, debemos buscar precisión al tratar con ella (O'Reilly y Tushman, 2013). Aunque el término Ambidestreza Organizacional se introdujo por primera vez por Duncan (1976), fue el artículo publicado por March en 1991 en *Organization Science* el que generó un gran interés en el concepto. Desde entonces, la Ambidestreza Organizacional ha crecido hasta convertirse en una extensa literatura que proporciona una amplia gama de enfoques y puntos de vista (Raisch y Zimmermann, 2019).

El **Capítulo III** se centra en la importancia de la Riqueza Socioemocional en la ambidestreza de las empresas familiares. Este es mi primer paso para explorar la interacción entre la preservación de la riqueza socioemocional y la ambidestreza en las empresas familiares. Se sabe que la capacidad de ser una organización ambidiestra mejora el desempeño de las empresas familiares. No obstante, la literatura previa muestra una gran heterogeneidad en la orientación ambidiestra entre las empresas familiares. Partiendo de la preservación de la riqueza socioemocional como marco teórico, el Capítulo III arroja luz sobre cómo la importancia de diferentes dimensiones socioemocionales afecta la orientación estratégica de las empresas familiares. La principal pregunta de investigación del estudio es: ***¿Cómo inciden las diferentes dimensiones de la riqueza socioemocional en la ambidestreza de la empresa familiar?***

Para responder a esta pregunta, caracterizo la ambidestreza

organizacional como la capacidad de resolver una tensión entre dos fuentes de innovación, a saber, exploración (innovación discontinua) y explotación (innovación incremental). La investigación existente ha relacionado características de la empresa familiar cómo la cultura, el conocimiento tácito, la toma rápida de decisiones y la gobernanza, con la capacidad de innovación de las empresas familiares (se puede encontrar una revisión exhaustiva de la literatura en Kraiczy y Hack, 2015). Sin embargo, aún se desconoce qué factores ayudan a las empresas familiares a resolver la tensión entre los dos tipos de innovación (explotación y exploración) y convertirse en una organización ambidiestra. Para hacerlo, me baso en la Riqueza Socioemocional para argumentar que, dada la multidimensionalidad de las metas socioemocionales de los propietarios familiares (Berrone *et al.*, 2012; Cennamo, *et al.*, 2012; Cruz y Arredondo, 2016), las empresas familiares resuelven la tensión entre exploración y explotación de manera diferente, dependiendo de la dimensión socioemocional más destacada para la familia. Una primera versión del Capítulo III se presentó en la 10ª Conferencia del *Iberoamerican Academy of Management* y en la 14ª Conferencia FERC en Guadalajara (**Arredondo, H. and Cruz, C. (2018). Achieving the Right Balance: A Paradoxical View of Socioemotional Wealth**), donde ganó el Best Innovation & Entrepreneurship Award.

El **Capítulo IV** se basa en los hallazgos del Capítulo III y propone el surgimiento del enfoque de "Balance Dual" para la creación de valor transgeneracional. Con ese fin, utilizo el análisis de conglomerados para revelar diferentes tipologías de familias empresarias, con respecto a cómo gestionan la creación de valor socioemocional y la búsqueda de exploración/explotación. La

elección del análisis de conglomerados como enfoque metodológico se basa en el objetivo de desarrollar teoría, en lugar de probarla, utilizando un enfoque de teoría fundamentada (Carter, Stearns, Reynolds y Miller, 1994; Glaser y Strauss, 1967) como filosofía de investigación. Cada tipología podría sugerir un enfoque distinto para equilibrar los objetivos socioemocionales y realizar actividades de exploración y/o explotación. La aparición de diferentes arquetipos, que son teóricamente sólidos y empíricamente sólidos, permite que el estudio plantee nuevas vías prometedoras para futuras investigaciones. Este estudio es una versión mejorada de un capítulo de libro desarrollado con la Prof. Cristina Cruz: **Arredondo, H., & Cruz, C. (2019). How Do Owing Families Ensure the Creation of Value Across Generations? A “Dual Balance” Approach.** Este capítulo de libro se publicó en *The Palgrave Handbook of Heterogeneity between Family Firms*, editado por los profesores Esra Memili y Clay Dibrell.

El **Capítulo V** presenta las conclusiones de la disertación. En pocas palabras, esta disertación contribuirá, tanto teórica como empíricamente, a respaldar un nuevo enfoque para la creación de valor transgeneracional que, junto con la Prof. Cristina Cruz, hemos denominado Enfoque de "Balance Dual". En otras palabras, para ser exitosos en el largo plazo, las familias deben equilibrar cuidadosamente su atención entre el negocio y la familia. En el ámbito del negocio, las empresas familiares deben explotar y explorar para crear valor financiero a lo largo de las generaciones. En el ámbito familiar, las familias empresarias deben desarrollar una adecuada mentalidad familiar, que las convierta en familias con alto potencial transgeneracional y en las que se manejen cuidadosamente los objetivos socioemocionales.

Con los Capítulos III, IV y V, conecto y amplío desde un punto de vista de investigación académica los hallazgos incluidos en dos *White Papers* orientados a la práctica y desarrollados para Credit Suisse con la Prof. Cristina Cruz y Laura Jiménez. Ambos *White Paper* se basan en varias ideas desarrolladas durante el proceso de redacción de esta disertación y los datos recopilados para ella. El título del primer *White Paper* es **Soluciones para Familias Empresarias: Transferir el patrimonio sin matar la ambición** y el título del segundo es **Familias Empresarias en América Latina: ¿Cómo aumentar el potencial transgeneracional?**

Por último, pero no menos importante, esta tesis hace una contribución final al estudio de la Riqueza Socioemocional. A pesar de su popularidad, varias preocupaciones persisten con respecto a la validez del constructo Riqueza Socioemocional y su medición (Chua *et al.*, 2015; Newbert y Craig, 2017; Brigham y Payne, 2019). La escala FIBER, desarrollada originalmente por Berrone *et al.* (2012)² es una de las más populares en la literatura (Swab *et al.*, 2020). Como parte del proceso empírico, en el Apéndice A valido una versión más corta de la escala, la escala REI, propuesta por Hauck *et al.*, 2016. Mis resultados muestran que la escala REI es más adecuada para capturar a la Riqueza Socioemocional que la escala FIBER original propuesta por Berrone *et al.* (2012).

² La escala FIBER propone cinco dimensiones compuestas por 27 ítems para capturar la naturaleza multidimensional de la Riqueza Socioemocional: (1) Control e influencia familiar; (2) Identificación de los miembros de la familia con la firma; (3) Implicación en la sociedad/comunidad; (4) Presencia de lazos emocionales entre los miembros de la familia; y (5) Transmitir el legado: preservación de los lazos familiares en la siguiente generación. El primer artículo que desarrolló la escala FIBER (Berrone *et al.*, 2012) ha estado entre los artículos más citados en *Family Business Review* con más de 2400 citas en Google Scholar a marzo de 2022. Además, la revisión realizada por Swab *et al.* (2020) identificaron 82 artículos centrados en uno o más elementos de la escala FIBER publicados entre 2014 y 2017.

CHAPTER II. THEORETICAL FOUNDATIONS

II.1. CHAPTER OVERVIEW

In Chapter II I provide the theoretical foundations of this work, exploring the theories and constructs that are the building blocks of this thesis. Please notice that this literature review does not pretend to generate novel theoretical insights but rather aims to ground the context of my empirical investigation and conclusions. In section II.2., I explore the transgenerational value creation concept, discussing its roots and proposing a more holistic view to understand why some entrepreneurial families thrive across generations. Section II.3. reviews the Socioemotional Wealth perspective, proposing that this theoretical framework can be the foundation to advance our understanding of family owners decision making process. In Section II.4. I go through the general literature on Organizational Ambidexterity. Also, in this section I state how this dissertation understands and treats Organizational Ambidexterity. Finally, Section II.5 concludes, articulating how and why these three theories can contribute to our understanding of the transgenerational phenomenon.

II.2. TRANSGENERATIONAL VALUE CREATION: A PROPOSAL FOR A MORE HOLISTIC APPROACH TO THRIVE ACROSS GENERATIONS

In 2005 a group of scholars and their institutions started an initiative called the Successful Transgenerational Entrepreneurship Practices (STEP) Project. This global applied research initiative still has a profound impact in our research community (see <https://thestepproject.org/>) and can be priced as one of the first endeavors to develop the idea of transgenerational value creation (Chua,

Chrisman, and Sharma, 1999), a continuing stream of family-influenced social and economic wealth across many generations (Cruz *et al.*, 2006). This collective of scholars developed a conceptual model based on theories from entrepreneurship and positioned the concept “transgenerational entrepreneurship” (Cruz *et al.*, 2006; Nordqvist and Zellweger, 2010; Zellweger, Nason, and Nordqvist, 2012). Rooted in corporate entrepreneurship, Transgenerational Entrepreneurship was conceptualized in the interplay of Entrepreneurial Orientation (EO) (Miller, 1983) and Familiness (Habbershon and Williams, 1999). Lumpkin and Dess (1996) define EO as “the processes, practices, and decision-making activities that lead to new entry”, being a new entry “the act of launching a new venture” (Lumpkin and Dess, 1996, p.136). Furthermore, Familiness is the bundle of resources and capabilities, called “factors”, that are deeply embedded in the involvement of the family in the family firm (Habbershon and Williams, 1999). The existence of familiness explains and identifies the idiosyncratic sources of the “family advantage” and the heterogeneity in outcomes across family firms (Habbershon, Williams and Macmillan, 2003).

The value of STEP and the Transgenerational Entrepreneurship concept in the development of our field is undeniable. First, the idea of transgenerational entrepreneurship introduced a new discussion in the family business field, away from the predominant and traditional scholarly conversations about continuity, succession of ownership and leadership and stability of those days (Nordqvist and Zellweger, 2010). Second, the transgenerational entrepreneurship framework put the family at the center of the discussion (Dou, Su, Li, and Holt,

2021), departing from the traditional focus on either the firm or the individual entrepreneur (Habbershon and Pistrui, 2002; Zellweger *et al.*, 2012). Finally, one of the main contributions of transgenerational entrepreneurship is the introduction of a longitudinal approach to value creation by exploring how value is created for future family generations instead of focusing only on the incumbent generation (Zellweger, Nason, and Nordqvist, 2012; Diaz-Moriana, Clinton, Kammerlander, Lumpkin, and Craig, 2020). This bundle of contributions is the inspiration to my dissertation, in which I try to understand how families create value across generations. Nevertheless, and to contribute to the discussion, I introduce a different conceptual ground, calling attention to a more holistic view and introducing SEW and Organizational Ambidexterity as a more comprehensive approach to understand transgenerational value creation. This proposal is based in two observations explained in the following paragraphs.

First, the introduction of Socioemotional Wealth (Gomez- Mejia *et al.*, 2007) has sparked a lively discussion about reference points, family goals and risk taking of entrepreneurial families (Cruz and Arredondo, 2016; Kotlar, De Massis, Fang, and Frattini, 2014; Kotlar, De Massis, Wright, and Frattini, 2018), providing a new ground to understand families as engines of value creation. With families at the center of transgenerational value creation and SEW paving the ground to understand how families take decisions, it is mandatory the introduction of SEW to understand the decision to assume risky endeavors looking to create transgenerational value. Past research had focused on explaining how families create valuable, rare, inimitable, and non-substitutable resources (Basco, Calabrò, and Campopiano, 2019) and combine those resources with EO (Sieger,

Zellweger, Nason, and Clinton, 2011; Zellweger, Nason, and Nordqvist, 2012), but we still do not understand why the family make that decision, depicting an incomplete understanding of transgenerational value creation. Furthermore, the introduction of SEW allows to understand the conditions under which the family might be advantageous or detrimental to the family-owned firm.

Second, transgenerational entrepreneurship is essentially about corporate entrepreneurship, an approach based on entrepreneurship research within the context of families and their businesses (Nordqvist et al., 2008). Although a useful and valuable theory to understand transgenerational value creation (Barbera, Stamm, and DeWitt, 2018), it can neglect the longitudinal challenge of creating value for the current generation and supporting the creation of value for the next generation. Whereas entrepreneurship scholars focus on the future, other management and organizational scholars propose an equilibrium between stability and change (Zellweger and Sieger, 2010). This might be a valuable observation if we consider the existence of highly entrepreneurial firms that are not able to thrive in the long run (Soto-Simeone, Sirén, and Antretter, 2020). In the light of this observation, in this dissertation I propose Organizational Ambidexterity (Tushman and O'Reilly, 1996) as a better approach to cope with transgenerational value creation. Nurtured in the exploration/exploitation tradition (March, 1991), Organizational Ambidexterity deals with the basic problem of all organizations, especially entrepreneurial families looking to create transgenerational value: “to engage in sufficient exploitation to ensure its current viability and, at the same time, to devote enough energy to exploration in order to ensure its future viability” (Levinthal and March, 1993, p.105).

To sum up, in this thesis I propose a new approach to transgenerational value creation in the intersection between Socioemotional Wealth and Organizational Ambidexterity.

II.3. SOCIOEMOTIONAL WEALTH: NOT JUST A TRADE-OFF BETWEEN MONEY AND LOVE FOR THE FAMILY³

In 2007, Gomez-Mejia and colleagues introduced the Socioemotional Wealth (SEW) approach in an attempt to provide with a “home-grown” theory and a “potential dominant paradigm” to the field of family business research (Berrone *et al.*, 2012). Since then, the SEW approach has gained exceptional prominence. As concrete evidence of that fact, in 2012 the seminal paper by Gomez-Mejia *et al.* (2007) received the “Research Impact Award” from the Entrepreneurship Division of the Academy of Management. Moreover, two of the key SEW papers developed by Gomez-Mejia and colleagues (Berrone *et al.*, 2010; Berrone *et al.*, 2012) are among the most cited papers in two impactful journals in the area, namely Administrative Science Journal and Family Business Review. In recent years, several authors have deemed SEW as the most influential and dominant paradigm in the family business field (Brigham and Payne, 2019; Jiang, Kellermanns, Munyon, and Morris, 2018; Murphy, Huybrechts and Lambrechts, 2019; Swab, Sherlock, Markin, and Dibrell, 2020).

The aforementioned facts are a testimony of the relevance of the SEW approach, yet the paradigm still has a long a winding road ahead. SEW has

³ An extract of this section has been published in Cruz, C. and Arredondo, H. (2016), "Going back to the roots of socioemotional wealth", Management Research, Vol. 14 No. 3, pp. 234-243.

provoked an intense discussion in the field, with several articles extending it theoretical underpinning but also emphasizing its challenges (*i.e.* Gomez-Mejia et al, 2011; Chua, Chrisman, and De Massis, 2015; Le Breton Miller, and Miller, 2013; Newbert and Craig, 2017). One of the main concerns is its ability to explain the relationship between socioemotional wealth and financial wealth in family firms, which Gomez-Mejia *et al.* (2011) referred as to the “search of the Holy Grail”. Despite the growing importance of the SEW approach, the quest for this “Holy Grail” is not over. On the contrary, the academic debate on the relationship between socioemotional wealth and financial performance is more vivid than ever (Amit and Villalonga, 2014; Essen, Carney, Gedajlovic, and Heugens, 2015; Kotlar, Signori, De Massis, and Vismara, 2018).

The SEW perspective is founded on Behavioral Agency Model (BAM), which combines elements from traditional agency theory with behavioral research examining decision-making under risk to challenge the assumption of fixed CEO risk taking preferences. Following the BAM logic, the SEW approach was initially developed to challenge the assumption of risk aversion among family owners. Broadly spoken, it proposes that family firms should display a higher willingness to accept a financial risk if this is needed to avoid jeopardizing family owners’ non-economic utility (*i.e.* Socioemotional Wealth). Conversely, they will avoid any risk that may reduce the family SEW (Gomez-Mejia *et al.*, 2011).

Because of its roots in a behavioral theory, the SEW is very informative to predict family owners’ behavior regarding risk taking. Nevertheless, when it is used to predict the performance effects of SEW elections, “the theory does not

go much further than saying that family principals can take decisions to preserve SEW even when these may harm financial performance” (Naldi *et al.*, 2013, p.3). How risk taking behavior affects firm performance outcomes is beyond the scope of behavioral theories, including SEW. Nevertheless, the approach has become so widespread that some are wrongly using it just as an “umbrella term” to account for the non-economic utilities of family owners, forgoing its theoretical roots and implications. Although it is true that the SEW perspective has contributed to group a collection of terms that were somehow disjointed before Gomez-Mejia *et al.* (2007), the SEW framework is more than a label for the “family owners affective endowments”. It is a theoretical approach to predict family owners’ behavior regarding strategic risk taking. The confusion between what the term represents (non-economic benefits of family owners) and what the approach predicts (SEW loss aversion from family owners) is detrimental for the SEW approach.

Despite this theoretical confusion, research in family business has increasingly used the SEW approach to explain strategic decision making in family firms (e.g. Berrone *et al.*, 2010; Chrisman and Patel, 2012; Duran, Kammerlander, van Essen, and Zellweger, 2015; Gomez-Mejia, Makri, and Larraza-Kintana, 2010; Kammerlander, and Ganter, 2015). Following the SEW reasoning, academic efforts have focused on understanding family firms’ strategic outcomes as trade-offs, with an “either/or” misleading logic between SEW goals and economic goals. The logic behind those studies is that to protect their emotional endowments, families do not engage in risky strategic endeavors despite potential financial gains. As such, the logic has been applied to explain

why, compared to non-family firms, family managed firms diversify less (Gomez-Mejia *et al.*, 2010), invest less in R&D (Chrisman and Patel, 2012; Gomez-Mejia, Patel, and Zellweger, 2015), show a significant higher diminution in R&D in times of recession (Llach, Marquès, Bikfalvi, Simon, and Kraus, 2012), have a lower search breadth (Classen, Carree, Gils, and Peters, 2014) and receive fewer patent citations (Block, Miller, Jaskiewicz, and Spiegel, 2013).

Nevertheless, and despite its important contributions, this restricted view of SEW (Miller and Le Breton-Miller, 2014) perpetuates the idea of financial and non-financial goals as opposites and portrays a negative and inertial role to families, who only embrace change when the family SEW is jeopardized. The overwhelming relevance of family firms in economies across the world, and new streams of knowledge anchored in family business innovation (De Massis, Kotlar, Chua, and Chrisman, 2014; Röd, 2016; Urbinati, Franzò, De Massis, and Frattini, 2017) and heterogeneity (Arredondo and Cruz, 2019; Chua, Chrisman, Steier, and Rau, 2012; Jaskiewicz and Dyer, 2017) call for a revision of the SEW approach to look for potential new insights (Swab *et al.*, 2020). In this regard, one promising avenue to explain heterogeneity deals with the understanding of SEW multidimensional characteristic (Brigham and Payne, 2019). Most empirical studies on SEW use a unidimensional and indirect measure to assess family owner's SEW, being family ownership and percentage of family members in the TMT the most used proxies. Those studies neglect a stream of research started with Berrone *et al.* (2012) who, with a thorough literature review, theoretically derived a five-dimension measure of SEW (*FIBER*). Following this thread, empirical efforts have proposed new scales to understand SEW

multidimensionality (Debicki *et al.*, 2016; Gómez-Mejía and Herrero, 2022; Hauck *et al.*, 2016). Chua *et al.* (2015) contributes with their claim that scholars must differentiate SEW's stocks and flows, and states that "the relationship between stocks and flows may be an important source of heterogeneity among family firms" (2015, p.175). Furthermore, Zellweger and Nason (2008) depart from the common unidimensional and cause-effect understanding of performance in family firms and propose a more comprehensive perspective. In their work, the authors discuss how different financial and nonfinancial performance relationships may help or hinder family firms' effectiveness.

All in all, and recapping the behavioral roots of SEW, this thesis stated that family firms may have different behaviors depending on the predominant socioemotional dimension. Therefore, this work treats SEW dimensions as stocks (Chua *et al.*, 2015), and the multidimensional characteristic of SEW implies that stocks in each of the components of SEW may evolve differently causing singular behaviors depending on the predominant dimension of SEW.

II.4. ORGANIZATIONAL AMBIDEXTERITY: THE ABILITY TO BALANCE EXPLORATION AND EXPLOITATION FOR SUSTAINED SUCCESS

Since the seminal work of March (1991), scholars have studied the organizational ability to explore and exploit –ability that has been labelled Organizational Ambidexterity (OA). In March's words, organizations should develop the ability "to engage in sufficient exploitation to ensure its current viability and, at the same time, devote enough energy to exploration in order to ensure its future viability" (1991, p. 105). In an insightful review, O'Reilly and

Tushman (2013) highlighted the relevance of ambidexterity in the survival of organizations, a central goal for family firms (e.g. Gomez-Mejía *et al.*, 2007, 2011; Daspit, Chrisman, Sharma, Pearson, and Long, 2017). Since its introduction, organizational ambidexterity has transformed into a large body of knowledge that permeates several disciplines (Raisch and Birkinshaw, 2008; Simsek, 2009). Theoretical and empirical works have aimed to explain the relationship between ambidexterity and performance; how ambidexterity is achieved; and under what conditions ambidexterity is most useful (e.g. Raisch, Birkinshaw, Probst, and Tushman, 2009; Uotila, Maula, Keil, and Zahra, 2009; Junni *et al.*, 2013; O'Reilly *et al.*, 2013).

To understand Organizational Ambidexterity, we must review the concepts of exploration and exploitation. Taking stock of organizational learning, March (1991) defines and relates exploration with “things captured by terms such as search, variation, risk taking, experimentation, play, flexibility, discovery, innovation” (March, 1991, p. 71), and exploitation with “such things as refinement, choice, production, efficiency, selection, implementation, execution” (March, 1991, p. 71). Therefore, while exploitation focuses on refining and improving products and services for current markets, exploration emphasizes the development of new knowledge, products, and services (He and Wong, 2004; Lavie *et al.*, 2010). There is a consensus among scholars that organizations struggle to engage in exploration and exploitation, as each of them demand different capabilities, structures, cultures and knowledge (Ancona *et al.*, 2001; Gupta *et al.*, 2006; Lubatkin *et al.*, 2006; O'Reilly *et al.*, 2013). Nevertheless, the effort has a clear pay-off for managers and organizations. Several empirical

studies have found a positive and significant relationship between the simultaneous pursuance of both exploration and exploitation and performance (e.g. Gibson and Birkinshaw, 2004; Jansen *et al.*, 2012; Lubatkin *et al.*, 2006; Junni *et al.*, 2013). In a meta-analysis that explored Organizational Ambidexterity and Performance, Junni *et al.* (2013) demonstrates that “exploration contributed to performance through growth, while exploitation contributed by enhancing profitability” (Junni *et al.*, 2013, p. 305).

A detailed review of organizational ambidexterity literature is beyond the scope of this thesis. Nevertheless, and due to the large and fruitful literature on Organizational Ambidexterity, it is important to delve into some elements of the theory and specify its scope and clarity to avoid confusion and conflicting findings (Junni *et al.*, 2013; O’Reilly and Tushman, 2013). Therefore, in the next paragraphs, three main issues are explained and defined to portray how this dissertation understands and treats organizational ambidexterity.

Organizational Ambidexterity as a Dynamic Capability

The ambidexterity literature has used several theoretical lenses through its evolution. From its original inception, OA scholars (Duncan, 1976; March, 1991) recognize it as the ability of an organization to exploit its current competitive advantages, while explore new sources of advantages (O’Reilly and Tushman, 2008; Taylor and Helfat, 2009). Further developments refined the organizational processes behind OA. One of the most received conceptualizations is that of O’Reilly and Tushman (2013), who stress the idea of understanding OA as a high order dynamic capability (Eisenhardt and Martin, 2000; Teece, Pisano, and

Shuen, 1997), that allows organizations to purposefully reconfigure resources to void the risk of obsolescence (Leonard-Barton, 1992). In this dynamic view, exploration and exploitation are different streams of innovation that require different organizational knowledge (Ancona, Goodman, Lawrence, and Tushman, 2001; Gupta, Smith, and Shalley, 2006; Lubatkin *et al.*, 2006). On the one hand, organizations leverage their current knowledge and routines to exploit current competitive advantage through a top-down refinement and incremental innovation process (*e.g.* Benner and Tushman, 2003; Jansen, Van Den Bosch, and Volberda, 2006; Lavie, Stettner, and Tushman, 2010; Lubatkin *et al.*, 2006; Turner, Swart, and Maylor, 2013; Webb, Ketchen, and Ireland, 2010). This type of innovation targets existing customers and/or markets, improving the competitive position of the organization (Jansen, Van Den Bosch, and Volberda, 2006; Turner, Swart, and Maylor, 2013). On the other hand, exploration needs new knowledge and capabilities, thus generally requires a bottom-up learning approach (Lubatkin *et al.*, 2006). Exploration is about new markets and/or new customers; therefore, it is based on radical innovation (*e.g.* Benner and Tushman, 2003; Jansen *et al.*, 2006; Lubatkin *et al.*, 2006).

The election of the dynamic capability approach in this work is in line with Andriopoulos and Lewis (2009, p.696) who highlight that “achieving exploitation and exploration enables success, even survival, but raises challenging tensions”. This is because exploratory and exploitative opportunities often compete for the same scarce resources and place somewhat conflicting demands on organizational processes (March, 1991). When deciding the firm strategic orientation, managers make conscious strategic choices between the two

activities regarding resource-allocation decisions (e.g. Gibson and Birkinshaw, 2004; Heavey and Simsek, 2017; Yitzhack Halevi, Carmeli, and Brueller, 2015; Lubatkin *et al.*, 2006; Smith and Tushman, 2005). This is why relatively few firms are able to implement a dual strategic orientation that emphasizes both exploration and exploitation-type opportunities, *i.e.* resolving the paradox and becoming an ambidextrous organization.

Organizational Ambidexterity as a Paradoxical Tension

Embracing the dynamic capabilities approach to anchor this work exacerbates the original idea of a paradoxical tension between exploitation and exploration (March, 1991); thus, between current and future competitive advantage. This last conceptualization has relevant theoretical and practical implications. The management of organizations that are willing to pursue organizational ambidexterity confront a dilemma between exploitation and exploration. The two streams of innovation need different resources and capabilities, a challenge that stress the resource-allocation process and the decision to balance the short-term with the long-run (Lavie *et al.*, 2010). Previous research demonstrated that this balance has impact on performance -revenues and profits-, customer satisfaction and new product introduction (Junni *et al.*, 2013; Sarkees and Hulland 2009). In fact, Junni and her co-authors were able to prove that only the balance between exploration and exploitation is not enough. To excel in the short-term and strive in the long-run organizations must achieve high levels of exploration and exploitation to drive performance (Cao *et al.*, 2009, 2010; Junni *et al.*, 2013). The process by which companies achieve this balance

rests on the top management team (TMT) of the organization (e.g. Lubatkin *et al.*, 2006; Heavey and Simsek, 2017; Yitzhack Halevi *et al.*, 2015) and its resource-allocation decisions (Moss *et al.*, 2014; Siggelkow and Levinthal, 2003; Voss, Sirdeshmukh, and Voss, 2008). In the case of family firms, the family generally designates the members of the TMT, having the ability to shape strategic decisions (Van Doorn *et al.*, 2020). Hence, the potential to accomplish transgenerational value creation rests on the ability of the family to achieve a balance between exploration and exploitation. In short, the ability to manage the paradoxical tension of Organizational Ambidexterity.

Organizational Ambidexterity as a Contextual Ability

Literature presents different approaches regarding how organizations manage to achieve Organizational Ambidexterity. The first approach is *sequential ambidexterity*, this implicates that organizations engage either in exploration or exploitation over time. The second approach is *structural ambidexterity*, which involves allocating exploration and exploitation endeavors into different and separate organizational units. Finally, *contextual ambidexterity* entails the implementation of explorative and exploitative activities under the same organizational structure.

The sequential approach was first introduced by Tushman and O'Reilly (1996), who proved that organizations must focus on exploitation during evolutionary periods to achieve a competitive advantage. Nevertheless, if the market experiments a discontinuous change, the organization must react with a radical exploratory response. This conceptualization pictures a punctuated

equilibrium approach to organizational ambidexterity, in which one mode follows the other, but they do not coexist. The complexity of this approach entails theoretical and practical challenges. From a theoretical point of view, it is hard to reconcile this approach with the “richness and complexity of the real organizations” (Turner *et al.*, 2013, p. 322). From the practical side, it is challenging to ponder when the organization must switch from one activity to the other.

O'Reilly and Tushman (2004) proposed another high-level implementation approach, *structural ambidexterity*. The authors identified that some organizations separate exploration and exploitation in different organizational units to allow the achievement of these elusive activities. Literature highlights that structural separation promotes consistency and alignment within the separate units. Furthermore, structural separation protects explorative endeavors against exploitative activities, which are routine driven. Thus, structural separation offers a clear-cut and intuitive option that can enable top management to integrate and foster both activities (Benner and Tushman, 2003; Jansen *et al.*, 2009; Tushman and O'Reilly, 1996). Structurally separated exploration and exploitation units offer the benefit of internal consistency and internal task alignment (Lavie *et al.*, 2010). However, cross-unit alignment can be difficult due to inconsistent tasks, culture, and organizational arrangements (Tushman and O'Reilly, 1996). The integration of structurally separated exploration and exploitation units requires a significant amount of structural and managerial resources and is thus difficult to implement effectively in smaller organizations (Lavie *et al.*, 2010; Kammerlander *et al.*, 2015).

Recent studies frequently focus on another management option, referred to as *contextual ambidexterity* (Carmeli and Halevi, 2009; Gibson and Birkinshaw, 2004; Hill and Birkinshaw, 2014). Contextual ambidexterity is defined as the ability to simultaneously pursue exploration and exploitation and can be achieved by “building a set of processes or systems that enable and encourage individuals to make their own judgments about how to divide their time between conflicting demands for alignment (exploitation) and adaptability (exploration)” (Gibson and Birkinshaw, 2004, p. 210). The crucial and continuous task of creating a nurturing and supportive relational context based on “stretch, discipline, support and trust” (Gibson and Birkinshaw, 2004, p. 209) lies on the organization's top management team, which is consequently of particular importance in this approach (Carmeli and Halevi, 2009; Gibson and Birkinshaw, 2004; Hill and Birkinshaw, 2014). In their study of contextual ambidexterity, Gibson and Birkinshaw (2004) find that organizations with high levels of leadership-based contextual ambidexterity (*i.e.* organizations where their leaders encourage discipline and support) were able to develop high levels of exploration and exploitation at the same time.

From the three abovementioned different ways to manage OA, in this thesis, I will embrace the concept of *contextual ambidexterity* as it considers OA as a managerial ability to simultaneously deal with exploration and exploitation (Tarba *et al.*, 2020). Given my focus on establishing a link between SEW and OA I think this is a better approach towards that end.

II.5. DISCUSSION AND CONCLUSIONS

In this chapter, I have not only introduced the key concepts that are the pillars of the dissertation, but also proposed new advancements in our understanding of transgenerational value creation, suggesting a more holistic view that incorporates both Organizational Ambidexterity and Socioemotional Wealth. Embracing Organizational Ambidexterity is a strategic family decision that requires to understand the decision-making process of the family. I propose SEW as the key theoretical framework towards this end, and thus a valuable theory that, combined with OA, may help to explore transgenerational value creation through values and business.

CHAPTER III. THE BRIGHT AND DARK SIDE OF SOCIOEMOTIONAL WEALTH PRESERVATION IN FAMILY FIRM'S AMBIDEXTERITY

III.1. CHAPTER OVERVIEW

The ability to pursue exploitation and exploration is known to enhance family firms' performance. Nevertheless, previous literature shows a great heterogeneity in the ambidextrous orientation among family firms. Using Socioemotional Wealth preservation as a theoretical framework, Chapter III addresses this gap in the literature and sheds light in the process of exploitation and exploration within family firms.

The remainder of this chapter proceeds as follows. Next section gives an introduction and presents the research question of this study. Subsequently, in section III.3 I present the theoretical background, exploring the Socioemotional Wealth approach and the Ambidexterity literature in family firms. In Section III.4 I develop the hypotheses of the study combining Socioemotional Wealth dimensions and Organizational Ambidexterity. Section III.5 introduces the data and the measures used to test the hypothesis, and Section III.6 has the analysis and the results. Finally, Section III.7 presents the implications for practice and research, including suggestions for future research, and closes with the conclusions of the chapter.

III.2. INTRODUCTION

Since March (1991), extensive research has been devoted to the study of

Organizational Ambidexterity (OA) –the ability of an organization “to engage in sufficient exploitation to ensure its current viability and, at the same time, devote enough energy to exploration to ensure its future viability” (March 1991, p. 105). Among these studies, there is a clear consensus on the importance of organizational ambidexterity in ensuring the performance of organizations (e.g. He and Wong, 2004; Lubatkin *et al.*, 2006; Junni, Sarala, Taras, and Tarba, 2013). This is why for O’Reilly and Tushman “organizational ambidexterity is about survival” (2013, p.333).

As ensuring dynastic survival is paramount for family business, family business research has long studied OA in family firm contexts (Webb, Ketchen, and Ireland, 2010; Zellweger, Kellermanns, Chrisman, and Chua, 2012). Accumulated evidence shows the positive impact of family ownership on organizational ambidexterity (Lubatkin *et al.*, 2006; Stubner, Blarr, Brands, and Wulf, 2012) as well a positive effect of OA in the performance of family firms (Stubner *et al.*, 2012). Nevertheless, Allison, McKenny, and Short (2013) show that family businesses present a considerable variation in organizational ambidexterity, suggesting that three drivers of OA within family firms may vary depending on family and business idiosyncratic differences (Veider and Matzler, 2016; Kammerlander, Patzelt, Behrens, and Röhm, 2020).

The aim of this work is to address the heterogeneity in the ambidextrous orientation of family firms by exploring the influence of socioemotional factors in the strategic orientation of them (Allison *et al.*, 2013; Goel and Jones, 2016; Kammerlander *et al.*, 2020). Following the theoretical piece of Veider and Matzler

(2016), I propose that the pursuance of certain socioemotional goals may inform our understanding of the heterogeneity in OA in family firms. Since its inception (Gómez-Mejía *et al.*, 2007), Socioemotional Wealth (SEW) has gained traction in the family business field, playing an important role explaining the benefits for the entrepreneurial family that arise from the preservation of socioemotional wealth (Chua *et al.*, 2015). Recent developments (Berrone *et al.*, 2012, Cennamo *et al.*, 2012; Debicki *et al.*, 2016; Hauck *et al.*, 2016) argue for the multidimensional nature of SEW, being each dimension a salient non-financial utility or “affective endowment” of the family (Gomez-Mejia, *et al.*, 2014). Therefore, and because the strategic orientation of the organization is a discretionary decision, whether the family business would pursue an exploitative orientation, an explorative orientation, or both (Ambidexterity), would depend on the most salient socioemotional endowment that the family pursues. Thus, it is of particular importance to expand our knowledge on how SEW influences exploration and exploitation in family firms.

In this chapter, I study the impact of Socioemotional Wealth on Organizational Ambidexterity, trying to answer ***How do different dimensions of socioemotional wealth affect the ambidexterity of the family business?*** I rely in data collected from a survey applied to 183 small and medium-sized (SMEs) family firms in the Latin American context. My results show that while some family SEW aspects (*i.e.* transgenerational intentions) may drive ambidexterity in family firms, others (*i.e.* emotional attachment) may impede its attainment. This empirical work contributes to the literature in several ways.

First, it adds to existing research on family firms, enhancing our understanding of the heterogeneity within family firms. The study identifies which socioemotional endowments promote an ambidextrous strategic orientation as well as which of them impedes family firms to achieve ambidexterity. Doing so, I contribute to the emerging discussion about the dark and bright side of SEW (Kellermanns, Eddleston, and Zellweger, 2012; Miller and Le Breton-Miller, 2014; Naldi, Cennamo, Corbetta, and Gomez-Mejia, 2013). Earlier studies on SEW focused on demonstrating that, in the quest to preserve socioemotional wealth, business families were not pursuing some potentially positive strategic decisions for the company. Since preserving socioemotional wealth has value to the family, early findings did not have to be bad *per-se*, nevertheless they pictured a negative view of SEW. In a different vein, this study shows that the pursuance of some socioemotional endowments might have a “bright” dual impact. On the one hand, the family creates and preserves socioemotional value. On the other hand, pursuing the creation of socioemotional value may increase the willingness of the family to make strategic decisions positive for the family business. Further, by showing the impact of non-financial aspects on firm willingness to pursue ambidexterity, my study contributes not only to family business literature but also to organizational ambidexterity literature on the potential for new antecedents in ambidextrous orientation.

Last, my study highlights the need to use direct measures to capture family socioemotional orientation. If families are heterogeneous regarding the importance they attach to these goals, the use of indirect measures to capture family influence may lead to “hazardous inference[s]” in empirical studies (Miller

and Le Breton-Miller, 2014, p. 716) and may partly explain previous inconsistent findings in explaining family firms' risk-taking behavior.

III.3. THEORETICAL BACKGROUND

The Socioemotional Wealth Approach

Since Gómez-Mejía *et al.* (2007) seminal work, socioemotional wealth (SEW) has emerged as a fundamental concept to capture the essence of family firms. Despite all the attention devoted to its development, SEW conceptualization in the family business literature is still fragmented. Consequence of this fragmentation is the widespread utilization of the term. Some scholars are wrongly using SEW as a grouping term to label “non-financial aspects of the firm that meet the family’s affective needs” (Gomez-Mejia *et al.*, 2007, p. 106). Nevertheless, SEW has demonstrated its potential to be treated as a theoretical lens to understand family businesses’ idiosyncratic behaviors (Cruz and Arredondo, 2016; Gomez-Mejia *et al.*, 2011; Swab *et al.*, 2020). In its earlier developments (Gomez-Mejía *et al.*, 2007), scholars used SEW to argue that family owners pursued either socioemotional goals or financial goals, in a “pure gamble” about socioemotional wealth loss. Later refinements explored deeper in the behavioral roots of SEW, and posited new and enhanced avenues for the SEW approach (Chrisman and Patel, 2012; Gomez-Mejia, Campbell, Martin, Hoskisson, Makri, and Sirmon, 2014). At the same time, another stream of improvements to the theory evolved. Berrone *et al.*, (2012) argued for a multidimensional conceptualization of socioemotional endowments, picturing a more holistic and comprehensive view of socioemotional considerations. In their

highly cited theoretical piece, Berrone and colleagues proposed the first decomposition of the construct SEW. The result was a five-dimensional decomposition which they coined FIBER (*i.e.*, F – family control and influence; I – identification of family members with the firm; B – binding social ties; E – emotional attachment of family members; and R – renewal of family bonds to the firm through dynastic succession). Recently, the family business field has tried to empirically measure SEW (e.g., Debicki *et al.*, 2016; Gómez-Mejía and Herrero, 2022; Hauck *et al.*, 2016). Nevertheless, and except for rare exceptions (e.g., Arredondo and Cruz, 2019; Hernández-Perlines, Moreno-García, and Yáñez-Araque, 2019; Debicki, Van de Graaff, Randolph, and Sobczak, 2017), studies of family firms' behavior do not include direct measures of SEW. Despite all those refinements, family businesses literature still trait SEW as a dilemma between socioemotional wealth and financial wealth, and they focused on a single indirect variable to capture SEW. Therefore, SEW-based studies that do not consider the behavioral roots of SEW, the multidimensional characteristics of the approach, and the potential relationships among those dimensions, may lead to unreliable or wrong conclusions. The aim of this work is to show that SEW dimensions, individually, influence family businesses behavior differently (Chapter IV explore how SEW dimensions interact with each other to influence family business behaviors). To that end, my study explores whether SEW dimensions shape a key strategic decision, namely ambidexterity, arguing that which strategic direction the family firm embraces, would be different depending on the most salient socioemotional dimension that the family pursues.

Organizational Ambidexterity in Family Business Research

Existent studies show mixed evidence on family firms behaviors, either directly in their ambidextrous orientation, or indirectly in their strategic decisions regarding process related with exploitation or exploration, like on research and development decisions (Allison *et al.*, 2013). Although it was not focused on family business, Lubatkin *et al.* (2006) was the first attempt to explore family ownership in the ambidexterity literature. The authors demonstrated a positive impact of family ownership in organizational ambidexterity, a positive relationship that was further proved by other studies focused on the family business realm (Stubner *et al.* 2012). However, other studies found a negative influence of family involvement on ambidexterity (Hiebl, 2015) or suggested a positive effect of non-family managers on the ambidextrous orientation of the family firm (Dolz, Iborra, and Safón, 2019; Veider and Matzler, 2016; Röd, 2019). Furthermore, recent efforts tried to disentangle mixed evidence founding U-shaped relationships between family affiliation of the TMT and ambidexterity (Kammerlander, Patzelt, Behrens, and Röhm, 2020; Van Doorn, Tretbar, Reimer, and Heyden, 2020). In another vein, some scholars have studied how different attributes of the family firm impact ambidexterity, for example Arzubaga, Maseda, and Iturralde (2019) found that family firm image is beneficial to exploitation and detrimental to exploration. In a different approach to ambidexterity, Zellweger *et al.*, (2012) suggests that the balance of exploration and exploitation in family business is cyclical and tied to generational change, and Allison *et al.* (2014) shows that family businesses present a considerable variation in organizational ambidexterity. Nevertheless, despite the relevance of ambidexterity in

organizational survival, research on organizational ambidexterity in family firms is still insufficient (e.g., Allison *et al.*, 2014; Kammerlander *et al.*, 2020). Table III.1. summarizes ‘what we know’ about Organizational Ambidexterity in the family business field.

Table III.1. Literature review - Ambidexterity in Family Firms

Article	Literature/ Theory	Study Type	Relevant findings for the family business field
Lubatkin, Simsek, Ling, and Veiga, 2006	Upper Echelons/Organizational Ambidexterity	Empirical	Family Ownership positively influences the ambidextrous orientation of SMEs
Stubner, Blarr, Brands, and Wulf, 2012	Organizational Ambidexterity/F-PEC	Empirical	Family influence positively sways OA and therefore enhances performance
Allison, McKenny, and Short, 2013	Innovation	Empirical	Ambidexterity in family firms is stable over time, and punctuated by dramatic changes. Family firms present great variations in their ambidexterity orientation.
Moss, Payne, and Moore, 2014	Strategic Consistency	Empirical	Strategic consistency – continuity with past exploration and exploitation strategies based on managerial intentionality – is positively associated with higher levels of performance.
Hiebl, 2015	Agency Theory	Conceptual	Family involvement in ownership and management affects the ability of later generations to achieve high levels of OA.
Veider and Matzler, 2016	RBV/Agency Theory/Willingness and Ability	Conceptual	Heterogeneity in OA among family firms could be best explained by idiosyncratic differences in divergent governance structures, resources and goals.

Hughes, Filser, Harms, Kraus, Chang, and Cheng, 2018	Configuration Theory/Entrepreneurial Orientation/Ambidexterity	Empirical	Different configurations of antecedents (EO, exploration and exploitation, and family influence) form causal paths towards family firm performance.
Dolz, Iborra, and Safón, 2019	Upper Echelons	Empirical	A negative effect exists between family ownership and ambidexterity.
Arzubiaga, Maseda, and Iturralde, 2019	Innovation	Empirical	Family firm image is beneficial to exploitation and detrimental to exploration. Different forms of family involvement in the TMT have different effects on exploration and exploitation.
Röd, 2019	Upper Echelons	Empirical	TMT diversity induced through external managers and multiple generations is positively related to innovation ambidexterity.
Kammerlander, Patzelt, Behrens, and Röhm, 2020	Innovation/FCNE Goals	Empirical	There are (inverse) U-shaped relationships between family involvement in TMT and exploration, exploitation, and organizational ambidexterity. Those relationships are affected by family CEOs' FCNE Goals.
Mazzelli, De Massis, Petruzzelli, Del Giudice and Khan, 2020	Adaptive Search	Conceptual/Mathematical Simulation	Ambidexterity constitutes a superior search approach for family firms with founder CEOs, those with non-family or later-generation CEOs would seem to benefit from specialization.
Van Doorn, Tretbar, Reimer, and Heyden, 2020	Upper Echelons	Empirical	There is a U-shaped relationship between family affiliation of the top managers of the firm and ambidexterity, with additional negative spillovers from family ownership dispersion.

Additionally, and although it does not study the balance of exploration and exploitation to achieve organizational ambidexterity, we can further inform this

review with family firms' innovation literature. Organizational Ambidexterity has a long tradition embedded in the innovation literature, with exploration and exploitation treated as two streams of innovation: incremental innovation (exploitation) and radical innovation (exploration). For the most part, the innovation literature in family firms concludes that family firms tend to engage in incremental exploitative innovation rather than in explorative radical innovation (De Massis *et al.*, 2014; Röd, 2016; Urbinati *et al.*, 2017). This is because they are more inclined to allocate family resources to exploit historical benefits based on existing competitive advantage (Carnes and Ireland, 2013). For instance, Nieto, Santamaria, and Fernandez (2015) studied a sample of 17,173 family and non-family firms from Spain and found that family firms are more inclined to execute incremental rather than radical innovations. Grundström, Öberg, and Rönnbäck (2012) conducted a qualitative study on ten Swedish family firms establishing that family firms normally embrace incremental innovation using existing frames. Block *et al.*, (2013) studied patent citation among S&P 500 firms and discovered that family firms are inclined to pursue incremental innovation endeavors that are not often patent protected. Finally, De Massis, Frattini, Pizzurno, and Cassia (2015) studied how family and non-family firms implement the product innovation process, concluding that family firms are more focused on incremental innovation.

Empirical evidence regarding exploration activities is less conclusive. Overall, studies have argued that family firms' willingness to invest in radical innovation is low, because these investments are uncertain and risky. While some conclude that altruism, conflicting relationships among family members

and/or with minority shareholders undermine the willingness to engage in radical innovation (Beck, Janssens, Debruyne, and Lommelen, 2011; Grundström *et al.*, 2012; Kraiczy, Hack, and Kellermanns, 2015), others highlight a bright side of the influence of the family in the business.

A common thread in recent innovation literature is the link between innovation decisions in the family firm and the pursuance of socioemotional goals by family owners (Duran, Kammerlander, van Essen, and Zellweger, 2015; Hauck and Prügl, 2015; Miller, Wright, Breton-Miller, and Scholes, 2015; Lambrechts, Voordeckers, Roijackers, and Vanhaverbeke, 2017). Of special interest in this regard is the stream of research stemmed from the willingness–ability paradox (De Massis, Kotlar, Chua, and Chrisman, 2014). The willingness–ability innovation framework in family firms highlights the need of a posture from the family to drive the strategic orientation of the family firm (Calabrò, Vecchiarini, Gast, Campopiano, De Massis, and Kraus, 2019). Nevertheless, and despite important contributions of both, ambidexterity and innovation literature, the problem with these studies is that they do not address whether the essence of family firms accentuate the dichotomy between exploration and exploitation activities or help to manage the balance between the two, becoming an ambidextrous organization. In the next Section, I fulfill this gap connecting Socioemotional Wealth dimensions with Organizational Ambidexterity.

III.4. HYPOTHESES: CONNECTING SOCIOEMOTIONAL WEALTH DIMENSIONS WITH ORGANIZATIONAL AMBIDEXTERITY

Empirical evidence supports the notion that family owners' idiosyncratic preferences influence TMT decisions even when family members are not part of the TMT (Matzler, Veider, Hautz, and Stadler 2015; Veider and Matzler, 2016). Through this influence, the family has the ability to shape the strategic direction of the company (De Massis *et al.*, 2014). Nevertheless, De Massis *et al.*, (2014) noted that in the case of family firms, ability is a necessary but not sufficient condition to particularistic behaviors. To fully understand family firms' actions, scholars must explore the willingness of the family to take certain business decisions (Chrisman and Patel, 2012; Chrisman, Chua, Pearson, and Barnett, 2012; De Massis *et al.*, 2014; Gomez-Mejia *et al.*, 2011). Chrisman *et al.*, (2015) describe willingness as the disposition of family owners to engage in different behaviors based on idiosyncratic goals, intentions and motivations that drive the owner to influence the family firm. According to a growing body of research, socioemotional goals are a crucial element in the strategic content and process of the firm (e.g. Gomez-Mejia *et al.*, 2011; Salvato and Corvetta, 2013; Sharma, Chrisman, and Chua, 1997). In the context of this study, past research has identified three socioemotional idiosyncratic characteristics of owner families that may drive exploration and exploitation activities in family firms. First, studies point out to the level of **identification that family members have with the business** as a key factor driving family firms' willingness to innovate (Cabrera-Suárez, Déniz-Déniz, and Martín-Santana, 2014; König, Kammerlander, and Enders, 2013). The direction of the effect on ambidexterity is however unclear (Arzubiaga,

Maseda, and Iturralde, 2019). While Kashmiri and Mahajan (2014) recognize that family identification and its willingness to protect family reputation are important factors that promote innovation, others argue that a strong family identity may undermine entrepreneurial activities and hamper the pursuance of new domains in which this identity could be lost (Shepherd and Haynie, 2009; Webb *et al.*, 2010). Second, several authors also point out to **the emotional link among family members** as an important driver of family firms' innovative activities (Röd, 2016), although results are also inconclusive about the direction of the effect. For example, Schmid, Achleitner, Ampenberger, and Kaserer (2014), demonstrated that family firms are prone to invest more in R&D looking for a better future for next generations. Nevertheless, Kraiczy *et al.*, (2014) shows that a higher level of family members in the TMT of the firm can impede radical innovation, and Nieto *et al.* (2015) argues that tacit knowledge and its preservation make family firms to be more incremental innovators rather than radical innovators. Finally, family business research has demonstrated that **transgenerational succession intentions** are closely related to long-term orientation, a crucial element associated with explorative activities that need time to evolve and mature (Levinthal and March, 1993). Extant literature shows that long-term orientation is positively related with radical exploratory innovations. For example, Block and Spiegel (2013), studied regions in Germany and through a sample of 526 family firms, demonstrated that long-term orientation combined with deep local roots determines the willingness of family firms to engage in innovative endeavors. This regional evidence has been also proven at business level, using samples in United States and Europe (Schmid *et al.*, 2014; Sirmon, Arregle, Hitt, and Webb,

2008; Wagner, 2010).

In the following paragraphs I hypothesize how each of the dimensions of SEW drive Organizational Ambidexterity.

Renewal of family bonds to the firm through dynastic succession and the organizational ambidexterity paradox

Transgenerational succession intentions is probably the most salient SEW dimension in terms of family firm sustainability and transgenerational wealth creation (Zellweger *et al.*, 2011). Scholars have demonstrated the long-term planning horizon of family firms (*e.g.* Miller and Le Breton-Miller, 2006; Sirmon and Hitt, 2003) and the importance family owners give to the maintenance of the family business for the future generations (Cruz *et al.*, 2012; de Vries, 1994; Zellweger *et al.*, 2011).

The focus on preserving the firm for future generations has a near term consequence: the attention on protecting the current investment (Hiebl *et al.*, 2015; Jaskiewicz *et al.*, 2013). The motivation to preserve “family’s money” (Chrisman, Chua, and Steier, 2005) leads to an emphasis on monitoring operations, searching for efficiencies and a scrutiny on resource consumption (Anderson and Reeb, 2003; Carney, 2005; Gedajlovic, Lubatkin, and Schulze, 2004). Furthermore, families that systematically look to perpetuate family legacy often induce their children in the company from early childhood. This close relationship of family members with family’s businesses allows the development of an in-depth tacit knowledge and family social and human capital associated with exploitation activities (Johannisson and Huse, 2000; Sirmon and Hitt, 2003; Van Doorn *et al.*, 2020)

In the long run, research has also demonstrated the impact of dynastic succession on explorative orientation. For example, the study by Block and Spiegel (2013) demonstrates that family firms' long-term orientation along with deep local roots foster the willingness of entrepreneurial families to innovate. This regional evidence has been also proven at business level, using samples in United States and Europe (Schmid *et al.*, 2014; Sirmon *et al.*, 2008; Wagner, 2010). Furthermore, Sirmon *et al.* (2003) argue that families invest in the long run, creating 'patient capital' and building capabilities and knowledge (Berrone *et al.*, 2012), a combination that fosters and improves the success of explorative activities.

To sum up, and although long-term orientation might promote some negative effects (Berrone *et al.*, 2012), the intention to pass the business to subsequent generations fosters the creation of patient capital, commitment to building capabilities, and learning. Patient capital allows the company to engage in long-term exploration (Veider and Matzler, 2016), and the commitment to build capabilities and learn could be associated with both exploration and exploitation (Veider and Matzler, 2016; Webb *et al.*, 2010). Therefore, transgenerational intentions help managers in family firms to adequately solve the tension between exploration and exploitation activities, and therefore this dimension allows entrepreneurial families to have an ambidextrous orientation.

Hypothesis 1a: An increase in the importance that family owners give to the 'renewal of family bonds to the firm through dynastic succession' SEW dimension will positively influence firm's exploitation.

Hypothesis 1b: An increase in the importance that family owners give to the 'renewal of family bonds to the firm through dynastic succession' SEW dimension will positively influence firm's exploration.

Hypothesis 1c: An increase in the importance that family owners give to the 'renewal of family bonds to the firm through dynastic succession' SEW dimension will positively influence firm's ambidexterity.

Emotional attachment of family members and the organizational ambidexterity paradox

Although one of the distinctive attributes of family firms (e.g. Berrone *et al.*, 2012, Eddleston and Kellermans, 2007; Taguiri and Davis, 1996), only an emerging stream of literature focuses explicitly on emotions in family firms (Labaki, Michael-Tsabari, and Zachary, 2013). Family business field lacks a clear definition of what represents emotional attachment among family members in family firms. Berrone *et al.* (2012) understands emotional attachment depicting the family firm as the place where the needs for belonging, affect, and intimacy of family members with each other are satisfied. According to this definition, the family firm is where the family fulfills its altruistic and stewardship needs. Therefore, when emotional link among family members is strong, we could expect that family needs will be placed before business priorities (Miller, Le Breton-Miller, Lester, 2013; Veider and Matzler, 2016). This conceptualization clarifies the implications of this dimension, emotional attachment of family members could foster positive and negative effects for family firms (Gomez-Mejia *et al.*, 2011; Kellermans and Eddleston, 2004; Zellweger and Astrachan, 2008). On the one

hand, the positive effects are more related with the internal relationship between family members. Scholars have studied several constructs, with special focus in understanding altruism to each other family member (Schulze, Lubatkin, and Dino, 2003), and trustworthiness among family members (Cruz, Gomez-Mejia, and Becerra, 2010; Cruz, Justo, and De Castro; 2012). For example, Cruz *et al.* (2012) demonstrated that the choice of a successor from within the family makes perfect sense from a socioemotional perspective although the appointed candidate might be a less qualified executive. On the other hand, a negative side of emotions has been explored in family business. Relationship conflict, probably the most researched in family business (Brundin and Härtel, 2014), is negatively related with the decision-making process and performance. Therefore, high levels of emotional attachment can cause nepotism, cronyism, and incompetent members on the payroll (Cruz *et al.*, 2012; Gomez-Mejia *et al.*, 2011), a lack of dissension (Kellermans *et al.*, 2004), the 'spoiled kid syndrome' (de Vries, 1994), and conflicts that distracts from business matters (Gomez-Mejia *et al.*, 2011; Kellermans *et al.*, 2004). Each of the previously mentioned phenomenon are detrimental for exploitation, exploration, or both. This agency cost derived from emotional attachment with the family decrease the ability of the family firm to arrive to organizational ambidexterity (Veider and Matzler, 2016), jeopardizing organizational ambidexterity capabilities (Veider and Matzler, 2016). Therefore, a strong emphasis on preserving the emotional attachment among family members through the family business would totally deviate the focus from the business to the family. This is a clear example of how entrepreneurial families cannot achieve ambidexterity, because as the pursuance of this endowment tops,

the family would shade away resources from exploitation and exploration to allocate them on family needs. Formally stated:

Hypothesis 2a: An increase in the importance that family owners give to the 'emotional attachment' SEW dimension will negatively influence firm's exploitation.

Hypothesis 2b: An increase in the importance that family owners give to the 'emotional attachment' SEW dimension will negatively influence firm's exploration.

Hypothesis 2c: An increase in the importance that family owners give to the 'emotional attachment' SEW dimension will negatively influence firm's ambidexterity.

Identification of family members with the firm and the organizational ambidexterity paradox

Family ownership in the firm gives family members a sense of identity with the firm. When the firm and the family image are largely symmetrical (*i.e.* when the family identity of SEW becomes salient), family owners link family reputation and family image with firm survival (Dyer and Whetten, 2006; Berrone *et al.*, 2012). This characteristic has positive effects for exploitation intentions both internally and externally. Externally, a heightened identification would encourage the family to develop long-lasting relationships with suppliers, customers and other firms (Arzubiaga *et al.*, 2019; Craig, Dibrell, and Davis, 2008; Deephouse and Jaskiewicz, 2013). In turn, this would grant the family firm access to

resources embedded in external networks (e.g. Berrone *et al.*, 2012; Duran *et al.*, 2015; Wasserman, 2003; Zellweger *et al.*, 2012). Internally, this identification influences organizational processes and the quality of the services and products that the family firm offers (Carrigan and Buckley, 2008; Teal, Upton, and Seaman, 2003). These activities provide family firms with a competitive advantage based on tight routines and tacit knowledge (e.g. Arregle *et al.*, 2007, Hitt, Ireland, and Hoskisson, 2012; Pearson, Carr, and Shaw, 2008).

However, a strong family identity may undermine entrepreneurial activities and hamper the pursuance of new domains in which this identity could be lost (Arzubiaga *et al.*, 2019; Shepherd and Haynie, 2009; Webb *et al.*, 2010). Jeopardizing personal relationships within their organizations and with other actors in the environment implies losing personal status for family managers that are highly identified with their firms since they enjoy more “personal prestige in the community [and] social support among friends and acquaintances” (Berrone *et al.*, 2010). Further, the development of long-lasting relationship may impede the replacement of existing employees with new, differently trained staff that may bring “fresh air” to the company (Miller and Le Breton-Miller, 2006). It would also lead family firms to continue collaborating with actors in the established “innovation ecosystem” (Adner and Kapoor, 2010) rather than exploring new business opportunities (König *et al.*, 2013).

The above discussion suggests that a strong emphasis on family identity would not lead family firms to adequately solve the tension between exploration and exploitation activities since as the importance of family identity increases

for family owners, family firms would overemphasize exploitation (Levinthal and March, 1993), and de-emphasize exploration (Webb *et al.*, 2010). Hence, I hypothesize the following:

Hypothesis 3a: An increase in the importance that family owners give to the 'family members' identification with the firm' SEW dimension will positively influence firm's exploitation.

Hypothesis 3b: An increase in the importance that family owners give to the 'family members' identification with the firm' SEW dimension will negatively influence firm's exploration.

III.5. SAMPLING STRATEGY AND DATA

Sample and Data Collection Process

I use Litz's (1995) definition of family firms in which a firm could be treated as such when its ownership and management are concentrated within a family, and to the extent that family members attempt to maintain the business under their control. This definition is particularly well suited for the research because it considers both the role of the family in the firm, along with the transgenerational intention of the family. This study utilizes data from an electronic survey applied to Latin American family firms. To identify the family firms, I use a database created from current and former international students enrolled in family business courses at the master level in two academic institutions from Spain (IE University) and Chile (Universidad Adolfo Ibañez). Students with a family business background were contacted to identify whether their firms qualified as a family

firm and thus could be included in the sample.

The survey was designed in English and translated to Spanish. The researchers emailed the survey to a main contact, the email explained the research project, encourage participation, and call for a “snowball” to a key family informant that could answer the survey. Data collection started the 1st of September, 2015 and ended on January 31th, 2016. At the end of data collection period 280 participants completed the survey, out of 400 emails sent, yielding a response rate of 70%. From the original sample of 280 cases, I reduced the data set to 183 cases after eliminating those with missing data or cases where answers for objective measurements were wrong (e.g. family ownership above 100%).

Research Context

Latin America is a fast-growing region, with a population of more than 650 million people⁴ and several features in common regarding social, cultural, institutional, and production structure (Amorós, Borraz, and Veiga, 2016; Botero and Betancourt, 2016). Latin American society shows a family-centered culture, in which family related values such as family relationships, harmony, and cohesion are important (Hoy and Mendoza-Abarca, 2014; Poza, 1995) and in a permanent tension with financial value creation (Botero and Betancourt, 2016).

Furthermore, Latin America is a region with characteristics relevant to the study of ambidexterity. Most countries in Latin American region are commodity

⁴ The World Bank, <http://data.worldbank.org/region/latin-america-and-caribbean> accessed on May, 2022.

providers, being an important share of world market (*i.e.* cooper, iron, cereals, meat, etc.). In the early 1960s many Latin American countries set up protectionist economic policies to enhance internal markets. By the end of 1970s and early 1980s, those policies demonstrated to be ineffective. Thus, several Latin American countries have made reforms to improve efficiency and fostering economic growth. The biggest Latin American economies are in an efficiency-driven stage (Acs and Amorós, 2008; Porter, 1990; Porter *et al.*, 2002). In this stage, countries should improve their efficiency, preparing companies and workforce to the required adaptation necessary in a later technological development phase (Acs and Amorós, 2008; Amorós, Fernández, and Tapia, 2012). Furthermore, nations opened their markets, embracing international trade and state-owned companies' privatizations. This historical evolution fostered entrepreneurial activities and self-made entrepreneurs, that converted in successful family business (Poza, 1995). Nevertheless, Latin American region has experienced several political and economic turmoil, which promote a high level of uncertainty. This uncertainty creates opportunities for family business (explorative opportunities), but at the same time, and due to open markets, turns the attention of big international multinational to Latin American markets. This phenomenon has an impact on Latin American family firms, that not only have to compete with their national competitors, but also with international players. Therefore, Latin American family firms must continually refine their current competitive advantage to remain viable (exploitative orientation). To sum up, Latin American context pushes family business to strive for explorative and exploitative initiatives, making it a well-suited context for my investigation.

Measures

Dependent Variable: Organizational Ambidexterity

Scholars have operationalized organizational ambidexterity in several ways, using separate measures for exploitation and exploration (He and Wong, 2004; Lubatkin *et al.*, 2006) or arguing for a single continuous measure (Lavie *et al.*, 2010). The clear conceptualization made in this study about organizational ambidexterity and the trade-off between exploitation and exploration call for separate constructs, which should be measured as such (Birkinshaw and Gupta, 2013; O'Reilly and Tushman, 2013). Thus, exploration and exploitation are measured individually using Lubatkin *et al.* (2006) scale. The final measure consists of 12 items in which respondents were asked to assess their firm's orientation during the past 3 years using a 5-point Likert-scale ranging from 1 (strongly disagree) to 5 (strongly agree). On the one hand, the six items that reflect exploratory orientation described the family firm as one that (1) looks for novel technological ideas by thinking "outside the box," (2) bases its success on its ability to explore new technologies, (3) creates products or services that are innovative to the firm, (4) looks for creative ways to satisfy its customers' needs, (5) aggressively ventures into new market segments, and (6) actively targets new customer groups. On the other hand, the six items that reflect exploitative orientation described the family firm as one that (1) commits to improve quality and lower cost, (2) continuously improves the reliability of its products and services, (3) increases the levels of automation in its operations, (4) constantly surveys existing customers' satisfaction, (5) fine-tunes what it offers to keep its

current customers satisfied, and (6) penetrates more deeply into its existing customer base. Cronbach's alpha coefficients equaled .88 for explore orientation, and .79 for exploit orientation, suggesting an adequate reliability (Hair, Black, Babin, Anderson, and Tatham, 2006) and in line with Lubatkin *et al.* (2006) results (Exploration $\alpha=.84$ and Exploitation $\alpha=.83$).

Separate constructs make it possible to measure whether the organization is pursuing exploitation, exploration, or both. In this regard, and following Cao, Gedajlovic, and Zhang (2009), I capture Combined Ambidexterity by adding exploitation and exploration (Cao, Simsek, and Zhang, 2010; Kammerlander, Burger, Fust, and Fueglistaller, 2015; Lubatkin *et al.*, 2006). Furthermore, and to enhance my results, I computed an alternative measure of Organizational Ambidexterity multiplying exploitation and exploration (Cao *et al.*, 2009; Gibson and Birkinshaw, 2004; Kammerlander *et al.*, 2015; Lubatkin *et al.*, 2006).

Independent Variable: Socioemotional Wealth

In this study, SEW is measured through the 9-item REI scale proposed by Hauck *et al.* (2016). The election of the REI scale is consistent with the literature review that point to these three SEW dimensions as the ones more strongly linked with the firm ambidextrous strategic orientation. Furthermore, and to complement the literature review, Appendix A presents the CFA procedures and the tests considered to compare FIBER and REI scales and reach to the conclusion of that REI is a superior scale.

Cronbach's alpha coefficients equalled .61 for Renewal of Family Bonds Through Dynastic Succession, .85 for Emotional Attachment of Family Members,

and .81 Identification of family members with the family firm. Cronbach's alphas suggest an acceptable reliability for the three dimensions. (Hair *et al.*, 2006).

Control Variables

I included a total of six control variables in the design. The first three variables control for industry (e.g. Lubatkin *et al.*, 2006), dummy variables were coded for "Manufacturing", "Construction and Real Estate" and "Wholesale and Retail", being "Service and Others" firms the reference point model. Furthermore, three dichotomous variables were coded for size, I used sales of the main company as the operationalization, being sales above 50 million dollars the baseline. Moreover, I measured firm age with the number of years since the foundation/acquisition of the primary company of the family group (Kammerlander *et al.*, 2015; Lubatkin *et al.*, 2006). Firms with more years could have routines that make more likely the pursuance of exploitation activities (e.g. Kammerlander *et al.*, 2015). I also controlled for wealth concentration (Zellweger and Dehlen, 2012); namely how much wealth of the family is invested in real businesses. With this variable, I controlled for potential risk aversion due to wealth concentration (Duran *et al.*, 2015; Gomez-Mejía *et al.*, 2007; La Porta *et al.*, 1999). Moreover, I controlled with a dummy variable for the presence of founder generation in decision making (Block, Miller, Jaskiewicz, and Spiegel, 2011; Block, 2012). Finally, I used one item that measures the ability of the family to shape the strategic direction of the business asking the extent of the agreement with the statement "In my family business, family members exert control over the company's strategic decisions". With this control variable, I address the ability of

the family to influence strategic decisions in the family firm, a key component in the design.

III.6. ANALYSIS AND RESULTS

Descriptives

As showed in Table III.2., the 183 sampled family firms are heterogeneous in terms of sector distribution, size, and family characteristics.

Table III.2. Sample Characteristics

Variable	Mean
Industry	
Manufacturing	15.3 %
Construction and Real State	15.8 %
Wholesale and Retail	19.1 %
Others	
Countries	
Mexico	18.0 %
Chile	15.8 %
Colombia	15.3 %
Ecuador	10.9 %
Venezuela	10.4 %
Perú	9.3 %
Others	20.3 %
Size	
Firm Size Sales < 2 MM	16.4 %
Firm Size Sales 2 to 10 MM	28.4 %
Firm Size Sales 11 to 50 MM	24.0 %
Firm Size Sales + 50 MM	31.2 %
Others	
Family Ownership	88.73 %
Firm Age (Primary Company)	39.27 yrs

Based on n=183

The sample has 15.3% of family firms in “Manufacturing”, 15.8% “Construction and Real Estate”, 19.1% in “Wholesale and Retail”, and “Services and Others” accounts for the remaining 49.8%. The mean age of the primary

company of the business group is 39.27. Consistent with the literature, family owners are concentrated shareholders with 71.26% of the family wealth invested in operational businesses.

Table III.3. shows bivariate correlations between the main variables of the study. The correlation coefficients observed were generally significant and consistent with my expectations.

Due to the source of the data, collected through a single survey, I conducted a Harman's one-factor test (Podsakoff *et al.*, 2003). The single factor emerged accounted for 15.03% of the variance. Therefore, I conclude that common method variance is not a methodological problem in this study. Moreover, most observed correlation coefficients are below 0.65 (Tabachnick *et al.*, 2001). To avoid concerns with multicollinearity, I performed multicollinearity tests. In this regard, variance inflation factors did not present values higher than 3.9, below the recommended 10 ceiling threshold (Kleinbaum *et al.*, 2013), and condition indices never exceeded 29.04. Both indicators were within acceptable ranges; thus, multicollinearity is not a concern.

Table III.3. Correlation Matrix, Means, and Standard Deviations

Variables	Mean	SD	1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	13.	14.	15.	16.
1. Manufacturing	.15	.36																
2. Construction and Real Estate	.16	.37	-.18*															
3. Wholesale and Retail	.19	.39	-.21**	-.21**														
4. Firm Size Sales < 2 MM	.16	.37	-.11	.21**	-.10													
5. Firm Size Sales 2 to 10 MM	.28	.45	.00	-.14	.06	-.28**												
6. Firm Size Sales 11 to 50 MM	.24	.43	.08	.00	.05	-.25**	-.35**											
7. Firm Age (Primary Company)	39.27	27.99	.00	.05	-.04	-.14	-.13	.03										
8. Equity Concentration (%)	71.24	21.42	.08	-.10	-.10	-.03	-.15	.09	-.11									
9. First Generation Active (Yes=1)	.57	.50	.04	-.04	-.03	.17*	.21**	-.10	-.54**	.01								
10. Ability to Shape Strategic Direction	4.46	.86	-.09	.03	.10	.09	.10	-.05	-.17*	.08	.18*							
11. Renewal of Family Bonds [...]	3.96	.83	-.03	.08	-.14	-.07	-.09	.12	.10	.17*	-.00	.04						
12. Emotional Attachment of [...]	3.94	.78	.03	-.07	.06	-.00	.19*	.10	-.02	-.14	.11	.19*	.28**					
13. Identification of family members [...]	4.21	.78	-.06	.06	-.06	-.03	-.14	.13	.02	.01	.06	.22**	.49**	.38**				
14. Exploration	3.46	.95	.12	-.02	-.29**	-.16*	-.06	.13	.11	.12	-.08	.01	.26**	-.08	.16**			
15. Exploitation	3.91	.769	.14	-.11	-.20**	-.07	-.12	-.01	.06	.12	-.03	.06	.25**	-.11	.22**	.59**		
16. Combined Ambidexterity (Sum)	7.37	1.46	.14	-.07	-.28**	-.14	-.09	.09	.10	.13	-.06	.03	.29**	-.10	.21**	.93**	.85**	
17. Combined Ambidexterity (Multiplication)	13.91	5.26	.13	-.05	-.28**	-.14	-.09	.10	.11	.14	-.07	.03	.29**	-.10	.21**	.93**	.82**	.98**

* $p < .05$. ** $p < .01$

Data Analyses

To test my hypotheses, I use hierarchical ordinary least squares (OLS) multiple regression models. The first four models intend to test the relationship between socioemotional dimensions and exploitation/exploration (H1a, H2a, H3a, H1b, H2b, and H3b). Model 1 serves as a baseline model to test the explorative orientation; thus, in this model control variables were regressed against exploration. The second model tests the Hypotheses H1a, H2a, and H3a, thus the relationship between socioemotional dimensions and exploration. Model 3 and Model 4 intend to test how the different dimensions of SEW influence exploitation (H1b, H2b, and H3b). The third model is the baseline model, and the fourth model test whether Hypotheses regarding the impact of SEW dimensions in exploitation are fulfilled. Furthermore, Model 5 addresses which SEW dimensions are the cause of ambidexterity in family firm. Model 5 tests H3a and H3b for Combined Ambidexterity in its additive form, thus the relationship between SEW dimensions and organizational ambidexterity measured in the additive form. Finally, Model 6 intends to show the robustness of my findings using the multiplicative form of Combined Ambidexterity. Please note that base models for Models 5 and 6 were intentionally omitted to keep the table simple to read.

The results of the hierarchical regression analysis could be found in Table III.4. Model 1 is the baseline model for explorative orientation. In this baseline model I found that the ability to shape the strategic direction of the company is significant to arrive to exploration ($\beta = .16, p < .05$). Model 2 shows that in terms

of exploration, socioemotional goals are more important than the mere ability to shape strategic direction in the company. **Emotional Attachment of Family Members** ($\beta = -.26, p < .01$) and **Renewal of Family Bonds Through Dynastic Succession** ($\beta = .21, p < .05$) are both significant and with the predicted sign. Nevertheless, **Identification of Family Members with the Family Firm** is not significant, but it does not go against exploration as my theoretical research suggested. Therefore, the results provide support for H1a and H2a, but not for H3a. Furthermore, socioemotional endowments explain a relative high portion of the variance (R^2 change = .078, $p < .001$).

Table III.4. Regression Results[†]
Exploration, Exploitation & Organizational Ambidexterity

Dependent Variables →	Exploration		Exploitation		CD Add.	CD Mult.
	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
<i>Controls</i>						
Manufacturing	.02	.06	.04	.08	.08	.10
Construction and Real Estate	-.04	-.06	-.19*	-.21**	-.14+	-.10
Wholesale and Retail	-.34***	-.29***	-.28**	-.22**	-.29***	-.26***
Firm Size Sales < 2 MM	-.20*	-.14	-.15	-.08	-.13	-.12
Firm Size Sales 2 to 10 MM	-.07	.05	-.27**	-.16	-.04	-.04
Firm Size Sales 11 to 50 MM	.13	.17+	-.05	-.02	.10	.12
Firm Age (Primary Company)	.04	.03	-.02	-.04	.00	.07
Equity Concentration (%)	.05	-.00	.01	-.03	-.01	.06
First Generation Active (Yes=1)	-.01	-.02	-.00	-.02	-.02	.01
Ability to Shape Strategic Direction	.16*	.13+	.20**	.16*	.17*	.23*
<i>SEW-REI</i>						
Renewal of Family [...]		.21*		.17+	.22*	.25**
Emotional Attachment [...]		-.26**		-.24**	-.28**	-.23**
Identification of family [...]		.13		.22*	.19*	.22*
<i>Controls</i>						
R ²	.195***	.273***	.172***	.259***	.313***	.304***
R ² change ‡		.078***		.087***	.103***	.101***
Adjusted R ²	.133	.202	.111	.187	.246	.236

n = 183, + $p < .10$, * $p < .05$, ** $p < .01$, *** $p < .001$, two tail test.

[†] Standardized Beta Coefficients

[‡] Change in R² for Model 2 is related to Model 1, change in R² for Model 4 is related to Model 3, and change in R² for Model 5 and Model 6 are with omitted base models.

Model 3 shows the baseline model for exploitative orientation. In this model the ability to shape strategic decisions is also positive, compared with the baseline model for exploration; this variable shows a greater influence in exploitation ($\beta = .20, p < .01$). When I introduce SEW dimensions in Model 4, socioemotional goals denote once more their importance in the strategic orientations of family firms. In this regard, all hypothesis (H1b, H2b, and H3b) for exploitation are supported, **Renewal of Family Bonds Through Dynastic Succession** ($\beta = .17, p < .10$), **Emotional Attachment of Family Members** ($\beta = -.24, p < .01$), and **Identification of Family Members with the Family Firm** ($\beta = .22, p < .05$).

Consistent with past theory that asserts the impact of the family involvement in ambidexterity (e.g. Gedajlovic *et al.*, 2012; Hiebl, 2015; Lubatkin *et al.*, 2006; Stubner *et al.*, 2012), Model 5 shows the importance of the ability of the family to exert control over the family firm strategic orientation as a key element in the ambidextrous orientation of the family firm ($\beta = .17, p < .05$). In Model 5, I can also explore the influence of the three SEW dimensions in the Organizational Ambidexterity of the family firm, measured by its additive form. **Renewal of Family Bonds Through Dynastic Succession** ($\beta = .22, p < .05$) and **Emotional Attachment of Family Members** ($\beta = -.28, p < .01$) are both significant and with the predicted impact on OA; thus, H1c and H2b are supported. Interestingly, the coefficient for **Identification of Family Members with the Family Firm** is positive and significant suggesting that this SEW dimension positively influences OA in family firms. ($\beta = .19, p < .05$). This is an

unexpected finding as I theorized that a strong emphasis on this dimension would impede firm exploration and it would not allow family leaders to solve the OA paradox.

To sum up, **Renewal of Family Bonds Through Dynastic Succession** has a positive impact on ambidexterity, promoting exploration and exploitation. **Emotional Attachment of Family Members** impedes ambidexterity because it creates a family-mindset that goes against exploration and exploitation. Finally, **Identification of Family Members with the Family Firm** promotes only exploitation, thus it does not help to resolve the dichotomy between exploration and exploitation.

I run Model 6 as a robustness check, using the same logic as with the additive measure form, Model 6 presents the multiplicative measurement form of ambidexterity. As in the additive case, the variable that controls for family influence in strategic decisions is significant ($p < .05$). Furthermore, when SEW dimensions are included in Model 6, the explanation power of the model improves against the omitted base model (R^2 change = .101, $p < .001$) and all dimensions are significant and in the predicted direction.

III.7. DISCUSSION AND CONCLUSIONS

This chapter aims to understand how entrepreneurial families deal with the quest for ambidexterity, one of the traditional paradoxes in organizational studies. To be ambidextrous, the business family must have the influence in the business and the right mindset to pursue exploration and exploitation. This study shows that the importance that the family owners give to different dimensions of

socioemotional wealth is relevant in the decision to become an ambidextrous family firm.

Research on ambidexterity in family firms has been approached from different theories, leading to competing conclusions and showing that family firms are heterogenous in their engagement in ambidexterity. The involvement of the family at the governance level or family members in different roles have been described as both positive and negative for family firms' ambidexterity. In order to understand the behavioral roots of this heterogeneity, this chapter adopts a holistic framework that combines the ambidexterity literature with the SEW approach to family business. More specific, I use SEW dimensions to understand the behavioral motivations of the family to engage in exploration, exploitation, and ambidexterity.

In the previously unexplored intersection of these two theories, family business research could find a new avenue to understand the strategic orientation of family firms. I use SEW approach as guiding principle, and SEW dimensions as a framework to revisit disperse findings in family business research, to argue how different dimensions propel or impede ambidexterity. I first argue that, when the importance that family owners give to the "Renewal of family bonds to the firm through dynastic succession" dimension increase, the family firm will be more prone to explore and exploit, and therefore it will be more ambidextrous. I further propose that, as the importance family owners give to the "Emotional attachment" dimension increases, the family firm will be less inclined to engage in exploration and exploitation, and thus the family firm will be less

prone to achieve ambidexterity. These two arguments were completely proved with my data set. Nevertheless, one final argument that delves with the impact of the importance that family owners give to the “Family members’ identification with the firm” dimension, showed unexpected results. In my theoretical review I found supporting arguments to the idea that “family members’ identification with the firm” would be positively related with exploitation, and negatively related with exploration. Therefore, it was not possible to reach a conclusion regarding the ambidexterity orientation. The results were aligned with the exploitation hypothesis, but were not conclusive with the exploration postulate. Furthermore, the results showed a positive and significant relationship between Identification SEW dimension and ambidexterity. Those results cannot be seen as an indication that identification of family members with the firm promotes ambidexterity. On the contrary, my results show that this dimension exacerbates exploitation. Therefore, my empirical demonstration does not find a contradiction between exploration and exploitation, but an unbalanced reality in which exploitation would prevail. These findings are contradictory to my literature review and the results of Arzubiaga *et al.*, 2019, which opens an interesting discussion for the future.

I interpret my findings as an indication that the preservation of socioemotional wealth should not always be seen with an "either/or" approach with financial wealth. Families for which “Renewal of family bonds to the firm through dynastic succession” is an important value will try to preserve this socioemotional endowment. In doing so, they are not trading-off SEW with FW, because their strategic orientation will be aligned with an ambidextrous mindset,

that is associated with good financial performance. Following this logic, “Emotional attachment” dimension is the kind of socioemotional endowment that creates a trade-off between SEW and FW.

These results also help to explain contradictory findings regarding the involvement of family members in the firm and ambidexterity. For example, Kammerlander *et al.* (2020) and Van Doorn *et al.* (2020) found an U-shaped relationship between family involvement and ambidexterity. Their findings can be enhanced in the light of what I propose in this chapter, because different levels of involvement could spark different socioemotional endowments. This provides additional arguments to the lively discussion in our field, regarding the need to address that “unique insights derived from studying family businesses change our understanding of mainstream theories” (Jaskiewicz *et al.*, 2020, p.16). Furthermore, my study adds to several calls in the literature that advocate for understanding and using SEW dimensions (Berrone *et al.*, 2012) instead of a single indirect proxy. I am aware of that, with this call, empirical works on SEW would become more complex in terms of data collection. Nevertheless, the alternative of using indirect proxies of SEW would lead scholars to reach incomplete conclusions based on homogeneous assumptions.

My results also have several attention calls for families and their pursuance of socioemotional goals. Firstly, the ability to perform both exploitation and exploration is important to perpetuate the business to the next generation. The study shows that this depends on the willingness of the family to successfully pass the desire of renewing the family ties with the firm. Secondly, SEW

Emotional attachment is the dark side of SEW preservation when we talk about ambidexterity. This dark side of SEW Emotional attachment has been highlighted several times in family business literature this study demonstrates that exacerbating the pursuance of this affective endowment is detrimental in the short term and the long run. The analysis of the interplay between socioemotional endowments and ambidextrous orientation (Table III.4.), highlights the relevance that SEW has in the future viability of the family business. This is of special interest for family business owners for whom their investment horizon is not the next quarter but the next generation. If they want to thrive across generations, their challenges are not only in the business side but also in the family side. Finally, “Family members’ identification with the firm” would help the family to thrive in the short term through exploitation. Nevertheless, SEW Identification dimension neither promotes nor impede exploration, but too much exploitation could create short term myopia. Therefore, owner families that identifies with the firm should be aware that, despite positive outcomes of identification, it could be detrimental for the long-term viability of the firm.

Limitations and Future Research

Chapter III is an empirical piece that, like every paper of this kind, has limitations that should be addressed. First, this work is based on cross-sectional data, and, thus, I cannot infer causality from my results. To address this concern, I have been cautious in avoiding the mention of causal inferences. Cross-sectional designs are common in the family business field, due to the need of collecting data from privately owned firms. Second, although socioemotional

wealth approach is anchored in prospect theory, the exploration of a framed decision-making process must be relaxed for the sake of the parsimony the study requires. Continuing with SEW, a third limitation arises from the heterogeneity of SEW across generations. I have tried to overcome this limitation with the variable that controls for the involvement of the first generation in the company. Nevertheless, future research would investigate deeper on different stages and generations of the business family. Fourth, socioemotional wealth scales are still evolving. Guided by previous research, I develop our theoretical model based on three SEW dimensions (“Identification of family members with the firm”, “Emotional attachment of family members” and “Renewal of family bonds to the firm through dynastic succession”) that may influence the strategic orientation of the family firm. Consequently, I tested the SEW-REI scale (see Appendix A). Nevertheless, whether the structure of SEW scale could or could not be universal is still in heated debate (Gómez-Mejía and Herrero, 2022). Therefore, the validity of the REI scale could be influenced by cultural or national idiosyncratic characteristics of my sample. Fifth, although the organizational ambidexterity scale has been widely used, I can argue against the self-perceived characteristic of the measurement. Finally, a last limitation is the generalizability of the findings; I centered my study in a context that might foster ambidexterity.

Although I identified some limitations, the study opens new avenues for further investigation. This study proves that the pursuance of different socioemotional wealth endowments leads to different strategic definitions, two interesting avenues opens with this finding. On the one hand, it would be interesting to understand whether different combinations of socioemotional

dimensions lead to different strategic behaviors (I explore this research opportunity in Chapter IV). On the other hand, a key area for future research entails the “how” of the process by which business families develop one or another affective endowment dimension. Furthermore, the field of family business, a relative new area, is still laying the foundations of many of its constructs. Socioemotional wealth is probably the newest of those constructs. Therefore, in order to really grasp the challenge of understanding the “how”, the field needs more case study research (De Massis and Kotlar, 2014). The difficulty in rigorously applying prospect theory logic to SEW consideration, opens the opportunity for interesting and cross-disciplinary studies (see Chua, Chrisman, and De Massis (2015) for a thorough enumeration of concerns and research opportunities).

Conclusions

In this paper I provide a conceptual grounding for future research on the intersection between Socioemotional Wealth and Organizational Ambidexterity. My findings suggests that entrepreneurial families must be aware of the consequences that the pursuance of different socioemotional goals have in the strategic posture of the family firm. In order to enhance the chances of passing the family business to the next generation, not only the family should look to the family firm, but also, to the family itself and its socioemotional priorities. Furthermore, my study adds to several calls in the literature that advocate for understanding and using SEW dimensions (Berrone *et al.*, 2012) instead of a single indirect proxy. I am aware that with this call, empirical works on SEW would

become more complex in terms of data collection. Nevertheless, the alternative of using indirect proxies of SEW would lead scholars to reach incomplete conclusions based on homogeneous assumptions.

CHAPTER IV. A “DUAL BALANCE” APPROACH TO ENSURE THE CREATION OF VALUE ACROSS GENERATIONS

IV.1. CHAPTER OVERVIEW

Chapter IV departs from existing studies, expanding the mere causality between SEW and OA (see Chapter III), to explore the heterogeneity within business families in their potential for transgenerational value creation. To do so, in Chapter IV I study how the pursuance by family owners of different SEW endowments and the ambidextrous orientation of the family firm interplay in business families. From this interplay, I propose the emergence of a “Dual Balance” approach to for transgenerational value creation⁵. I use cluster analysis to reveal different typologies of entrepreneurial families, regarding how they manage socioemotional value creation and the pursuance of exploration/exploitation. Using a grounded theory approach (Carter, Stearns, Reynolds, and Miller, 1994; Glaser and Strauss, 1967) as my research philosophy, each cluster might suggest a distinct approach to balance SEW endowments and to pursue explorative and/or exploitative activities. Therefore, the emergence of different architypes allows me to explore in detail the different clusters and compare each one with the cluster capable of achieving the “dual balance”.

The chapter proceeds as follows: It begins by describing the importance of tackle transgenerational value creation with a paradoxical approaching. It

⁵ An extract of this Chapter has been published in Arredondo, H., & Cruz, C. (2019). How do owning families ensure the creation of value across generations? A “dual balance” approach.

continues with section IV.3. exploring the balance between exploration and exploitation, the balance between financial wealth and socioemotional wealth, and propose the 'dual balance' approach in family business ambidexterity. Next, in sections IV.5. and IV.6., I analyze the data to identify different typologies of owning families depending on how they manage the "dual balance". Finally, in section IV.7. I discuss my findings, before concluding.

IV.2. INTRODUCTION

In recent years, scholars have pushed the field to reflect on the sources of family business heterogeneity (Daspit *et al.*, 2021; Jaskiewicz and Dyer, 2017; Memili and Dibrell, 2019), integrating family aspects and understanding the interaction between firm and family systems (Jaskiewicz and Dyer, 2017). Foundational research in the field of family businesses addressed the paradoxical character that emerges from the interplay of the family system and the business system (Stafford, Duncan, Dane, and Winter, 1999; Tagiuri and Davis, 1996; Whiteside and Brown, 1991). These systems, even when they are related, present challenges that since the birth of the field have been approached in a dichotomous way, instead of with a synergistic understanding. Tensions between liquidity and growth, stability and continuity, preservation and adaptation, tradition and change, and individual freedom and family loyalty (De Massis, Frattini, Kotlar, Petruzzelli, and Wright, 2016; Ingram *et al.*, 2014; Nordqvist and Melin, 2010; Smith and Lewis, 2011; Tagiuri and Davis, 1996; Zellweger, Nason, and Nordqvist, 2012) are part of the challenges that family owners that lead the business, and the family, must resolve. This way of dealing with complex dualities was not exclusive of family businesses researchers. In the broad management

research problems that depict tensions were treated as dilemmas to be "solved", making trade-offs between the different options (Lawrence and Lorsch, 1967; Woodward, 1965). Nevertheless, unlike dilemmas, paradoxes cannot be resolved or approached with an "either/or" mindset (Ingram *et al.*, 2014). In a different vein, paradox thinking proposes that the tensions and contradictions embedded in paradoxes must be managed (Smith and Lewis, 2011).

The research question that motivates my dissertation goes deep to the plethora of paradox mentioned above, probably one of the most exciting discussions currently taking place in our field (McAdam, Clinton, and Dibrell, 2020). Answering "***why do some family firms thrive across generations and others don't?***" pushes me to explore a series of paradoxes inherent to the family business that, in the past, scholars tackled with a contingent dichotomous approach. Topping those paradox, these two are of special interest: tradition versus change and family socioemotional wealth versus business financial wealth (Gomez-Mejia *et al.*, 2007; McAdam, Clinton, and Dibrell, 2020).

To strive in the long run and survive, scholars have asserted that organizations must be ambidextrous, pursuing both exploration and exploitation (Gibson and Birkinshaw, 2004; O'Reilly and Tushman, 2013). Therefore, the first paradox between tradition and change should be managed to pursue exploitation, associated with tradition and current competitive advantage, and exploration, associated with change and future competitive advantage. Using only exploitation may boost short-term performance, but might produce complacency and "competency traps", both dangerous to the survival of the firm

(Zellweger, Nason, and Nordqvist, 2012). On the other end, overemphasizing exploration might produce innovation loops that would never be capitalized (Zellweger *et al.*, 2012). Thus, to thrive in the long run, family firms must balance exploration and exploitation.

Despite the potential and superior position of SEW to understand family business (see Chapter II, Section II.3), its arrival has exacerbated the second paradox, proposing a trade-off between Socioemotional Wealth and Financial Wealth. Nevertheless, the existence of entrepreneurial families that are able to balance family and business logics is undeniable (McAdam *et al.*, 2020), finding “economies of synergy” between socioemotional and financial wealth (Zellweger, 2013). Unfortunately, and excluding some exceptions (*e.g.* Cruz, Gomez-Mejia and Imperatore, 2015; Veider and Matzler, 2016; Cennamo *et al.*, 2012), SEW literature has not delved into how different dimensions of SEW shape a family reference point and family owners’ value perceptions that positively impacts family firm’s behavior. From a theoretical standpoint, it is possible to argue that there are combinations of SEW endowments that exacerbate the paradox between socioemotional wealth and financial wealth, and others that align family mindset and strategic behavior to find the “economies of synergy” between socioemotional and financial wealth (Basco and Perez-Rodriguez, 2009; Buenger, Daft, Conlon, and Austin, 1996; Stewart and Hitt, 2010; Zellweger and Nason, 2008).

Building on the results from Chapter III, which show how the heterogeneity of family owners in terms of SEW dimensions influence the family firm OA, and

taking stock from the previous literature, I propose a paradoxical view to transgenerational value creation. Thus, I suggest that transgenerational families do not face a dilemma between socioemotional wealth and financial wealth. Instead, I theorize that ambidextrous family firms are characterized by a careful balance among different dimensions of SEW.

Complementary to Chapter III, and contrary to existing mainstream studies of family business, in this part of the dissertation I do not try to establish a causality between OA and SEW, but to address the heterogeneity within business families in their potential for transgenerational value creation. To do so, this exploratory work identifies family firms' typologies based on the two main constructs of my dissertation: Organizational Ambidexterity and Socioemotional Wealth. I assume the multidimensional of both constructs; thus, I need an analytical tool that allows dimensions to coalesce and form different patterns. Therefore, to disclose different typologies, I used cluster analysis. The election of cluster analysis allowed me to embrace an empirical exploratory approach that opened the opportunity to propose novel ideas to move our field forward.

Chapter IV makes two main contributions to the family business literature. First, it adds to the existing research on family firms by investigating the tensions faced by family owners when trying to create transgenerational value. Although an increase of research on transgenerational value creation (*e.g.* Barbera *et al.*, 2018; Diaz-Moriana *et al.*, 2020; Dou *et al.*, 2021; Habbershon and Pistrui, 2002; Kellermanns and Eddleston, 2006; Suess-Reyes, 2017), there is a gap in our understanding of how transgenerational value is created across generations

(Chirico and Nordqvist, 2010). This exploratory analysis concludes that the creation of value across generations implies achieving a “Dual Balance”: one between exploration and exploitation activities in the family firm, and other, between the different SEW dimensions to support the family firm’s competitive advantages. In doing so, my research enhances our understanding of the heterogeneity within family firms, since I empirically show that different owning families face different challenges when trying to achieve the dual balance. I explore and prove the “Dual Balance” with empirical data, showing a necessary fit between the entrepreneurial family SEW dimensions and the strategic orientation of the family business to resolve two paradoxes: the ambidextrous paradox and the SEW paradox. Second, this work adds to the recent discussion on the dark and bright sides of SEW (Kellermanns, Eddleston, and Zellweger, 2012; Miller and Le Breton-Miller, 2014; Naldi, Cennamo, Corbetta, and Gomez-Mejia, 2013).

IV.3. A PARADOXICAL VIEW OF TRANSGENERATIONAL VALUE CREATION: THE “DUAL BALANCE” APPROACH

Despite the ideas discussed in Section IV.2., Section I.1. argues that the family business field has used a classic dichotomist logic to picture family business behaviors. On the contrary, in this chapter I propose that entrepreneurial families able to balance different dimensions of socioemotional wealth, can manage the classic paradox of Organizational Ambidexterity (OA) (Andriopoulos and Lewis, 2009; Smith and Lewis, 2011).

In following paragraphs, I explore the two dilemmas that families face if

they want to become ambidextrous. The section ends with the introduction of the “Dual Balance” approach for transgenerational value creation.

The First Dilemma of Business Families: Balancing Exploration and Exploitation

Since the seminal work of March (1991), scholars have studied the organizational ability to explore and exploit –ability that has been labelled Organizational Ambidexterity (OA). In March’s words, organizations should develop the ability “to engage in sufficient exploitation to ensure its current viability and, at the same time, devote enough energy to exploration to ensure its future viability” (1991, p. 105). In a recent review, O’Reilly and Tushman (2013) highlighted the relevance of ambidexterity in the survival of organizations, a central goal for family firms (e.g. Gomez-Mejía *et al.*, 2007, 2011; Daspit *et al.*, 2017). Since its introduction, organizational ambidexterity has transformed into a large body of knowledge. Theoretical and empirical works have aimed to explain the relationship between ambidexterity and performance; how ambidexterity is achieved; and under what conditions ambidexterity is most useful (e.g. Raisch *et al.*, 2009; Uotila *et al.*, 2009; Junni *et al.*, 2013; O’Reilly *et al.*, 2013).

In Section III.3., I did a literature review of existent studies that explore ambidexterity in the family business realm. A closer look to the abovementioned review, shows that what is missing from these studies is a clear understanding in the idiosyncratic factors pertaining to the family business, that can inform the heterogeneity within them. The family business literature suggests that the level of engagement in ambidexterity differs within family firms (Allison *et al.*, 2013;

Hiebl, 2015; Veider and Matzler, 2016). Nevertheless, explanations as to why a family firm would engage more than other family firm in exploration, exploitation, or both, is still under researched (Allison *et al.*, 2013; Veider and Matzler, 2016).

The Second Dilemma of Business Families: Balancing Socioemotional Wealth Goals

Although Behavioral Theory of the Firm literature (Cyert and March, 1963) recognizes the existence of economic and non-economic goals within organizations, the family business field has highlighted that family firms pursue and develop family idiosyncratic socioemotional goals (Gomez-Mejia *et al.*, 2007). Therefore, the pursuance of those family idiosyncratic goals is what defines and distinguish family firms from other types of organizations (Gomez-Mejia *et al.*, 2011). Gomez-Mejia *et al.* (2007) labelled the utilities families derive from those affective endowments, as Socioemotional Wealth (SEW). The Socioemotional Wealth approach has evolved as a theoretical framework grounded and nurtured in family firm research. According to it, family firms are typically motivated by, and committed to, the preservation of their SEW, referring to nonfinancial aspects or “affective endowments’ of family owners” (Berrone *et al.*, 2012, p.262). The key insight of SEW approach is that family owners frame their strategic decisions not only in financial terms but also on socioemotional considerations. In this regard, the approach is based on the idea that family decision makers are ‘loss averse’ in terms of socioemotional wealth endowments. Therefore, they will be willing to embrace risky decisions that improve financial wealth or depart from those risky decisions, even hampering financial

performance, depending on socioemotional outcomes (Gomez-Mejia *et al.*, 2007). This discussion promoted the emergence of one the most debated issues in the evolution of Socioemotional Wealth, the trade-off between Socioemotional and Financial Wealth.

Family business research has demonstrated how family socioemotional goals affect the competitive advantage of family firms. For example, family involvement and the pursuance of SEW goals can enhance family firms' competitive advantage through patient capital (Sirmon and Hitt, 2003), more innovation output (Duran *et al.*, 2015) and long-term orientation (Gentry, Dibrell, and Kim, 2016). On the other hand, several authors have demonstrated the negative impact of family involvement through nepotism (Jaskiewicz, Uhlenbruck, Balkin, and Reay, 2013; Chrisman, Sharma, Steier, and Chua, 2013; Verbeke and Kano, 2012), lack of attractiveness for talented workers (Bassanini, Breda, Caroli, and Rebérioux, 2013; Verbeke and Kano, 2012), afraid to loose family identification with the firm (Shepherd and Haynie, 2009; Webb *et al.*, 2010) and a disproportionate emphasis on family control and influence (Veider and Matzler, 2016). Not surprisingly, Gomez-Mejia *et al.* (2011) characterized the attempts to establish a link between family ownership on firm performance, as the search for the 'Holy Grail' (Gomez-Mejia *et al.*, 2011, p.689).

This work does not have the intention to resolve the puzzle, but to treat it as a dilemma that the business family must manage (Gomez-Mejia, Patel, and Zellweger, 2015). To explore this dilemma, I build on recent developments that argue for the multidimensional nature of SEW, (Berrone *et al.*, 2012; Cennamo

et al., 2012; Cruz and Arredondo, 2016; Pukall and Calabrò, 2014) being each dimension a salient non-financial utility or affective endowment of the family. As noted by several scholars, the importance that each family gives to the different stocks of SEW may be an important source of heterogeneity among family firms (Chua *et al.*, 2015; Cruz *et al.*, 2015, 2016). More importantly, different SEW dimensions can be associated with positive and negative outcomes regarding family firm's competitive advantage (Kellermanns *et al.*, 2012). For example, the desire to pass down a legacy may help the firm to strengthen the company's long-term direction (Zellweger *et al.*, 2011), while the family's sense of identification with the firm may contribute to bolster the company's image in the market (Berrone *et al.*, 2010; Cruz *et al.*, 2012; Craig, Dibrell, and Davis, 2008; Deephouse and Jaskiewicz, 2013; Dyer and Whetten, 2006). However, if socioemotional goals play too big a role in strategic decision-making, they can become a competitive disadvantage, destroying value instead of creating it (Brundin and Härtel, 2014; Kellermans and Eddelston, 2004; Kellermans *et al.*, 2012). For instance, a strong desire to preserve the emotional attachment of family members can foster nepotism through recruitment decisions based on family kinship leading to lack of talent or executive entrenchment (Cruz *et al.*, 2011; Firfiray, Cruz, Neacsu, and Gomez-Mejia, 2018; Neacsu, Martin, and Gómez-Mejía, 2016) limiting growth of the business. Furthermore, a strong family identity may undermine entrepreneurial activities and hamper the pursuance of new domains in which this identity could be lost (Shepherd and Haynie, 2009; Webb *et al.*, 2010). Therefore, how families manage the dilemma of preserving different SEW endowments would avoid the trade-off between socioemotional

and financial wealth, fostering their potential to create transgenerational value.

The “Dual Balance” Approach

The aforementioned discussion suggests that to ensure value creation across generations (*i.e.* transgenerational value creation) (Zellweger, 2017), business families must be able to reach a dual balance: on the one hand, they have to find the right balance between exploitation and exploration to create financial wealth (turning their firms into ambidextrous businesses); on the other hand, they have to strike the right balance between the various dimensions of socioemotional wealth to provide family competitive advantages. I argue that only business families that achieve this “dual balance” could be considered “families with high transgenerational potential”, *i.e.* families that have the potential to create financial value and socioemotional value across generations. Nevertheless, previous literature lacks this comprehensive view, and only focused either on examining family business’ strategic potential (Organizational Ambidexterity) or the impact of different Socioemotional goals.

The paradox perspective fits well with the family business field given the inextricable and axiomatic tie between family and firm, that defines the very nature of this type of organization. According to it, business families are continuously having to face a situation in which the differences between family logic and business logic exposed family owners to paradoxical tensions and generated paradoxes (Litz, 2012; Plate and Schlippe, 2010). Interestingly, the family business literature addressed these tensions since the very early beginnings of the field (*e.g.*, Tagiuri and Davis, 1996; Gersick, 1997). Yet, a move

towards empiricist research methodologies, best suited to uncover linear relationships, shifted the focus from understanding how family firms deal with tensions and competing forces to the establishment of casual relationships between family ownership and firm outcomes (Zellgrew, 2007).

In this chapter I propose an exploratory work designed to identify typologies of families based on their potential to create transgenerational value. Using cluster analysis, I analyze data from 183 Latin American business families to identify and describe business families' archetypes based on how they manage the 'Dual Balance'. This work aims to improve our knowledge on how business families manage paradoxes, picturing different realities that could inform new avenues of research.

IV.4. METHODS

Sample and Context

In Chapter IV I use the same data as in Chapter III. In the following paragraph I perform a brief recap of procedures and sample characteristics.

The source of the data is a survey carried out by two academic institutions in Spain and Chile from the 1st of September 2015 to the 31th of January 2016. The research team applied a filter to consider cases from Latin-America, which is the context of the study. Afterwards, additional filters were performed to avoid lack of reliability. After data cleaning procedures, the final data set has 183 observations. A more detailed explanation of the process for building the sample and a detailed description of it can be found in Section III.5.

Measures

Chapter IV expands and complements Chapter III; thus, in this chapter I use the same measures used in the previous chapter.

Organizational Ambidexterity

Past research mainly used two approaches to operationalize organizational ambidexterity. On the one hand, some scholars have opted to conceptualize exploration and exploitation as separate constructs (He and Wong, 2004; Lubatkin *et al.*, 2006). On the other hand, there are scholars that understand OA as a single continuous measure (Lavie *et al.*, 2010), with exploitation on one side and exploration on the other. Through my thesis, I have argued for a paradoxical conceptualization of organizational ambidexterity, a tension between exploitation and exploration (Birkinshaw and Gupta, 2013; O'Reilly *et al.*, 2013). Therefore, I use Lubatkin *et al.* (2006) scale, which measures exploration and exploitation separately and with 6 items each. Cronbach's alpha coefficients equalled .88 for the explorative orientation and .79 for the exploitative orientation, suggesting an adequate reliability (Hair, Black, Babin, Anderson, and Tatham, 2006). I compute Combined Ambidexterity (CD) (Cao, Simsek, and Zhang, 2010; Kammerlander *et al.*, 2015; Lubatkin *et al.*, 2006) with the additive form, adding exploration and exploitation. Furthermore, a deeper understanding of the strategic orientation of each cluster requires to study the balance between both strategic orientations. The Balanced Dimension of Ambidexterity (BD) captures whether the firm achieves a balance in the pursuing exploitation and exploration. To operationalize BD I use the absolute difference

between exploration and exploitation (Cao *et al.*, 2009; He and Wong, 2004), this difference ranges from 0 to 2.83. Afterwards, and to enhance interpretation, the previous measure is reversed subtracting the absolute difference to 5 (Cao *et al.*, 2009). Therefore, the higher the value in BD, the more balance between exploration and exploitation.

Socioemotional Wealth

In Chapter III, Section III.4., I conducted a literature review that allows me to propose **Renewal of Family Bonds Through Dynastic Succession**, **Emotional Attachment of Family Members**, and **Identification of family members with the family firm** as the three SEW dimensions that influence OA more. Furthermore, these three dimensions are consistent with the REI scale (Hauck *et al.*, 2016), which I also validate in Appendix A and arrive to a 9-item approach to measure SEW. Cronbach's alphas for REI suggest an acceptable reliability (Hair *et al.*, 2006), being the values for each dimension: .61 for Renewal of Family Bonds Through Dynastic Succession, .85 for Emotional Attachment of Family Members, and .81 Identification of family members with the family firm.

Data analysis technique

The aim of this study is to develop typologies based on exploratory techniques. I assume the multidimensional nature of the two main constructs covered by the dissertation: Organizational Ambidexterity and Socioemotional Wealth, thus I need an analytical tool that allows dimensions to coalesce and form different patterns. In the light of the above, I select cluster analysis as my analytical technique based on two reasons. Firstly, I propose that business

families could pursue different socioemotional wealth endowments. Cluster analysis classifies individuals based on difference and similarities, and it does not make inferences about the *a priori* relevance of each SEW dimension. Secondly, cluster analysis does not make assumptions about the population, which allows the exploration of data looking for patterns of family firms 'dual balance' management.

Following best practices in cluster analysis (Hair *et al.*, 2006), I used a two-step cluster analysis procedure. In the first step, I applied a hierarchical agglomerative method to determine number of clusters and to perform centroid estimates. In the second step, I used the centroids from the first step to perform an iterative partitioning procedure based on Ward's minimum variance method to determine cluster membership.

IV.5. CLUSTER ANALYSIS AND CLASSIFICATION

Using K-means algorithm (Hartigan, 1975; Hartigan and Wong, 1979), I found that the four-group solution offered the best fit. Table IV.1. shows the scores for each cluster centers in terms of the five dimensions that I considered to run the procedure: Renewal of Family Bonds Through Dynastic Succession, Emotional Attachment of Family Members, Identification of Family Members with the Family Firm, Exploration and Exploitation.

Table IV.1. Cluster Analysis Results
Cluster Center Means and Membership Size

Cluster	Socioemotional Wealth				Ambidextrous Orientation		
	Cluster Id. and Membership Size	Renewal of Family [...]	Emotional Attachment [...]	Identification of family [...]	SEW- REI	Exploration	Exploitation
Cluster 1 (n=70)	4.36 (.40)	4.34 (.40)	4.62 (.40)	4.44 (.40)	4.07 (.61)	4.27 (.36)	8.34 (.97)
Cluster 2 (n=35)	4.10 (.14)	3.10 (-.84)	4.16 (-.06)	3.77 (-.27)	4.00 (.53)	4.18 (.27)	8.18 (.81)
Cluster 3 (n=44)	4.14 (.18)	4.34 (.40)	4.41 (.19)	4.30 (.26)	2.35 (-1.12)	3.30 (-.61)	5.64 (-1.73)
Cluster 4 (n=34)	2.81 (-1.15)	3.45 (-.49)	3.20 (-1.02)	3.15 (-.89)	3.11 (-.35)	3.67 (-.24)	6.78 (-.59)

Mean-centered scores in brackets

Additionally, Table IV.2 shows different characteristics of the clusters, apart from their socioemotional profile and strategic orientation. The four clusters do not present statistically significant differences in dimensions such as company size, company age, family ownership or family generation.

Table IV.2. Clusters' Characteristics

	Sample (n=183)	Cluster 1 (n=70)	Cluster 2 (n=35)	Cluster 3 (n=44)	Cluster 4 (n=34)
Size					
<i>Firm Size Sales < 2 MM</i>	16.4 %	12.7%	14.3%	20.5%	20.6%
<i>Firm Size Sales 2 to 10 MM</i>	28.4 %	28.6%	20.0%	27.3%	38.2%
<i>Firm Size Sales 11 to 50 MM</i>	24.0 %	28.6%	20.0%	22.7%	20.6%
<i>Firm Size Sales + 50 MM</i>	31.2 %	30.1%	45.7%	29.5%	17.7%
Generation	2.8	2.8	3.0	2.7	2.6
First Generation Active (Yes=1)	56.6%	58.0%	45.7%	63.3%	55.9%
Family Ownership	88.73 %	91.6%	84.12%	89.2%	86.6%
Firm Age (Primary Company)	39.27 yrs	40.4 yrs	43.0 yrs	39.7 yrs	32.4 yrs

To understand the distinctiveness of each group, I executed additional analyses to unearth differences and similarities of the clusters.

In terms of the 'Ambidextrous Orientation', the ANOVA *F*-test is highly significant ($F=87.01$, $p<.001$) and indicates that I could reject the null hypothesis that the four clusters had the same combined ambidexterity. Further, the post hoc S-N-K (Student-Newman-Keuls) technique demonstrates that combined

ambidexterity is different between the clusters (see Table IV.3.).

Table IV.3. Results Post-Hoc – Ambidextrous Orientation Mean Comparisons

Cluster	Low	High
Cluster 3 (n=44)	5.64 (-1.73)	-
Cluster 4 (n=34)	-	6.78 (-.59)
Cluster 2 (n=35)	-	-
Cluster 1 (n=70)	-	-
		8.18 (.81)
		8.34 (.97)

Means groups in homogeneous subsets using S-N-K ($p < .05$)
Mean-centered scores in brackets

Table IV.4. shows the means of BD for each Cluster. Although Cluster 1 presents the highest mean, namely it is the ‘more balanced’ cluster in terms of exploration/exploitation orientation, the post hoc S-N-K (Student-Newman-Keuls) procedure shows that Clusters 1, 2 and 4 are not statistically different in terms of “balanced ambidexterity”. This evidence leaves Cluster 3 as the less balanced in terms of OA, and statistically different from the rest. Therefore, I conclude that companies in Cluster 3 are characterized by overemphasizing exploitation over exploration (see Figure IV.1. and Table IV.1.)

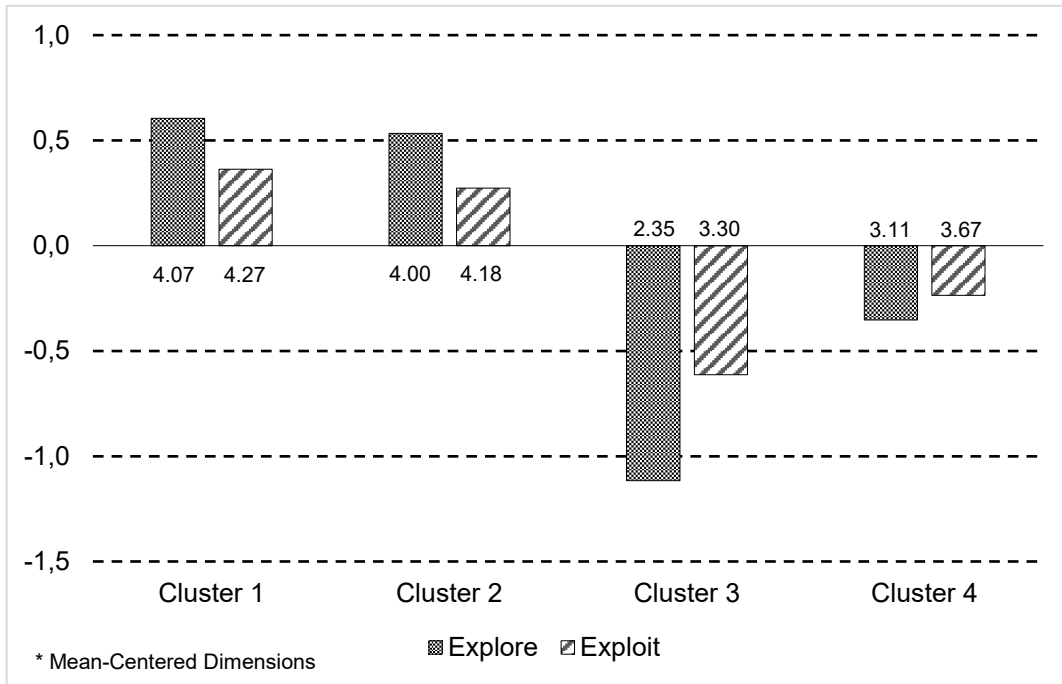
Table IV.4. Balanced Dimension of Ambidexterity

Cluster	Balanced Dimension (BD)
Cluster 1 (n=70)	4.52
Cluster 2 (n=35)	4.43
Cluster 3 (n=44)	3.94
Cluster 4 (n=34)	4.30

Despite the “balanced” reality that Table IV.4. reveals, on average the companies in the sample are more prone to exploit rather than explore. Figure IV.1. depicts that, although exploitation prevails in all clusters (see absolute figures besides each bar), Clusters 1 and 2 positively depart from the mean in terms of exploration. Nevertheless, the reader should keep in mind that despite

the “balanced” reality showed in Table IV.4, Clusters 3 and 4 have low levels of ambidexterity as was expressed in Table IV.3.

Figure IV.1. Strategic Orientation Plot



The ANOVA F-test is also highly significant for Socioemotional Wealth ($F = 104.58, p < .001$). The post hoc S-N-K (Student-Newman-Keuls) technique demonstrates that all four clusters are statistically different in terms of their Socioemotional Wealth.

Table IV.5. Results Post-Hoc – Socioemotional Wealth Mean Comparisons

Cluster	Low		High	
Cluster 4 (n=34)	3.15 (-.89)	-	-	-
Cluster 2 (n=35)	-	3.77 (-.27)	-	-
Cluster 3 (n=44)	-	-	4.30 (.26)	-
Cluster 1 (n=70)	-	-	-	4.44 (.40)

Means groups in homogeneous subsets using S-N-K ($p < .05$)
Mean-centered scores in brackets

Using mean-centered dimensions, in Figure IV.2. I have plotted the different socioemotional endowments to capture relevant socioemotional

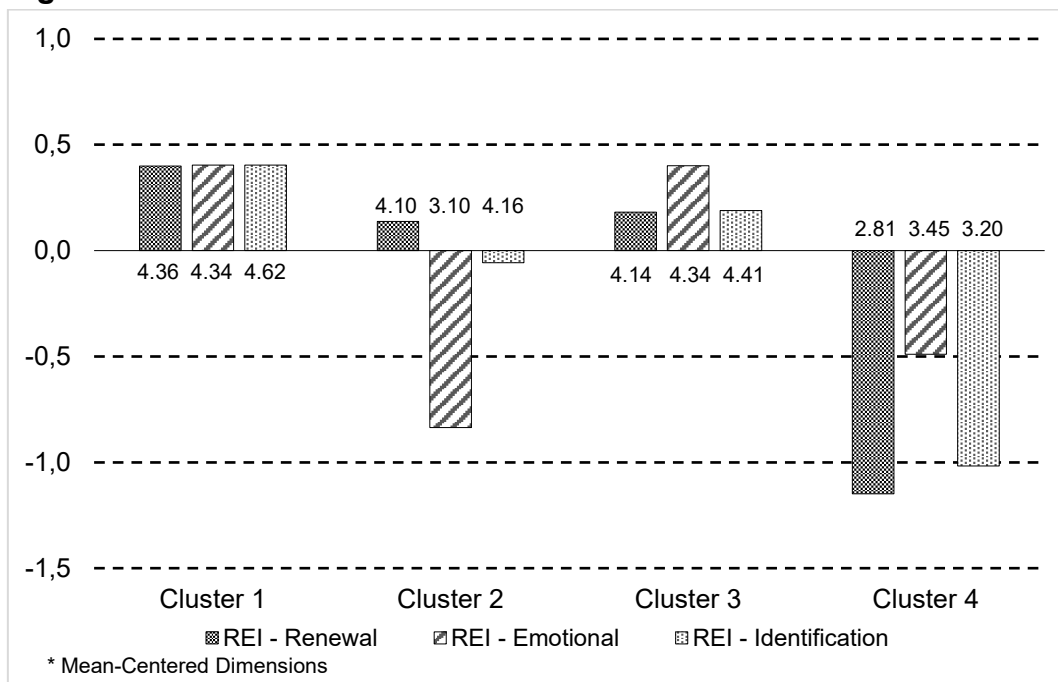
configurations. To improve interpretation, Table IV.6. shows the clusters classified in terms of the level of each socioemotional dimension, using three levels (Low/Medium/High) defined using S-N-K groups for each dimension. Each cluster is statistically singular in terms of socioemotional levels. For example, Cluster 1 is the only one that shows high levels on the three socioemotional endowments. In the next section, I will use this singularity to portrait different archetypes of family businesses based on the strategic orientation of the family firm and the socioemotional configuration of the business family.

Table IV.6. SNK Groups

Cluster	Renewal of Family [...]	Emotional Attachment [...]	Identification of family [...]
Cluster 1 (n=70)	High	High	High
Cluster 2 (n=35)	Medium	Low	Medium
Cluster 3 (n=44)	Medium	High	Medium
Cluster 4 (n=34)	Low	Low	Low

S-N-K Groups (p < .05)

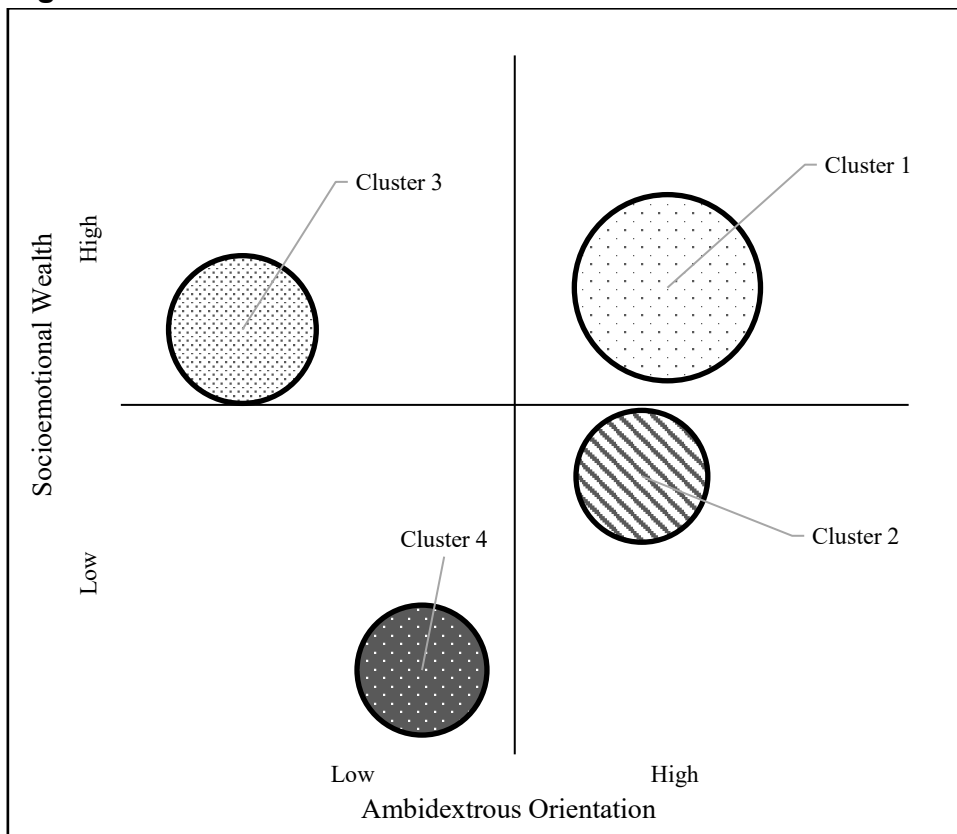
Figure IV.2. Socioemotional Endowments Plot



Finally, and based on mean differences, I split each dimension

(Socioemotional Wealth and Ambidextrous Orientation) in two categories (Low/High). Those categories respond to mean differences between and within clusters regarding their OA and SEW measures (see Tables IV.2. and IV.4. respectively). Figure IV.3. plots each of the clusters along the two selected dimensions.

Figure IV.3. Cluster Classification Plot



Size of the bubble represents cluster size

IV.6. BUSINESS FAMILIES' ARCHETYPES

In this section, and based on the previous analyses, I describe the different archetypes of owning families as characterized.

Cluster One: Transgenerational Families

The analyses of the values of OA and SEW for family firms in Cluster 1, suggest that entrepreneurial families in this cluster are able to successfully manage “Dual balance”. On the one hand, Cluster 1 exhibits the highest level of Combined Ambidexterity and Balanced Ambidexterity. This is a clear indication that those companies are Ambidextrous Organizations (Cao *et al.*, 2009; Junni *et al.*, 2013). On the other hand, firms in Cluster 1 have the highest centroid level in Socioemotional Wealth. Furthermore, the business families in the cluster show a balanced archetype of Socioemotional endowments, in which all the dimensions are equally important. This could be an indication of the importance for families to work on all dimensions of Socioemotional Wealth. If we go back over regression results in Chapter III, the preservation of the endowments associated with the emotional attachment was detrimental to ambidexterity. However, what this chapter reveals is the importance for the family to develop strong intentions of dynastic succession, as well as strong identification of the family with the firm in order to avoid the pitfalls associated with an overemphasis on emotional attachment. Doing so, business family serves the family business, and not the other way around, thus emotions have a limited impact on strategic decisions. This will become more evident when I analyze Cluster 3.

Hence, families in Cluster 1 can achieve a “dual balance”, as they attain

organizational ambidexterity and nurture and preserve socioemotional endowments in a balanced way. Therefore, Cluster 1 has families that are able to resolve the ambidextrous paradox, through the importance that they give to socioemotional wealth. I label this cluster as Transgenerational Families, because they manage to create socioemotional value and economic value, in the short and long run, thus they create value across generations.

Cluster Two: Business First Families

This archetype shows a high score in strategic orientation and a moderately low score in socioemotional endowments. Cluster 2 offers a great opportunity to analyze an archetype where the family could resolve the ambidexterity paradox by serving the business without promoting emotional considerations. Figure IV.1. and Table IV.6. evidence that, along with Cluster 1, Cluster 2 has high and balanced levels of exploration and exploitation. Therefore, firms in Cluster 2 are as good as firms in Cluster 1 pursuing organizational ambidexterity. Nevertheless, families in Cluster 2 have not developed a balanced socioemotional archetype as is the case of Cluster 1. On the one hand, they are in the mean of identification of the family with the firm and renewal of family ties through legacy. On the other hand, they have the lowest level of Emotional Attachment of Family Members. This socioemotional configuration portrays a reality in which the business has been first, and the “emotional attachment between family members” has been relegated. Those families have identification with the firm and the desire of succession. Therefore, the business is an important part of their lives. Nevertheless, either by design or organically, the family

neglects the Emotional Attachment of Family Members, which could be detrimental for the family long term sustainability. At the business level, the companies in Cluster 2 are the ones that, on average, are larger, older, and have less family participation in ownership. Likewise, they are companies where there is less participation of the founding generation and, on average, are in the third generation. All this evidence could indicate that these are companies that require a higher level of professionalization.

Therefore, Cluster 2 reinforces the idea of "Business First Families", a phenomenon widely acknowledged in the academic and practitioner literature. Families in Cluster 2 have achieved a different balance than families in Cluster 1. The "Dual Balance" of Cluster 1 is replaced by a reality in which the emotional attachment is left aside in pursuit of the professionalization of the company. This cluster reinforces the need to continue studying how families evolve, and understanding what are the governance and management mechanisms that allow this evolution.

Cluster Three: Families at a Crossroads

Like families in Cluster 1, families in Cluster 3 exhibit high socioemotional endowments. However, the centroid scores for socioemotional dimensions portrait an 'highly emotional' family approach. The main differences between Cluster 1 and Cluster 3 are in the importance of Renewal of Family Bonds Through Dynastic Succession, and Identification of Family Members with the Family Firm, both lower for Cluster 3 than for Cluster 1. Thus, families in Cluster 3 are driven by the preservation of the Emotional Attachment of Family Members.

Therefore, the family firm serves the short-term entrepreneurial family wellbeing, probably at the expense of financial considerations. Business families in Cluster 3 are characterized by a lack of strategic orientation, their family business is neither good at exploration nor at exploitation. Cluster 3 is the one with the lowest Balanced Ambidexterity (see Table IV.6.), and statistically different from the rest. In fact, companies in Cluster 3 tend to overemphasize exploitation over exploration, a clear indication of their short-termism.

Although my research design is not able to infer causality, the results seem to suggest that SEW combination of the families in Cluster 3 has a negative effect on the ability of the family firm to sustain value creation. To thrive in the long run, families in this cluster should work in the family side, to balance their socioemotional archetype, and inside the business, to develop the processes and mind-sets to engage in exploration and exploitation. Otherwise, the family would be emotionally fine but the business would be at risk, and therefore I labelled the cluster as 'Families at a Crossroads'.

Cluster Four: Families with Low Transgenerational Potential

Family businesses included in Cluster 4 show moderately low scores for both ambidexterity dimensions, explore and exploit. Furthermore, entrepreneurial families in the cluster exhibit low scores on all socioemotional dimensions, it seems that family essence is fading away. The combination of a lack of family orientation, coupled with a lack of strategic orientation, entails several warnings for the families in this cluster. Consequently, I labelled them as 'Families with Low Transgenerational Potential'.

IV.7. DISCUSSION AND CONCLUSIONS

In their seminal work, Tagiuri and Davis (1996) argued about “economies of synergy” between socioemotional and financial goals. Their idea has been largely overlooked by family business scholars. In this study, I went back to exploratory research to find singular combinations of family idiosyncratic characteristics with family business strategies. Four archetypes of Latin American entrepreneurial families were identified and characterized, to understand their challenges managing the business and the family. Each archetype is theoretical sound and practical meaningful. The paradoxical approach proposed was validated, and the findings open a further discussion.

Academic Implications

Gomez-Mejia *et al.*, (2011) raised the idea of the ‘Holy Grail’ in family business research, namely whether the impact of Family Ownership is ‘bad’ or ‘good’ on Firm Performance. In this chapter I do not solve the puzzle, but this study opens a new avenue to think about it. The results of the study suggest that the debate should not probably be about inputs (ownership) and outputs (performance), but about how the consequences of the family ownership (SEW endowments) influence the strategic decision-making process, or vice versa.

Cluster analysis was able to identify ‘Transgenerational Families’, which are a benchmark to those families that are not able to create transgenerational value. Furthermore, families in Cluster One demonstrate that the paradox between socioemotional wealth and financial wealth can be managed by achieving the ‘dual balance’. Those families can allocate resources wisely

between explorative and exploitative initiatives. For these families, socioemotional considerations are also relevant. Nonetheless, in the quest to preserve what makes them families with high transgenerational potential, they manage to develop the right family mind-set, one in which all SEW endowments are nurtured and carefully managed.

Practical Implications

This study also opens an opportunity for the world of practice. Each archetype presents a different challenge for owning families; thus each typology presents the opportunity to design specific solutions depending on the characteristics of the cluster. In this regard, 'Transgenerational Families' are the benchmark to identify 'Best Practices'.

Limitations and Future Research

Although 'Transgenerational Families' are a fruitful group to explore deeper on what constitutes success for this type of entrepreneurial families, the other clusters represent a research opportunity to explore different challenges and characteristics. Moreover, further investigation that replicates this study with samples from different contexts, could enhance my results and find new typologies.

This exploratory study contributes with a new perspective that needs subsequent theory elaboration. On the one hand, future research could try to develop causal relationships between socioemotional dimensions and firm's outcomes (Chapter V is one of those attempts). On the other hand, the diversity

and richness of each of the four clusters calls for more exploratory research that investigate 'how' families 'end up' in one of the different clusters. Socioemotional wealth research is still in its infancy, regarding the cognitive processes behind owning families' decisions.

Conclusions

In conclusion, this exploratory study investigates the interplay of the ambidextrous orientation of family firms and the preservation of socioemotional wealth endowments by entrepreneurial families. Using cluster analysis in the Latin American context, I introduce the idea of a 'Dual Balance' Approach applied by Transgenerational Families. This novel approach not only opens new avenues to understand family businesses research, but also contributes to the world of practice related to family businesses.

CHAPTER V. DISCUSSION AND CONCLUSIONS

V.1. CHAPTER OVERVIEW

After presenting the empirical results of this dissertation in Chapter III and IV, in this chapter I discuss the findings and the conclusion of my work. This final chapter starts with Section V.2., which presents a wrap-up of the theoretical, empirical, and practical implications extracted from the dissertation. Continues with Section V.3 in which I state limitations of the thesis and propose possible avenues for future research on family firm research. Finally, Section V.4. concludes summarizing the main findings and closing with the final conclusions.

V.2. IMPLICATIONS

This thesis aims to enhance our understanding of *why do some family firms thrive across generations and others don't?*. To achieve this, Chapter III and Chapter IV explore how the preservation of different socioemotional endowments influences the heterogeneity of family firms in becoming ambidextrous. The empirical results in Chapter III reveal positive and negative effects of the pursuance of different socioemotional endowments on ambidexterity. On the one hand, the pursuance of **Renewal of Family Bonds Through Dynastic Succession** has a positive impact on Organizational Ambidexterity. On the other hand, the use by the family of **Emotional Attachment of Family Members** as their main socioemotional reference point, is detrimental to the achievement of ambidexterity. Regarding **Identification of Family Members with the Family Firm**, I found that it fosters exploitation, but families have to be aware that too much exploitation could create short term

myopia. Furthermore, Chapter IV goes beyond causality and proposes an exploratory approach to understand the full interplay between Socioemotional Wealth and Organizational Ambidexterity. The results allow to identify and characterizes four different family business archetypes. All typologies are valuable to understand the heterogeneity of family firms in becoming ambidextrous. Nevertheless, one of archetypes, named Transgenerational Families, is of special interest for academic and practical purposes. Finally, the two empirical studies require the measurement of Socioemotional Wealth, one of the most debated themes in SEW literature. Although it is not the main purpose of the thesis, Appendix A validates the original FIBER scale (Berrone *et al.*, 2012) and the modified REI scale (Hauck *et al.*, 2016), and implies that REI is better than FIBER. Therefore, the findings of this thesis contain several theoretical and practical implications.

Academic Implications

This thesis contributes to the field of family business demonstrating that Socioemotional Wealth dimensions, individually, affect Organizational Ambidexterity differently. More precisely, I extend the research on the effects of Socioemotional Wealth endowments on owning families strategic decisions, add to research on Organizational Ambidexterity in family firms, and contribute to research on transgenerational value creation proposing a 'Dual Balance' approach nurtured in paradox theory.

I organize the theoretical implications according to the different strains of knowledge addressed in this thesis: research on Socioemotional Wealth, research

on Organizational Ambidexterity and research on Transgenerational value creation.

Implications for Research on Socioemotional Wealth

This study offers a thorough examination of the effect of Socioemotional Wealth in the ambidextrous orientation of family businesses. In doing so, the thesis contributes to SEW research in several ways.

First, the findings of Chapter III indicate the existence of the dark and bright side of SEW (Kellermanns *et al.*, 2012). SEW dimensions were positive and negative on family firm ambidexterity. This evidence contributes to SEW research, reinforcing the need to apply multidimensional SEW measures to capture the different effects of each SEW endowment (Cruz and Arredondo, 2016). Recently, the family business field has tried to empirically measure SEW (e.g., Debicki *et al.*, 2016; Hauck *et al.*, 2016). Nevertheless, and except for rare exceptions (e.g., Arredondo and Cruz, 2019; Debicki *et al.*, 2017, Filser *et al.*, 2017), studies of family firm behavior do not include direct measures of SEW. This thesis calls for a revision of past literature that uses single-item proxies to capture owning families SEW and opens the opportunity to revisit some research questions with multidimensional SEW scales (Berrone *et al.*, 2012; Hauck *et al.*, 2016; Debicki *et al.*, 2016).

Second, the results of Chapter III challenges the predominant view of owning families as loss averse to SEW, which has created a “conservative view” of family firms (Cruz and Arredondo, 2016; Gomez-Mejia *et al.*, 2014). According to this view, owning families would only take risk to avoid potential losses in SEW (Chrisman and Patel, 2012; Gomez-Mejia *et al.*, 2010). Furthermore, some

scholars are wrongly using SEW as a grouping term to label “non-financial aspects of the firm that meet the family’s affective needs” (Gomez-Mejia *et al.*, 2007, p. 106). Nevertheless, SEW has demonstrated its potential to be treated as a theoretical lens to understand family businesses’ idiosyncratic behaviors (Cruz and Arredondo, 2016; Gómez-Mejía *et al.*, 2007; Gomez-Mejia *et al.*, 2011). In its earlier developments (Gomez-Mejía *et al.*, 2007), scholars used SEW to argue that family owners pursued either socioemotional goals or financial goals, in a “pure gamble” about socioemotional wealth loss. Later refinements explored deeper in the behavioral roots of SEW, and posited new and enhanced avenues for the SEW approach. Chrisman and Patel (2012) introduced the idea of “myopic loss aversion” which, based on loss aversion and mental accounting, allows the authors to note that timeframes matter in socioemotional wealth trade-offs. Furthermore, Gomez-Mejia, Campbell, Martin, Hoskisson, Makri, and Sirmon (2014) improved the predictive ability of SEW introducing the “mixed gamble” concept. Based on the mixed gamble idea, the authors reassess some of SEW assumptions and argued that families must weigh potential socioemotional gains and losses. In Chapter III I find that family firms can be both willing and resistant to take the risk of exploration. Specifically, the study shows that those families that are concerned with the preservation of Renewal of family ties are more prone to engage in exploration, and those that have Emotional attachment as a main reference point are less likely to present an explorative orientation.

Third, Chapter IV reinforces recent calls to incorporate ‘the family variable’ to understand the family firm decision-making (Cruz and Nordqvist, 2012). The

different archetypes identified in Chapter IV show the interplay between socioemotional wealth and strategic orientation. Therefore, and although Chapter III explores the causality between SEW and OA, future research should look for methods that ought to be able to capture the multidimensionality of the “family variable”, namely SEW.

Fourth, this thesis contributes to understand the value of SEW in shaping family firm heterogeneity. Although previous studies have studied heterogeneity, the field requires more empirical studies that approach it from owning families’ SEW dimensions. My dissertation adds to the discussion by revealing the heterogeneity among family firms in terms of their SEW and its impact on the strategic orientation and value creation of the family firm. Most studies still treat SEW as an “either/or” dilemma in the strategic decision-making process, and also, they focus on a single indirect variable to capture SEW. This gap is fueled by the observation of Zellweger and Nason (2008, p.207), who argued that performance outcomes in family business may have “overlapping, causal, synergistic, and substitutional relationships, which represent differing ways to create stakeholder satisfaction and enhance organizational effectiveness”. Therefore, SEW-based studies that do not take into account the behavioral roots of SEW, the multidimensional characteristics of the approach, and the potential relationships among those dimensions may lead to unreliable or wrong conclusions.

Finally, one last implication rests in the empirical work performed in Appendix A, which adds to the current discussion on Socioemotional Wealth

measurement. SEW has been recognized as a key element behind family firm behavior and decision-making. Nevertheless, family business field is still in the process of developing and validating specific scales that can measure an intangible and abstract concept (Gomez Mejía *et al.*, 2021). Appendix A empirically examines two of the main attempts to develop a SEW scale: The original FIBER scale (Berrone *et al.*, 2012) and the REI refined scale (Hauck *et al.*, 2016). Using a sample from Latin-America, my results support the findings of Hauck *et al.* (2016), which used a sample of family managers from Austria and Germany. My findings are also in line with those of Gómez-Mejía and Herrero (2022), who replicated both scales with a sample from Spain. Therefore, this thesis reinforces the need for more empirical validation of FIBER and REI. The consolidation of REI as a better measurement of SEW, adds to the discussion about whether SEW is distinctive to family firms, or might be present in non-family firms (Miller and Le-Breton Miller, 2014). Latin America is the third context (Hauck *et al.*, 2016; Gómez-Mejía and Herrero, 2022) in which SEW stems from Renewal of Family Bonds Through Dynastic Succession, Emotional Attachment of Family Members and Identification of Family Members with the Family Firm, all of which are part of the family essence. Therefore, this evidence might question the argument in favor of a non-family SEW.

Implications for Research on Organizational Ambidexterity

Organizational Ambidexterity is associated with financial performance, explorative innovations contribute through growth, while exploitative innovations contribute with profitability (Junni *et al.*, 2013). Apart from exploring this strategy

management construct in the context of family firms (Zahra and Sharma, 2004), this work contributes to research on Organizational Ambidexterity firstly by offering new evidence regarding OA antecedents. Furthermore, the thesis proposes a new landscape to understand Organizational Ambidexterity in family business.

First, my work adds to the literature of OA presenting new antecedents of Organizational Ambidexterity. The preservation of different SEW dimensions play a critical role in the decision to engage in ambidexterity (Chapter III). The findings indicate that different combinations of SEW endowments lead to different strategic behaviors (Chapter IV). More precisely, the thesis identifies different archetypes of family firms, and propose that Transgenerational Families, the ones that are 'more' ambidextrous, are also families that develop the right SEW mind-set.

Second, this thesis also offers insights into the broad understanding of organizational ambidexterity in family firms. The evidence presented in Chapter III and Chapter IV shows a clear relationship between the "family essence" and the achievement of strategic outputs. Therefore, the landscape presented in Figure IV.3. opens the opportunity to deepen the understanding of each cluster, looking for individuals that have the proposed characteristics.

Implications for Research on Transgenerational Value Creation

The aim of this thesis is to answer the question: ***why do some family firms thrive across generations and others don't?*** The findings of Chapters III and IV answer that question: **Because some family firms develop the right**

socioemotional mind-set, and nurture an ambidextrous orientation, and others don't. In particular, Chapter III elaborates on the causality between SEW and Organizational Ambidexterity. Nevertheless, Chapter IV is the one that presents a thrilling road ahead in terms of research opportunities.

In terms of implication for research on Transgenerational value creation, the one that resonates the most is the need to change our focus from the firm to the family, thus from the “family business” to the “business family” self-understanding (Zellgwer, 2017). Chapter IV proposes a ‘Dual Balanced’ Approach nurtured in paradoxical thinking. This view opens the opportunity to explore other paradoxes intrinsic to family business. Probably, a “Dual Balance” Approach would not be enough, and other “balances” must be achieved in order to accomplish the “Dual Balance” of Transgenerational value creation.

Practical Implications

This thesis has important implications for the world of practice in family firms. According to my findings, entrepreneurial families face the challenge of creating financial wealth and socioemotional wealth. On the one hand, to create financial value they must explore and exploit, turning into ambidextrous organizations. On the other hand, they must create socioemotional wealth, nurturing a balanced development of Identification with the firm, Emotional Attachment within family members, and Dynastic Succession.

To create financial value, entrepreneurial families must achieve a balance between exploiting current competitive advantage and exploring new business opportunities. The “Dual Balance” suggests that this ambidextrous balance

depends on the socioemotional one. Many family firms focus only on the business. Nevertheless, Chapter IV shows that families that forget the family essence could also lost their strategic orientation.

To create socioemotional value, entrepreneurial families must nurture the right mind-set. Chapter III shows that Emotional Attachment is detrimental for Organizational Ambidexterity, but this is a broad view of the problem. Chapter IV shows that the right mind-set is built on the three SEW endowments. Cluster 2 and Cluster 3 are examples of an unbalanced reality, in Cluster 2 the emotional attachment within family members is inexistent and in Cluster 3 emotional attachment is exacerbated. Thus, the family must work in developing and nurturing the values and culture that foster identification, emotional attachment, and legacy.

To sum up practical implications, when the family uses a balanced approach in its pursuance of socioemotional goals, the family enterprise can foster ambidexterity. Therefore, socioemotional goals and financial performance goals are met, thus the family resolves the socioemotional paradox, balancing socioemotional and financial considerations. When the goals pursued by the family do not promote ambidexterity, the family is not able to manage none of the paradox, neither the ambidexterity paradox nor the socioemotional one. Therefore, I propose that families do not need to privilege financial wealth over socioemotional wealth, or vice versa, but they have to pursue those socioemotional goals that influence strategic decisions in a way that aligns socioemotional wealth with financial goals. In doing so, entrepreneurial families

manage a socioemotional wealth paradox that, resolved, allows them to become transgenerational family firms.

V.3. LIMITATIONS AND FUTURE RESEARCH

This thesis presents several limitations that should be stated. Nevertheless, some of them open new avenues for future research.

Firstly, the generalizability of the results is constrained by the sampling approach and the context of this thesis. The design of the sampling strategy is cross-sectional; thus, I cannot reach an empirical conclusion about causality. While the literature review shows reasonable evidence to suggest that Socioemotional Wealth influences Organizational Ambidexterity, research suggests that (past) performance outcomes may also affect strategic decision-making (Patel and Chrisman, 2014). Furthermore, the cross-sectional strategy does not allow to capture the effect of time. In particular, Allison *et al.* (2014) proposes that family businesses present a considerable variation in organizational ambidexterity through time. Although the latter is not the focus of this study, the limitation opens a research opportunity. Finally, the sample is taken from different countries. Although Latin-America is recognized for showing certain cultural consistency, this multi-country strategy must be considered. Furthermore, the same cultural consistency calls our attention in terms of generalization of the results.

Secondly, although Socioemotional Wealth approach is anchored in prospect theory, the exploration of a framed decision-making process must be relaxed for the sake of the parsimony of the study.

Thirdly, although the organizational ambidexterity scale has been widely used, socioemotional wealth scales are still evolving. I have tested and selected the SEW-REI scale. Nevertheless, whether the structure of SEW scale could or could not be universal is still in heated debate (Gómez-Mejía and Herrero, 2022). Therefore, the superiority of the REI scale could be influenced by particular cultural or national characteristics of my sample.

Finally, although in Chapter III I use a control variable that captures generational involvement, Chapter IV compares the ambidextrous orientations and the socioemotional endowments of family firms from different generations. Future research could focus on the heterogeneity within generations and between generations.

Though I identified some limitations, the study opens new avenues for further investigation. This study proves that different configurations in socioemotional wealth dimensions could lead to different strategic definitions. One of the key areas for future research entails the “how” of the process by which business families develop one or another SEW dimension. Furthermore, the field of family business, a relative new area, is still laying the foundations of many of its constructs. Socioemotional wealth is probably the newest of those constructs. Therefore, in order to really grasp the challenge of understanding the “how”, the field needs more case study research (De Massis and Kotlar, 2014). Moreover, the difficulty in rigorously applying prospect theory logic to SEW consideration, opens the opportunity for interesting and cross-disciplinary studies (see Chua *et al.*, (2015) for a thorough enumeration of concerns and research opportunities).

Finally, future researchers could longitudinally explore SEW across different generations. There are several calls for studies about SEW evolution over time. Following the call of Cruz and Arredondo (2016) it would be interesting to understand how SEW endowments evolve based on its behavioral foundations, thus understanding different SEW weights in different stages of the business family.

V.4. CONCLUSIONS

This thesis echoes several calls from previous researchers to address and enhance our understating of the heterogeneity of family business (Chua *et al.*, 2012). In doing so, I acknowledge Socioemotional Wealth as the theoretical approach to predict family owners' behavior regarding strategic decision making (Cruz and Arredondo, 2016).

This dissertation goes back to the behavioral roots of Socioemotional Wealth to predict that SEW endowments affects owning family decision making, positively and negatively. This behavioral framework is applied to understand how different SEW endowments influence family firm Organizational Ambidexterity. Nevertheless, this dissertation goes one step further, applying a paradoxical view to the "Holy Grail" of family business research, proposing that the impact of family ownership on firm performance should be managed (not resolved) with a "Dual Balance" Approach (Chapter IV). Analyzing a sample of 183 Latin-American privately-held family firms this thesis makes several contributions. Chapter III demonstrates that SEW has a dark and a bright side shaping the ambidextrous orientation of the family firm. Chapter IV demonstrate

that causality is not enough to manage the paradox between Socioemotional Wealth and Organizational Ambidexterity, and a deeper analysis is required. The archetypes that emerge from Chapter IV reinforce the idea of the “Dual Balance” approach, and the need to recognize family business heterogeneity. Finally, in Appendix A, I validate two SEW scales, to arrive to the conclusion that SEW-REI suited best with the Latin-American context of my sample.

CAPÍTULO V. DISCUSIÓN Y CONCLUSIONES

V.1. DESCRIPCIÓN GENERAL DEL CAPÍTULO

Después de presentar los resultados empíricos de esta disertación en los Capítulos III y IV, en este capítulo discuto los hallazgos y la conclusión de mi trabajo. Este capítulo final comienza con la Sección V.2., que presenta un resumen de las implicaciones teóricas, empíricas y prácticas extraídas de la disertación. Continúa con la Sección V.3 en la que expongo las limitaciones de la tesis y propongo posibles vías para futuras investigaciones sobre empresas familiares. Finalmente, la Sección V.4. concluye resumiendo los principales hallazgos y cerrando con las conclusiones finales.

V.2. IMPLICACIONES

Esta tesis tiene como objetivo mejorar nuestra comprensión de: **¿por qué algunas empresas familiares prosperan a través de generaciones y otras no?**. Para lograr esto, el Capítulo III y el Capítulo IV exploran cómo la preservación de diferentes valores socioemocionales influye en la heterogeneidad de las empresas familiares para que se vuelvan ambidiestras. Los resultados empíricos del Capítulo III revelan efectos positivos y negativos de las diferentes metas socioemocionales sobre la ambidestreza. Por un lado, la dimensión ***Renewal of Family Bonds Through Dynastic Succession*** (Transmitir el legado: preservación de los lazos familiares en la siguiente generación) tiene un impacto positivo en la Ambidestreza Organizacional. Por otra parte, la utilización por parte de la familia del ***Emotional Attachment of Family Members*** (Presencia de lazos emocionales entre los miembros de la

familia) como principal referente socioemocional, es perjudicial para el logro de la ambidestreza. En cuanto a la dimensión **Identification of Family Members with the Family Firm** (Identificación de los miembros de la familia con la firma), encontré que la misma fomenta la explotación, pero las familias deben ser conscientes de que demasiada explotación podría crear miopía a corto plazo. Además, el Capítulo IV va más allá de la causalidad y propone un enfoque exploratorio para comprender la interacción completa entre la Riqueza Socioemocional y la Ambidestreza Organizacional. Los resultados permiten identificar y caracterizar cuatro arquetipos de empresas familiares diferentes. Todas las tipologías son valiosas para comprender la heterogeneidad de las empresas familiares al volverse ambidiestras. Sin embargo, uno de los arquetipos, el denominado Familias Transgeneracionales, es de especial interés a efectos académicos y prácticos. Finalmente, los dos estudios empíricos requieren la medición de la Riqueza Socioemocional, uno de los temas más debatidos en esta literatura. Aunque no es el propósito principal de la tesis, el Apéndice A valida la escala FIBER original (Berrone *et al.*, 2012) y la escala REI modificada (Hauck *et al.*, 2016), descubriendo que REI es mejor que FIBER. Por lo tanto, los hallazgos de esta tesis contienen varias implicaciones teóricas y prácticas.

Implicaciones Académicas

Esta tesis contribuye al campo de la empresa familiar demostrando que las dimensiones de la Riqueza Socioemocional, individualmente, inciden de manera diferente en la Ambidestreza Organizacional. Más precisamente,

extiende la investigación sobre los efectos de la Riqueza Socioemocional en las decisiones estratégicas de las familias empresarias, agrego a la investigación sobre la ambidestreza organizacional en las empresas familiares y contribuyo a la investigación sobre la creación de valor transgeneracional proponiendo un enfoque de "Balance Dual" basado en *paradox theory*.

Organizo las implicaciones teóricas de acuerdo con las diferentes corrientes de conocimiento abordadas en esta tesis: investigación sobre Riqueza Socioemocional, investigación sobre Ambidestreza Organizacional e investigación sobre Creación de valor transgeneracional.

Implicaciones para la investigación sobre Riqueza Socioemocional

Este estudio ofrece un examen exhaustivo del efecto de la Riqueza Socioemocional en la orientación ambidiestra de las empresas familiares. Al hacerlo, la tesis contribuye a la investigación de esta en varias maneras.

Primero, los hallazgos del Capítulo III indican la existencia de un lado oscuro y uno brillante de la Riqueza Socioemocional (Kellermanns *et al.*, 2012). Las dimensiones de la Riqueza Socioemocional fueron positivas y negativas en la ambidestreza de la empresa familiar. Esta evidencia contribuye a la investigación de la Riqueza Socioemocional, reforzando la necesidad de aplicar medidas multidimensionales para capturar los diferentes efectos de cada dimensión de la misma (Cruz y Arredondo, 2016). Recientemente, el campo de la empresa familiar ha intentado medir empíricamente a la Riqueza Socioemocional (*ej.*, Debicki *et al.*, 2016; Hauck *et al.*, 2016). Sin embargo, y salvo raras excepciones (*ej.*, Arredondo y Cruz, 2019; Debicki *et al.*, 2017, Filser

et al., 2017), los estudios sobre el comportamiento de las empresas familiares no incluyen medidas directas de la Riqueza Socioemocional. Esta tesis llama a realizar una revisión de la literatura anterior que utiliza *proxies* de un solo elemento para capturar la Riqueza Socioemocional de las familias empresarias y abre la oportunidad de revisar algunas preguntas de investigación con escalas multidimensionales de Riqueza Socioemocional (Berrone *et al.*, 2012; Hauck *et al.*, 2016; Debicki *et al.*, 2016).

En segundo lugar, los resultados del Capítulo III desafían la visión predominante sobre las familias empresarias como adversas a la pérdida de riqueza socioemocional, lo que ha creado una “visión conservadora” de las empresas familiares (Cruz y Arredondo, 2016; Gomez-Mejia *et al.*, 2014). De acuerdo con este punto de vista, las familias empresarias solo tomarían riesgos para evitar pérdidas potenciales en su Riqueza Socioemocional (Chrisman y Patel, 2012; Gomez-Mejia *et al.*, 2010). Además, algunos académicos están utilizando incorrectamente a la Riqueza Socioemocional como un término para etiquetar "aspectos no financieros de la empresa que satisfacen las necesidades afectivas de la familia" (Gomez-Mejia *et al.*, 2007, p. 106). Sin embargo, la Riqueza Socioemocional ha demostrado su potencial para ser tratado como una teoría válida para comprender los comportamientos idiosincráticos de las empresas familiares (Cruz y Arredondo, 2016; Gómez-Mejía *et al.*, 2007; Gomez-Mejía *et al.*, 2011). En los inicios del estudio de la Riqueza Socioemocional (Gomez-Mejía *et al.*, 2007), los académicos la usaron para argumentar que los propietarios familiares perseguían o bien objetivos socioemocionales u objetivos financieros, en una “apuesta pura” sobre la pérdida de riqueza socioemocional.

Los refinamientos posteriores exploraron más profundamente las raíces conductuales de la Riqueza Socioemocional y propusieron vías nuevas y mejoradas para el desarrollo de la teoría. Chrisman y Patel (2012) introdujeron la idea de “*myopic loss aversion*” que, basada en la aversión a la pérdida y la contabilidad mental, permite a los autores hacer notar que los plazos son importantes en los *trade-off* de riqueza socioemocional. Además, Gomez-Mejia, Campbell, Martin, Hoskisson, Makri y Sirmon (2014) mejoraron la capacidad predictiva de la Riqueza Socioemocional al introducir el concepto de “*mixed gamble*”. Con base en esta idea, los autores reevaluaron algunos de los supuestos de la Riqueza Socioemocional y argumentaron que las familias deben sopesar las potenciales ganancias y pérdidas socioemocionales. En el Capítulo III encuentro que las empresas familiares pueden estar tanto dispuestas como reacias a asumir el riesgo de la exploración. Específicamente, el estudio muestra que aquellas familias que se preocupan por la preservación de la transmisión del legado y la preservación de los lazos familiares en la siguiente generación (***Renewal of Family Bonds Through Dynastic Succession***) son más propensas a involucrarse en la exploración, y aquellas que tienen a los lazos emocionales entre los miembros de la familia (***Emotional Attachment of Family Members***) como principal punto de referencia son menos propensas a presentar una orientación exploratoria.

En tercer lugar, el Capítulo IV refuerza llamados recientes a incorporar “la variable familiar” para comprender la toma de decisiones de las empresas familiares (Cruz y Nordqvist, 2012). Los diferentes arquetipos identificados en el Capítulo IV muestran la interacción entre la riqueza socioemocional y la

orientación estratégica. Por lo tanto, y aunque el Capítulo III explora la causalidad entre Riqueza Socioemocional y AO, la investigación futura debería buscar métodos que deberían ser capaces de capturar la multidimensionalidad de la "variable familiar", a saber, la Riqueza Socioemocional.

En cuarto lugar, esta tesis contribuye a comprender el valor de la Riqueza Socioemocional en la heterogeneidad de las empresas familiares. Si bien estudios previos han estudiado la heterogeneidad, el campo requiere más estudios empíricos que lo aborden desde las dimensiones de la Riqueza Socioemocional de las familias empresarias. Mi disertación se suma a la discusión al revelar la heterogeneidad entre las empresas familiares en términos de su Riqueza Socioemocional y el impacto de esta en la orientación estratégica y la creación de valor de la empresa familiar. La mayoría de los estudios todavía tratan a la Riqueza Socioemocional como un dilema del tipo "o esto o lo otro" en el proceso de toma de decisiones estratégicas, y también se enfocan en una sola variable indirecta para capturar a la Riqueza Socioemocional. Esta brecha es alimentada por la observación de Zellweger y Nason (2008, p. 207), quienes argumentaron que los resultados de desempeño en las empresas familiares pueden tener "relaciones superpuestas, causales, sinérgicas y sustitutivas, que representan diferentes formas de crear la satisfacción de las partes interesadas y mejorar eficacia de la organización". Por lo tanto, los estudios basados en la Riqueza Socioemocional que no toman en cuenta las raíces conductuales de esta, las características multidimensionales del enfoque y las posibles relaciones entre sus dimensiones pueden conducir a conclusiones poco confiables o incorrectas.

Finalmente, una última implicación descansa en el trabajo empírico realizado en el Apéndice A, que se suma a la discusión actual sobre la medición de la Riqueza Socioemocional. La Riqueza Socioemocional ha sido reconocida como un elemento clave detrás del comportamiento y la toma de decisiones de las empresas familiares. Sin embargo, el campo de la empresa familiar aún está en proceso de desarrollar y validar escalas específicas que puedan medir este concepto intangible y abstracto (Gomez Mejía *et al.*, 2021). El Apéndice A examina empíricamente dos de los principales intentos de desarrollar una escala para la Riqueza Socioemocional: la escala FIBER original (Berrone *et al.*, 2012) y la escala refinada REI (Hauck *et al.*, 2016). Usando una muestra de América Latina, mis resultados respaldan los hallazgos de Hauck *et al.* (2016), que utilizó una muestra de gerentes familiares de Austria y Alemania. Mis hallazgos también están en la línea de los de Gómez-Mejía y Herrero (2022), quienes replicaron ambas escalas con una muestra de España. Por lo tanto, esta tesis refuerza la necesidad de una mayor validación empírica de FIBER y REI. La consolidación de REI como una mejor medida de la Riqueza Socioemocional se suma a la discusión sobre si esta es distintiva de las empresas familiares o podría estar presente en empresas no familiares (Miller y Le-Breton Miller, 2014). América Latina es el tercer contexto (Hauck *et al.*, 2016; Gómez-Mejía y Herrero, 2022) en el que la Riqueza Socioemocional se deriva de las dimensiones ***Renewal of Family Bonds Through Dynastic Succession*** (Transmitir el legado: preservación de los lazos familiares en la siguiente generación), ***Emotional Attachment of Family Members*** (Presencia de lazos emocionales entre los miembros de la familia) e ***Identification of Family Members with the Family***

Firm (Identificación de los miembros de la familia con la firma), todas las cuales forman parte de la esencia familiar. Por lo tanto, esta evidencia podría cuestionar el argumento a favor de una Riqueza Socioemocional no familiar.

Implicaciones para la investigación sobre la Ambidestreza Organizacional

La ambidestreza organizacional está asociada con el desempeño financiero; las innovaciones exploratorias contribuyen a través del crecimiento, mientras que las innovaciones explotativas contribuyen con la rentabilidad (Junni *et al.*, 2013). Además de explorar este constructo de gestión de la estrategia en el contexto de las empresas familiares (Zahra y Sharma, 2004), este trabajo contribuye a la investigación sobre la ambidestreza organizacional, en primer lugar, al ofrecer nueva evidencia sobre los antecedentes de esta. Además, la tesis propone un nuevo panorama para entender la Ambidestreza Organizacional en la empresa familiar.

Primero, mi trabajo se suma a la literatura de AO presentando nuevos antecedentes de ambidestreza organizacional. La preservación de diferentes dimensiones de Riqueza Socioemocional juega un papel fundamental en la decisión de buscar la ambidestreza (Capítulo III). Los hallazgos indican que diferentes combinaciones en las dimensiones de Riqueza Socioemocional conducen a diferentes comportamientos estratégicos (Capítulo IV). Más precisamente, la tesis identifica diferentes arquetipos de empresas familiares, y propone que las Familias Transgeneracionales, las que son “más” ambidiestras, son también familias que desarrollan la mentalidad socioemocional correcta.

En segundo lugar, esta tesis también ofrece información sobre la

comprensión amplia de la ambidestreza organizacional en las empresas familiares. La evidencia presentada en el Capítulo III y el Capítulo IV muestra una clara relación entre la “esencia familiar” y el logro de desafíos estratégicos. Por lo tanto, el panorama presentado en la Figura IV.3. abre la oportunidad de profundizar en la comprensión de cada clúster, buscando individuos que tengan las características propuestas.

Implicaciones para la investigación sobre la Creación de valor transgeneracional

El objetivo de esta tesis es responder a la pregunta: **¿por qué algunas empresas familiares prosperan a lo largo de generaciones y otras no?** Los hallazgos de los capítulos III y IV responden a esa pregunta: **porque algunas empresas familiares desarrollan la mentalidad socioemocional correcta y fomentan una orientación ambidiestra, y otras no.** En particular, el Capítulo III profundiza en la causalidad entre Riqueza Socioemocional y Ambidestreza Organizacional. Sin embargo, el Capítulo IV es el que presenta un apasionante camino por delante en términos de oportunidades de investigación.

En términos de implicaciones para la investigación sobre la creación de valor transgeneracional, la que más resuena es la necesidad de cambiar nuestro enfoque de la empresa a la familia, por lo tanto, de la “empresa familiar” a la autocomprensión de la “familia empresaria” (Zellgwer, 2017). El capítulo IV propone un enfoque de “Balance Dual” basado en el pensamiento paradójico. Esta mirada abre la oportunidad de explorar otras paradojas intrínsecas a la empresa familiar. Probablemente, únicamente el enfoque del “Balance Dual” no será suficiente, y se deben lograr otros “balances” antes para lograr el “Balance

Dual” de la Creación de valor transgeneracional.

Implicaciones prácticas

Esta tesis tiene implicaciones importantes para el mundo de la práctica en las empresas familiares. Según mis hallazgos, las familias empresarias enfrentan el desafío de crear riqueza financiera y riqueza socioemocional. Por un lado, para crear valor financiero deben explorar y explotar, convirtiéndose en organizaciones ambidiestras. Por otro lado, deben crear riqueza socioemocional, fomentando un desarrollo equilibrado de la Identificación con la empresa, el vínculo emocional dentro de los miembros de la familia y el traspaso del legado.

Para crear valor financiero, las familias empresarias deben lograr un balance entre explotar la ventaja competitiva actual y explorar nuevas oportunidades comerciales. El “Balance Dual” sugiere que este balance ambidiestro depende del balance socioemocional. Muchas empresas familiares se centran únicamente en el negocio. Sin embargo, el Capítulo IV muestra que las familias que olvidan la esencia familiar también pueden perder su orientación estratégica.

Para crear valor socioemocional, las familias emprendedoras deben fomentar la mentalidad correcta. El Capítulo III muestra que el ***Emotional Attachment of Family Members*** (Presencia de lazos emocionales entre los miembros de la familia) es perjudicial para la Ambidestreza Organizacional, pero esta es una visión amplia del problema. El Capítulo IV muestra que la mentalidad correcta se basa en las tres dimensiones de Riqueza Socioemocional. El Clúster 2 y el Clúster 3 son ejemplos de una realidad desbalanceada, en el Clúster 2 el

vínculo afectivo entre los miembros de la familia es inexistente y en el Clúster 3 se exacerba el vínculo afectivo. Por lo tanto, la familia debe trabajar para desarrollar y nutrir los valores y la cultura que fomentan la identificación, el apego emocional y el legado.

Para resumir las implicaciones prácticas, cuando la familia utiliza un enfoque balanceado en la búsqueda de objetivos socioemocionales, la empresa familiar puede fomentar la ambidestreza. Por lo tanto, se cumplen las metas socioemocionales y las metas de rendimiento financiero, por lo que la familia resuelve la paradoja socioemocional, equilibrando las consideraciones socioemocionales y financieras. Cuando las metas que persigue la familia no promueven la ambidestreza, la familia no es capaz de gestionar ninguna de las paradojas, ni la paradoja de la ambidestreza ni la socioemocional. Por lo tanto, propongo que las familias no necesitan privilegiar la riqueza financiera sobre la riqueza socioemocional, o viceversa, sino que deben perseguir esas metas socioemocionales que influyen en las decisiones estratégicas de una manera que alinee la riqueza socioemocional con las metas financieras. Al hacerlo, las familias emprendedoras manejan una paradoja de riqueza socioemocional que, resuelta, les permite convertirse en empresas familiares transgeneracionales.

V.3. LIMITACIONES E INVESTIGACIÓN FUTURA

Esta tesis presenta varias limitaciones que conviene señalar. No obstante, algunos de ellos abren nuevas vías para futuras investigaciones.

En primer lugar, la generalización de los resultados está limitada por el enfoque de muestreo y el contexto de esta tesis. El diseño de la estrategia de

muestreo es transversal; por lo tanto, no puedo llegar a una conclusión empírica sobre la causalidad. Si bien la revisión de la literatura muestra evidencia razonable para sugerir que la riqueza socioemocional influye en la ambidestreza organizacional, la investigación sugiere que los resultados de desempeño (pasados) también pueden afectar la toma de decisiones estratégicas (Patel y Chrisman, 2014). Además, la estrategia transversal no permite capturar el efecto del tiempo. En particular, Allison *et al.* (2014) propone que las empresas familiares presentan una variación considerable en la ambidestreza organizacional a lo largo del tiempo. Aunque este último no es el foco de este estudio, la limitación abre una oportunidad de investigación. Finalmente, la muestra se toma de diferentes países. Si bien América Latina es reconocida por mostrar cierta consistencia cultural, esta estrategia multipaís debe ser considerada. Además, la misma consistencia cultural llama nuestra atención en términos de generalización de los resultados.

En segundo lugar, aunque el enfoque de la Riqueza Socioemocional está anclado en la teoría prospectiva, el estudio del proceso de toma de decisiones fuera de un marco estructurado debe relajarse en aras de la parsimonia de la investigación.

En tercer lugar, aunque la escala de ambidestreza organizacional ha sido ampliamente utilizada, las escalas de riqueza socioemocional aún están evolucionando. He probado y seleccionado la escala REI. Sin embargo, aún se debate acaloradamente si la estructura de la escala de Riqueza Socioemocional podría o no ser universal (Gómez-Mejía y Herrero, 2022). Por lo tanto, la

superioridad de la escala REI podría estar influenciada por características culturales o nacionales particulares de mi muestra.

Finalmente, aunque en el Capítulo III utilizo una variable de control que captura el involucramiento generacional, el Capítulo IV compara las orientaciones ambidiestras y las dimensiones socioemocionales de empresas familiares de diferentes generaciones. La investigación futura podría centrarse en la heterogeneidad dentro de las generaciones y entre generaciones.

Aunque he identificado algunas limitaciones, el estudio abre vías para nuevas investigaciones. Este estudio demuestra que diferentes configuraciones en las dimensiones de riqueza socioemocional podrían conducir a diferentes definiciones estratégicas. Una de las áreas clave para futuras investigaciones implica el “cómo” del proceso mediante el cual las familias empresarias desarrollan una u otra dimensión de SEW. Además, el campo de la empresa familiar, un área relativamente nueva, todavía está sentando las bases de muchos de sus constructos. La riqueza socioemocional es probablemente el más nuevo de esos constructos. Por lo tanto, para acometer realmente el desafío de comprender el “cómo”, el campo necesita más investigación de estudios de casos (De Massis y Kotlar, 2014). Además, la dificultad de aplicar rigurosamente la lógica de la Teoría Prospectiva a la Riqueza Socioemocional abre la oportunidad para estudios interesantes e interdisciplinarios (ver Chua *et al.*, (2015) para una enumeración exhaustiva de preocupaciones y oportunidades de investigación). Finalmente, las futuras investigaciones podrían explorar longitudinalmente a la Riqueza Socioemocional a través de diferentes

generaciones. Existen varios llamados de estudios a entender la evolución de la Riqueza Socioemocional en el tiempo. Siguiendo el llamado de Cruz y Arredondo (2016) sería interesante comprender cómo evolucionan las dimensiones de la Riqueza Socioemocional en función de sus fundamentos conductuales, entendiendo así los diferentes pesos de esta en las distintas etapas de la familia empresarial.

V.4. CONCLUSIONES

Esta tesis se hace eco de varias llamadas anteriores de investigadores para abordar y mejorar nuestra comprensión de la heterogeneidad de las empresas familiares (Chua *et al.*, 2012). Al hacerlo, propongo a la Riqueza Socioemocional como el enfoque teórico para predecir el comportamiento de los propietarios familiares en la toma de decisiones estratégicas (Cruz y Arredondo, 2016).

Esta disertación se remonta a las raíces conductuales de la riqueza socioemocional para predecir que las dimensiones de Riqueza Socioemocional afectan, positiva y negativamente, la toma de decisiones de la familia propietaria. Este marco de comportamiento se aplica para comprender cómo las diferentes dimensiones influyen en la ambidestreza organizacional de la empresa familiar. Sin embargo, esta disertación va un paso más allá, aplicando una visión paradójica al “Santo Grial” de la investigación de la empresa familiar, proponiendo que el impacto de la propiedad familiar en el desempeño de la empresa debe gestionarse (no resolverse) con un enfoque de “Balance Dual” (Capítulo IV). Al analizar una muestra de 183 empresas familiares privadas

latinoamericanas, esta tesis hace varias contribuciones. El Capítulo III demuestra que la Riqueza Socioemocional tiene un lado oscuro y otro brillante que dan forma a la orientación ambidiestra de la empresa familiar. El Capítulo IV demuestra que la causalidad no es suficiente para manejar la paradoja entre Riqueza Socioemocional y Ambidestreza Organizacional, y se requiere un análisis más profundo. Los arquetipos que emergen del Capítulo IV refuerzan la idea del enfoque de “Balance Dual”, y la necesidad de reconocer la heterogeneidad de la empresa familiar. Finalmente, en el Apéndice A valido dos escalas de Riqueza Socioemocional, para llegar a la conclusión de que REI se adapta mejor al contexto latinoamericano de mi muestra.

APPENDIX A. SOCIOEMOTIONAL WEALTH SCALE VALIDATION

A.1. OVERVIEW

Socioemotional Wealth measurement is still in a phase of heated debate. Due to that, empirical Chapters III and IV of the thesis rest deeply on the SEW construct. In this appendix, I test the two most relevant SEW scales in family business literature: FIBER (Berrone *et al.*, 2012) and REI (Hauck *et al.*, 2016). To this end, I used a Confirmatory Factor Analysis (CFA) approach to validate and select the SEW scale used in Chapter III and Chapter IV.

The appendix is structured as follows. In section A.2., I present a literature review about the state of the art in terms of Socioemotional Wealth construct and measurement. Section A.3. introduces the methods applied to validate the different scales. Afterwards, sections A.4. and A.5. present the results for the FIBER and REI scale, respectively. Lastly, in section A.6. I select the SEW scale that I use throughout the thesis, and elaborate conclusions of Appendix A.

A.2. SOCIOEMOTIONAL WEALTH MULTIDIMENSIONALITY: FROM THE THEORY TO THE CONSTRUCT

Socioemotional Wealth has advanced as a valid construct to understand family business decision-making peculiarities (Schulze and Kellermans, 2015; Chua *et al.*, 2015). In this sense, “SEW model suggests that family firms are typically motivated by, and committed to, the preservation of their SEW, referring to nonfinancial aspects or ‘affective endowments’ of family owners” (Berrone *et al.*, 2012, p.262). SEW advanced family business literature, through a theoretically sound explanation of the drivers behind family owners’ strategic

decisions. Although some scholars wrongly used SEW to write about family centered non-financial goals, the true impact of Gomez-Mejía's *et al.* (2007) seminal paper revolves around the introduction of socioemotional reference points. This advancement allowed scholars to explain why family firms are different regarding strategic directions for their companies. Therefore, SEW has the potential to inform heterogeneity among family firms. Nevertheless, in order to discriminate and categorize entrepreneurial families using their SEW, the field needs a direct measure of the latent concept "Socioemotional Wealth". In fact, in their editorial "Socioemotional wealth (SEW): Questions on construct validity" from *Family Business Review*, Brigham and Payne (2019) made an explicit call for more studies about SEW measurement.

The evolution of SEW measurement is anchored in two different veins. On the one hand, Berrone *et al.* (2012) was the first to propose a measurement model for SEW. Berrone and his colleagues conducted a thorough literature review and developed a deductive multidimensional model to measure SEW endowments. On the other hand, Debicki *et al.* (2016) followed a different approach, instead of measuring SEW endowments, it proposes an instrument to directly assess the importance of SEW to family owners and managers of family firms. The literature shows that the path proposed by Berrone *et al.* (2012) is the one that has attracted more attentions in the field. Their paper remains as the most cited manuscript in the *Family Business Review* in the last 10 years, and by the time of writing this dissertation it has almost 2,200 citations in Google Scholar.

The early developments of Berrone *et al.* (2012) suggested five

dimensions to measure SEW. The five dimensions are F – Family control and influence; I – Identification of family members with the firm; B – Binding social ties; E – Emotional attachment of family members; and R – Renewal of family bonds to the firm through dynastic succession. Each dimension has items to measure the latent constructs. The proposed model has 27 items in total (see Table A.1.). In recent years, several authors have responded the call of Berrone *et al.* (2012) to empirically test the FIBER scale. Hauck *et al.* (2016) made the first attempt to test FIBER using data from Austria and Germany. Their findings support a reduced model with three of the five original FIBER dimensions, and three items for each dimension. The authors proposed to drop F – Family control and influence and B – Binding social ties dimensions to achieve a simplified scale which they called REI. Recently, Gómez-Mejía and Herrero (2022) have replicated in Spain the original FIBER and REI scales, finding support for the latter.

A.3. METHODS

The Socioemotional Wealth FIBER scale was measured through a 26-item adapted scale of Berrone *et al.* (2012). I dropped one item from the original 27-item scale (F5 - The board of directors is mainly composed of family members) because it caused problems to respondents during the testing of the questionnaire. The questionnaire for FIBER works also for REI scale, as it is a condensed construct of the original SEW scale. I used a conventional 5-point Likert-scale ranging from 1 (strongly disagree) to 5 (strongly agree) to capture “disagreement” or “agreement”. To ensure accuracy, items were translated into Spanish, back translated to English, and afterwards confirmed into Spanish.

To compare the two models, I use AIC (Akaike Information Criteria) and BIC (Bayesian Information Criteria) values (the lower, the better the model), and the different measures to assess model fit. I used several criteria to assess model fit: normed χ^2 (ratio χ^2 /degrees of freedom) lower than 3 (Bagozzi and Yi, 1988); CFI (comparative fit index) and TLI (Tucker Lewis index), which both should be greater than 0.90 to indicate a good fit; and RMSEA (Root Mean Square Error of Approximation) and SRMR (Standardized Root Mean Square Residual) values lower than 0.10. Furthermore, for each model I ran two CFA. In the first run I use all the dimensions considered by each model (FIBER and REI), and in the second run I included, in the Structural Equation Model, a second-order term to capture the essence of Socioemotional Wealth as a higher-level construct.

A.4. FIBER RESULTS

Table A.1. summarizes estimated loadings for the second-order model associated with FIBER. The measures of goodness of fit for this model are weak. Normed- χ^2 is 1.79, less than 3 which is the rule of thumb for this indicator. CFI (.860) and TLI (.845) are below the acceptable threshold of .920. The RMSEA (.066) is less than the acceptable level of .07 and SRMR (.086) is slightly above the acceptable .08 for SRMR.

Table A.1. Confirmatory Factor Analysis FIBER Model

	Estimate	SE	2 nd - order coef.	AVE	CR
Family influence and control			.30	.34	.71
F1 The majority of the shares in my family business are owned by family members	.51	.07			
F2 In my family business, family members exert control over the company's strategic decisions	.72	.06			
F3 In my family business, most executive positions are occupied by family members	.61	.07			
F4 In my family business, non-family managers and directors are named by family members	.66	.06			
F6 Preservation of family control and independence are important goals for my family business	.36	.08			
Identification of family members with the family firm			.74	.50	.85
I1 Family members have a strong sense of belonging to my family business	.64	.05			
I2 Family members feel that the family business' success is their own success	.72	.04			
I3 My family business has a great deal of personal meaning for family members	.97	.03			
I4 Being a member of the family business helps define who we are	.72	.04			
I5 Family members are proud to tell others that we are part of the family business	.69	.04			
I6 Customers often associate the family name with the family business' products and services	.40	.06			
Binding Social Ties			.63	.29	.67
I1 My family business is very active in promoting social activities at the community level	.46	.07			
I2 Non-family employees are treated as part of the family	.53	.07			
I3 In my family business, contractual relationships are mainly based on trust and norms of reciprocity	.57	.07			
I4 Building strong relationships with other institutions is important for my family business	.60	.07			
I5 Contracts with suppliers are based on enduring long-term relationships in my family business	.54	.07			
Emotional Attachment of Family Members			.51	.52	.86
E1 Emotions and sentiments often affect decision-making processes in my family business	.46	.06			
E2 Protecting the welfare of family members is critical to us, apart from personal contributions to the business	.62	.05			
E3 In my family business, the emotional bonds between family members are very strong	.65	.05			
E4 In my family business, affective considerations are often as important as economic considerations	.69	.04			
E5 Strong emotional ties among family members help us maintain a positive self-concept	.89	.03			
E6 In my family business, family members feel warmth for each other	.91	.03			
Renewal of Family Bonds Through Dynastic Succession			.82	.31	.62
R1 Continuing the family legacy and tradition is an important goal for my family business	.78	.06			
R2 Family owners are less likely to evaluate their investment on a short-term basis	.36	.08			
R3 Family members would be unlikely to consider selling the family business	.48	.07			
R4 Successful business transfer to the next generation is an important goal for family members	.51	.07			

Analyzing the **Family influence and control** dimension, all items exhibit low loadings. This is interesting if we compare my results with other studies (*i.e.* Gómez-Mejía and Herrero, 2022) which found high loadings, especially for F2, F3 and F4. Nevertheless, my study aligns with Hauck *et al.* (2016) and Gómez-Mejía and Herrero (2022) in terms of the low relevance of F dimension in the final SEW scale. The Average Variance Extracted (AVE) is very low for the F dimension (.34) and the loading of the dimension on the second-order construct is also very low (.30). The evidence suggests that the **Family influence and**

control dimension should be omitted.

The loading on the second-order SEW construct ($\lambda = .74$) of **Identification of Family Members with the Firm** dimension is high, in accordance with past literature. Nevertheless, I1: “Family members have a strong sense of belonging to my family business” and I6: “Customers often associate the family name with the family business” products and services have loadings below the recommended .70 (.64 and .40 respectively). Furthermore, the loading of item I5 is .69, which remains close to the acceptable level. Finally, the AVE is .50 and the average Composite Reliability (CR) is .85, both above the recommended values of .50 and .70, respectively. The results for **Identification of Family Members with the Firm** dimension, suggest that this dimension is important to build the SEW construct.

Results for the dimension **Binding Social Ties** are consistent with past evidence in the literature. Table A.1. shows that all the loadings of the items in the B dimension are below 0.7, and the AVE (.29) and CR (.67) are below the recommended values. Interestingly, the **Binding Social Ties** dimension has a fairly loading on the second-order SEW construct ($\lambda = .63$).

Most of the items in the dimension **Emotional Attachment of Family Members** present acceptable loadings, with E5 and E6 showing high loadings. The E1 “Emotions and sentiments often affect decision-making processes in our family business” and E2 “Protecting the welfare of family members is critical to us, apart from personal contributions to the business” have the lowest loadings ($\lambda = .46$ and $\lambda = .62$, respectively), which is in accordance with Gómez-Mejía and

Herrero (2022) replication exercise. Nevertheless, my results suggest that E3 and E4 should be dropped, contrary with the findings of Hauck *et al.* (2016) and Gómez-Mejía and Herrero (2022) that only drop E4. The loading of E dimension on the SEW construct is lower than anticipated considering past literature. Nevertheless, the AVE (.52) and the CR (.86) are above the recommended thresholds.

Concerning **Renewal of Family Bonds Through Dynastic Succession**, three of the items have low loading values R2 ($\lambda = .36$), R3 ($\lambda = .48$) and R4 ($\lambda = .51$). This dimension has been problematic in the past, for example Gómez-Mejía and Herrero (2022) recommended to drop R2 and R3. Moreover, the results for AVE (.31) and CR (.62) are also quite low and may suggest problems with the dimension. Nevertheless, the R dimension is the one that loaded best on the second-order SEW construct ($\lambda = 0.82$).

In the light of the results regarding FIBER, it might be interesting to test the REI scale to compare and select the best scale.

A.5. REI RESULTS

The REI scale comprises 9 items (Hauck *et al.*, 2016), which correspond to the dimensions R, E and I of the FIBER scale (see Table A.2.). Table A.2. presents estimated loadings and the second-order coefficient of the REI model.

Table A.2. Confirmatory Factor Analysis REI Model

	Estimate	SE	2 nd - order coef.	AVE	CR
Renewal of Family Bonds Through Dynastic Succession			.77	.36	.62
R1 Continuing the family legacy and tradition is an important goal for my family business	.75	.06			
R3 Family members would be unlikely to consider selling the family business	.50	.07			
R4 Successful business transfer to the next generation is an important goal for family members	.53	.07			
Emotional Attachment of Family Members			.44	.68	.86
E3 In my family business, the emotional bonds between family members are very strong	.67	.05			
E5 Strong emotional ties among family members help us maintain a positive self-concept	.86	.03			
E6 In my family business, family members feel warmth for each other	.91	.03			
Identification of Family Members with the Family Firm			.87	.60	.82
I1 Family members have a strong sense of belonging to my family business	.67	.05			
I3 My family business has a great deal of personal meaning for family members	.92	.03			
I5 Family members are proud to tell others that we are part of the family business	.72	.04			

The REI model shows very good fit. The value of the Normed- χ^2 is 1.79, below the threshold of 3 (Bagozzi and Yi, 1988). The Comparative Fit Index (.97) and the Tucker Lewis Index (.955) are above the acceptable levels. The RMSEA (.066) and SRMR (.059) are below the threshold of .10.

Most factor loadings are high (higher than .7 or around this threshold). Two of the items in the R dimension have low factor loadings R3 ($\lambda = .50$) and R4 ($\lambda = .53$). Gómez-Mejía and Herrero (2022) have the same problem with R3, but with a much lower loading ($\lambda = .296$). Furthermore, R3 was maintained in the Hauck et al. (2016) scale, although it had a weak loading ($\lambda = .503$). Nevertheless, the second-order model indicates the importance of **Renewal of Family Bonds Through Dynastic Succession** in the higher order construct Socioemotional Wealth ($\lambda = .77$). Therefore, it can be confirmed that R dimension needs more testing in the future to improve its reliability.

A.6. SCALE ELECTION AND CONCLUSIONS

Table A.3. shows that the AIC and BIC values are lower for the REI scale, which implies that the REI model is better than the FIBER Model.

Table A.3. Goodness of fit of the models

Model	AIC	BIC	CFI	TLI	Normed chi-sq	Chi-sq	DoF
FIBER Model	12,745.705	13,012.093	.860	.845	1.79	525.864	294
REI Model	4,020.914	4,117.198	.970	.955	1.79	42.92	24

The FIBER scale was grounded on a literature review (Berrone *et al.*, 2012) and the REI scale was proposed by Hauck *et al.* (2016) through an empirical refinement of FIBER based on a sample from Austria and Germany. This study empirically tests both scales in the Latin-American context, validating the results of Hauck *et al.* (2016). The validation of the refined scale, which entails the intention of renewal of family bonds through dynastic succession (R), the emotional attachment (E) and the identification of family members with the firm (I), supports the idea of Socioemotional Wealth as a distinctive characteristic of family firms. Throughout the thesis, I use REI scale as the measurement model for Socioemotional Wealth and theorize that stocks in each of the components of SEW may evolve differently, triggering distinctive relationships that build the heterogeneity in family firms' strategic direction.

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