The Adolescence of Family Firm Research:
Taking Stock and Planning for the Future

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The Adolescence of Family Firm Research: Taking Stock and Planning for the Future

Through its rapid growth during the past decade, family business research has reached its adolescence as a field of study, and family business scholars now regularly contribute interesting and thought-provoking work to top-tier management, entrepreneurship, and finance journals. In this review article, we seek to document the growing maturity of family business research and to promote its integration into broader streams of inquiry in the organizational sciences. To do so, we describe recent family business research that addresses two fundamental questions: "How do firms differ in terms of their financial performance?" and "How do institutional conditions moderate performance differences between firms?" Based upon our review, we describe the past and potential future contributions of family business research and conclude that it holds great promise to "give back" and provide meaningful contributions to the general field of management.

Family firm research has recently undergone a period of rapid development and is now regularly published in top-tier management (e.g. Anderson & Reeb, 2004; Miller, Le Breton-Miller, & Lester, 2010; Schulze, Lubatkin, & Dino, 2003a), finance (e.g. Anderson & Reeb, 2003; Villalonga & Amit, 2006), economics (e.g. Bennedsen, Nielsen, Pérez-González, & Wofenzon, 2007; Pérez-González, 2006), and entrepreneurship journals (e.g. Sirmon & Hitt, 2003; Villannueva & Sapienza, 2009). Family firms represent a significant social and economic institution in both emerging and advanced economies, and account for approximately 90% of all firms worldwide (Aldrich & Cliff, 2003). Many are small, but family firms are also well represented among medium- and large-sized organizations (La Porta, Lopez-de-Silanes, & Shleifer, 1999). Altogether, 44% of publicly-listed firms in Europe are family controlled (Faccio & Lang, 2002) and in the U.S., families control about 33% of the S&P 500 (Anderson & Reeb, 2003).

Despite the growing presence of family firm research in leading journals, as well as the ubiquity and practical significance of the family firm as an institution, this body of work has not yet become fully integrated into mainstream conversations in the organizational sciences. The relative neglect of family firms in mainstream management research is unfortunate, not simply because it means that our theories and empirical findings have been largely developed without reference to the world's most common organizational form, but also because family firms are theoretically interesting and unique. Thus, studying family firms can contribute important new insights to many of the issues and questions with which mainstream management scholars are currently grappling.

In this article, we seek to highlight opportunities for both general management scholars and family business specialists to conduct and frame their research studies in a manner that narrows the gap between the actual and potential contributions of family firm research to mainstream management discourse. We begin our review by highlighting the unique and valuable contributions that family firm scholars have made in addressing two fundamental research questions: “How do firms differ in terms of their financial performance?” and “How do institutional conditions moderate performance differences between firms?.” Both questions underlie much of the theoretical and empirical work within various fields in the organizational sciences (Barnett, Greve, & Park, 1994; Nelson, 1994; Rumelt, Schendel, & Teece, 1991). To do so, we organize our review into two streams of research.

The first stream deals with the question of whether family firms out- or underperform other types of firms and pertains to issues such as competitive advantage (Sirmon & Hitt, 2003), rent-creation processes (Gedajlovic & Carney, 2010), organizational growth and renewal (Zahra, Filatotchev, & Wright, 2009), and the emergence, survival, and mortality of organizational forms (Chua, Chrisman, & Chang, 2004). These topics are central to the fields of entrepreneurship, strategic management, and organization theory. The second stream examines how the institutional context moderates the relative performance of family firms. This work addresses questions that are of relevance to international business (e.g. Peng & Jiang, 2010), entrepreneurship (e.g. Bruton, Ahlstrom, & Li, 2010; Zahra, 2005), and institutional theory scholars (e.g. Hamilton & Biggart, 1988) who are engaged in research on regional economic development (Peredo & Chrisman, 2006), the effect of local institutions on firm competitiveness (Morosini, 2004), cross-cultural management practices (Khavul, Bruton, & Wood, 2009), and the institutionalization and de-institutionalization of organizational forms (Carney & Gedajlovic, 2002).

In the concluding section of our review, we consider the future promise of family firm research to contribute to the understanding of issues central to general management theory. In particular, we discuss the opportunities family firm research provides to enhance the understanding of how mixed (i.e. economic and non-economic) motives influence capability development, resource acquisition, opportunity evaluation, and exploitation processes, as well as the time horizons of firms and their executives. We conclude that family firm research has matured rapidly in the past decade and is now poised to follow Zahra and Sharma's (2004) exhortation to give back and provide meaningful contributions to the more established management disciplines.

PERFORMANCE CHARACTERISTICS OF FAMILY FIRMS

The search for factors that explain organizational performance represents a central focus of much research in the fields of strategic management (e.g. Barney, 1991), organizational theory (e.g. Pfeffer & Salancik, 1978), and international business (e.g. Peng & Jiang, 2010). Within the field of family business, there has been a similar, but more focused, exploration of the factors accounting for performance differences among types of family firms (e.g. Bennedsen et al., 2007) as well as the factors that explain the performance of family firms relative to other types of organizations (e.g. Villalonga & Amit, 2006). In this section, we review this work by focusing on two schools of thought regarding inter-organizational differences.

We term the first perspective the "effort school" because it focuses on the effects of incentives and compensation (Anderson & Reeb, 2003; Miller & Le Breton-Miller, 2005), corporate governance practices (Villalonga & Amit, 2006), and formal and informal institutions (Peng & Jiang, 2010) on the tendencies of principals and agents to engage in opportunistic behavior as well as their motivations to monitor and discipline organization members. We term the second perspective the "ability school" because it is concerned with the unique capabilities and value-creation mechanisms that family firms develop (Arregle, Hitt, Sirmon, & Very, 2007; Sirmon & Hitt, 2003; Zahra, 2010). Interestingly, although much research has focused on the implicit or explicit comparisons of effort and ability, different assessments persist regarding the question of whether family firms possess net advantages or disadvantages across these areas (Schulze & Gedajlovic, 2010). To explore this issue, we first look at research examining the effects of family control on the efforts expended by various organizational actors, and then subsequently examine research on the relationship between family control and the development of particular organizational abilities. Lastly, as portrayed in Figure 1, we discuss research that describes the joint effects of effort and ability.

Insert Figure 1 about here

Effort-Based Research

Positive Effort. The most influential statement regarding a positive effort effect in family firms is Jensen and Meckling's (1976) thesis that the agency costs emanating from conflicts of interest and information asymmetries recede when the ownership and control of a firm are held by the same party. From this view, owner-managed firms avoid agency problems endemic to public corporations where senior managers that have minimal ownership can operate the firm in their own interests because dispersed shareholders have little incentive or ability to monitor them (Fama & Jensen, 1983). Thus, the positive effort perspective holds that owner-managers are effective "monitors-in-place" (Anderson, Duru, & Reeb, 2009), who are both motivated and well positioned to discipline managerial agents (Anderson & Reeb, 2003). A recent study by Combs, Penney, Crook, and Short (2010) suggested that this finding may even apply to the ability of family members to monitor their own kin.

In addition, the heightened effort of principals may be manifest in a number of productive behaviors. First, since owner-managers make decisions with their own money, they tend to be parsimonious in their use of resources and exercise vigilance with regard to the costs of running the enterprise (McConaughy, Walker, Henderson, & Mishra, 1998). Second, the desire to bequeath an economic legacy to family members can constitute a powerful motivation to adopt a long-term investment horizon (James, 1999) to ensure the continuity and enduring health of the firm (Miller, Breton-Miller, & Scholnick, 2008). Third, the culture of family firms involving a commitment to long-term outcomes may foster innovation, entrepreneurial risk taking, and business opportunity recognition (Zahra, Hayton, & Salvato, 2004). Fourth, because they rely on internal sources of financing, the executives of family firms may scrutinize business opportunities with greater intensity and forgo inefficient unrelated diversification (Anderson & Reeb, 2003). Fifth, an owner-manager's name and personal identity is closely associated with the family firm and this association gives rise to concerns about reputation, social responsibility (Berrone, Cruz, Gómez-Mejía, & Larraza Kintana, 2010), and firm survival (Arregle et al., 2007). Such close identification can also reduce agency problems with bondholders and thus lower the firm's cost of debt (Anderson, Mansi, & Reeb, 2003). Sixth, because they are motivated by firm survival and familial control, family members may be more likely to provide the firm with resources in times of need, thereby increasing its resilience (Villalonga & Amit, 2010).

Negative Effort. By contrast, other research has focused on the factors that cause principals and agents in family firms to withhold effort or direct it towards selfish ends (e.g. Schulze, Lubatkin, Dino, & Buchholtz, 2001). From this view, controlling families are prone to use their managerial control to extract private benefits through on-the-job consumption of perquisites or amenities, rather than to maximize firm value (Bertrand & Schoar, 2006). It has also been argued that family control leads to managerial entrenchment, allowing ineffective family CEOs to remain in office (Gómez-Mejía, Núñez-Nickel, & Gutierrez, 2001; Morck, Wolfenzon, & Yeung, 2005). Thus, the negative effort effect is in keeping with the principal–principal perspective of corporate governance that highlights the agency costs arising from majority owners' ability to expropriate wealth and non-financial benefits from the firm at the expense of minority shareholders (Young, Peng, Ahlstrom, Bruton, & Jiang, 2008).

The negative effort effect can also stem from non-family management and employees. As suggested by property rights theory – which seeks to explain when and why incomplete contracting leads certain individuals to purchase the residual rights of ownership – employees without ownership in a firm may be discouraged from making firm-specific investments because owners can use their control rights to expropriate the value created by those investments (Grossman & Hart, 1986). However, even in scenarios where performance-related compensation is used to induce self-monitoring by agents (Gómez-Mejía, Larraza-Kintana, & Makri, 2003), family firms can be reluctant to reward executives with performance-related incentives such as stock options for fear of diluting family control (McConaughy, 2000). Furthermore, difficulties in disciplining family members and the tendency to favor family members in compensation and promotion decisions can generate inequities that can encourage non-family managers to withhold effort (Lubatkin, Ling, & Schulze, 2007).

Constraints on the willingness or ability of family firms to offer high-powered incentives can also create difficulties in recruiting, rewarding, and retaining high-quality executive talent (Schulze et al., 2001). Behavioral agency theory, which combines the insights of agency theory and prospect theory, similarly predicts that preferences for preserving a family's socio-emotional wealth may cause risk-averse strategic behavior with respect to choices that threaten a family's control over the firm (Gómez-Mejía, Haynes, Núñez-Nickel, Jacobson, & Moyano-Fuentes, 2007; Gómez-Mejía, Makri, & Larraza-Kintana, 2010). Thus, family firms may not only experience difficulties attracting and retaining executive talent, they may also be less likely to achieve their goals when they rely on non-family managers.

Ability-Based Research

Positive Ability. Empirical evidence documenting the persistence and superior performance of family firms in different geographical contexts has stimulated a search for explanations of this success that do not rely solely upon agency theory. Of particular note, through studies grounded in the resource-based view of the firm, researchers have begun to identify the difficult-to-imitate, value-generating capabilities such as superior reputation (Dyer, 2006), privileged access to exclusive networks (Lester & Cannella, 2006), and family-derived social capital (Arregle et al., 2007) that form the basis for the success of family firms (Habbershon, Williams, & MacMillan, 2003).

Compared with professional managers, owner-managers enjoy considerable discretion in cultivating and leveraging their personal social networks (Zahra, 2010). For example, although it is typically seen as illegitimate for professional managers to do so, owner-managers can enter into "handshake deals" with their business partners (Steier, 2001) and bind their firms to transactions with indeterminate obligations (Park & Luo, 2001). Because it is governed by norms of reciprocity, social capital promotes relational contracting and can provide access to a wide range of resources and opportunities stretching across both political and economic domains (Bertrand & Schoar, 2006). Thus, developing social networks based upon family ties can facilitate the transmission of information about member conduct (Portes, 1998) and decrease opportunistic behavior (Pollak, 1985). Such networks offer members lower transaction costs and promote mutual adaptation and dispute resolution without the need for costly legal contracts or other forms of credible commitments (Gulati, 1995). Family networks may also provide access to a variety of other resources that can improve performance. For example, a study of 1,267 new ventures that received assistance from the Small Business Development Center program in the U.S. found that the ability to "borrow" family social capital increases access to debt financing (Chua, Chrisman, Kellermanns, & Wu, 2011).

The broad discretion of executives in family firms may also allow greater scope for the use of entrepreneurial heuristics and simplified decision rules that enable timely strategic decisions (Gedajlovic, Lubatkin, & Schulze, 2004). Such discretion is especially useful in complex situations where information is incomplete or unavailable (Alvarez & Busenitz, 2001). Depending upon the acumen of an owner-manager, such entrepreneurial heuristics can facilitate superior performance (Wright, Hoskisson, & Busenitz, 2001).

Family firms may also have advantages with regard to the development of tacit knowledge (Cabrera-Suárez, Saá-Pérez, & García-Almeida, 2001) owing to intra-family trust and the superior ability of family members to closely observe one another's capabilities (Bjuggren & Sund, 2002). Furthermore, since tacit knowledge is non-codifiable and must be acquired through experience (Lane & Lubatkin, 1998), its development may be facilitated by the ability of family members to become involved in the firm and interact with and learn from family decision makers, literally from birth (Cabrera-Suárez et al., 2001). Taken together, the greater opportunities to develop and utilize resources such as social capital, entrepreneurial cognitions, and tacit knowledge can provide the basis for sustainable competitive advantages in family firms.

Negative Ability. Other research on family firms has suggested that they have net disadvantages in developing rent-producing capabilities (e.g. Lubatkin et al., 2007; Pérez-González, 2006). In this respect, Pollak (1985) argued that family control is disadvantageous in industries demanding technical capabilities. According to this view, the unchecked exercise of personal authority is inconsistent with the development of meritocratic high-performance organizations (Lubatkin et al., 2007). Nepotism, insular management, and the adoption of ineffective governance structures are especially prevalent among family firms (Bloom & Van Reenen, 2007) and are associated with reduced competitiveness (Burkart, Pannunzi, & Shleifer, 2003; Pérez-González, 2006). For example, when CEOs are selected based upon primogeniture (i.e. inheritance by the first born) managerial quality often suffers (Bloom & Van Reenen, 2007) and such firms tend to underperform compared with those run by non-family CEOs (Bennedsen et al., 2007). Although this view has been challenged in the context of Asia (Luo & Chung, 2005), the evidence that firms controlled by second and subsequent generations are less profitable than are those controlled by founders is compelling (Bennedsen, Pérez-González, & Wolfenzon, 2010; Miller, Le Breton-Miller, Lester, & Cannella, 2007).

Although the findings reviewed above focus on larger, publicly-traded family firms, research on managerial succession in small and medium-sized firms draws similarly negative conclusions (Molly, Laveren, & Deloof, 2010). In smaller firms, the causes of poor post-succession performance seem to be related to both intra-family conflict and ill-prepared family management (Sharma, Chrisman, & Chua, 2003). A lack of diversity and infrequent interactions between family and non-family employees can also be problematic for family firms (Eddleston & Kellermanns, 2007). Even when family firms employ substantial numbers of professional managers, strategic decision-making may be limited to a narrow circle of insiders selected on particularistic criteria rather than on professional or technical abilities (Daily & Dollinger, 1992). Family insularity and the failure to value or trust others can also impede knowledge-sharing with non-family CEOs (Lee, Lim, & Lim, 2003).

The attributes of family firms' governance systems may also negatively impact capability development. The incentives and tendencies for parsimony (Miller & Le Breton-Miller, 2005) in family firms encourage efficiency, but an overly lean operating environment may also eliminate the slack resources necessary for successful experimentation and innovation. An aversion to the loss of familial control may lead family firms to avoid venturing risks as Gómez-Mejía et al. (2007) showed in their longitudinal study of small olive oil mills in Spain, resulting in underinvestment in new business opportunities (Gómez-Mejía et al., 2010). Concentrated family control can also impede a firm's access to external financing (McConaughy, 1999). For example, in a study of 2,116 small and medium-sized Canadian firms, Wu, Chua, and Chrisman (2007) found that family involvement decreases the use of equity, especially public equity.

In sum, factors such as nepotism, insular management, familial control concerns, and poor governance may interfere with the development of capabilities in family firms.

Effort and Ability in Combination

Performance is not solely determined by either effort or ability, but is rather a joint product of the two (Adams, 1963). Thus, the performance of family firms is likely to reflect a combination of factors. Because they encompass mixed business and family motives, family firms are complex organizations that contain contradictory or bivalent attributes (Tagiuri & Davis, 1996). Whether the combination of effort and ability drives net positive or negative performance effects has not yet been articulated or empirically tested in the literature. For this reason, we use Figure 1 to anchor our discussion of the joint impact of effort and ability on performance. The horizontal axis of Figure 1 distinguishes between hypothesized factors that positively or negatively influence effort levels in family firms, while the vertical axis distinguishes between hypothesized factors that positively or negatively affect ability development. Each of the four quadrants represents distinct scenarios reflecting different combinations of effort and ability Consequently, taken together, these scenarios represent a synthesis of the main theoretical positions and divergent predictions found in the family firm literature regarding the relative performance of family firms.

In quadrant 1, the *able stewardship* scenario, depicts the combination of positive effort and ability. Under this scenario, high-powered economic and social incentives drive owner-managers to monitor and discipline other family and non-family managers and focus on long-run value creation (Miller & Le Breton-Miller, 2005). This combination suggests that family owner-managers exercise prudence and diligence when allocating scarce financial resources (Anderson & Reeb, 2003). They cultivate social and reputational capital, effectively utilize entrepreneurial heuristics to make timely strategic decisions (Sirmon & Hitt, 2003), and transmit valuable tacit knowledge to the next generation of family owner-managers (Gedajlovic & Carney, 2010). This combination is best represented by the stewardship theory of the family firm (Miller et al., 2008). Here, the enlightened self-interests of a talented founder and committed family produce contagious and self-reinforcing dynamics that extend throughout the firm (Arregle et al., 2007) and into the wider community (Lester & Cannella, 2006).

Quadrant 4 of Figure 1 portrays a scenario emphasizing the dark side of family firms, which we label *intergenerational deterioration*. Here, a combination of negative effort and ability arises as a result of (1) conflict between controlling families and minority investors (Claessens, Djankov, & Lang 2000a; La Porta et al., 1999), (2) family opportunism and a lack of self-control (Schulze, Lubatkin, & Dino, 2003b), (3) non-family employees and managers withholding effort because of perceived inequity, weak incentives, and misallocated property rights (Bennedsen et al., 2007), and (4) firm capabilities constrained by nepotism, insular management, and excessive risk aversion brought about by a focus on family control rather than on value creation (Bloom & Van Reenen, 2007; Pérez-González, 2006). This scenario is best represented by studies of principal–principal agency problems (Young et al., 2008), entrenchment (Claessens, Djankov, Fan, & Lang, 2002), and asymmetric altruism, a situation where one party values, and acts to increase, the utility of another party who does not reciprocate (Schulze et al., 2001).

Taken together, the stark differences observed between the *able stewardship* and *intergenerational deterioration* scenarios are consistent with the idea that the distribution of family firm performance is highly dispersed and likely to be concentrated at the extreme tails of the distribution (Bennedsen et al., 2010). Quadrants 2 and 3 provide more equivocal and nuanced scenarios regarding the relative performance of family firms. In other words, quadrants 2 and 3 on the diagonal of Figure 1 represent the combinations of strong ability with weak effort and strong effort with weak ability, respectively. If these effects are assumed to be equal, the interaction of positive and negative factors should neutralize each other. In quadrant 2, for example, valuable capabilities stemming from social capital and tacit knowledge may be offset by risk-averse behavior caused by a desire to preserve familial control. Correspondingly, in quadrant 3, efficient monitoring and high-powered incentives for wealth maximization may be counterbalanced by nepotism and insular management, which undermine the development of value-creating capabilities. However, since the effects of effort and ability are not necessarily equal, and since the factors we have discussed may sometimes have synergistic rather than conflicting influences on performance (Stewart & Hitt, 2010), the outcomes in quadrants 2 and 3 are theoretically unclear at this time. Thus, important opportunities to contribute to the understanding of organizations in general exist by investigating how effort and ability interact in family firms.

Reconciling these Conflicting Predictions

Conflicting theoretical predictions and mixed empirical findings regarding family firm performance such as those we have documented may be expected in an emerging field where scholars bring differing theoretical and methodological approaches to their analyses (Schulze & Gedajlovic, 2010). When there is no consensus on core behavioral assumptions, scholars adopting different theoretical perspectives may interpret a given empirical finding in entirely different ways, leading to contradictory conclusions. For example, successive studies have found that in North America, family-controlled firms are less diversified than are non-family firms (Anderson & Reeb, 2003; Gómez-Mejía et al., 2010). Scholars adopting an agency theory lens have interpreted this finding in positive terms by suggesting that families seek to "maximize the value of their stake and thereby minimize diversification discounts" (Anderson & Reeb, 2003: 699). Conversely, scholars who adopt the behavioral agency model (Wiseman & Gómez-Mejía,

1998) have interpreted the low diversification of family firms in the U.S. in negative terms by attributing it to conservatism and risk aversion that jeopardizes the firm's financial welfare (Gómez-Mejía et al., 2010).

Further complicating matters is the fact that mixed findings may also reflect real empirical differences between types of family firms such as those managed by founders and those owned and controlled by their heirs (Miller et al., 2007). In this regard, finely-grained distinctions between types of family firms have produced contrasting findings. For example, studies that define family firms in terms of ownership (e.g. Anderson & Reeb, 2003) have sometimes produced different results from those that distinguish between firms in terms of family control and management involvement (Villalonga & Amit, 2006).

The use of convenience samples and selection bias may also explain differences in findings. In this regard, Miller et al. (2007) found that the positive performance effects of founder management in family firms drawn from the Fortune 1000 could not be replicated on a random sample of small publicly listed companies. Similarly, although a few studies have examined the relationship between family control and firm strategy, no studies have yet examined the mediating role strategies play in the family control–performance relationship. It is also likely that the relative performance of family firms is moderated by a variety of variables such as organizational size, age, and various aspects of their operating environments. In this respect, a considerable body of literature has recently appeared that supports the general idea that a nation's stage of institutional development moderates the relative performance of family firms. It is to this varied theoretical and empirical body of literature that we now turn.

INSTITUTIONAL MODERATORS OF FAMILY FIRM PERFORMANCE

The relationship between home country environments, firm strategy, and performance is a burgeoning area of research in strategy and international business (Chan, Makino, & Isobe, 2008; Wan & Hoskisson, 2003). As the world's most common form of economic organization, family firms operate within and across diverse national contexts, and some scholars have suggested that a family firm-based enterprise system should be considered to be a possible third efficient variety of capitalism (Orru, Biggart, & Hamilton, 1997; Steier, 2009) alongside market and coordinated forms (Hall & Soskice, 2001).

Although there is broad agreement in this literature regarding the importance of family firms, the net effect of institutional variables on the relationship between family control and performance is much less clear. In reviewing this literature, we explore how a national economy's state of institutional development may moderate both the relative advantages that family firms derive from their distinctive capabilities as well as the consequences they face because of their characteristic liabilities. Institution development is a multidimensional construct typically operationalized by indexes such as those maintained by the World Bank (Kaufmann, Kraay, & Mastruzzi, 2007). However, for the purpose of this review, we distinguish between the conditions faced by family firms in emerging economies and those found in more mature and advanced jurisdictions, a distinction that captures the broad differences in the operating environments faced by firms (Chan et al., 2008; Peng & Jiang, 2010).

Positive performance moderation in emerging institutional environments

A substantial body of literature has documented the success of family firms in emerging markets that are characterized by weak and still developing institutional environments (Bertrand & Schoar, 2006). Several arguments have been advanced to explain why family firms flourish under these conditions. In particular, family firm prevalence has been associated with underdeveloped capital markets (Bhattacharya & Ravikumar, 2001), weak formal protection for minority investors (Burkart et al., 2003), poor commercial law (Gilson, 2007), the absence of physical infrastructure (Fisman & Khanna, 2004), inadequate education and training (Khanna & Palepu, 1997), and inefficient or corrupt government agencies (Fogel, 2006). We summarize these arguments in three broad streams of literature.

In the first stream, the success of family firms is linked to advantages stemming from their unique ownership and management structures. This research largely focuses upon the capacity of family-based business groups to fill institutional voids associated with capital markets (Almeida & Wolfenzon, 2006; Khanna & Palepu, 2000). These groups are sometimes viewed as quasi-capital markets that can share risk (Khanna & Yafeh, 2005) and allocate credit to affiliated firms (Almeida & Wolfenzon, 2006). Young et al. (2008) contended that groups of family firms function as more effective internal capital markets than do bank- or state-centered corporate groupings owing to their incentives for efficiency as well as their superior capacity to monitor affiliates. A related body of research has suggested that family business groups are uniquely capable of addressing problems associated with underdeveloped legal institutions (Hoskisson, Cannella, Tihanyi, & Faraci, 2004) because a family's reputation for probity can serve as a reliable contract enforcement mechanism where commercial law is ineffective or unenforced (Gilson, 2007).

A related second stream of literature views the family-based network as a mechanism that addresses market development voids in order to support small-scale enterprise (Portes & Haller, 2005). According to this view, family-based networks arise in the context of weak central states (Boisot & Child, 1996) or where they are needed to provide protection against predatory government officials (Peng, 2004). In such contexts, these networks support entrepreneurship among marginalized ethnic populations (Light, 2005) and politically vulnerable communities (Yeung, 2000). Such kinship networks also mobilize capital for entrepreneurs by rotating credit associations (Geertz, 1962). Extended family-based networks may also provide social capital that can lead to new business creation through the provision of timely information about entrepreneurial opportunities (Chung, 2006; Luo & Chung, 2005) as well as act as catalysts for large-scale economic development by facilitating the acquisition and mobilization of resources (Davis, Trebilcock, & Heys, 2001; Miller, Lee, Chang, & Le Breton-Miller, 2009).

A third stream of literature focuses upon the ability of powerful families to take advantage of corrupt government officials and weak legal safeguards in emerging markets in order to appropriate wealth for themselves and their firms (Fisman, 2001). Variously labeled as rent-seeking (Krueger, 1974), crony capitalism (Kang, 2003), and economic entrenchment (Morck et al., 2005), this literature's core hypothesis is that businesses controlled by wealthy families gain preferential access to resources, licenses, and contracts mediated by public servants because transitional and emerging economies lack equitable and efficient legal systems, corporate transparency, and universal education (Claessens et al., 2000a; La Porta et al., 1999). It is argued that the absence of such protective institutions allows wealthy families to leverage their positions of economic strength into political power in order to influence public policy and, in extreme cases, even "capture" the state (Acemoglu & Robinson, 2008).

Under this scenario, wealthy families use their positions of influence to gain access to state-controlled resources, prevent the entry of more efficient rivals, and perpetuate economic arrangements that preserve their interests. Further, politically connected family businesses may be protected from foreign competition and new industry entrants by government policies and benefit from government bailouts when faced with financial difficulties (Faccio, Masulis, & McConnell, 2006). Because channels to powerful political patrons are limited, successful rent-seeking is restricted to a small number of actors (Fisman, 2001) whose monopolization of political access produces a class of "villainous" (Claessens, Djankov, & Lang, 2000b) and "oligarchic" families (Morck & Yeung, 2004) who accumulate great wealth at the expense of others (Bebchuk & Roe, 1999).

Negative performance moderation in emerging institutional environments

Despite the prevalence in the literature of arguments suggesting that family firms and family-based business networks enjoy relative advantages in emerging economies, the empirical evidence on this point is surprisingly equivocal. In this respect, Khanna and Rivkin (2001) found that being part of a family-based business group had a positive effect in six emerging markets, a negative effect in three, and no significant effect in five others. Such findings indicate that in some emerging markets the relative advantages of family firms are offset by relative disadvantages and, in other contexts, the relative disadvantages of family firms seem to dominate. This characterization of the evidence is consistent with Claessens et al. (2002) who suggested that concentrated family ownership can exert both positive and negative effects on firm value in emerging markets.

In terms of the negative consequences of family control, the literature has suggested that the weak legal and financial institutions in emerging markets permit family owners to engage in two sorts of activities – *tunneling* and *propping* – that are damaging to their firms' financial performance. In tunneling, controlling shareholders transfer profits from one firm in which they have small claims on corporate profits to other firms where their claims are larger (Friedman, Johnson, & Mitton, 2003). Such transfers can be accomplished through a variety of means such as the transfer of goods and services at below- or above-market prices or the extension of credit on favorable or unfavorable terms (Cheung, Raub, & Stouraitis, 2006). Extensive evidence of tunneling has been found in family firms in countries such as Hong Kong (Cheung et al., 2006), India (Bertrand, Mehta, & Mullainathan, 2002), and Korea (Bae, Kang, & Kim, 2002). The intent of such practices is the expropriation of wealth by inside family owners from minority shareholders (Bertrand et al., 2002). The possibility that family insiders will engage in tunneling and the absence of legal safeguards for minority investors have negative implications on a firm's financial performance, because such activities result in the misallocation of resources (Morck & Yeung, 2003). In addition, Claessens et al. (2000) found that it also increases a firm's effective cost of capital because outside investors demand a risk premium to compensate for the potential hazards associated with tunneling and other self-serving activities in family firms (Claessens et al., 2000).

In contrast to tunneling, propping occurs when controlling shareholders divert resources from their personal wealth or from affiliated firms to support a failing firm (Friedman et al., 2003). For example, Lee Kun Hee, the chairman of Samsung Electronics and head of the family that controls Samsung Group, used his personal wealth to pay off the debts of the Samsung Motors subsidiary, which was on the verge of bankruptcy in the wake of the 1997 Asian financial crisis (Friedman et al., 2003). Another form of propping occurs when the affiliates of family-based business groups support a floundering member or cross-subsidize one another through loan guarantees or favorable credit arrangements (Bertrand et al., 2002). Thus, propping represents a type of mutual insurance policy that reduces a firm's risk of bankruptcy, but also imposes costs on more successful affiliates (Ferris, Kim, & Kitsabunnarat, 2003) and consequently results in the inefficient allocation of resources (Almeida & Wolfenzon, 2006). Propping may be motivated by a desire to keep afloat a firm to which controlling family shareholders have an emotional attachment or for other non-economic reasons such as the feeling of obligation one family member has to come to the aid of another at a time of need (Villalonga & Amit, 2010). Regardless of the motive, since propping, like tunneling, results in the allocation of resources on the basis of factors other than profit maximization, it negatively affects the financial performance of firms (Almeida & Wolfenzon, 2006).

Positive performance moderation in advanced institutional environments

The importance of family firms to economic and institutional development is not unique to emerging economies (La Porta et al., 1999), and recent meta-analytic findings have indicated that they often outperform others types of firms in highly advanced and competitive contexts (van Essen, Carney, Gedajlovic, & Heugens, 2011). In other words, despite their inherent weaknesses related to the acquisition and utilization of financial and human resources (Chandler, 1990; Schulze et al., 2003a, 2003b) as well as the absence of weak economic and legal institutions to exploit (cf. Gilson, 2007, Khanna & Palepu, 2000; Peng, 2003), empirical evidence has suggested that many family firms survive and thrive in advanced economies.

Two explanations for the relative success of family firms in advanced economies are apparent in the literature. The first explanation suggests that family firms actually do better in advanced economies than they do in emerging markets because such contexts have efficient legal systems, well-regulated and transparent financial markets, and institutional monitors that curtail many of the value-destroying principal–principal problems that scholars (Peng & Jiang, 2010; Perez-Gonzales, 2006; Schulze et al., 2003a, 2003b) have suggested are endemic to family firms.

According to this view, family firms operating in advanced economies enjoy relative advantages owing to the superior commitment of their owner-managers (Andersen & Reeb, 2004; Miller & Le Breton-Miller, 2005) compared with salaried managers (cf. Jensen & Meckling, 1976) and they also benefit from the presence of institutions that mitigate the tendencies of family firms to engage in certain value-decreasing activities. It is for this reason that Anderson and Reeb (2004) argued that the publicly-listed family firm is an efficient organizational form that outperforms its peer group in the highly competitive U.S. marketplace.

A second explanation for the relative success of family firms in advanced economies is based upon the idea that sophisticated institutions promote the efficient specialization of function and that the economic and social characteristics of family firms furnish them with comparative advantages in specialized areas of economic activity. For example, research has highlighted the competitive advantage of networks of small and medium-sized family firms in advanced economies relative to rigid hierarchically-controlled and vertically integrated firms in the same contexts (Best, 1990). In these networks, concentrated populations of both new and established family firms achieve, and benefit from, social cohesion and a shared “homogenous system of values” (Beccatini, 1990: 39) that facilitate low-cost coordination. These networks also promote the creation and exploitation of technical and tacit knowledge that is developed over time and through repeated interactions via on-the-job-training, inter-firm linkages, and personal networks (Morosini, 2004). As a consequence, many of these family firms come to possess competitive advantages based upon their capacities for incremental innovation and the production of high-value products (Storper, 1993).

Similarly, research on medium-sized, globally-oriented family firms suggests that their competitive advantages may arise from the ability to benefit from high-quality formal institutions such as technical colleges and universities and institutionalized systems of technical apprenticeship (Hall & Soskice, 2001). Cases in point are the *Mittelstand* firms that played an important role in Germany's postwar economic reconstruction (Herrigel, 1996). *Mittelstand* firms follow a tradition that can be traced back to the family-like structures of medieval craft guilds (Kieser, 1989). In their contemporary forms, they are characterized by concentrated family ownership and management with strong emotional investments in the firm and an emphasis on continuity, paternalism, and independence (Berghoff, 1996; Simon, 1996). Many *Mittelstand* firms are "hidden champions" (Simon, 2009), which are highly focused technology leaders that pursue global niche strategies in industries such as machine tools, printing presses, and high-quality consumer durables.

Negative performance moderation in advanced institutional environments

Others researchers have highlighted factors suggesting that family firms underperform in advanced economies. This perspective originates in historical and sociological accounts of how wealthy families are primarily motivated to preserve their economic and social status (Palmer & Barber, 2001). Its main thrust is that the resulting conservative organizational and financial strategies produce creeping economic inertia for both the firms they control and the economies they dominate. For example, Chandler (1990) linked industrial decline in the U.K. with the failure of family firms to invest in the capabilities needed to compete in dynamic industries (see also Franks, Mayer, & Rossi, 2006).

Building on the aforementioned work, a significant stream of research has described how wealthy and entrenched families have vested interests in preserving their personal wealth and status. Consequently, they oppose organizational innovations that may put their accumulated wealth at risk (Morck, Strangeland, & Yeung, 2000), undermine their status in their communities (Berrone et al., 2010), or weaken their control over their firm's activities (Gómez-Mejia et al., 2010). For example, Mayer and Whittington (2004) contend that in Europe family-dominated firms were slower than are managerial- and bank-controlled firms to adopt the multidivisional form of organization because it required them to decentralize management control and increase their accountability to outsiders. Further, because family control may serve as an effective antitakeover device, it has been argued that family firms are buffered from capital market pressures to install more imaginative and efficient management (Davis & Stout, 1992).

In sum, a considerable body of work has suggested that large and mature family firms in advanced economies tend to fall prey to conservative financial and organizational strategies that lead to their eventual downfall. This conclusion resonates with recent research that has documented the poor governance practices and substandard financial performance of second and third generation family firms in such contexts (Miller et al., 2007; Pérez-González, 2006).

Summary: Institutional Environments and Family Firm Performance

As described above, family firms have distinctive capabilities and disabilities relative to other types of firms and they can be found operating in various forms in all parts of the world. Their distinctive characteristics and ubiquity provide an opportune basis for exploring how various institutional variables influence the value firms may obtain from particular types of capabilities as well as the consequences of their particular disabilities. In addition, because family firms operate within and across diverse national settings, they provide an excellent basis for studying how a common organizational form adapts and evolves in different institutional contexts. These characteristics make family firms especially suitable for investigating how institutional conditions moderate performance differences between firms. Of particular interest may be how institutional environments differentially affect the behaviors and performance of younger and smaller family and non-family firms. For example, family involvement may be advantageous for new firm formation in environments with less developed institutions (Chang, Chrisman, Chua, & Kellermanns, 2008). By contrast, such advantages may be less pronounced in environments where institutional development is more advanced.

Despite the evident potential of family firm-based research with regard to inquiries into how and why institutional conditions moderate performance differences between firms, the literature has not yet focused on these fundamental questions. We see this as an unexploited opportunity for family business scholars to enter mainstream discourses in the organizational sciences and to give back and provide meaningful contributions to the more established management disciplines. Through advancements in the theoretical rigor of family business research in the past decade (Stewart & Hitt, 2010), researchers in the field seem to be poised to make such contributions. However, the need to collect comparative data from a multitude of different institutional settings remains a serious obstacle. Progress on this front is already underway through the development of major multi-country collaborative projects such as the STEP project (Zellweger & Sieger, in press) as well as the use of meta-analytic techniques that harvest effects from the many primary studies conducted on firms in diverse settings (van Essen et al., 2011).

THE PAST AND FUTURE CONTRIBUTION OF FAMILY FIRM RESEARCH

Our review of the family business literature highlights the insights it offers into the sources of performance differences between firms as well as the degree to which the bases for the competitive advantages of firms is context-dependent. With respect to these sources of performance differences, we have advanced the idea that organizational performance is a joint function of the capabilities that an organization is able to develop and the efforts that actors make in support of those activities (Figure 1). In this regard, the family business literature provides well-grounded theoretical accounts and insightful empirical investigations of how rent-producing capabilities are created (e.g. Sirmon & Hitt, 2003) and dissipated (e.g. Schulze et al., 2001), of the factors that motivate actors to identify strongly with their firms (e.g. Andersen & Reeb, 2003) and exert consummate effort in support of their activities (e.g. Miller & Le Breton-Miller, 2005), and of the factors that de-motivate actors and lead them to behave in a self-serving manner (e.g. Morck et al., 2005) and/or withhold effort (e.g. Lubatkin et al., 2007). We identify three main areas of contribution.

First, although the rent-creation and appropriation processes described in our review are not necessarily limited to family firms, they are much more common and pronounced in them. In this regard, our analysis of the literature suggests that capability-creation and appropriation processes are heterogeneously distributed across types of firms, with some being more common and others being less common among family firms. Viewed as such, a major contribution of the family business literature has been to direct scholarly attention towards processes such as those related to the development of certain capabilities: managerial commitment (e.g. Le Breton-Miller & Miller, 2006), organizational identification (e.g. Carney, 2005), social capital (e.g. Arregle et al., 2007), and the capacity to address institutional voids (Miller et al., 2009). These sources of capabilities have not been widely examined in the rent-creation literature, which has thus far focused on other types of firms and their own characteristic rent-creation capabilities (cf. Eisenhardt & Martin, 2000). The family business literature similarly has focused on some important but understudied processes such as those related to intra-organizational conflict (Lubatkin et al., 2007) and agency problems (e.g. Schulze et al., 2001) that determine whether (and by whom) rents are appropriated. In doing so, the family business literature has provided insights into the organizational processes through which economic rents are generated and appropriated by various actors. Going forward, theoretical and empirical work in the fields of strategic management, entrepreneurship, and organizational theory can continue to be enriched through the consideration and evaluation of the additional processes underlying rent creation and appropriation that are characteristic of, but not exclusive to, family firms.

A second area in which family firm-based research has contributed to mainstream inquiries in the organizational sciences pertains to how scholars engaged in corporate governance research have framed their inquiries and explored the antecedents and consequences of corporate governance practices (e.g. Bloom & Van Reenen, 2007; Peng & Jiang, 2010). In this respect, La Porta et al.'s (1999) survey of corporate ownership around the world documented the prevalence and economic significance of family firms and provided a seminal contribution by shifting the primary corporate governance conversation away from issues related to the separation of ownership and control (cf. Berle & Means, 1932) towards the costs and benefits of unified ownership and control. By doing so, these authors created the basis for the growing literature on principal–principal agency problems (e.g. Claessens et al., 2002; Morck et al., 2005). As a result, our theories of governance now have greater realism and practical relevance for managers, investors, and policymakers.

One characteristic aspect of many studies of family firms relates to their focus on organizational transitions from one form of governance to another. In this regard, much research in the field of family business has examined the processes and outcomes related to executive succession such as the professionalization of management (e.g. Gedajlovic et al., 2004), the transition from founder to descendant management (e.g. Andersen et al., 2009), and the transition from private to public ownership (e.g. Burkart et al., 2003). This body of family firm-based research has suggested that governance transitions are highly complex processes that are fraught with difficulties that threaten the vested interests of entrenched actors as well as the organization itself (Bennedsen et al., 2007). Although governance transitions are not unique to family firms, they have been more thoroughly studied in them because of the focus in the family business literature on the influence of family control over the firm's operations (Gómez-Mejía et al., 2010). Collectively, these studies have pointed to the need for governance scholars to pay closer attention to transitions involving changes in ownership and control within and between a more diverse set of organizational contexts.

A third area in which family firm-based research has contributed to mainstream inquiries in the organizational sciences relates to how scholars have conceptualized and explored the risk profiles of executive decision makers. Built upon the concepts of loss aversion and problem framing, which are the foundations of prospect theory (Kahneman, Knetsch, & Thaler, 1991; Kahneman & Tversky, 1979), this stream of research shows that major organizational decisions such as those pertaining to the expansion of the firm's geographic or product market scope (Gómez-Mejía et al. 2010), the engagement in or avoidance of inter-organizational alliances (Gómez-Mejía et al., 2007), or the pursuit of pro-social activities (Berrone et al., 2010) are driven by executive risk perceptions pertaining to both the financial and socio-emotional wealth they derive from their associations with the firm. As such, family firm-based research has helped move empirical work on prospect theory beyond the laboratory setting (Kahneman et al., 1991; Kahneman & Tversky, 1979) to explore the antecedents and consequences of the risk preferences of actual company executives in real business situations. In particular, these studies have examined scenarios where decisions made to safeguard the socio-emotional wealth of executives place their personal financial wealth and the performance of their companies at risk (e.g. Gómez-Mejía et al., 2001). In doing so, these studies have demonstrated that seemingly irrational business decisions that expose firms and their executives to unnecessary financial risk (Gómez-Mejía et al., 2007) are indeed quite rational and predictable when researchers take into account that executives actually frame risk (Wiseman & Gómez-Mejía, 1998) in terms of both the socio-emotional and financial benefits they derive from their associations with the firm.

Looking beyond these three evident areas of past and ongoing contribution, there exist further untapped opportunities for family firm-based research to enrich mainstream work in the organizational sciences. Many of these opportunities stem from the unique perspective on human agency provided by family firm research, which brings into focus the complex set of factors that motivate individual and group-level behavior in organizations. In the following sections, we identify and describe several such opportunities.

The Causes and Consequences of Mixed Motives in Organizations

A central and recurring theme in our review has been that the owners and managers of family firms have diverse and mixed sets of personal motives, some economic and some non-economic. On this point, we note that owners and managers in family firms are not unique, as social psychologists have long established that organizational behavior is motivated by a broad array of intrinsic and extrinsic factors (Deci & Ryan, 1985; Hackman & Oldham, 1976). Behavioral economists such as Cyert and March (1963) and Kahneman and Tversky (1979) have similarly noted that people are motivated by a variety of economic and non-economic considerations. Despite broad acceptance that behavior in organizations is driven by mixed motives, researchers (especially those applying economic theories such as agency, transaction cost, and the resource-based view) have often adopted the simplifying assumption that managers are singularly motivated by the desire to maximize economic returns (Baker, Gedajlovic, & Lubatkin, 2005).

By contrast, as is evident in the term "family business," researchers studying these firms take it as axiomatic that executives in family firms are motivated by both non-economic ("family") and economic ("business") considerations. As a consequence, much work in the area of family business has been devoted to exploring the organizational antecedents and consequences of mixed managerial motives (i.e. economic and non-economic), which has been an area of relative neglect in the mainstream literature. Furthermore, family business scholars are beginning to examine the possibility that economic and non-economic goals are not always in conflict and that their effective management may actually lead to synergistic outcomes (Stewart & Hitt, 2010; Zellweger & Nason, 2008). In this regard, family firms offer strategy and entrepreneurship scholars an opportune context in which to develop and test their theories of how executives manage the trade-offs between multiple and mixed goals and also how they identify, evaluate, and marshal resources to exploit opportunities in pursuit of those goals.

In the remainder of this section, we discuss opportunities to study the antecedents and consequences of mixed motives in the context of family firms. In doing so, we highlight how understanding the mixed motives of actors in a family business setting can illuminate new research opportunities pertaining to the general theories of capability development, resource acquisition, and the decision-making time horizons of executives.

Mixed Motives and Capability Development. In their influential depiction of the economic theories of organizations as "bad for practice," Ghoshal and Moran (1996) noted that highly calculative and financially driven business decisions can undermine the ability of firms to develop valuable capabilities because they make it less likely that actors will engage in co-operative endeavors and more likely that they will withhold effort and engage in self-serving behavior. Ghoshal and Moran's arguments resonate with research in the family business literature that has examined how the mixed motives inherent in family firms can lead to the development of valuable capabilities through more generous and less financially calculative investments in human, social, and reputational capital (Arregle et al., 2007; Le Breton-Miller & Miller, 2006; Sirmon & Hitt, 2003).

Although it is undoubtedly the case that the non-economic goals of owners and managers may result in many negative outcomes (Bloom & Van Reenen, 2007; Gómez-Mejia et al., 2001; Pérez-González, 2006; Schulze et al., 2003b), research on family firms has also suggested that owners and managers who extend the boundaries of their goals to include pro-social objectives may actually reap substantial economic benefits (Berrone et al., 2010; Dyer & Whetten, 2006; Lester & Cannella, 2006; Miller & Le Breton-Miller, 2005). Thus, family firm-based research has highlighted the need for additional work on the more general questions of how mixed motives influence managerial choices regarding the types of capabilities to build as well as the means through which these capabilities are nurtured and developed. In this regard, the study of family firms has much to offer. For example, family businesses most often lack managerial and technical acumen (Carney, 2005; Pollak, 1985), yet in some cases provide fertile ground for the development of such capabilities (Simon, 2009). Interestingly, mixed motives seem to be a primary cause of both the general rule and its exception, suggesting the possibility for fruitful comparative studies.

Mixed Motives, and Resource Acquisition, Opportunity Evaluation, and Exploitation. Our survey of the family firm literature suggests that the mixed motives of top managers can affect their perceptions of what constitutes an acceptable return on a particular investment of financial or human capital. In this regard, Chua and Schnabel (1986) suggested that when actors derive both economic and non-economic benefits from an activity, they are willing to accept lower financial returns on their investments. Similarly, Gimeno, Folta, Cooper, and Woo (1997) found that individuals who derive psychic benefits from their entrepreneurial pursuits are willing to accept lower financial returns. In a similar vein, Francis and Sandberg (2000) indicated that managers are more likely to remain committed to a lower-performing venture when there are strong affective bonds among members of the entrepreneurial team. By contrast, recent research indicates that mixed motives can increase the subjective valuations family owners' attach to their firms (Zellweger, Kellermanns, Chrisman, & Chua, in press).

In addition to potentially reducing the cost of financial resources and increasing the perceived value of ownership, shared non-economic goals can also reduce a firm's cost of human capital. In this regard, it has been observed in family firms that non-economic goals can induce some managers and employees to donate their labor, work longer hours, and accept lower pay (Gómez-Mejía et al., 2003; Sirmon & Hitt, 2003). Such behavior is especially likely during venture start-up (Karra, Tracey, & Phillips, 2006) or when firm survival is threatened (Sirmon & Hitt, 2003). Further, Pearson and Marler (2010) argued that stewardship behavior by firm leaders prompted by the pursuit of non-economic goals can have spillover effects on non-family employees and reduce their propensity for opportunistic behavior and, therefore, the costs of managing and supervising a firm's workforce.

The preceding discussion suggests that firms guided by executives with mixed non-economic and economic motives may enjoy advantages in acquiring and making use of certain types of financial and human resources. It follows that such advantages can provide greater scope for entrepreneurial activity than would be available to firms with strictly economic goals (Chua et al., 2011). We consequently reason that these resource acquisition advantages may be leveraged into new business opportunities through a number of related mechanisms that merit closer scrutiny in the entrepreneurship, organizational theory, and strategy literatures.

First, with lower resource acquisition costs and greater top management discretion (Carney, 2005), organizations with mixed motives such as family firms can be early movers in new markets and industries, which Aldrich and Fiol (1994) described as lacking in cognitive and socio-political legitimacy. Second, although *a priori* the evaluation of the "true" value of an investment opportunity by a potential outside resource provider is replete with uncertainty owing, in part, to potential misrepresentation or the withholding of relevant information by firm management, the effects of such information asymmetry on resource acquisition costs may be attenuated in organizations such as family firms where human and financial capital are supplied by insiders (Bennedsen et al., 2010) sharing common economic and non-economic goals. Such firms may also enjoy advantages in identifying and leveraging opportunities owing to the tacit knowledge held by its managers. Arm's length transactions involving tacit information are often impractical or characterized by high transaction costs that are necessary to overcome the substantial informational asymmetries between the holder and investor about the true value of the knowledge (Bjuggren & Sund, 2002). More generally, we reason that the broader opportunity set available to firms with mixed motives can provide them a competitive advantage stemming from greater scope for organizational growth and renewal relative to firms with a more constrained set of motives.

Although our survey of the family business literature suggests that non-economic motives among top managers can lead to the pursuit of additional business opportunities, it is not clear whether the pursuit of these additional opportunities will be financially profitable or not. On one hand, lower resource acquisition costs as well as the attenuation of information asymmetries resulting from mixed motives may lead to the discovery and pursuit of profitable business opportunities that are missed through more formal processes (cf. Hayek, 1945; Kirzner, 1997). On the other hand, lower resource acquisition costs and the pursuit of opportunities based upon private information may also result in the pursuit of less profitable business opportunities, thereby leading to a misallocation of resources (Bertrand et al., 2002; Morck & Yeung, 2003). Given this point of ambiguity in the literature, we see the need for further research on the moderating and mediating factors that determine whether and when the mixed motives of managers lead to efficient or inefficient resource allocation decisions. Although investigating this research question can have broad strategic implications for firms in general, family firms, where mixed motives are rampant and information asymmetries less serious, represent an ideal setting for obtaining the answers because there are fewer confounding factors with which to contend.

Mixed Motives and Decision-Making Time Horizon. Family business research provides theory and evidence regarding the effects of mixed motives on the temporal orientation of a firm's strategists. In this regard, transgenerational intent, namely the desire of an organization's leaders to hand over control of the firm to their progeny, is an integral characteristic of a family business that gives it meaning beyond the technical nature of its productive activities and provides members of the organization with non-economic incentives to contribute towards its perpetuation (cf. Selznick, 1957). Such intentions have been found to be associated with both family-centered non-economic goals (Chrisman, Chua, Pearson, & Barnett, 2012) and a long-term orientation towards investments (James, 1999; Le Breton-Miller & Miller, 2006).

On the other hand, other family business scholars have argued that these mixed motives can sometimes prevent firms from adopting strategies that may improve the likelihood of long-term survival (Gómez-Mejía et al., 2007). Most notable among these studies are a series of papers by Gómez-Mejía and colleagues, who provided evidence suggesting that the socio-emotional wealth managers and owners derive from their firms can lead them to eschew activities that could enhance the prospects of the firm's long-term survival if such activities threaten their own reputations or abilities to exercise control over the firm (Berrone et al., 2010; Gómez-Mejía et al., 2001, 2003, 2007, 2010).

Although the decision time horizons of executives is undeniably an important determinant of firms' strategic orientations and economic performance (Porter, 1992), there has been relatively little research on its firm-level antecedents (Souder & Bromiley, 2011). Furthermore, the work that has been carried out has focused primarily on the effects of CEO age/tenure (Antia, Pantzalis, & Park, 2010), capital market pressures (Walsh & Seward, 1990), and societal norms (Hofstede, 1991). As described above, family firm research has highlighted a complementary approach that offers great promise for improving our understanding of the factors influencing the temporal orientation of organizational decision makers by highlighting the effects of mixed economic and non-economic goals on their perceptions and actions. In this regard, family firms constitute a highly appropriate setting for theoretical and empirical explorations of how mixed motives extend or contract the time horizons of organizational decision makers.

CONCLUSION

We noted at the outset of this survey that family firms are an important economic institution and also described the recent rapid development of the field of family business research by documenting how its scholars now consistently conduct research on questions that are central to the organizational sciences and that they publish in their most prestigious journals. At the same time, we also remarked that family business research is still poorly integrated into mainstream conversations in the organizational sciences and stated that our review intended to highlight opportunities for general management scholars and family business specialists to conduct and frame their research in a way that narrows the gap between the current and potential contribution of family firm-based research to mainstream management discourse. To do so, we interpreted for *JOM*'s broad readership the body of family business research pertaining to performance differences between firms. In doing so, we touched upon the fundamental management questions of "How do firms differ in terms of their financial performance?" and "How do institutional conditions moderate performance differences between firms?" We subsequently proceeded to outline in more specific terms some areas of past, as well as potential future, contributions of family firm research to the organizational sciences.

In reflecting upon our survey, it becomes apparent that the field of family business research is at a pivotal moment in its development. Like an adolescent, it is replete with promise and is well poised to give back to those that have supported its emergence and growth. At the same time, much of this promise has yet to be fulfilled. So, what does the future hold for this burgeoning adolescent and how can the potential of family business research be realized?

Our view is that future progress in the field will require important contributions from both family business "specialists" as well as "generalists" from traditional disciplines in the organizational sciences. For family business specialists, the primary challenge will be to widen their focuses to address questions that range beyond the narrow confines of the field as it is presently constituted. To those scholars who frame their research domains in more generalist terms, more frequent incorporation of the ubiquitous family firm into their theoretical frameworks and research designs would strengthen the validity and generalizability of their findings. In this paper, we have singled out potential research opportunities related to the dual goals and mixed motives of owner-managers as having much potential, but there are many other opportunities as well. On the evidence of this survey, we believe that it is surely time for family firm research to take its place in the mainstream of organizational sciences where we expect it will continue to attract growing attention and provide researchers with new possibilities for years to come.

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Figure 1: Joint effects of effort intensity and ability in family firms

	Effort: Positive	Effort: Negative
Abilities: Positive	1 Able stewardship	2 Indeterminate
Abilities: Negative	3 Indeterminate	4 Intergenerational deterioration