

**UNIVERSITAT DE VALÈNCIA**

**Programa de doctorado en Direcció de Empreses**



**VNIVERSITAT  
D VALÈNCIA**

**DOCTORAL THESIS**

**IT'S A MATCH! EXPLORING THE FIT BETWEEN  
THE BUSINESS FAMILY PROFILE AND FAMILY  
COUNCIL IN TRANSGENERATIONAL  
CONTINUITY**

**PhD Candidate:**

**María Rodríguez García**

**Supervisor:**

**PhD. Tomás González Cruz**

**Universitat de València**

**September 2023**



*Esta tesis se escribió, entre otros múltiples lugares, en las bibliotecas más recónditas de Madrid, el jardín botánico de Valencia, los palacios palermitanos, la sombra del Pirineo Aragonés, y en el hogar más hogar de todos: la casa de mis abuelos de Cedrillas.*



# TESIS DOCTORAL

Programa de doctorado 3113 en Dirección de Empresas

## IT'S A MATCH! EXPLORING THE FIT BETWEEN THE BUSINESS FAMILY PROFILE AND FAMILY COUNCIL IN TRANSGENERATIONAL CONTINUITY

Presentada por: María Rodríguez García

Dirigida por: Dr. Tomás González Cruz


---

**Tomás González Cruz**, Doctor en Dirección de Empresas por la Universitat de València y Profesor Titular del Departamento de Dirección de Empresas "Juan José Renau Piqueras" de la Universitat de València.

### **CERTIFICA:**

Que Dña. María Rodríguez García ha trabajado durante este período en el desarrollo de la tesis doctoral: *"It's a match! Exploring the fit between the business family profile and the family council in transgenerational continuity"*, bajo mi supervisión y dirección dentro del Departamento de Dirección de Empresas de la Universitat de València, con la finalidad de optar al grado de Doctor de Dirección de Empresas por la Universitat de València, con Mención Internacional.

El director ha examinado y estudiado minuciosamente el contenido que compone la tesis doctoral. En consecuencia, se considera que cumple con los requisitos de originalidad y rigor científico requeridos, permitiendo que sea sometida a una evaluación adecuada por el tribunal correspondiente. Para que así conste, expide y firma el presente informe favorable en Valencia a 4 de septiembre del 2023:



Dr. T. F. González Cruz



## FUNDING

This **PhD thesis** and the **visiting periods** at IESE Business School (Madrid) and Università degli Studi di Palermo have been funded by the Spanish Ministry of Universities, through a pre-doctoral contract for *University Teacher Training* (FPU19/00426).

*Esta tesis doctoral y las estancias de investigación en IESE Business School (Madrid) y Università degli Studi di Palermo, han sido financiadas por el Ministerio de Universidades, a través de un contrato predoctoral de Formación de Profesorado Universitario (FPU19/00426).*







## Note on gender treatment in this thesis

---

The author emphasizes that this doctoral thesis has been crafted with a focus on gender inclusivity. To achieve this, gender-specific references have been substituted with gender-neutral language to encompass all genders. In cases where this substitution was not feasible, both gender-specific pronouns have been employed to mitigate potential bias.



*A mi familia en su sentido más amplio,  
por enseñarme el significado  
de la perseverancia, entrega y compromiso.*

*A todos los docentes e investigadores,  
que con ilusión y constancia  
dibujan cada día la brújula y mapa del futuro.*



## AGRADECIMIENTOS





## REFLEXIÓN Y AGRADECIMIENTOS

Aquí llega mi parte favorita. La que no está sujeta a las normas de escritura científica y da rienda suelta a la creatividad. Y a pesar de todo ello, la que más me ha costado poner con palabras. Escribir una tesis doctoral es una de esas cosas de la vida que empezamos a hacer mucho antes de saber hacerla. Como vivir una ruptura, hablar un nuevo idioma, o despedirte de un ser querido. Parece que todas ellas se han puesto de acuerdo para ocurrir simultáneamente durante estos últimos cuatro años. Y algunas por partida doble.

Supongo que por ello, en los renglones de las siguientes páginas, se esconden un puñado de miedos que me han paralizado más de una vez durante este tiempo. Dudas eternas sobre si estaba haciendo lo correcto. Desasosiego constante. Incertidumbre. Y un síndrome del impostor que te susurra que nunca es suficiente. La realidad de la investigación es que los momentos *eureka* son escasos, la competitividad es feroz, y las métricas nublan en ocasiones el trabajo más artesanal y creativo. [Con esto no quiero decir que no sea importante medir el rendimiento académico. Pero virar entre extremos no es lo más recomendable para el equilibrio de cualquier sistema. Supongo que tampoco para el académico]

Pero al final, siempre había algo que me hacía seguir: una voz, un sabio consejo, o un hilo de esperanza. Es verdad que entre las grietas siempre se cuele la luz. La luz, un abrazo en el momento justo, o una llamada. Todo esto apunta a que no ha sido un camino fácil. Pero creo que tampoco lo cambiaría.

He tenido la tremenda suerte de poder dedicar gran parte de estos años a asomarme a otras disciplinas académicas: navegar entre libros de filosofía, explorar la psique humana, y divagar con infinitas teorías sociales. Y siempre con un billete de vuelta a la literatura de empresa familiar. He hecho de la investigación un proceso propio, partiendo de la observación e intentando descubrir el porqué último de las cosas. Me he permitido materializar la idea romántica de la investigación. Y aunque ya no sea tan romántica, ya no entiendo otra forma de hacer investigación.

Mucho de esto, por no decir la gran mayoría, se lo debo a mi director de tesis, Dr. Tomás González Cruz. Gracias por poner en valor todas aquellas cosas que no se pueden medir, evaluar, ni comparar. Pero que impregnan cada una de las decisiones que tomamos. Gracias a tu seguimiento ahora cuento con una caja de herramientas valiosísima que me acompañara siempre. Pero sobre todo, gracias por transmitirme una pasión genuina por la investigación y la docencia. Y compartir lo más preciado que cualquier doctoranda podría esperar: tu conocimiento, paciencia, y dedicación plena.

Gracias también al Ministerio de Universidades y la ayuda predoctoral FPU, que me ha permitido dedicarme exclusivamente a la elaboración de la presente tesis doctoral.

A los tutores de mis estancias de investigación, Marta Elvira y Salvatore Tomaselli, por su generosidad y hospitalidad en acogerme en el IESE en Madrid y en la Università degli Studi di Palermo. Vuestro



seguimiento y entusiasmo con el proyecto han sido un trampolín para esta tesis.

A Teresa Puchades. Sin tu ayuda esta tesis jamás hubiera visto la luz. Gracias por confiar en la investigación desde el primer momento e inspirarnos con tu experiencia.

A las familias empresarias que han abierto sus puertas a este estudio, han buceado en lo más profundo de sus entresijos; y más importante aún, han tenido la valentía para ponerlo con palabras y la confianza para contármelo. Sin vuestro coraje y honestidad sería imposible avanzar en esto que hacemos llamar investigación. Ojalá que este trabajo os ayude de alguna manera.

To IFERA RDP Team. Thank you for such a warm welcome to a team from which I continue to learn and be inspired every day. Can't wait to see all the good things ahead.

A Maria Orero, que cuando se doctoró una parte de mí lo hizo también. Pienso en los momentos clave de estos años y en todos apareces tú.

A María José Miquel, por su apoyo más sincero, humildad y sensibilidad. Tenemos muchas cosas que celebrar estos meses.

A Samuel, por recordarme tantas veces porque sigo aquí. Siempre admiraré tu forma de cuidar al alumnado.

A Adam King, por traducir las dudas más ocultas de estas líneas al lenguaje de la seguridad y el crecimiento. Gracias por tu confianza durante todos estos años.

A Alicia, por acercarme a la Universidad. A Carla y Andrea por su compañerismo y solidaridad.

A mis compañeros de Madrid, por inspirarme en sus paseos por Moncloa. A Rita, por hacer de Palermo una ciudad mágica.

Al departamento de Dirección de Empresas de la Universitat de València y a IUDESCOOP, por acogerme como parte de su personal docente e investigador.

A todas las compañeras de la Unidad de Igualdad de la Universitat de València, y en especial a Isa Nuñez por ser un halo de esperanza. Y espacio seguro.

Y a quién le debo que todo esto empezara y acabe: el alumnado. Por los que me han regalado los mejores momentos profesionales de estos años y por los que aún no conozco.

A mi madre, quién ha abrazado mi crecimiento durante todos estos años hasta hacerlo suyo. Gracias por empoderarme en todas y cada una de mis decisiones y acompañarme siempre allá donde voy.

A mi padre, por enseñarme el significado de innumerables valores que me acompañan hasta el día de hoy. Mi constancia y dedicación tienen tu apellido. Gracias por mostrarnos el compromiso más humano.

A mi hermano Juan Carlos. Si algo me ha enseñado esta tesis es que la alianza de hermanos es poderosa y reconfortante. Gracias por recordarme la importancia de la nobleza y lealtad.

A mi tía Pilar, por su vitalidad inagotable. Nuestra complicidad tía-sobrino es fantástica. Nunca me pareceré a ti lo suficiente como para ser tan auténticamente divertida.

A mis abuelos, Concha y Rufino, quiénes fueron los primeros en vivir mi faceta docente. Os pensamos y os queremos todos y cada uno de nuestros días. Todo florecerá allá dónde estéis.

A las mujeres de mis días: Sonia, Lucía, Ana, Sisi, Tamara. Tenéis un don potentísimo para construir redes de apoyo, amor y escucha. Si algo tengo claro es que de mayor quiero ser como cada una de vosotras.

A mi consejero familiar y amigo, José Manuel, quién me contagia unas ganas tremendas de vivir.

A mi hogar madrileño. Sois de otro planeta y habéis venido a éste a hacer un mundo más amable, más humano, más cercano.

Y por supuesto, a mi familia SD. Jamás olvidaré lo que hicisteis por mí. En los momentos más arduos he visto los gestos más sinceros de cariño y amistad. Os adoro infinito.



RESUMEN/ABSTRACT/RESUM





## RESUMEN

El consejo de familia, a pesar de que académicos y consultores enfatizan su importancia para la continuidad de las empresas familiares, sigue siendo todavía un órgano de gobernanza desconocido. Su falta de conocimiento se manifiesta de diferentes formas. En primer lugar, la Academia aún tiene que acordar en qué consiste un consejo de familia. Aún en 2023, se describe de formas muy diversas, lo que hace que sus múltiples definiciones sean heterogéneas y ambiguas. En segundo lugar, hay muchas preguntas básicas respecto al consejo de familia que todavía no encuentran una respuesta sólida. Para empezar, el papel del consejo de familia no está claro, y tampoco su alcance y aplicación. ¿Se trata de un órgano útil para todas las familias? ¿Cualquier momento es bueno para ponerlo en marcha? Son algunas de las preguntas que inspiran a la investigadora a formular esta propuesta de tesis doctoral.

La evidencia demuestra que responder a estas preguntas únicamente desde la perspectiva de la dirección de empresas conlleva ciertas limitaciones. Para complementar los estudios existentes, aplicamos teorías y constructos de otras disciplinas, concretamente, de la filosofía de la ciencia, terapia familiar, y sociología.

Para avanzar teóricamente, aplicamos requisitos formales de la filosofía de la ciencia para conceptualizar el consejo de familia. Sintetizando la investigación existente, identificamos tres enfoques para abordar el consejo de familia: funcional, estructural y relacional.

Para contribuir empíricamente, observamos la realidad de los consejos de familia con la definición unívoca y concreta previamente acotada. En el consejo de familia, al igual que para cualquier órgano de gobernanza de la familia, no existen reglas universales. Sino que más bien, cada familia debe contar con un consejo de familia ajustado a sus retos. Por ello, nuestro interés reside en explorar el grado de ajuste entre el consejo de familia y el perfil de la familia empresaria.

Para evaluar el perfil de la familia utilizamos el modelo Circumplejo de Olson (2011), con las dimensiones de cohesión, flexibilidad y comunicación. Sin embargo, en este modelo la dimensión de comunicación no se desarrolla, ya que se considera como una dimensión facilitadora en terapia. Para abordar esta limitación, desarrollamos la dimensión de comunicación utilizando los criterios de la situación ideal de diálogo de Habermas (1982). De esta manera construimos un modelo integral que permite diagnosticar a las familias en base a tres dimensiones: cohesión, flexibilidad y comunicación. Para evaluar el grado de ajuste observamos el desempeño de la familia empresaria.

Aplicamos este modelo a la muestra de nuestro estudio. La muestra está compuesta por tres familias empresarias de España. Los datos se recogieron a través de entrevistas en profundidad entre 3 y 10 miembros de cada familia empresaria. En total se acumulan 18 entrevistas y 1255 minutos de entrevista.

El resultado de la investigación es un nuevo modelo teórico sobre el perfil de la familia empresaria y el consejo de familia. Este modelo



supone un punto de partida para entender el fenómeno del consejo de familia. En primer lugar, advierte que las familias deben estar en una posición equilibrada en el Modelo Circunflejo de Olson Ampliado para que el consejo de familia tenga un impacto positivo sobre el desempeño de la familia empresaria. Si las familias se encuentran en una posición desequilibrada, las dinámicas del consejo de familia se ven mermadas en algunos casos, y completamente bloqueadas en otros. En este caso, la familia que ya cuenta con un consejo de familia consolidado debe utilizarlo como espacio de diálogo y transitar hacia posiciones de equilibrio.

Además, este modelo pone nombre a algunas de las ideas que la Academia y consultores intuían, pero que hasta el momento se mantenían en el anonimato. Nos referimos a las categorías de complejidad familiar estructural y complejidad familiar cognitiva. Estos conceptos son relevantes porque el nivel del desempeño de la familia empresaria depende del grado de ajuste de la complejidad familiar estructural y el consejo de familia, y de la complejidad familiar cognitiva y el consejo de familia. Por ejemplo, a mayor distancia de los miembros de la familia en la forma de ver el mundo -complejidad cognitiva- mayores esfuerzos y recursos se necesitarán en el consejo de familia para que el desempeño de la familia sea superior. Además, la complejidad estructural se relaciona directa y positivamente con la complejidad cognitiva. Es decir, a mayor número de miembros de la familia, la diversidad de los marcos mentales de los miembros aumenta. Ante un aumento de la complejidad, si la familia no toma

acción al respecto, la probabilidad de que se desplace hacia posiciones de desequilibrio es mayor.

Entre las principales contribuciones se destaca la definición acotada y unívoca del consejo de familia y un modelo íntegro de diagnóstico de las familias empresarias de tres dimensiones (cohesión, flexibilidad y comunicación). Además, contribuimos con dos categorías nuevas para entender el fenómeno complejo de las familias empresarias: la complejidad familiar estructural y cognitiva. Por último, arrojamos luz sobre las relaciones de ajuste entre el consejo de familia y el perfil de la familia empresaria.

**Palabras clave:** consejo de familia, familia empresaria, complejidad familiar estructural, complejidad familiar cognitiva, Modelo Circunflejo de Olson

## **ABSTRACT**

Although scholars and consultants emphasise the importance of the family council for family business continuity, relatively little is known about it as a governance mechanism. This lack of knowledge manifests itself in different ways. First, scholars should agree on what constitutes a family council. However, it is still described in multiple ways, with a myriad of heterogeneous and ambiguous definitions. Second, many fundamental questions about the family council have yet to be answered by the academic community. To begin with, the family council's role is unclear, as is its scope and application. Is it a suitable mechanism for all business families? And is there a right time to create the family council? These questions drive at some of the issues that inspired the researcher to formulate this thesis proposal.

The evidence suggests that answering these questions purely from a management perspective has limitations. To complement previous studies, theories and constructs are taken from other disciplines, namely philosophy of science, family therapy, and sociology. To advance theoretically, formal requirements from the philosophy of science are applied to conceptualise the family council. By synthesising the existing research, three approaches to addressing the family council are identified. These approaches are functional, structural, and relational. Building on these approaches, this thesis provides a comprehensive conceptualisation of the family council for research and practice. To contribute empirically, the reality of family councils is observed through the lens of the robust, univocal definition

formulated in the previous phase. For the family council, like other family governance mechanisms, a one-size-fits-all approach is doomed to failure. Every family needs a family council that is tailored to meet its unique challenges. Therefore, this research explores the crucial idea of degree of fit between the family council and the business family profile.

The Olson Circumplex Model (2011) is used to assess the family profile in terms of the dimensions of cohesion, flexibility, and communication. The communication dimension was not developed in the original model because it was considered a facilitator dimension in therapy. To address this limitation, the communication dimension is developed in this research using the criteria of the ideal dialogue situation described by Habermas (1982). A comprehensive model is thus constructed, enabling diagnosis of families based on their cohesion, flexibility, and communication. To analyse degree of fit, business family performance is used. This model is applied to the sample data collected for this research. The sample consists of three business families in Spain. Data were collected through in-depth interviews with three to ten members of each business family. In total there are 18 interviews and 1255 minutes of interviews.

The result of this research is a grounded model of the business family profile and the family council. This model provides a starting point for understanding the phenomenon of the family council. The model has valuable implications. Notably, it warns families that they must be in a balanced position on the Extended Olson Circumplex Model in order for the family council to exert a positive influence on business family

performance. If families find themselves in an unbalanced position, family council dynamics may be undermined or even completely nullified. Families in this predicament but with a consolidated family council should use it as a forum for dialogue so that they can move towards balanced positions.

The model also gives names and categories to ideas that scholars and practitioners have inferred but have not explicitly addressed. Specifically, the model uses the categories of structural family complexity and cognitive family complexity. These concepts are paramount because the level of business family performance depends on the fit between structural family complexity and the family council and cognitive family complexity and the family council. For example, the greater the distance between family members in the way they see the world (i.e. the greater the cognitive complexity), the more effort and resources will be needed in the family council for the family to perform well. Structural complexity is in fact directly and positively related to cognitive complexity. More family members mean a greater range of mental frameworks within the family. In the face of increased complexity, a family that fails to act is more likely to move towards unbalanced positions.

The main contributions of this research include the precise, univocal definition of the family council and the comprehensive diagnostic model of business families based on the dimensions of cohesion, flexibility, and communication. In addition, this research contributes by providing two new categories (namely structural and cognitive

family complexity) that can help provide an understanding of the complex phenomenon of business families.

**Keywords:** family council, business family, structural family complexity, cognitive family complexity, Olson Circumplex Model

## RESUM

El consell de família, tot i que la seua importància és destacada per acadèmics i consultors per a la afavorir la continuïtat de les empreses familiars, continua sent encara un òrgan de governança desconegut. La seua falta de desconeixement es manifesta de diferents formes. En primer lloc, l'Acadèmia encara ha d'acordar en què consisteix un consell de família. Encara en 2023, es descriu de formes molt diverses, la qual cosa fa que les seues múltiples definicions siguen heterogènies i ambigües. En segon lloc, hi ha moltes preguntes bàsiques respecte al consell de família que encara no troben una resposta sòlida. Per començar, el paper del consell de família no és clar, i tampoc el seu abast i aplicació. Es tracta d'un òrgan útil per a totes les famílies? És qualsevol moment òptim per a posar-lo en marxa? Aquestes son algunes de les qüestions que inspiren a la investigadora a formular aquesta proposta de tesi doctoral.

L'evidència demostra que respondre a aquestes preguntes únicament des de la perspectiva de la direcció d'empreses comporta unes certes limitacions. Per a complementar els estudis existents, apliquem teories i constructes d'altres disciplines, concretament, de la filosofia de la ciència, teràpia familiar, i la sociologia.

Per a avançar teòricament, apliquem requisits formals de la filosofia de la ciència per a conceptualitzar el consell de família. Sintetitzant la

investigació existent, identifiquem tres enfocaments per a abordar el consell de família: funcional, estructural i relacional.

Per a contribuir empíricament, observem la realitat dels consells de família amb la definició unívoca i concreta prèviament delimitada. En el consell de família, igual que per a qualsevol òrgan de governança de la família, no existeixen regles universals. Sinó que més aviat, cada família ha de comptar amb un consell de família ajustat als seus reptes. Per això, el nostre interès resideix a explorar el grau d'ajust entre el consell de família i el perfil de la família empresària.

Per a avaluar el perfil de la família utilitzem el Model Circumplex d'Olson (2011), amb les dimensions de cohesió, flexibilitat i comunicació. No obstant, en aquest model la dimensió de comunicació no es desenvolupa pels autors, ja que es considera com una dimensió facilitadora en teràpia. Per a abordar aquesta limitació, desenvolupem la dimensió de comunicació utilitzant els criteris de la situació ideal de diàleg de Habermas (1982). D'aquesta manera construïm un model integral que permet diagnosticar a les famílies sobre la base de tres dimensions: cohesió, flexibilitat i comunicació. Per a avaluar el grau d'ajust observem l'acompliment de la família empresària.

Apliquem aquest model a la mostra del nostre estudi. La mostra està composta per tres famílies empresàries d'Espanya. Les dades es van recollir a través d'entrevistes en profunditat entre 3 i 10 membres de cada família empresària.

El resultat de la investigació és un nou model teòric sobre el perfil de la família empresària i el consell de família. Aquest model suposa un



punt de partida per a entendre el fenomen del consell de família. En primer lloc, adverteix que les famílies han d'estar en una posició equilibrada en el Model Circumplex d' Olson Ampliat perquè el consell de família tinga un impacte positiu sobre l'acompliment de la família empresària. Si les famílies es troben en una posició desequilibrada, les dinàmiques del consell de família es veuen minvades en alguns casos, i completament bloquejades en uns altres. En aquest cas, la família que ja compta amb un consell de família consolidat ha d'utilitzar-lo com a espai de diàleg i transitar cap a posicions d'equilibri.

A més, aquest model posa nom a algunes de les idees que l'Acadèmia i consultors intuïen, però que fins al moment es mantenien en l'anonimat. Ens referim a les categories de complexitat familiar estructural i complexitat familiar cognitiva. Aquests conceptes són rellevants perquè el nivell de l'acompliment de la família empresària depèn del grau d'ajust de la complexitat familiar estructural i el consell de família, i de la complexitat familiar cognitiva i el consell de família. Per exemple, com més amplia siga la distància dels membres de la família en la manera de veure el món -complexitat cognitiva- majors serán els esforços i recursos necessaris al consell de família perquè l'acompliment de la família siga superior. A més, la complexitat estructural es relaciona directa i positivament amb la complexitat cognitiva. És a dir, a major nombre de membres de la família, la diversitat dels marcs mentals dels membres augmenta. Davant un augment de la complexitat, si la família no pren acció sobre aquest tema, la probabilitat que es desplace cap a posicions de desequilibri és major.

Entre les principals contribucions es destaca la definició delimitada i unívoca del consell de família i un model íntegre de diagnòstic de les famílies empresàries de tres dimensions (cohesió, flexibilitat i comunicació). A més, contribuïm amb dues categories noves per a entendre el fenomen complex de les famílies empresàries: la complexitat familiar estructural i cognitiva. Finalment, donem llum sobre les relacions d'ajustament entre el consell de família i el perfil de la família empresària.

**Paraules clau:** consell de família, família empresària, complexitat familiar estructural, complexitat familiar cognitiva, Model Circumplex de Olson

## CONTENT







# TABLE OF CONTENTS

<b>INTRODUCTION</b>	<b>46</b>
<b>1. MOTIVATION OF THE STUDY</b>	<b>48</b>
<b>2. TRANSVERSALITY OF ACADEMIC DISCIPLINES</b>	<b>55</b>
<b>3. JOINING FORCES: RESEARCH AND CONSULTANCY IN ACTION</b>	<b>58</b>
<b>4. REDEFINING BONDS: FAMILY IDENTITY IN THE 21ST CENTURY</b>	<b>61</b>
4.1 Millennials and Generation Z	63
<b>5. OBJECTIVES OF THE STUDY AND STRUCTURE OF THE THESIS</b>	<b>64</b>
<b>PART I</b>	<b>70</b>
<b>1 CHAPTER 1 – THE FAMILY COUNCIL: CONCEPTUAL ELUCIDATION</b>	<b>72</b>
<b>1.1 NAVIGATING CONCEPTUAL AMBIGUITY WITH SHARPER CRITERIA</b>	<b>74</b>
<b>1.2 CONCEPTUALISATION METHOD: FORMAL REQUIREMENTS</b>	<b>79</b>
1.2.1 Elucidation by synthesis: A systematic literature review	82
<b>1.3 SYNTHESIS OF RESULTS: FAMILY COUNCIL APPROACHES</b>	<b>87</b>
1.3.1 Functional approach	87
1.3.2 Structural approach	90
1.3.3 Relational approach	96
<b>1.4 TOWARD A VALID CONCEPTUALISATION OF THE FAMILY COUNCIL</b>	<b>103</b>
<b>APPENDIX A</b>	<b>108</b>
<b>PART II</b>	<b>116</b>
<b>2 CHAPTER 2 – THEORETICAL FRAMEWORK</b>	<b>118</b>
<b>2.1 RESEARCH MODEL</b>	<b>120</b>
<b>2.2 THE LOGIC OF THE BUSINESS FAMILY</b>	<b>123</b>
2.2.1 Heterogeneity in family businesses	126
2.2.2 Family governance mechanisms	128
2.2.3 Family complexity	132
<b>2.3 CHARACTERISATION OF THE BUSINESS FAMILY</b>	<b>135</b>

2.3.1	The Olson Circumplex Model and Habermas' postulates	135
2.3.2	Limitations and extension of the Olson Circumplex Model	140
2.3.3	Communication dimension: Building the third axis	142
2.3.4	Communicative balance and unbalanced extremes: silence and noise	144
<b>2.4</b>	<b>BUSINESS FAMILY PERCEIVED PERFORMANCE</b>	<b>152</b>
2.4.1	Business family functions and satisfaction with the family council	153
2.4.2	Next-generation entrepreneurial competencies and willingness to continue as a business family	155
<b>2.5</b>	<b>CONTINGENT FACTORS</b>	<b>156</b>
2.5.1	Business complexity	156
2.5.2	Relationship with other structures of the family-business system	158
<b>3</b>	<b>CHAPTER 3 – METHODOLOGY</b>	<b>162</b>
<b>3.1</b>	<b>EPISTEMOLOGICAL FOUNDATIONS</b>	<b>164</b>
<b>3.2</b>	<b>QUALITATIVE METHODOLOGY</b>	<b>171</b>
<b>3.3</b>	<b>EXPLORATORY CASE STUDY</b>	<b>175</b>
<b>3.4</b>	<b>RESEARCH DESIGN</b>	<b>177</b>
<b>3.5</b>	<b>RESEARCH QUALITY CRITERIA</b>	<b>179</b>
	<b>RESEARCH PROTOCOL</b>	<b>186</b>
<b>3.6</b>	<b>RESEARCH OBJECTIVES</b>	<b>186</b>
<b>3.7</b>	<b>SELECTION AND CHARACTERISTICS OF CASES</b>	<b>189</b>
<b>3.8</b>	<b>ACCESS TO ORGANISATIONS</b>	<b>190</b>
<b>3.9</b>	<b>DATA COLLECTION</b>	<b>191</b>
<b>3.10</b>	<b>INTERVIEWS</b>	<b>192</b>
<b>3.11</b>	<b>GENERAL CHARACTERISTICS OF THE ORGANISATIONS</b>	<b>194</b>
<b>3.12</b>	<b>BUSINESS FAMILY PROFILE</b>	<b>195</b>
<b>3.13</b>	<b>CHARACTERISTICS OF THE FAMILY COUNCIL</b>	<b>208</b>
<b>3.14</b>	<b>BUSINESS FAMILY PERCEIVED PERFORMANCE</b>	<b>209</b>
	<b>APPENDIX B</b>	<b>213</b>

	<b>PART III</b>	<b>216</b>
<b>4</b>	<b>CHAPTER 4 – CASE ANALYSIS</b>	<b>218</b>
<b>4.1</b>	<b>CASE STUDY – BENNU FAMILY</b>	<b>224</b>
4.1.1	General characteristics	226
4.1.2	Business family profile	236
4.1.3	Family council	246
4.1.4	Business family perceived performance	254
<b>4.2</b>	<b>CASE STUDY – PHILIA FAMILY</b>	<b>262</b>
4.2.1	General characteristics	264
4.2.2	Business family profile	274
4.2.3	Family council	286
4.2.4	Business family perceived performance	294
	<b>APPENDIX C</b>	<b>304</b>
<b>4.3</b>	<b>CASE STUDY – X FAMILY</b>	<b>308</b>
<b>5</b>	<b>CHAPTER 5 – CONCLUSIONS</b>	<b>312</b>
<b>5.1</b>	<b>AGGREGATED ANALYSIS OF CASES</b>	<b>314</b>
<b>5.2</b>	<b>BUSINESS FAMILY PROFILE</b>	<b>316</b>
5.2.1	Sociodemographic characteristics	316
5.2.2	Position in the Extended Olson Circumplex Model	320
5.2.3	Business family challenges	323
<b>5.3</b>	<b>FAMILY COUNCIL</b>	<b>324</b>
5.3.1	Aggregated theoretical dimensions for “Family Council Functions”	328
5.3.2	Aggregated theoretical dimensions for “Family Council Content”	334
5.3.3	Aggregated theoretical dimensions for “Family Council Structure”	336
5.3.4	Family Council Functions for the three cases	337
5.3.5	Family Council Content for the three cases	340
5.3.6	Family Council Structure for the three cases	340
<b>5.4</b>	<b>BUSINESS FAMILY PERCEIVED PERFORMANCE</b>	<b>341</b>
5.4.1	Business family functions for the three cases	342



5.4.2	Family satisfaction with the family council, entrepreneurial competencies, and willingness to continue for the three cases	346
<b>5.5</b>	<b>A GROUNDED MODEL OF THE BUSINESS FAMILY PROFILE AND THE FAMILY COUNCIL</b>	<b>349</b>
<b>5.6</b>	<b>THEORETICAL AND PRACTICAL IMPLICATIONS</b>	<b>383</b>
<b>5.7</b>	<b>LIMITATIONS</b>	<b>392</b>
<b>5.8</b>	<b>FUTURE AVENUES FOR FAMILY COUNCIL RESEARCH</b>	<b>395</b>
<b>REFERENCES</b>		<b><u>404</u></b>

## SUMMARY OF FIGURES

<i>Figure 1. Transversality of disciplines in the PhD thesis.</i> .....	56
<i>Figure 2. The chapter structure of this PhD thesis.</i> .....	68
<i>Figure 1.1. The logical sequence of the present study at a glance.</i> .....	78
<i>Figure 1.2. Systematic literature review process</i> .....	83
<i>Figure 1.3. Classification of studies following a structural approach.</i> .....	91
<i>Figure 2.1. Research model.</i> .....	122
<i>Figure 2.2. The Circumplex Model.</i> .....	138
<i>Figure 2.3. Conditions for the ideal situation of dialogue</i> .....	146
<i>Figure 2.4. Governance mechanisms relationship in the family-business system</i> .....	160
<i>Figure 3.1. General theoretical premises</i> .....	166
<i>Figure 3.2. Units of analysis and theoretical tool for general theoretical premises</i> .....	167
<i>Figure 3.3. Agreement, accuracy and congruence</i> .....	185
<i>Figure 3.4. Research model, research variables and the relationships between them</i> .....	188
<i>Figure 3.5. Adaptation of family cohesion scales for qualitative study.</i> .....	198
<i>Figure 3.6. Adaptation of family flexibility scales for qualitative study</i> .....	200
<i>Figure B1. Family Satisfaction Scale</i> .....	214
<i>Figure 4.1. Interactive model of data analysis.</i> .....	222
<i>Figure 4.2. Bennu’s family tree.</i> .....	227
<i>Figure 4.3. The Bennu’s family’s business history.</i> .....	229
<i>Figure 4.4. Bennu family on the cohesion dimension</i> .....	237
<i>Figure 4.5. Bennu family on the flexibility dimension.</i> .....	240
<i>Figure 4.6. Bennu family on the communication dimension</i> .....	242
<i>Figure 4.7. Position of the Bennu family in the EOCM.</i> .....	246

<i>Figure 4.8. Philia family tree</i> .....	267
<i>Figure 4.9. Philia family on the cohesion dimension</i> .....	274
<i>Figure 4.10. Philia family on the flexibility dimension</i> .....	278
<i>Figure 4.11. Philia family on the communication dimension</i> .....	281
<i>Figure 4.12. Position of the Philia family in the EOCM</i> .....	285
<i>Figure 5.1. Multidimensional constructs of the theoretical model</i> .....	315
<i>Figure 5.2. Position of the three business families in the Extended Olson Circumplex Model</i> .....	321
<i>Figure 5.3. Data gathering and analysis process</i> .....	326
<i>Figure 5.4. 2nd order codes induced for the family council's functions, content, and structure</i> .....	327
<i>Figure 5.5. Criteria for assessing the perceived performance of the business family</i> .....	341
<i>Figure 5.6. A grounded model of the business family profile and family council</i> .....	350

## SUMMARY OF TABLES

<i>Table A1. Review of family council conceptual attempts to define the family council.....</i>	<i>108</i>
<i>Table 2.1. Categorisation of themes within family business heterogeneity</i>	<i>128</i>
<i>Table 2.2. Family governance mechanisms overview.....</i>	<i>130</i>
<i>Table 2.3. Conditions for dialogue at extremes – unbalanced positions.....</i>	<i>150</i>
<i>Table 2.4. Specific functions of a business family. ....</i>	<i>154</i>
<i>Table 3.1. General theoretical premises .....</i>	<i>168</i>
<i>Table 3.2. Research design criteria .....</i>	<i>178</i>
<i>Table 3.3. Criteria for evaluating the quality of the study .....</i>	<i>180</i>
<i>Table 3.4. Coorientation criteria .....</i>	<i>183</i>
<i>Table 3.5. Profiles of interviewees .....</i>	<i>193</i>
<i>Table 3.6. Communication dimension – items for silence, ideal situation of dialogue and noise.....</i>	<i>205</i>
<i>Table B1. Template for non-verbal communication assessment. ....</i>	<i>213</i>
<i>Table 4.1. Benu’s governance mechanisms .....</i>	<i>233</i>
<i>Table 4.2. Participants and characteristics of Benu’s interviews. ....</i>	<i>236</i>
<i>Table 4.3. Benu family functions and empirical evidence. ....</i>	<i>255</i>
<i>Table 4.4. Philia’s governance mechanisms.....</i>	<i>270</i>
<i>Table 4.5. Participants and characteristics of Philia’s interviews. ....</i>	<i>273</i>
<i>Table 4.6. Philia family functions and empirical evidence .....</i>	<i>295</i>
<i>Table 5.1. Sociodemographic characteristics of the business families.....</i>	<i>317</i>
<i>Table 5.2. Current and potential challenges for each business family.....</i>	<i>323</i>
<i>Table 5.3. Aggregated theoretical dimensions, 2nd,1st-order codes, and quotes for "Family Council Functions" .....</i>	<i>328</i>
<i>Table 5.4. Aggregated theoretical dimensions, 2nd,1st-order codes, and quotes for "Family Council Content" .....</i>	<i>334</i>

<i>Table 5.5. Aggregated theoretical dimensions, 2nd,1st-order codes, and quotes for "Family Council Structure" .....</i>	<i>336</i>
<i>Table 5.6. Summary of the family council functions for the three cases.....</i>	<i>338</i>
<i>Table 5.7. Summary of the family council content for the three cases. ....</i>	<i>340</i>
<i>Table 5.8. Summary of the family council structure for the three cases.....</i>	<i>340</i>
<i>Table 5.9. Degree of family functions satisfaction with for the three business families. ....</i>	<i>342</i>
<i>Table 5.10. Summary of business family performance for the three cases (P2, P3, and P4).....</i>	<i>347</i>
<i>Table 5.11. Theoretical-practical implications derived from the study.....</i>	<i>384</i>
<i>Table 5.12. Possible avenues for future research .....</i>	<i>399</i>

# INTRODUCTION





## **1. Motivation of the study**

The family council, despite having received much attention in recent years (Lansberg & Gersick, 2015; Nordqvist et al., 2014), remains a family governance mechanism with many unknowns to be resolved. For example, it is unknown when is the most appropriate time to establish it and whether it is advisable for any business family. Little is also known about the dynamics of a consolidated family council and how it relates to other family business governance mechanisms (board of directors, family assembly, constitution, etc). The extent of unresolved questions indicates that research on the family council is still in its infancy. The early state of knowledge on this subject is striking, given that academics and consultants repeatedly stress its importance for continuity in family businesses (Calabrò et al., 2021).

For example, from an academic perspective, works such as Aronoff & Ward (2011) and Matias & Franco (2021) warn that the family council is a body that influences the generational transfer of businesses. And yet, even in 2021, "the role of the family council is not well understood" (Scholes et al., 2021, p. 8). This quote shows that family governance, particularly the family council, is underdeveloped compared to other issues relevant to continuity (e.g., business professionalisation, ownership succession, entrepreneurial culture).

From a practical perspective, the situation is not very different. For example, the study by Corona et al. (2018) shows that only 11.3% of Spanish family businesses have an active family council. Despite this low figure, world-renowned family business consultants, such as Prof.



Salvatore Tomaselli, claim that the family council "*is responsible for a dynamic balance between compliance with the rules of good governance and maintaining harmonious family relationships, which are crucial for **generational continuity***".

The mismatch between the importance given to the family council - both in academia and in practice - and the progress in its understanding is one of the main reasons for the PhD candidate to explore this governance mechanism.

The first approximations to the concept of family council appear in the 1990s, with the work of Kets de Vries (1993), Gersick et al. (1997), Magretta (1998) and Lansberg (1999). Although the term began to be used then, few works provided a narrow definition of this governance body. In the 2000s, work on the family council began to be published in one of the leading journals in the field: *Family Business Review* (Craig & Moores, 2002; Jaffe & Lane, 2004; Blumentritt, Keyt & Astrachan, 2007).

These years also saw the publication at IESE of the first technical notes on the family council. *El consejo de familia* (The family council), by Josep Tápies (2008), and *El consejo de familia: cómo se organiza y cómo trabaja* (The family council: how it is organised and how it works), by Alfonso Chiner (2008). In 2012, the first (and the only one so far) monographic on the family council was published: *The Family Council Handbook. How to create, run and maintain a successful family business council*, by Christopher Eckrich and Stephan McClure (2012). This book presents a taxonomy of family councils depending on the

stage of the business family and explains the structure, functions, and content of this governance body.

This year Peter Leach published *Family Council. A practical guide* (2012), in which he includes guidelines for setting up a family council based on the life cycle of the business family. In 2013, Ceja, Barbat and Tapiés published by the Chair of Family Business at IESE Business School a study on the family council in the Spanish context *Key issues in family councils: insights from the Spanish experience*. Poza (2013) published the *Family business* manual in the same year, which explains what the family council entails for business families.

In the professional world, several guides have been published in recent years on the family council's implementation, functioning and results. For example, the law firm Cuatrecasas and the Asociación Catalana de la Empresa Familiar (ASCEF) published in 2021 *Guía para las empresas familiares: el consejo de familia* (Guide for family businesses: the family council). Another law firm, Ceca Magán Abogados, published in the same year on its website a post entitled *El Consejo de familia en la empresa familiar: qué es, funciones y cuando es conveniente* (The family council in the family business: what it is, its functions and when it is convenient).

From the Universitat de València, María Beltrán published *Consejo de Familia: un gran desconocido, clave para la perdurabilidad familiar* (Family Councils: a great unknown, key to family longevity) (2021). Recently, the Chair of Family Business of the University of the Basque Country and the Chamber of Commerce of Bilbao (Spain) organised

the seminar *El Consejo de Familia: la clave para la continuidad transgeneracional* (The Family Council: the key to transgenerational continuity) in May 2023. And in September of the same year (2023), Cambridge Family Enterprise Group offered an online programme for business families, *Making Family Councils More Effective*.

Family governance has turned a popular and striking topic also in PhD theses. Specifically, Raphaëlle Mattart has established the knowledge base to understand how family constitutions are operationalised, with her work *Opening the black box of family constitutions: An analysis of their roles, drivers and outcomes in a business family context* (2023).

Regarding family council theses, we only found Carlos Arbesu's thesis, *El consejo de familia y su función de gobierno en la empresa familiar* (The family council and its governance function in the family business) (2016), published in TESEO (Spanish database for PhD theses). In a pervasive and complete way, this research sets out all the contributions of the literature on the family council. It highlights the heterogeneity in its conceptualisation and the ambiguity for the reader who wants to understand how a family council works. Although this ambiguity is explained, it remains unresolved. Moreover, **this work uses "family business" and "business family" interchangeably** without delimiting the boundaries between these two systems. This indistinct use **perpetuates confusion** in the literature and the practical world. It prevents family issues from being addressed exclusively in family forums and business issues from being addressed exclusively in business forums.

This evidence suggests that there is still much to be done to understand how an active family council works. This lack of knowledge serves as motivation for the present research. In reviewing the scarce literature on the family council, two main limitations emerge, common to both the academic and practical levels:

- 1) **The family council has no canonical definition** (partly due to its heterogeneous nature). This lack of accuracy leads to conceptual ambiguity and information asymmetries between those who write and those who read about the family council. Eventually, this ambiguity makes understanding and implementing a family council challenging.
- 2) Because of conceptual imprecision, there is also imprecision in determining its **object of analysis**. Who belongs to the family council, and who does the family council serve? While many works reinforce the idea that it is a **family governance mechanism**, the family business is often assumed to be the unit of analysis. Or rather, the concepts of family business and business family are used interchangeably. This confusion also impedes the understanding and application of the family council.

The ambiguity and imprecision with which the family council has been approached so far is a **concern**. Mainly because it violates the separation of spheres (family, ownership, management) widely advocated in the family business (Tagiuri & Davis, 1982). It prevents a clear delimitation of the competencies of each sphere and, therefore, tends to intermingle the functions and contents of different

governance and management mechanisms. Empirical and theoretical evidence confirms that the separation of spheres is vital for the **continuity of the family business** (Lambrecht & Lievens, 2008). It is, therefore, necessary to delimit the scope and practices of the family council to contribute to the separation of spheres in the family business system. To address the two primary sources of ambiguity mentioned above, we have proceeded as follows in this thesis.

First of all, to overcome conceptual limitations, the first part of the thesis corresponds to a **conceptual contribution**. Our interest lies in elucidating the concept of the family council. To this end, we have sought **methodologically valid criteria** for defining a concept. Beyond the family business literature, these criteria come from the literature of the **philosophy of science** (Bunge, 1967). In our study, we have adopted these criteria as the perspective through which we analysed all conceptual contributions of the family council so far. Filtering all the contributions has been the first step in narrowing down the concept of the family council, differentiating it from other governance mechanisms, and delimiting its dimensions. From a methodological point of view, we have identified the definitions that meet the **syntactic and semantic requirements** defined by the philosophy of science. This theoretical contribution is presented in Chapter 1.

The second part of the thesis constitutes an **empirical investigation**. Here, the primary efforts have been identifying the **fit relationships between the business family profile and the family council**. We assume that the family council, as the governance mechanism of the family, serves the business family. Therefore, we assess the fit

relationships in terms of the business family perceived performance. Just as there is no homogeneous definition of the family business in the literature, there is a wide range of ways to define the business family. Given this variety, in our study, we refer to the business family as the part of the **family group that is CURRENTLY linked or committed to the entrepreneurial project in some way**<sup>1</sup>.

To classify business families, we used criteria from the **family therapy literature**. That is, we identified profiles of business families based on the Olson Circumplex Model (2011). This model allows us to position business families along three dimensions - **cohesion, flexibility, and communication**. While this model will enable us to place the business family, Olson and his collaborators do not develop the scale for the communication dimension. We propose extending Olson Circumplex model by developing the communication dimension to address this limitation. We use sociological theories, namely Habermas' (1982) *Theory of Communicative Action*. This theory identifies five criteria that must be met by all communicative acts oriented toward consensus and understanding.

At this point, the reader has probably already inferred that in this work, the researcher adopts the role of *θεωρῶς-teoros-*, of a spectator

---

<sup>1</sup> Depending on the level of development of the family and its relationship with the business, the link or commitment manifests itself in different ways. For example, in some families it is expressed through participation in the family council, in others through shareholding. The concept and scope of the business family is dynamic and changes over time. The family should review what it means to be a business family and consciously decide on the criteria for inclusion and exclusion.

who risks leaving the comfort zone of the known, of the usual, of established knowledge in the field of management. The purpose of this journey is none other than *θεωρεῖν -teorein-* to contemplate a 'sacred' space, difficult to access -the family council-, and to do so from the perspective of theories far removed, a priori, from the field of management. The combination of different theoretical perspectives is deliberately sought to enrich the collection, analysis and interpretation of what is observed. The fruit of this contemplation is a series of propositions connected to the family business literature that aspire to share knowledge useful for researchers, consultants, and business families. The following section explains how this journey contributes to this PhD thesis.

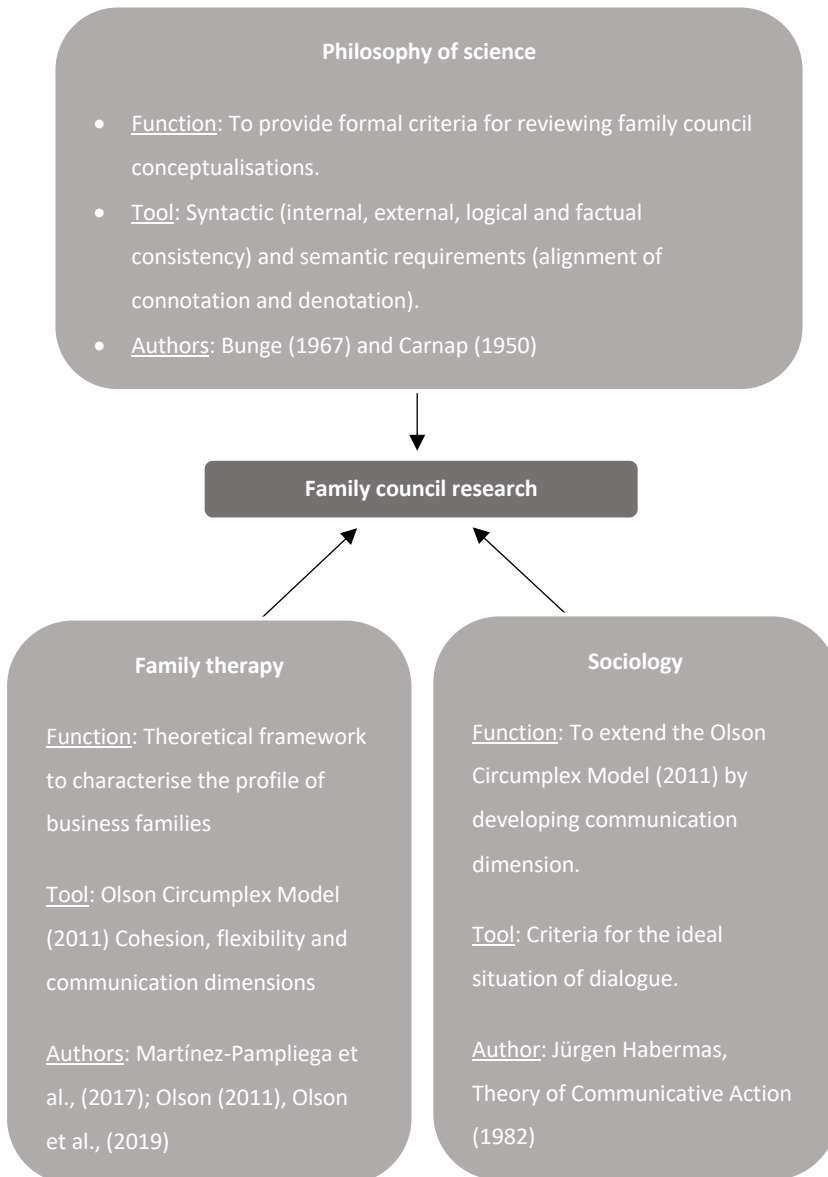
## **2. Transversality of academic disciplines**

The family business is a complex phenomenon that integrates two realities: the family and the business. The interaction of these logics gives rise to many questions, and the answer is usually not found from only one perspective. Talking about family and its interaction with business means navigating the frameworks, principles, and tools of other scientific disciplines.

Established constructs and theories in the family business literature explained the phenomenon of the family council with certain limitations. To address these limitations, we adopt new approaches to familiar questions. And in this way, we test whether we can advance our understanding of the phenomenon from other perspectives. The theoretical principles adopted in this study, which are drawn from

different disciplines, find their justification on several grounds. Figure 1 visually shows the approaches used to explain the family council.

Figure 1. Transversality of disciplines in the PhD thesis.



Source: Author



Firstly, the **philosophy of science** contributes conceptually to the family council's advancement. Specifically, the formal criteria consolidated in this discipline help discern the family council concepts that are methodologically valid. The work of Bunge (1967) reveals the three ways to **elucidate a concept**: (i) interpretation of what the concept represents, (ii) analysis or use of an example, or (iii) **synthesis and grouping of previous contributions**. In our study, we opt for the third way and apply the **syntactic and semantic criteria that a rigorous definition must fulfil** (Bunge, 1967; Carnap, 1950). If we assume a Popperian view of knowledge (1962), filtering the existing definitions of the family council through these formal criteria allows us to refute the explanatory validity of each of these definitions.

Secondly, the approach to the business family can be as diverse as there are families. We use contributions from the **family therapy literature** to homogenise the criteria for comparing different families. Specifically, we use the **Olson Circumplex Model (2011)**, widely accepted in family therapy in academia and practice. The model is a tool for diagnosing and working with families in therapy. Olson and his collaborators do not develop the dimension of communication because they assume that dialogue is a facilitating element of therapy. Therefore, through family communication, the family will be able to modify its levels of cohesion and flexibility. However, our study does not have a therapeutic intention but finds its foundation in diagnosing the business family to assess the fit with the family council. This requires a scale to position the family in the dimension of

communication. To develop this third dimension, we rely on theories from the discipline of sociology.

Thirdly, **sociology**, specifically Habermas' Theory of Communicative Action (1982), proposes five criteria to achieve collective consensus. Habermas criticises all communicative acts that seek self-interest and are not directed toward understanding. He advocates a dialogue directed towards agreement through the arguments of each member participating in the dialogue. The criteria for the ideal dialogue situation are the **validity of the discourse, intelligibility, symmetry, seriousness, and freedom of expression.**

The transversality between disciplines is not the only singularity of this study. The following section shows how this thesis combines the family council's practical and theoretical vision in the same research.

### **3. Joining forces: research and consultancy in action**

In the same way that the literature has been a primary source of theories, tools, and constructs, working with a group of expert consultants in the family business has provided a practical vision close to the reality of business families. Specifically, we refer to the *Club de Asesores de Empresa Familiar* (Family Business Advisors Club) (CAEF). Within this group, the consultants **Teresa Puchades, Prof. Salvatore Tomaselli, Prof. Miguel Ángel Gallo, Javier Macías, Begoña Pereira y Prof. Pilar Saldaña**, have contributed to the development of the PhD thesis.

When a research topic is in its infancy - such as family council - evidence and experience from sources in direct contact with reality is valuable. More concretely, the consultants have contributed to the present study mainly in three ways:

1. **Direct contact with the reality of family councils** helps untangle the literature's confusion and imprecision. Along with the formal requirements of the philosophy of science, the consultants' experience has helped to **discern the boundaries of the family council and other governance mechanisms**. In addition, their contributions have helped to identify dynamics in family councils that favour the development of individuals and the family.
2. **Access to informants** would not have been possible without the help of Teresa Puchades. On many occasions, participation in research is not attractive for family businesses, especially when they are in-depth interviews, and the focus of the study revolves around family issues. In addition, Teresa was a crucial player in developing the **research protocol**. The resources she uses with business families (e.g., self-diagnostic tool) have provided a frame of reference for approaching data collection.
3. The process of analysis, synthesis and drawing up of the conclusions coincided with the PhD student's visiting period at the Università degli Studi di Palermo. During these months, it has been possible to **contrast the interpretation of the cases observed** with the perspective of Prof. Tomaselli. His contribution has helped to shape, from a practical point of

view, the theoretical model, the propositions, and the relationship between the constructs.

However, there are **some risks** involved in doing this type of research. For example, incorporating theories and tools from other disciplines entails a **greater temporal and cognitive effort** than using approaches with which we are more familiar in management. But above all, the main challenge of this PhD thesis was to **access informants**. As the research dealt with family dynamics and their relationship with the family council, many families felt reluctant to participate. The sensitivity of the information represented a barrier to participation in many cases.

As will be revealed at the end of the thesis, **a family must be prepared to face sensitive conversations in the family council**. Similarly, a business family must be ready to **reflect, accept, and become aware of its diagnosis**. Our experience with informants confirms the latter point. Specifically, with the third case - *Case X* - we proceeded in the same way as with the other families. The president of the family council agreed to participate, and a confidentiality agreement was signed to protect the anonymity of the family members and the family group. Interviews were conducted, and the case was then written up. After the family council president read the case in July 2023, she finally communicated that they **did not allow its publication** in the PhD thesis. Assuming the costs of the decision, the researchers guaranteed that the case description would not be made public. As an observation, the family was in an unbalanced position that blocked the family council and nullified its impact on the business family performance.

This fact reveals the **lack of preparation** of families to participate in this type of study and represents a **limitation for research**. Paradoxically, the analysis of those cases that do not wish to participate or publish their results is the one that helps comprehensively understand a phenomenon, such as the family council. If we only base theory on success stories, *are we missing an essential part of the story? How can we help business families in unbalanced positions if we only have references for balanced families?*

On the contrary, families prepared to face the challenges show a favourable attitude towards the diagnosis. In the words of one informant in the study: — *“I want you to tell me what's wrong in our family council. (...) What we don't do well and what can pose a risk to the family”*—.

The difference in how business families approach the studies and their consequences on research opens a debate worthy of reflection for family business scholars. To understand the peculiarities of the family today, the following section aims to explain how current families affect how we observe and treat data in the present thesis.

#### **4. Redefining bonds: Family identity in the 21st century**

The family is the oldest form of social organisation. Many currents of thought have approached the concept of family. For example, Levi-Strauss (1949), a structuralist anthropologist, expressed some of the principles of marriage and the family alliance, establishing the basic guidelines and norms of the family as a structured organisation.

Positivism emphasises the most fundamental function of the family: reproduction. Ad defends the timeless and biological nature of the institution (Valdivia-Sánchez, 2008). The main objective is to have offspring, regardless of the social and cultural environment and external conditioning factors. Bandura's social approach (1977) understands the family as the first school of the members of the next generation. All these approaches to the concept coexist today and provide a pluralistic view of the family.

In practice, plurality is a trend. In Spain, for example, the law has recently recognised 16 types of families (Boletín Oficial de las Cortes Generales, 2023). This means that there is no longer a single pattern for understanding the family group, but there are multiple conceptions of the family. Moreover, in Spain, in 2019, the average number of children decreased by 2% compared to the previous year (1.24 children/woman) (INE, 2019). The data at the European level are no different. For example, the number of children born outside marriage rose from 35.2% in 2008 to 41.6% in 2018 (Eurostat, 2020). And 60% of households are made up of childless couples (Eurostat, 2020).

Diversity of family definitions also implies **diversity in approaching business families**. Given the myriad of perspectives, business families need now more than ever to draw clear boundaries between the business family and the extended family. In other words, they must **consciously decide who belongs to the business family, thus defining the criteria for inclusion and exclusion**. Only by making explicit what

the family understands by "business family" can they navigate the complex reality.

Disruption between tradition and new models can create **cognitive dissonance** among family members. These cognitive dissonances can affect the family's attachment to the company. Consider, for example, a family in a Hispanic context where consanguinity is an essential degree of affiliation. Suppose that, given 21st-century family models, some members of the next generation are **stepchildren**.

*What role do these family members play in the family-business relationship? Can the business family remain stable in the face of these changes? How can the **family council help to manage the new socio-cultural context**?*

Although the answers to these questions are detailed in section 5- *Conclusions*, we anticipate some ideas. As a space for dialogue, we expect **the family council to help the family channel cognitive differences between family members**. In this example, cognitive differences are expressed in different ways of understanding the family. These differences occur mainly between generations and become striking with the arrival of new generations. The particularities of the millennial and Z generations are presented below.

#### **4.1 Millennials and Generation Z**

If we take the RAE (Real Academia Española) definition of *generation*, it comprises chronological and personal characteristics.

Firstly, all generation members fall within an age range of between 10 and 15 years. Secondly, these individuals share a social, economic, and technological context. In the case of the millennial and Z generations, primarily technological. These two generations are characterised by **the rise of new technologies and social networks in the critical periods of childhood and adolescence.**

But we must not forget that a *generation* is a social category and, therefore, a way of classifying individuals. But individuals go their own way. They are different, and the generation is **not an entirely homogeneous group.** This is especially true for millennials and Gen Z, where individual differences are more pronounced than in previous generations. These individual differences are explored in section 5- *Conclusions*. This final section looks in more detail at how these differences affect the business family and how the family council can help to manage them.

Having considered the most singular aspects of this PhD thesis, the following section sets out the objectives and structure of the research.

## **5. Objectives of the study and structure of the thesis**

As already mentioned, the thesis consists of **three parts**. The first has a **conceptual approach**, the second is **empirical**, and the third one proposes the grounded model. Before conducting empirical research on the family council, we first define, delimit, and dimension the concept of the family council. By conceptualising the term, we reduce possible asymmetries between researchers and readers in its



understanding. To clarify the concept, the first research question is posed:

***RQ1: How does the Academy understand the “family council”, and what are the different approaches to the concept?***

In addition to the theoretical interest, the researchers aim to understand **the functioning of the family council and the results in practice**. In our study, we assume that the unit of analysis is the business family. The fit relationships between the business family and the family council are yet to be explored. Therefore, to advance the understanding of this relationship, the following RQs are presented:

***RQ2: How is the fit relationship between the business family profile and its family council?***

***RQ3: How do these fit relationships influence the transgenerational continuity of the business family?***

Derived from these main research questions, some secondary research questions are detailed below:

- What are an active family council's functions, contents, and structure?
- How does a family council work when families are in balanced positions in the Olson Circumplex model?
- How does a family council work when families are in unbalanced positions in the Olson Circumplex model?

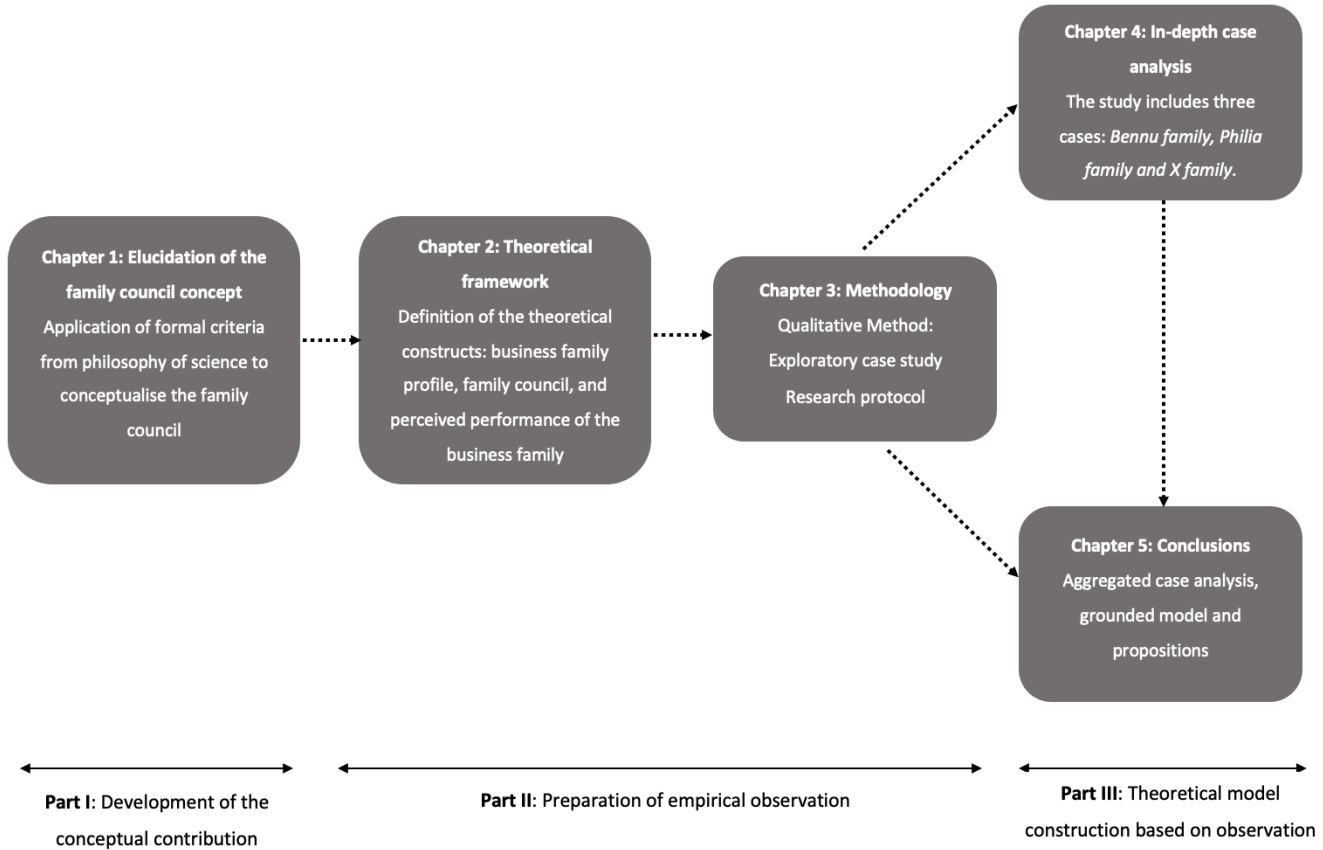
- What are the minimum values of cohesion, flexibility and communication required for a family council to strengthen the family's natural advantages?
- What to do in a family council when the business family finds itself in unbalanced positions?
- Is the family council a good idea for all families? Are there times when continuing with a family council is not advisable?
- What happens when there is no fit between the profile of the business family and the family council?

Based on these questions, the main research objective is to understand how **the fit between the family council and the business family profile contributes to the transgenerational continuity of the business family.**

The nature of this research objective suggests the application of **qualitative methodological principles**. In our study we applied an approach based on **grounded theory** (Glaser & Strauss, 1967) through in-depth case studies. We observed the phenomenon through interviews with business family members and analysed the data. We identified **patterns and logical relationships between constructs** (Davide & Schultz, 2006; Rondi et al., 2022). Thus, we inferred relationships between the business family profile, the family council, and the business family perceived performance. These relationships provide the raw material to develop propositions about the relationships between the multidimensional constructs. These propositions are presented in a new theoretical model that advances

the interpretation of the family council phenomenon. Figure 2 sets out the thesis structure and explains each chapter's content.

Figure 2. The chapter structure of this PhD thesis.



Source: Author

Based on Figure 2, the following points relate the research objectives to the section of the thesis in which they appear:

1. Identify profiles of business families based on three dimensions: **cohesion, flexibility, and communication** (Chapters 2 and 4).
2. To know an active **family council's functions, content, and structure** (Chapters 1 and 4).
3. To analyse the **perceived performance of the business family** (Chapter 4).
4. Infer the **fit relationships between the profile of the business family and the family council** based on the perceived performance of the business family (Chapter 5).
5. Understand the necessary **minimum conditions** for a family council to positively impact the business family's performance (Chapter 5).
6. Understand what **functions, content and structure a family council** should have based on the family's complexity level (Chapter 5).

As a final section in *Chapter 5 - Conclusions*, we include some pages devoted to theoretical and practical implications, limitations, and recommendations for future research. By presenting these results, we encourage researchers to test the theoretical relationships in other cultural contexts and to test them with aggregated data.

# PART I



# CHAPTER 1

THE FAMILY COUNCIL:

CONCEPTUAL ELUCIDATION

*Without an agreed definition, all definitions are valid*







## 1.1 Navigating conceptual ambiguity with sharper criteria

In the 1990s, practitioners began to emphasise the relevance of the family council as a family governance mechanism that looks after the long-term interests of a business family (see de Vries, 1993, Lansberg, 1999, Carlock & Ward, 2001). In recent decades, scholars have advanced research in this area by studying the antecedents (Suess, 2014), consequences (Scholes et al., 2021), and functions (González-Cruz et al., 2021) of the family council. However, despite this interest from both academics and practitioners, there is no standard definition of the family council. Moreover, its conceptualisation is profoundly heterogeneous, which hampers understanding and theoretical advancement. Our aim is not simply to reformulate the valuable contributions of the existing literature but rather to “deepen and extend the literature’s broader knowledge” (Neubaum & Micelotta, 2021, p. 243) by offering a comprehensive conceptualisation of the family council.

Yet, from the outset, the task of comprehensively conceptualizing the family council faces a key complication: one could say that the family council is whatever it represents for the consultant, family, or scholar. Crucially, each one would have its own conception of what the term means. Thus, we are faced from the outset with ambiguity: **in the absence of a single, unique criterion for defining the family council, all criteria are valid.** To illustrate the ambiguity in defining the family council, consider the following example. Despite an apparent consensus among academics in referring to the family council as a

formal governance mechanism (Poza, 2013; Suess, 2014), some authors have noted its informal nature (see García Ramos & García-Olalla, 2011), while others suggest that it has functions that are traditionally assigned to corporate governance mechanisms (Flynn & Duesing, 2020; Arteaga & Escribá-Esteve, 2020).

These conceptual limitations are of concern because an unequivocal definition of the family council is a **prerequisite for rigorous quantitative and qualitative studies in this area**. Developing a comprehensive definition is not an end in itself, but an antecedent to consistent empirical research. Conversely, basing empirical studies on an incomplete definition of the family council will lead to inconsistent research. Our focus is on building a comprehensive conceptual reference to provide a solid foundation for future research.

According to the philosophy of science, to build such a comprehensive conceptual reference, **concepts must be elucidated**. There are three procedures for concept elucidation: **interpretation, analysis, or synthesis** (Bunge, 1967). The philosophy of science literature also indicates the formal requirements that a developed version of a definition should meet, namely syntactic and semantic. These elucidation procedures and formal requirements are the methodological tools that, when applied to the family business literature, will enable the formulation of a comprehensive definition of the family council. The fundamentals of the concept, as seen through the lens of the philosophy of science, provide a blueprint to shape our proposal, while the existing definitions from the family business literature provide the raw material to be shaped. This raw

material allows us to elucidate the concept of the family council through synthesis.

We first conducted a literature review of SSCI- and Scopus-indexed documents **that explicitly define the family council**. This review of definitions revealed some common patterns, which we classified into three approaches: (1) functional, (2) structural (shareholding family, managing family, and extended family), and (3) relational. The documents in each category were scanned through the lens of syntactic and semantic formal requirements to evaluate their formal validity. As predicted, this analysis uncovered some methodological limitations with the existing definitions. These limitations serve as a precursor to craft a comprehensive definition that meets the formal requirements of the philosophy of science.

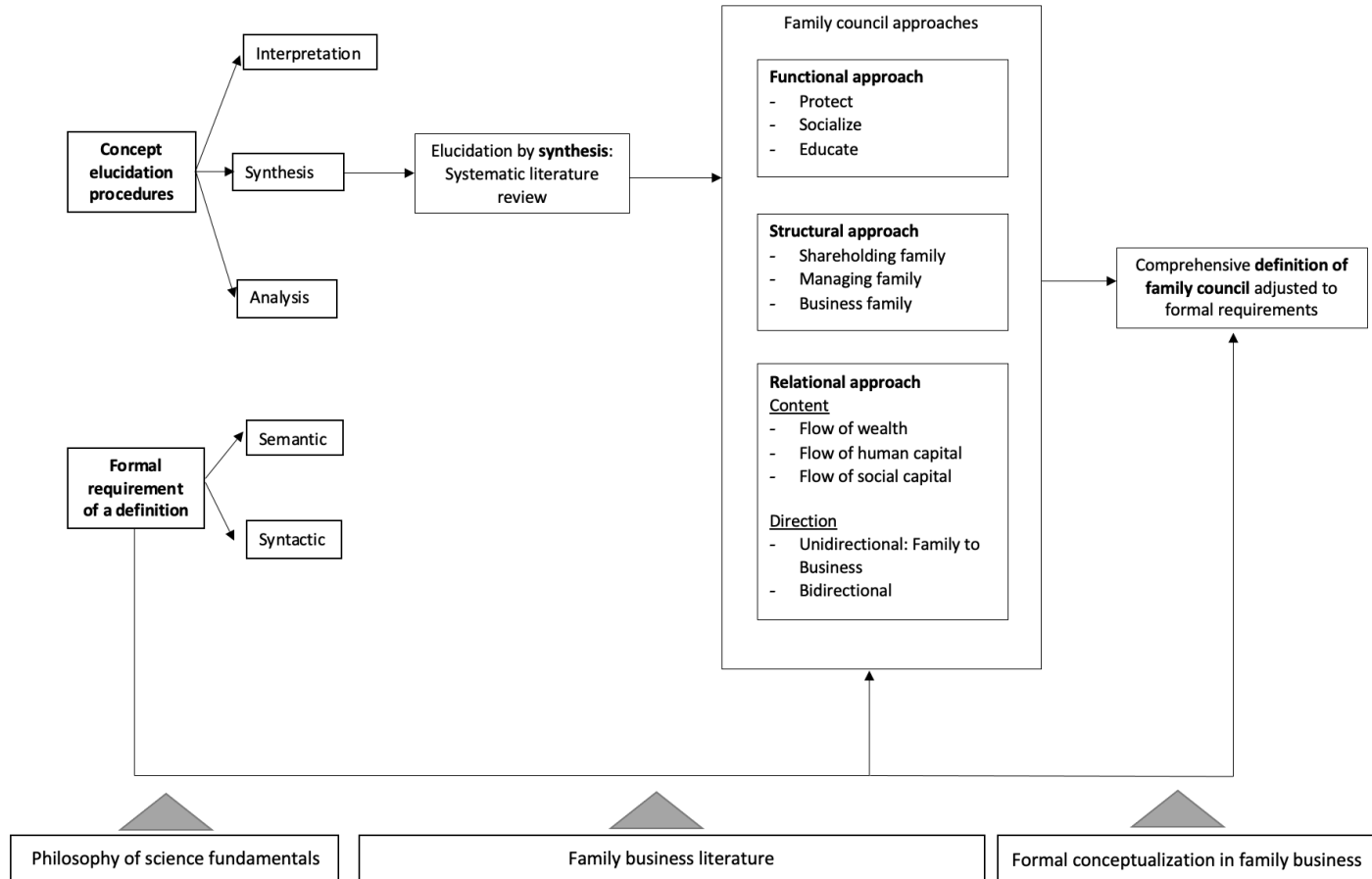
Such a definition has implications for both academics and practitioners. From an academic perspective, a formal definition of the family council should ensure that future empirical research in this area is based on a solid conceptual reference, thereby reducing ambiguity. The availability of such a definition will have a direct, positive impact on the methodological validity of subsequent research. It can also reveal new research avenues in family business research by reducing the distance between family business research and family science theories (James et al., 2012; Neubaum & Micelotta, 2021).

A comprehensive definition implies that practitioners will have a framework for a tool that can be applied to the business family. A given business family can deliberately take decisions from each of the

three approaches underlying our analysis (functional, structural, and relational), thus tailoring the family council to its specific needs. An added advantage of this definition is that it will not only contribute to the two stakeholder groups separately but also reduce the linguistic distance between them, allowing academics, practitioners, and family businesses to share the same mental framework when discussing the family council.

The next section describes the method, including the elucidation and formal requirements for conceptualisation by synthesis. We then present the three approaches that emerged from the analysis: **the functional approach, the structural approach, and the relational approach**. Next, we propose a family council conceptualisation in accordance with the methodological requirements of the philosophy of science (Figure 1.1).

Figure 0.1. The logical sequence of the present study at a glance.



Source: Author

## 1.2 Conceptualisation method: Formal requirements

From a methodological perspective, concepts are tools to differentiate and classify entities so that we can discriminate between those entities and use this discrimination to resolve problems. Concepts emerge in different ways. They can emerge through invention, the construction of classes, the grouping of elements into broader classes, or the discovery of new relationships (Bunge, 1967). Although there are recommendations for the formation of new concepts, such as not going beyond empirical observation, no concept formation process responds to any standardised procedure or scientific method. Thus, concepts emerge spontaneously through observation and reflection. Concepts are initially vague and ambiguous, but as knowledge of a phenomenon advances, they become precise. As noted by Popper (1962), knowledge would not develop without the capacity for **refutability**, which fosters scientific debate. In the case of the family council, our understanding has developed because of the joint input of practitioners and academics and their **iterative dialogue**.

Dialogue serves to outline, qualify, and specify a concept—that is, to *elucidate* it. This elucidation is based on the transformation of an ambiguous, pre-scientific concept, an explicandum, into a precise concept, an explicatum (Carnap, 1950). There are three scientific methods to elucidate a concept: (i) **interpretation** of what a concept represents, (ii) **analysis**, or the use of an example to define a concept, and (iii) **synthesis**, or the grouping of existing statements about a concept (Bunge, 1967). In the present study, we use the third method.

With synthesis, the evolution of a concept does not mean adding new information. Instead, it is an innovative process in which existing ideas are selected and perfected. In other words, there is no conceptual substitution, rather development.

For this development to take place in a methodologically valid way, certain syntactic and semantic formal requirements must be met (Bunge, 1967). Syntactically speaking, a definition must be internally and externally consistent. In other words, elements within a definition must not contradict each other, nor should they conflict with the fundamentals of their supporting framework. For example, defining a family council as a “formal link between the family, the board and the CEO, and an informal element between the relationship of the CEO and the board” (Magretta, 1998, p. 3) entails an internal inconsistency because a mechanism cannot be simultaneously formal and informal.

Likewise, a definition must be self-consistent and externally consistent so that it does not conflict with other knowledge in the context where it is framed. For example, Vilaseca (2002) argues that the family council protects the interests of the family and shareholders. Taking this definition as a reference, imagine that an external shareholder does not support filling a management position with a family member. In such a case, it would be impossible to protect the interests of both the family and shareholders. Hence, the family council definition would be externally inconsistent. Logic allows us to combine both interests in the same governance structure, but factual science does not. Thus, in syntactic terms, a valid definition must be internally and



externally consistent, logically and factually consistent, and therefore unequivocal.

Regarding semantic requirements, the *connotation* of the defined phenomenon must be aligned with its *denotation* (reference). For Fodor (1998), there is a connection between denotation and connotation that is supported by causal processes. For example, the definition of the family council should not be applied to other structures, such as the board of directors, shareholder meetings, the family office, and so on. The reason is that there is no connection between connotation and denotation, as will be explained later. Similarly, definitions of other structures are not applicable to the family council. For example, by affirming that the family council oversees investment strategy (Craig & Moores, 2002), nomination of immediate family members (Martin, 2001), and shareholder cohesion (Siebels & zu Knyphausen-Aufseß, 2012), we would be failing to meet the formal semantic requirements of the definition.

This notion is not a social convention but a theoretical principle. If we reject the idea of attributing the board of directors to the family council, it is not because of intersubjective agreement, but because the ontological nature of each one is different. Whereas the nature of the board of directors demands the preservation of business interests associated with productivity and performance, the family council is based on family logics—to protect, educate, and socialize all its members equally. Highlighting these dominant logics of the organisational group that the family council serves is the first step in clarifying the concept. To advance on the explicatum, we build on the

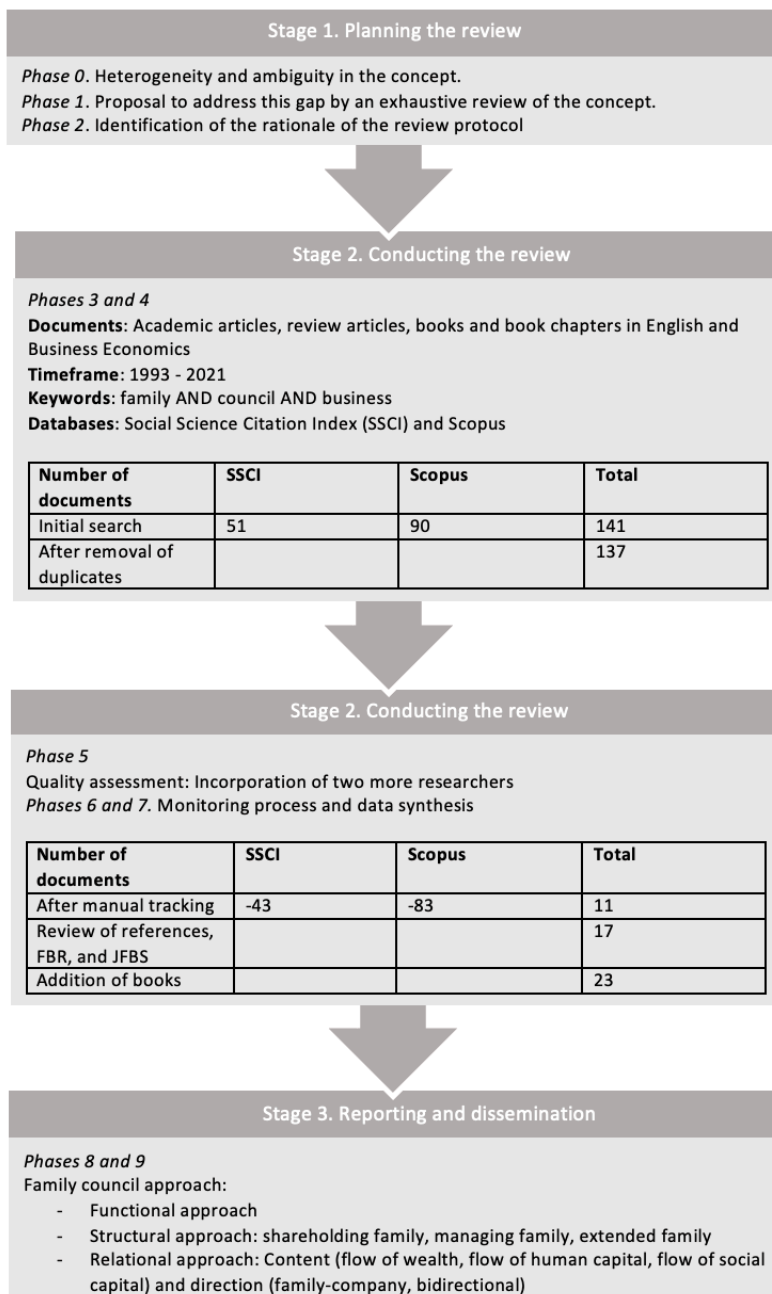
explicandum through the synthesis of the existing literature, as explained in the following section.

### **1.2.1 Elucidation by synthesis: A systematic literature review**

Scientific concepts can be honed in one of three ways: interpretation, analysis, or synthesis (Bunge, 1967). The first two methods require empirical research, whereas the third, synthesis, enables the formulation of a methodologically valid definition based on the grouping of existing studies. For an initial overview of these existing studies, we conducted a systematic literature review (Tranfield et al., 2003), retaining only the documents that explicitly frame the term “family council”. The aim of this review was to assess the extent to which previous studies meet the formal standards of conceptualisation and build toward a comprehensive definition of the family council. Accordingly, our interest lay more in conceptual depth than in the number of documents.

This procedure has been applied in reviews of family governance (Suess, 2014), intrafamily conflicts (Kubiček & Machek, 2020), and family roles (Cardella et al., 2020). We followed the protocol suggested by Tranfield et al. (2003), shown in Figure 1.2.

Figure 0.2. Systematic literature review process



Source: Author based on Tranfield et al. (2003).

First, the heterogeneity in the existing definitions of the concept indicated the need for the review (Phase 0). To fill this research gap, we prepared the research proposal and established the review protocol (Phases 1 and 2), thus completing Stage 1.

In Stage 2, the search was conducted in January 2022 using the Social Science Citation Index (SSCI) from the Web of Science (WOS) and Scopus databases. Despite not establishing a threshold for the impact factor, we considered it important to select these two databases as the main sources of scholarly rigor. The language of all publications was English. Academic articles, review articles, books, and book chapters were included (Phase 3 and 4).

The words used in the search were: family AND council AND business. We also searched for “family council” AND “family business”, but the search returned only three results for WOS and 14 for Scopus. Searching for only “family council” returned more extensive but less relevant results, with most of the documents not fitting our research scope. We restricted our search to documents published in the field of Business Economics in the WOS Core Collection. The search returned 141 documents, 51 belonging to the WOS and 90 to Scopus.

Because this concept is ambiguous, we scanned all titles, abstracts, and keywords to confirm that the documents did in fact deal with the concept of interest. Some authors have used different labels to refer to the family council, such as “family gatherings” and “family association” (Wróblewska-Kazakin, 2014), while others have discussed the family council without defining it (e.g., Gilding, 2000; Mustakallio

et al., 2002; Fahed-Sreih & Djoundourian, 2006; Gnan et al., 2015; Parada et al., 2020; Matias & Franco, 2021). The content of each article was thoroughly reviewed to determine its contribution to the conceptualisation of the family council. **Through this process, we selected only the documents that explicitly defined the family council.** We also eliminated duplicates (4 documents). In total, 126 articles were eliminated from the database for the following reasons: (1) the content was far removed from the family council in relation to the family business or (2) the article dealt with the family council but did not provide a consistent definition that allowed us to meet our research aim (Phases 6 and 7).

A final set of **11 articles** was selected from the search in both databases. Figure 1.2 illustrates the process. We scanned these documents for citations referring to the family council and included three additional documents (Melin & Nordqvist, 2007; Brenes et al., 2011; Siebels & zu Knyphausen-Aufseß, 2012). Following the procedure for systematic reviews in the area, we conducted a further search in the *Family Business Review* and *Journal of Family Business Strategy* (Kontinen & Ojala, 2010; Mazzi, 2011; Suess, 2014). These two journals provide the most relevant sources of research on family business. We included four additional documents from the *Family Business Review*. We also included two seminal works (Lansberg, 1999; Carlock & Ward, 2001) on the concept of the family council. The number of citations (1,113 and 862, respectively) suggest that these works have played a key role in family business research. Finally, the two most recent manuals were added (see Eckrich & McClure, 2012;

Poza, 2013) because of their considerable practical contribution to the field. The decision to include these additional sources was confirmed by two external researchers specialising in family business to ensure their fit with the research purpose and their academic validity.

**The final set of documents for analysis consisted of 23 documents published from 1993 to 2021.** These documents are listed in Table 1 in the Appendix. The table details the document author(s), year, title, source, method, and conceptual attempt to define the family council. The documents are sorted by date of publication. For years with more than one document, they appear in alphabetical order.

These documents present attempts to define the family council using different approaches. Some studies follow an ontological approach by emphasising the organisational group that is served by the family council. Others highlight the functionality of the family council as a governance mechanism. Other studies focus on the transfer of resources, or how the value created by the family council is transferable to the company and how the value created by the company feeds back to the family. The focus is on analysing the relationships in the family-business system. Despite differences in perspectives, common patterns emerge from this literature review. These common patterns shed light on the three-approach classification presented in the following section.

### **1.3 Synthesis of results: family council approaches**

Many family governance structures are commonly analysed under different lenses (Suess, 2014). The family council is no different. The resulting richness sometimes means greater conceptual complexity. To disentangle this complexity, definitions must be classified. This classification aids understanding of the concept and enhances its explanatory capacity. We identified three categories encompassing the different approaches to defining the family council. First, we grouped the documents using a functional criterion. Second, we identified the family segment that the family council serves. Third, we focused on the direction and content of the flows between the company and the family.

This classification was used to study the extent to which the existing definitions of the family council meet the semantic and syntactic requirements of a formally valid definition. It also contributes to the elucidation of the concept through the synthesis of previous contributions.

#### **1.3.1 Functional approach**

The review reveals a lack of consensus surrounding the functions of the family council. The literature depicts a governance mechanism that is responsible for a myriad of tasks. For example, according to Martin (2001), the family council is responsible for nominating family members to be appointed to the company board, as well as planning the company's investment strategy. This investment strategy, the

dividend policy and the succession plan are also identified by Craig and Moores (2002) as relevant tasks. Similarly, for Berent-Braun and Uhlener (2012), the family council is responsible for establishing clear rules for “family owners and managers” (p. 108) and for formally giving a voice to shareholders (Arteaga & Escribá-Esteve, 2020).

However, all the studies that take this approach **ascribe corporate governance functions to the family council**, which seems counterintuitive to the classification in the literature of the family council as a *family* governance structure. The aforementioned corporate governance functions seem to be associated with the responsibilities of corporate governance mechanisms, yet Aronoff and Ward (2011) define family governance mechanisms as a communication structure *for the family* to “provide family members with a shared sense of identity and mission that transcends their individual interests in the business” (p. 85). This definition reinforces the idea that governance systems are mechanisms created within the extended family to ensure its collective identity and shared purpose (Gersick & Feliu, 2014; Mustakallio et al., 2002; Suárez & Santana-Martín, 2004) and that these family interests should be later transferred to the business. Therefore, these structures also enable communication with the company’s corporate governance structures (Gallo & Keynon-Rouvinez, 2005; Suess-Reyes, 2017).

In any case, family governance mechanisms should serve the needs, expectations, and interests of the family (Gersick et al., 1997) to ensure that the family fulfils its basic functions: to **protect, socialize,**



**educate, and give affection** (Minuchin, 1974) to all family members equally across generations and branches of the family.

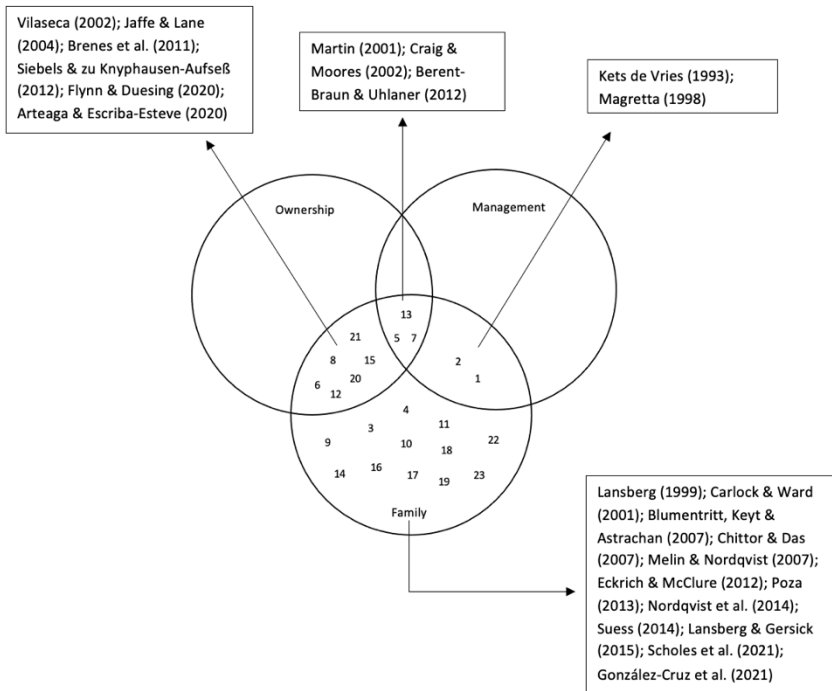
Hence, assuming that the family council is part of family governance and that its functions are far removed from the tasks of corporate governance, **attributing some of these corporate governance functions to the family council raises conceptual issues**. Moreover, the explanatory capacity of the family council depends, at least partially, on having **unequivocal characteristics**. Thus, if we attribute to the family council characteristics that are already used by another conceptual reference (e.g., corporate governance), the explanatory capacity of the family council diminishes because the two concepts can be used interchangeably. This ambiguity, which results from a low discriminative distance between the two concepts, ultimately leads to semantic inconsistency.

Therefore, the functions that make the concept semantically consistent are those that allow the family to remain a system that builds, transforms, and maintains itself (Claßen & Schulte, 2017), independently from the firm system. Such a system can only exist if we accept that the family council is a family governance mechanism shaped by the theoretical foundations of the family, whose interests go beyond those of the firm (Aronoff & Ward, 2011) and individual family members. Hence, the functions attributed to the family council should not interfere or overlap with the responsibilities of structures shaped by other logics, such as the corporate governance system.

### **1.3.2 Structural approach**

Although all definitions share the premise that the family council is a mechanism to protect the interests of the extended family (Jaffe & Lane, 2004; Berent-Braun & Uhlener, 2012), not all studies take the same group of family members as a reference. Some authors focus on the family that owns the business, whereas others focus on the members who manage and work in the company. Other studies consider the family in its broadest sense, including non-active members. Broadly, the three family groups that emerge from the literature review are the shareholding family, managing family, and extended family (Figure 1.3). Based on this classification of three family groups, we explore the level of syntactic and semantic validity of the current definitions and reveal some potential methodological limitations. These limitations mean that the nuances of the conceptual properties of the term “family council” must be addressed so that it meets the formal valid requirements of a definition.

Figure 0.3. Classification of studies following a structural approach.



Source: Three-circle diagram adapted from Gersick et al. (1997).

Note: The numbers included in the figure correspond to the conceptual attempts to define the family council listed in Table A1 in the Appendix.

### 1.3.2.1 The shareholding family

Brenes et al. (2011) is not alone in stating that the family council consists of “current and potential stockholders belonging to the family” (p. 3) who meet periodically to obtain information about the business and give feedback to the governing board (Flynn & Duesing, 2020). This approach highlights the idea that the family council should promote cohesion among shareholders (Siebels & zu Knyphausen-Aufseß, 2012; Arteaga & Escribá-Esteve, 2020), along with the formalisation of their interests, concerns (Jaffe & Lane, 2004), and

long-term goals (Vilaseca, 2002). The family board gives shareholders a formal voice and a platform for the family to express its preferences (Arteaga & Escribá-Esteve, 2020). Arteaga and Escribá-Esteve (2020) argue that the family council should represent the interests of the shareholding family, mainly in relation to issues surrounding business ownership (Vilaseca, 2002). Specifically, according to this view, the family council must reduce information asymmetries generated by the existence of different segments within the family-business system (Siebels & zu Knyphausen-Aufseß, 2012). Under this perspective, the family council serves a specific segment of the family whose interests are linked to economic returns. This view restricts the scope of the family council. Whereas family governance goes beyond individual interests and aims at a common purpose (Suess, 2014), this approach considers only the performance interests of a minority of family members. This perspective has some methodological limitations, such as the disconnect between connotation and denotation, which are described in depth in the next section.

### **1.3.2.2 The managing family**

Under the view that the family council serves the managing family, it is essential for the family council to establish “specific criteria in order to select the company’s future leadership” (Kets de Vries, 1993, p. 12), choose family candidates for board membership (Magretta, 1998; Martin, 2001), and nominate consultants for the sustainability of the business (Craig & Moores, 2002). The authors that express this view affirm that the family council serves family members who are active in the company, either in management positions or at other

organisational levels (e.g., staff). The basic idea is that the family council provides a forum where the norms of management of the family-business relationship are made explicit (Berent & Uhlaner, 2012).

As indicated in the discussion of the shareholding family perspective, arguing that the interests of one family segment should prevail has some limitations in terms of the formal requirements of conceptualisation. Because these definitions do not pertain to the whole family, such an approach seems structurally dissonant with the definition of family governance. This phenomenon is methodologically known as **external syntactic inconsistency** (Bunge, 1967). Although logic tells us that the family council protects the interests of the segment of the family that owns or manages the business, this idea is theoretically inconsistent with the broader category to which the family council belongs. In other words, by distorting the theoretical premises of family governance and applying them to all family governance mechanisms, this approach suffers from syntactic inconsistency and leads to ambiguity. The problem is not only that ambiguity (and syntactic inconsistency) may emerge but also that some studies combine the shareholding and managing perspectives in the same definition (see Figure 1.3). For example, Vilaseca (2002) argues that family councils are forums where “the interests and long-term vision of the family in particular and of the shareholders in general are formalized” (p. 310). This argument overlooks the possibility that the interests of both groups are mutually exclusive and that, in such a case, a hierarchy exists between them. Continuing with

the combination of approaches, Martin (2001) affirms that the family council is responsible for tasks “such as nomination of family directors to the company board, (...) and performance of the family company or investments” (p. 356). Whereas the first statement pertains to the managing family, the second one pertains to the shareholding family. These arguments create uncertainty in the meaning of the family council.

This uncertainty also appears when readers are expected to infer when the term “family” applies to a segment of the organisational group or to the extended family. For example, Brenes et al. (2011) state that the family council consists of “current and potential stockholders belonging to the family ... who meets at least once per year to analyse problems in relation to family commitments towards the company” (p. 282). From this statement, it is unclear whether these “family commitments” apply to the shareholding family or to the broader family. Without an explicit communication of the connotation of the concept, these approaches suffer from semantic limitations, namely a disconnect between the term’s connotation and denotation.

Examining the underlying logics of each study reveals the limitations that exist in terms of methodological rigor in the conceptualisation of the family council. Moreover, the managing family and shareholding family approaches share a general limitation in that the family council is viewed as a governance mechanism that serves an organisational group with economic and/or labour interests. Although satisfying the needs of those family segments is a necessary condition, **it is not a sufficient condition for a family council, whose main purpose is to**

**serve all generations and branches of the family.** To address this issue, the next section focuses on the extended family as the target group represented by the family council.

### **1.3.2.3 The extended family**

From an extended family approach, a family council is “a method to aggregate family members’ preferences into a collective will, communicable to the board of directors” (Suess, 2014, p. 8). Family boards include members of the family who are not active in the company (Scholes et al., 2021) to preserve the specific interests and concerns of the family (Poza, 2013), which need not coincide with those of the business (Chittor & Das, 2007). Specifically, the family council should ensure that the wishes and expectations of the members of each branch and generation are represented (Lansberg, 1999). It does so through an organisational structure based on socialisation (Suess, 2014) where the family acts as a single system (Blumentritt et al., 2007). Thus, the family council performs the same function for the family as the board of directors for the company (Poza, 2013). That is, it is a structure that is formalised in an ad hoc manner according to the idiosyncratic needs of the family (Carlock & Ward, 2001).

Furthermore, its interests are clearly differentiated from those of other governance structures such as the board of directors and family office (González-Cruz et al., 2021). **This difference with respect to other governance structures is crucial for semantic consistency.** To ensure that the denotation (reference) and connotation of a term are

aligned, the reference must be unique for a particular set of characteristics and discriminative for the rest. Just as references to the “board of directors” and “family council” are unique, so too must be the connotation to which they refer. Ultimately, what is meant by “family council” is the conjunction of connotation and denotation.

Therefore, for the structure of the family council to be understood unequivocally, it must serve a different organisational group from corporate governance structures. As the family’s governance structure, the family council must preserve the interests of all branches and generations of the family, without excluding certain family members on the grounds of other criteria, economic or otherwise. These interests are expressed in the “collective will” (Suess, 2014) of the extended family, which is the driving force behind the family council. This extended family perspective mitigates the syntactic ambiguity found in previous studies, where it is assumed that the family council protects the interests of groups that are already represented in other governance structures or applies to a narrow segment of the family.

### **1.3.3 Relational approach**

For the family council to be effective, it must ensure an exchange relationship with other family and corporate governance structures (Gallo and Kenyon- Rouvinez, 2005; Chittor & Das, 2007; Siebels & zu Knyphausen-Aufseß, 2012; Suess, 2012). There is considerable diversity within the reviewed studies regarding their treatment of this cross-system communication. To resolve the heterogeneity in the



literature, we classified the flows in family-business relationships using two criteria: **content and direction**. The characteristics of each category are now presented in detail.

### **1.3.3.1 Content**

#### **Flow of wealth**

In business terms, the family council has the responsibility to direct the “business towards longer-term wealth maximization” (Scholes et al., 2021, p. 4). It is also responsible for deciding on the investments of the business family (Martin, 2001), the performance of the company, and the dividend policy (Craig & Moores, 2002). The family council then transfers these family interests and wishes to the board of directors (Craig & Moores, 2002) and ensures that the board functions correctly (Jaffe & Lane, 2004). For Jaffe and Lane (2004), while the family council oversees the planning of the investment strategy, the board of directors deals with the company’s operational issues.

Under this approach, the family council is responsible for ensuring the profitability of the core business for the family and for ensuring that the business can continue to operate (Arteaga & Escribá-Esteve, 2020). This perspective implies that the family council promotes an economic exchange relationship and that this exchange relationship is associated with the profitability of the firm. That is, this view reinforces the idea that the family council is a financial control structure rather than a structure that serves the business family. This view raises some methodological challenges. For example, the literature has traditionally ascribed the planning of investment to

corporate governance boards (Aguilera & Crespi-Cladera, 2012; Chrisman et al., 2018) because their theoretical foundations are based on efficiency and dividend maximisation. However, the underlying logics of a family are far removed from productivity concerns, so a misalignment arises between the reference of a family council and its connotation. In other words, assuming that a family council is responsible for the same flows as the shareholders undermines the discriminatory power of the concept associated with each structure. Hence, the unequivocal semantic character of the concept is lost, creating ambiguity. The next section further explores these limitations.

### **Flow of human capital**

Some academics affirm that the family council catalyses the transfer of family talent to the corporate governance (Magretta, 1998) and management of the firm (Martin, 2001). The family council also suggests candidates (Suárez & Santana-Martín, 2004) and discusses the selection of the family members who are best suited to hold a position within the company (Berent-Braun & Uhlaner, 2012). For the selection of family talent to be functional, it must follow the criteria of a business meritocracy. Therefore, the knowledge, skills, and abilities that candidates for management and ownership positions should have must be formalised. Provided that the family council formalises these criteria, it will create an institutional framework for the family to make consistent decisions (Berent-Braun & Uhlaner, 2012) and will encourage the professionalisation of the family business (Chittor & Das, 2007).

However, unless the theoretical foundations of the business and the family are explicitly stated, the roles of corporate and family governance mechanisms may overlap. This overlap will create a lack of flow clarity in both areas (family and corporate governance).

Although the family council transfers human capital to the business side, it should not interfere with the selection processes, job planning, and design and training carried out in the corporate governance sphere. In conceptual terms, failure to ensure an absence of interference would result in two governance mechanism references being used to explain the same connotation. Such a situation would reduce the semantic separation between the mechanisms, thus weakening the explanatory power of both terms. Sometimes, this decrease in explanatory power may also be due to syntactic inconsistencies. For instance, logic tells us that the transfer of wealth and human capital is purely based on economic goals, but factual science suggests that there are also non-economic implications that make it difficult for family members to leave ownership or managerial positions (Pieper, 2003). We address these implications in the next section by focusing on social capital in a family council scenario.

### **Flow of social capital**

The transfer of assets in a family business goes beyond the economic or financial motivations of family members (Berrone et al., 2012). When the relationships between family members add value to the family-business system, the ties between them are stable, interactive, interdependent, and close (Arregle et al., 2007). The nature of these

ties in turn encourages reciprocity and cohesion of the family unit (Pearson, 2008). A minimum level of organisational cohesion puts the family in a position to discuss common values and goals (Lansberg, 1999), a future vision (Carlock & Ward, 2001), and a shared purpose (González-Cruz et al., 2021). In addition to expressing the common purpose explicitly, the family council is also responsible for strengthening intra-family ties (González-Cruz et al., 2021) and defining the moral and ethical values of the family (Magretta, 1998).

For example, Martin (2001) emphasizes the idea that the family council maintains and solidifies a strong family culture and sets a template for a consolidated mission and vision within the company. While this strong shared culture may be an antecedent to organisational sustainability, a minimum level of family cohesion is necessary for social capital to flow between the family and the firm.

This perspective joins the logic with the factual science of the transfer of flows. While the theory asserts that there are affective endowments that drive decisions in the family business, factual science corroborates the theory that these affective decisions cannot be suppressed in the transactions that occur in the family-business system. However, to represent the family business landscape accurately, the direction of these flows is also important. The next section addresses this issue.

### 1.3.3.2 Direction

#### **Unidirectional: Family to business**

Some authors affirm that the flows between the family council and other governance mechanisms are unidirectional, flowing from the family to the company (e.g., Vilaseca, 2002; Blumentritt, Keyt, & Astrachan, 2007). More specifically, they state that a family council provides a structure for the family to communicate the interests and concerns of each of its branches and generations and express the long-term objectives of the company (Lansberg, 1999) as a united group (Blumentritt & Astrachan, 2007). In other words, the family council brings together the individual concerns of family members and defines shared family views, which are then transferred to the shareholder meeting and board of directors.

This vision emphasizes the communicative character of the family council, from which information articulated in the family sphere is transferred to the ownership and management mechanisms (Siebels & zu Knyphausen-Aufseß, 2012). This unidirectional family-to-business flow transfers not only operative and strategic views but also family talent (Magretta, 1998) and a shared family purpose (González-Cruz et al., 2021).

In this analysis, we do not discuss the unidirectional company-to-family relationship because in all reviewed studies, whenever there is a flow from company to family, the flow in the opposite direction also appears, even if sometimes only implicitly. The analysis now turns to the bidirectional relationship in the family-business system.

### **Bidirectional: Family to business and business to family**

Regarding bidirectionality, some studies explicitly describe the flow of wealth from the company to the family and implicitly assume the transfer from the family to the business. Although they do not deliberately address the flow from family to company, these authors assume that there is a transfer of family social capital to the company. In contrast, other documents recognize and consciously address bidirectionality (see Martin, 2001; Poza, 2013; Flynn & Duesing, 2020).

For example, Magretta (1998) states that the family transfers human capital to the company, while it must be asked what the family expects from the company in terms of profitability or investment (Martin, 2001). Along these lines, Eckrich and McClure (2012) state that the family council is a constructive forum for the decisions of the family about the company and the decisions of the company about the family. Under this model, in the family council, knowledge of the company dynamics is enriched, and feedback is given to the management and ownership mechanisms (Flynn & Duesing, 2020). On the one hand, members of the next generations are trained and talent is transferred, while on the other hand, the economic returns and wealth generated by the company are received by the family.

By addressing the bidirectional relationship explicitly, authors have concluded that the transfer of purely economic assets, human capital, and social capital in a one-way relationship is not enough to explain a functional family council; instead, this structure benefits from the constant iteration of flows in both directions. The next section

underscores this idea by providing a definition of the family council that is in accordance with the formal requirements of a methodologically valid definition and that emerges from concept elucidation based on classification of earlier research.

#### **1.4 Toward a valid conceptualisation of the family council**

The previous section explains why the existing definitions of the family council fail to meet the semantic and syntactic requirements of a formally valid definition. Our classification of approaches to the family council (functional, structural, and relational) likewise reveals some conceptual limitations inherent in these existing definitions. To overcome these syntactic and semantic constraints, we present a comprehensive conceptualisation of the family council that meets the formal requirements set out in the philosophy of science.

Before stating our definition, however, we should explain why it can potentially add so much to this area of study. Our contribution to the literature, namely our comprehensive definition, is based on the idea that the family council is a formal family governance mechanism that ensures that the extended family fulfils its essential functions across generations and branches and guarantees the bidirectional and iterative flow of resources in the family-business system. The family council thus helps the family rightfully continue as a system that creates, transforms, and stays independent from the business organisation. Although resources flow from the family to the business and from the business to the family, each system (i.e., the family or the business) should respond and act in accordance with its own

logics. Consequently, there should be a clear distinction between the responsibilities and functions of each one.

A fair assumption is that the family council should be at the service of the family. Under this assumption, therefore, the theoretical frame of reference for the family council must obey the logics of the family as an organisational unit whose definition is complete with syntactic and semantic consistency. Only thus can the functions, structures, and flows assigned to the family council be unequivocal and conceptually discriminate the family council from other governance structures. The denotation (reference) and connotation must also be aligned.

Accordingly, no other reference (e.g., board of directors or family office) should entail the same intension (characteristics) as that of the family council, and the intension encompassed in the concept of the family council should not be represented by any other reference. In other words, the definition should be semantically consistent, to use the term employed in the literature on the philosophy of science (Bunge, 1967). As regards syntactic consistency, the concept should not contradict its premises nor conflict with its supporting framework. Such conflict arises when the chosen family segment is not explicitly stated and when the lines between the interests of different segments are blurred. By considering the family council as a structure that represents the extended family, as opposed to the managing or shareholding segments of the family, we prevent external inconsistency in relation to the competing interests of different family segments. If we take the family as a system, no family segment should be excluded from the conceptualisation of the family council.



Moreover, including the extended family in the definition differentiates the family council from all other structures within the family-business system. So, the family council must safeguard the principal functions of the extended family: the protection, socialisation, and education of all family members across generations and branches.

When the group is small, the primary functions of the family will naturally take care of themselves. The challenge arises when there is a large number of generations. Heterogeneity in family bonds becomes greater, and individual approaches to the concept of family vary, thus increasing family complexity (Sandig et al., 2006). With this greater family complexity, formal mechanisms (e.g., the family council) become even more important to ensure that the family fulfils its basic functions. For example, Poza (2013) argues that the family must protect its unity and economic and social capacity so that all family members are entitled to the same levels of security. If an extended family has a family council that explicitly articulates the economic and social needs of its members, it will be easier for the family to protect them, despite high complexity.

The same occurs with family socialisation processes. The family is the primary social reference (Berger & Luckman, 1967) in charge of developing basic cognitive schemas, role models, and relationship patterns among all members from childhood (Minuchin, 2001). Acknowledging this socialisation process, authors such as Melin and Nordqvist (2007) conclude that to ensure greater group functionality, the norms, attitudes, and values that guide behavioural patterns in the

family should be formalised when the number of members exceeds a certain threshold.

If the family wants this set of shared values to be passed on to the next generation, a training plan for offspring can help manage and channel complexity while ensuring that all family members share the same educational foundations (Lansberg, 1999). This plan is formulated within the family council and serves to guide and support the education and mentoring of next generations (Martin, 2001). In fact, practitioners stress that one of the main objectives of the family council is to watch over the education of next generations (Lansberg, 1999; Eckrich & McClure, 2016; Poza, 2013; Carlock & Ward, 2001), which includes keeping the spirit of the entrepreneurial family alive (De Massis et al., 2021). In light of this theoretical development based on the synthesis of previous research, we have devised a comprehensive and methodologically sound definition of the family council, which can be formally stated as follows:

***The family council is a formal family governance mechanism that is constituted once the family has reached a certain level of complexity and that is primarily responsible for (1) ensuring the basic functions of the extended family (namely socialising, educating, protecting, giving affection) so that the family continues to be a self-maintaining, independent system and (2) safeguarding the bidirectional and iterative flows of resources (wealth, human capital, and social capital) in the family-business relationship so that it can create long-term value for the family-business system.***

This conceptualisation is not intended to replace previous ones. Instead, it is the result of the accumulation of previous work in this area. What makes it distinct is that it has been formulated through the lens of formal definition requirements. This definition also raises questions that have hitherto remained hidden from view. Some of these questions are addressed in the present PhD thesis and exposed in Chapter 2.

## Appendix A

Table A1. Review of family council conceptual attempts to define the family council

	Author and year	Title	Source	Method	Conceptual attempts to define the family council
1	M. F. R. Kets de Vries, 1993	The Dynamics of Family Controlled Firms: the good and the bad news	Organizational Dynamics	Conceptual	The family council can play a crucial role in preventing the company from becoming one of the casualties of the family drama. The council must define the rules of the game for the whole family and decide what members want to accomplish. It is extremely important that the council establish specific <i>criteria in order to select the company's future leadership</i> (p.70).
2	J. Magretta, 1998	Governing the family-owned enterprise: an interview with Finland's Krister Ahlstrom	Harvard Business Review	Qualitative. In-depth interview.	The family council serves both as a formal communication link between the family, the board, and the CEO, and as an informal sounding board for the CEO and the board. In addition, it prepares the assembly meetings, drafts family position papers, <i>and suggests candidates for board membership.</i> (...) One issue they tackled early was the important question of what the family wants from the company. Another issue the council took up early on was the <i>company's ethical values</i> (p.3).

3	I. Lansberg, 1999	Succeeding generations. Realizing the dream of families in business	Harvard Business School Press	Conceptual	The family council might take up what kind of education the family members should have (p.302). It brings together family members to discuss family values and goals (p.69). A family council was set up to ensure that members of each family branch and each new generation will have a voice in setting the goals of the enterprise (p.121).
4	R. S. Carlock & J. L. Ward, 2001	Strategic Planning for the Family Business	Palgrave	Conceptual	The family council's purposes can vary by family needs. Specific projects often include: developing family education, revising family and ownership agreements, resolving family conflicts and enforcing the family's code of conduct and defining a shared future vision (p.163).
5	H. F. Martin, 2001	Is Family Governance an Oxymoron?	Family Business Review	Conceptual	The council may have key functional responsibilities, <i>such as nomination of family directors to the company board</i> . The family council can also serve as an educational and mentoring facility for the younger generation. Most important, it helps to create and sustain a culture of mutual trust within the family. The council meets several times a year to discuss family issues, including <i>performance of the family company or investments</i> (p.356).
6	A. Vilaseca, 2002	The Shareholder Role in the Family Business:	Family Business Review	Mixed methods	Family councils make the flow of information and communication between family and owners more

		Conflict of Interests and Objectives Between Nonemployed Shareholders and Top Management Team			fluent. Their main aim is to support the communication and information systems, where the interests and long-term vision of the family in particular and of <i>the shareholders</i> in general are formalized. The purpose of this body is to detect, monitor, and control the critical factors generated in the family-ownership overlap (p.310).
7	J. Craig & K. Moores, 2002	How Australia's Dennis Family Corp. Professionalized Its Family Business	Family Business Review	Qualitative. In-depth interview.	Topics discussed at family council include <i>dividends policy, the recording and archiving of family history, philanthropy, succession planning, investment strategy, and appointment of consultants to the board of the operating business</i> (p.60).
8	D. T. Jaffe & S. H. Lane, 2004	Sustaining a Family Dynasty: Key Issues Facing Complex Multigenerational Business- and Investment-Owning Families	Family Business Review	Conceptual	A family council must have some way to represent the special interests of <i>the family owners separate from the family nonowners— an ownership group or family assembly</i> . The family council is a formal method to give voice to the family-oriented concerns of shareholders (p.93).
9	T. P. Blumentritt, A. D. Keyt & J.H. Astrachan, 2007	Creating an Environment for Successful Nonfamily CEOs: An Exploratory Study of Good Principals	Family Business Review	Qualitative. 27 in-depth interviews	A family council is a representative governance group for the family. A subset of the family is elected to deal with family issues, draft family policy, and, in some cases, adjudicate and make distributions (charitable and other). A family council provides a structured forum for family issues to be

					aired outside the business activities of the family firm. Most importantly, family conflicts have a place to be managed so that they have less of an impact on a firm's competitive performance. The family council provides the organizational structure through which the family can act as a unified body (p.327).
10	R. Chittor & R. Das, 2007	Professionalization of Management and Succession Performance— A Vital Linkage	Family Business Review	Qualitative. Case studies	A family council provides broad long-term direction to the group and tackles the challenges of professionalization, keeps the interests of the family members separate from the business. It gives them room to grow the way they wanted to (p.71-72).
11	L. Melin & M. Nordqvist, 2007	The reflexive dynamics of institutionalization: the case of the family business	Strategic Organization	Conceptual	Rather than a 'corporate' governance structure, the family council is a 'family' governance structure. The family council can thus be seen as a formal structure where family institutional attributes such as values, norms, interests, and expectations are legitimately exercised (p.325).
12	E. R. Brenes, K. Madrigal & B. Requena, 2011	Corporate governance and family business performance	Journal of Business Research	Quantitative. Statistics from surveys.	The family council consists of <i>current and potential stockholders belonging to the family</i> . The family council meets at least once per year to share ideas and proposals and to analyze problems in relation to family commitments towards the company (p.282).

13	M.M. Berent-Braun & L. M. Uhlaner, 2012	Family governance practices and teambuilding: paradox of the enterprising family	Small Business Economics	Quantitative. Standard statistical techniques	Family councils refer to formal bodies that meet on a regular basis that represent different branches and/or generations of the family. It offers <i>family owners</i> an opportunity to discuss business and family issues on a regular basis (p.107). The family council serve several teambuilding functions: creating and/or strengthening a shared vision, clarifying roles and responsibilities, and providing a forum for establishing norms of behavior for current and future family owners and managers, especially in relation to the owning group and the business (p.108).
14	C.J., Eckrich, & S. L., McClure, 2012	The family council handbook: How to create, run, and maintain a successful family business council.	Palgrave McMillan	Conceptual	The family council is a forum for constructive discussion, problem solving and decisions about the family as it relates to the business, as well the business relates to the family. Its purpose is to educate and facilitate communication between family members (p.1).
15	J. Siebels & D. zu Knyphausen-Aufseß, 2012	A Review of Theory in Family Business Research: The Implications for Corporate Governance	International Journal of Management Reviews	Literature review	It provides a forum in which all different values, opinions and attitudes vis-à-vis the firm are articulated, consolidated, and afterwards presented to the TMT and the board. Furthermore, in its role as communication and information body, the council might help to integrate inactive family members and



					to reduce information asymmetry, <i>thereby promoting cohesion among shareholders</i> (p.293).
16	E. Poza, 2013	Family Business	Cengage Learning	Conceptual	The family council is a governance body that focuses on family matters. It is to the family what the board of directors is to the business. Family councils primarily promote communication, provide a safe harbor for the resolution of family conflicts, and support the education of next-generation family members about family dynamics and ownership issues (p.266).
17	M. Nordqvist, P. Sharma & F. Chirico, 2014	Family Firm Heterogeneity and Governance: A Configuration Approach	Journal of Small Business Management	Conceptual	The family council is a formal type of family meeting to discuss issues in relation to the governance of the family and its relationship to the firm. The council is usually established once the family and the firm reach a critical size (p.195).
18	J. Suess, 2014	Family governance – Literature review and the development of a conceptual model	Journal of Family Business Strategy	Literature review	A family council could enhance family communication, the family's emotional attachment and its identification with the business. The implementation of a family council improves communication, as it is a means to socialise with other family members and address family issues (p.141). It is a method to aggregate family members' preferences into a "collective will", communicable to the board of directors (p.145).

19	I. Lansberg & K. Gersick, 2015	Educating family business owners: The fundamental intervention.	Academy of Management Learning & Education	Conceptual	Family Council: A working group serving at the discretion of the family as a whole to manage activities that provide continuity in family values, identity, education, and socialization; also to give guidance to the family owners and directors regarding the family's needs and interests in policies of the enterprise. The council serves as an executive committee of the Family Assembly between meetings and oversees and coordinates the work of the committees (p. 402)
20	J. Flynn & R. J. Duesing, 2020	Toward developing an applied framework to help foster success in generational transition of family businesses	Journal of Small Business & Entrepreneurship	Qualitative and literature review	The council is comprised of relevant family members <i>with a stake in the business</i> who meet formally on a regular basis to gain <i>understanding of the business and give input to the governing board</i> (p.295).
21	R. Arteaga & A. Escriba-Esteve, 2020	Heterogeneity in family firms: contextualising the adoption of family governance mechanisms	Journal of Family Business Management	Quantitative. Cluster analysis	The prime function of a family council is to <i>voice shareholders' concerns formally and accommodate family members' preferences</i> . A family council might promote <i>cohesion among shareholders</i> , thus reducing information asymmetry, increasing social interaction, and ensuring the effective continuity and profitability of the core business (p.205).
22	L. Scholes, M. Hughes, M.	Family management and family guardianship:	Journal of Family Business Strategy	Quantitative	Family councils are a second dimension of family guardianship, one that particularly helps diversify

	Wright, A. de Massis, J. Kotlar, 2021	Governance effects on family firm innovation strategy			the range of family members who are involved in scrutinizing the family business. Councils involve also members from the broader family unit that have no active part in the business (...) behave as stewards and direct the business towards longer-term wealth maximization (p.4).
23	T. González-Cruz, J. A. Clemente-Almendros & A. Puig-Denia, 2021	Family governance systems: the complementary role of constitutions and councils	Economic Research- Ekonomska Istraživanja	Quantitative. Generalised Least Squares (GLS) panel regression.	The family council should be a clearly differentiated family governance institution whose aim is to preserve and enhance family harmony and unity of purpose. The family council is the formal forum where the family builds an explicit set of common values and principles that govern intra-family interactions and family-firm relationships (p.3144).

Source: Author

# **PART II**



# CHAPTER 2

## THEORETICAL FRAMEWORK





## 2.1 Research model

Chapter 2 breaks down the theoretical constructs of the research model. Thus, each section justifies and argues the *why* and *what for* of the chosen constructs. Figure 2.1 shows graphically the purpose of this PhD thesis, that is, the relationship of fit between the profile of the business family and family council. As noted in Chapter 1, the family council concept adopts different approaches from its first appearance in the literature to the present day. Having understood the approaches - functions, relational (content), and structure - that a family council can adopt, the primary purpose of this second chapter is to set out the theoretical framework for the constructs of the research.

In the first section of the chapter, the contribution of the literature on **family business logic** is synthesised. A **conceptual review of the family governance mechanisms** is exposed, highlighting how their functions are separated from those of the family council. We then outline the **criteria and dimensions to characterise the business family**. After, we detail the **assessment of the perceived performance of the business family**. Finally, we explain the two **contingent factors** in our study: business complexity and the relationship with other governance bodies in the family-business system.

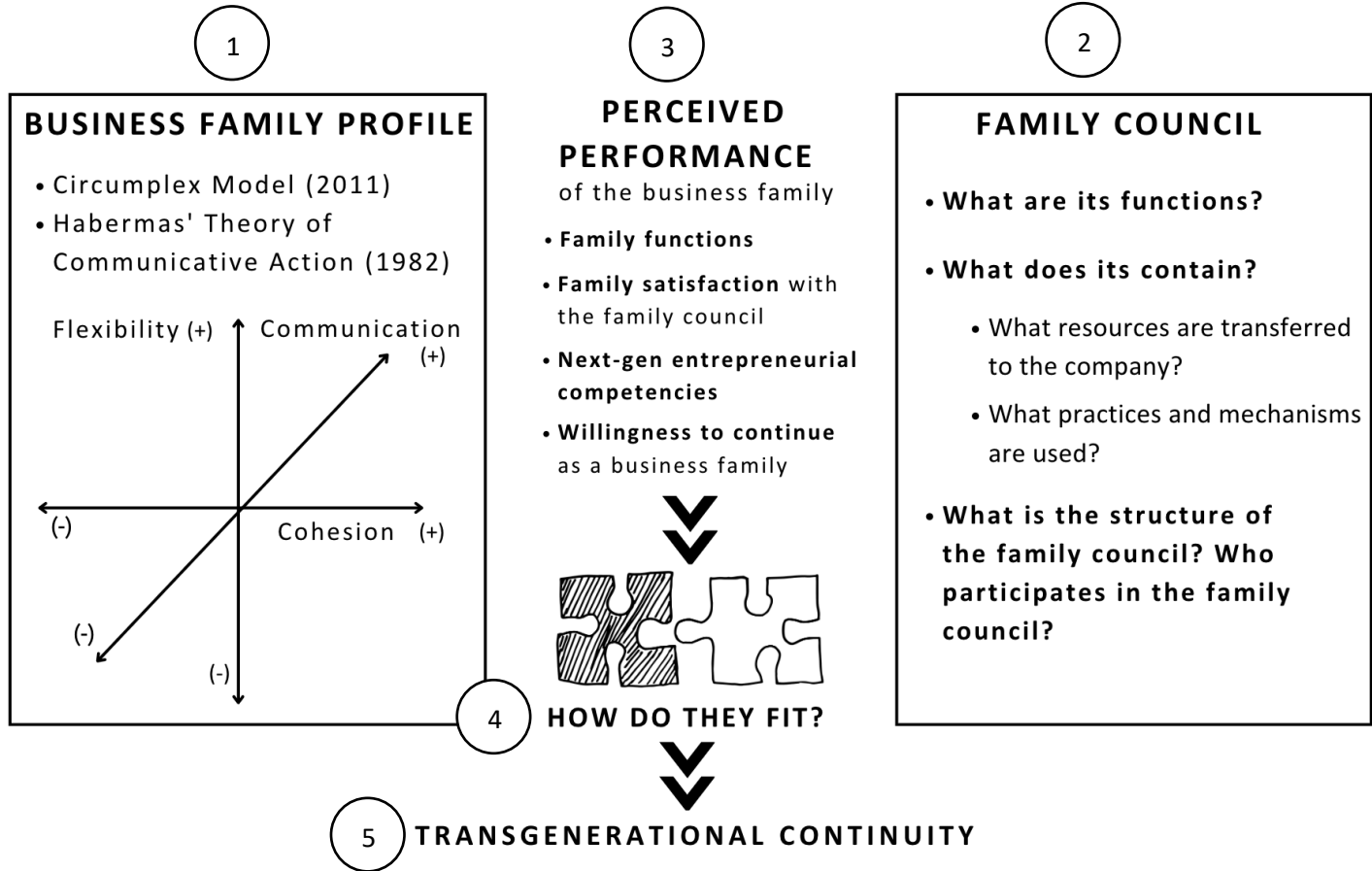
The theoretical model of the present study was used to answer the research questions posed in the *Introduction*. Although the literature on family business warns about the need to deepen the knowledge of business families (Combs et al., 2020) from perspectives



complementary to management, it remains unexplored how the family profile and its relationship with the family council affect the transgenerational continuity. To advance the understanding of the family group, our model proposal includes the following objectives:

1. To identify business family profiles based on **cohesion, flexibility, and communication**.
2. To understand an active **family council's functions, content, and structure**.
3. To analyse the **perceived performance of the business family**.
4. To infer the **fit relationships** between the business family profile and the family council based on the business family perceived performance.
5. To argue how the family council contributes to the **transgenerational continuity** of the business family

Figure 2.1. Research model.



Source: Author

As shown in Figure 2.1, the interest of this research revolves around the fit between the **business family profile and the family council**. This means that the business family is taken as the unit of analysis. This decision implies assuming a family logic. For this reason, the following section sets out the starting assumptions of the model from a family logic beyond a company's logic.

## **2.2 The logic of the business family**

When contextualising our study phenomenon, we assume that the family business comprises the interaction of two entities: **the family and the company**. In each entity coexist interest groups that are governed by different rationalities, and their intersection, expressed in terms of simultaneous membership of various interest groups, generates idiosyncratic challenges for this type of company (Sandig et al., 2006). Considering the expectations and aspirations of each stakeholder group, there is an inextricable mix of logic and rationalities that add a specific complexity to the family business.

This inseparable union of family and business allows rationalizing and approaching challenges from **two logics**: the **business and family logic**. The fundamental principles, values, mechanisms, and practices of each of these rationales are different, although equally relevant to understanding the family business's functioning. However, despite their symmetrical importance, the literature on family business has been especially concerned with explaining the phenomenon from a

business perspective. For instance, following the prescriptions and best practices proposed by Corporate Governance (Pindado & Requejo, 2015), company stakeholders (Elvira, 2022), or comparing family and non-family businesses (Beehr et al., 1997; Campopiano & De Massis, 2015). Among other topics, it has been widely studied how the incorporation of outside directors on the Board of Directors (Lane et al., 2016) or the development and institutionalisation of formalised corporate policies affect firm performance (Pieper, 2003).

In contrast to the vast academic literature that investigates and offers solutions from the firm's perspective, there is a significant lack of studies that do so from the family perspective. Despite this underrepresentation of family logic in the literature, many recent studies highlight the importance of family interactions in advancing the understanding of the family firm (Bernhard & Labaki, 2021; Mustafa et al., 2022).

This configuration of studies in the family business literature and its evolution is not random but is due, among other reasons, to the **availability of information**. From the methodological point of view, data from listed companies and large corporations are more accessible than data from the family sphere. This accessibility of information explains why the studies carried out to date have opted for in-depth analysis of economic and financial variables.

However, as the understanding of the family business advances, **curiosity about new approaches and objects of study** encourages

researchers to incorporate new methodological tools, constructs, and theories that have so far been little explored. In other words, to complement existing studies, the current literature is making a widespread call to incorporate alternative approaches (Picone et al., 2021).

Specifically, advances in other fields, such as **family science, sociology, and psychology**, can provide consolidated tools to advance the understanding of the family business. Although access to information on families is a challenge for various reasons (sensitivity of the information, lack of trust in the application of the studies, lack of knowledge of the research...), both practitioners and academics agree that it is the recommended way to progress in the state of the art of the literature in family business.

By incorporating new perspectives, new frameworks for comparison are assumed. If, until today, constructs in family vs non-family firms were contrasted, the new approaches allow comparisons within family firms based on issues such as succession, social responsibility policies, ethics, family governance, etc... With these analyses, it is assumed that family firms are potentially heterogeneous based on a myriad of variables. The following section aims to explain in detail the heterogeneity of family businesses.

### 2.2.1 Heterogeneity in family businesses

Using the business family as the formal object of analysis opens a wealth of new theoretical approaches, providing complementary knowledge to the one already existing in the family business literature. These new approaches broaden the questions about how family relationships affect the firm and vice versa. Many of the most prominent further questions revolve around the heterogeneity of family firms (Dibrell & Memili, 2019).

Raising questions related to heterogeneity is consistent with the assumption that there are no best practices applicable to all family businesses. Still, rather contextual constraints determine the functionality of the chosen practices. This assumption is far from the literature's early approaches to the family business. In the early stages, when the family business category is first recognised, it is differentiated from non-family businesses and assumed that family businesses are **homogeneous** (Moore et al., 2019). Thus, the focus is on applying practices that work in non-family businesses. The maxim is: if they want to compete in the market, they must professionalise and follow in the footsteps of non-family firms. This approach has benefited the formalisation and specialisation of family businesses and their progress in its initial stage.

Now it is widely accepted by researchers that family firms have unique governance structures (Suess, 2014; De Massis et al., 2023), non-economic interests (Gomez-Mejia, 2007), and generational

involvement (Daspit et al., 2021; Maseda et al., 2019). These particularities suggest that the differences within family firms may be even more significant than between family and non-family firms (Chrisman & Patel, 2012). This phenomenon could be called as family firm heterogeneity, defined by Daspit et al. (2021, p.297) as "the range of categorical and variational difference(s) between or among family firms at a given time or across time." This heterogeneity does not only refer to business issues; rather, it coined the particularities among the different families that manage a business. As interest in the study of the particularities of the family business has increased, Daspit et al. (2021) propose a category of themes to classify family heterogeneity conceptually (Table 2.1). The axes in their model correspond to the temporal focus (short or long-term) and family focus (family-centred studies).

Within the topics that deals with the business family, we highlight succession (Nelson & Constantidinis, 2017), socioemotional wealth (Gómez-Mejía et al., 2007; Cuevas-Rodríguez et al., 2023), studies based on family capital transferable to the firm (Seaman, 2015), and family identification (Alayo et al., 2022). The heterogeneity of family firms in governance implies no single form of functional governance for all firms. Still, families need to tailor a customised structure to capture the complexity of each family firm (Gómez-Mejía et al., 2007). Following this classification, our study has a more family-centred approach, using the business family as the unit of analysis of the

research, and a long-term approach, expressed through transgenerational continuity.

Table 2.1. Categorisation of themes within family business heterogeneity

		Family-centred focus	
		More family- centred	Less family-centred
Temporal focus	Long term	<ul style="list-style-type: none"> <li>• Succession</li> <li>• Socioemotional wealth</li> <li>• <b>Family ownership and management</b></li> </ul>	<ul style="list-style-type: none"> <li>• Firm size and growth</li> <li>• Board of directors</li> <li>• Internationalisation</li> </ul>
	Short term	<ul style="list-style-type: none"> <li>• Family-based capital</li> </ul>	<ul style="list-style-type: none"> <li>• Entrepreneurial behaviour</li> <li>• Employee relations</li> </ul>

Source: adapted from Daspit et al., (2021, p.300)

Although each family outlines its governance mechanisms according to its characteristics, there are established and commonly accepted mechanisms that serve as a framework for families. Section 2.2 reviews the most used family governance mechanisms and differentiates them from the object of study of this paper: the family council.

### 2.2.2 Family governance mechanisms

As mentioned at the beginning of the chapter, the family business literature is dominated by explaining the phenomena from the business discipline’s frameworks, methods, and tools. However, in



recent years, the need to address the issues of family businesses from the family sphere, specifically from family governance, has been recognised. The work of Suess (2014) reviews family governance bodies and categorises them by type according to their nature. For this author, family governance mechanisms are part of a more extensive system -the family business governance system- which constitutes a system of tools and structures available to make decisions focused on the company's benefit (Kenyon-Rouvinez et al., 2005). Family governance has a unique function, to manage the internal relationships of the family as an organisational group and of the family with the business (Suess, 2014).

Unlike corporate governance mechanisms, family governance mechanisms are **voluntary**. This fact means there is no single functional family governance model. Still, each family establishes the ones that best help achieve their objectives, depending on the number of generations involved, family life cycle, family complexity, etc. Therefore, the contents, structure, and tasks of each of the governance mechanisms vary according to the needs of each family. Despite this variety, Table 2.2 summarises the main characteristics of family businesses' most common family governance mechanisms.

Table 2.2. Family governance mechanisms overview

<b>FAMILY GOVERNANCE MECHANISMS</b>		
<b>Type</b>	<b>Definition</b>	<b>Level of formality</b>
<b>Family meeting (or assembly)</b>	It is the most informal forum within the family governance mechanisms. "It involves an assembly of family members to inform or discuss family issues about the business" (Suess, 2014, p.140). Its scope is usually more extensive than other governance mechanisms, often including the extended family. Although the issues, structure, and functions vary in each family, the character is usually more relaxed and ludic. The periodicity is also lower compared to other family governance structures.	Informal
<b>Family constitution (or protocol)</b>	A family constitution is a written document signed by a group of family members that includes the principles, guidelines, and red lines of the family involvement in the business. "It requires a communication process between relatives in a family firm which leads to the signing of agreements about family–business relations" (Rodriguez-Garcia & Menendez-Requejo, 2020, p.150). Therefore, the process of discussing and reflecting about the content is more significant than the output itself (Gallo & Tomaselli, 2006).	Formal

<b>Family foundation</b>	It refers to a non-profit section of the family business whose aim is to support philanthropic causes aligned to family values (Hoy & Verser, 1994). It can play an essential role in preserving the family legacy, facilitating communication among family members, and transferring the values to next generations (Gersick, 2004).	Formal
<b>Family office</b>	“An investment and administrative centre that supports the family governance structure. Manages liquid assets not invested in operating companies and often serves to provide financial independence to shareholders” (Lansberg & Gersick, 2015, p.402). Families normally incorporate a family office when the wealth complexity achieves certain level (Amit et al., 2008).	Formal
<b>Family council</b>	It comprises a specific group of family members (usually the business family) that meet on a regular basis. The family council is responsible for (1) ensuring the basic functions of the extended family (protecting, socializing, educating, and giving affection) across generations and branches and, (2) safeguarding the family-business relationship so that it can create long-term value for the family-business system (Chapter 1).	Formal

Source: Author

Following the taxonomy of family governance mechanisms proposed in Table 2.2, the scope of action of each mechanism is different. If we

apply the consistency criteria of Chapter 1, each mechanism is responsible for some specific functions, content, and structure. For these structures to be functional, they must not overlap the functions or content of others and must maintain their autonomy within the interdependent system. Therefore, although they are all part of the set of governing structures of the family, they are different from each other and, thus, separate from the family council.

The family council has attracted the attention of multiple researchers, consultants, and practitioners (Siebels & zu Knyphausen-Aufseß, 2012). Among the different causes that may explain its increased attention, we highlight its ability to serve the family's interests, for **keeping the business project active** (Poza, 2007,) and **channelling family complexity** (Suess, 2014). This last point constitutes a key element when analysing family councils. The literature states that governance mechanisms and the family council are established when there is a certain level of family complexity (Suess, 2014). The following section explains in more detail the relationship between family governance and family complexity.

### **2.2.3 Family complexity**

The family business literature defines family complexity as the number of individuals in the family and the heterogeneity of their relationships (Suárez & Santana-Martín, 2004; Lambrecht & Lievens, 2008). As the business family incorporates new generations, the number of family members and the variety in their relationships increases. Taking the

definition of family complexity as a reference, the first assumption states that families with active multigenerational involvement tend to have greater family complexity (Suárez & Santana-Martín, 2004).

The second assumption states that when families reach a certain level of complexity, they are more likely to incorporate formal governance mechanisms (Brenes et al., 2011; Suárez & Santana-Martín, 2004; Suess, 2014). In fact, for Suárez & Santana (2004), governance mechanisms are used mainly by multigenerational families. In quantitative terms, Fahed-Sheid and Djoundourian (2006) specify that family firms older than 30 years are more likely to incorporate formal governance bodies. In line with their argument, younger firms rely on more centralised practices and mechanisms.

There are several reasons for incorporating governance mechanisms when family complexity increases. Firstly, incorporation may arise from the **need to inform** family members who are not active in the company and coordinate those actively involved in the business. This has to do with the increase in the number of family members. For example, the coordination and information tasks are generally more accessible when the company is in the first generation. When the family grows and the number of generations increases, these tasks no longer operate naturally, and mechanisms and practices are needed to formalise the processes.

Secondly, they can also be incorporated to **counteract the social distance** between the different family members. Specifically, as more

generations are incorporated into the family-business system, social interactions vary and may even be diluted. For example, the social interaction between second-degree cousins is more significant than the social interaction between siblings. Usually, when the family grows, the geographical distance tends to be more critical. Given this scenario, governance bodies are proposed to foster family unity. In this case, this objective is related to channelling the heterogeneity of the relationships.

Third, some families incorporate governance bodies due to **decentralised decision-making and lack of agreement on business-related issues** (Habbershon & Astrachan, 1997). The greater the number of family members and the more significant the heterogeneity in their interactions, the greater the diversity of perspectives and expectations. Therefore, the likelihood that each member's interests, roles, and objectives are disparate also increases.

But behind all these diverse motives, there is an underlying and shared reason, perhaps not so visible a priori. In short, all those business families that have decided to incorporate family governance mechanisms aim to ensure that the family-business system **remains an interdependent, connected, and efficient system**; in other words, it remains **functional**. Otherwise, there would be no interest in channelling the natural increase in complexity and maximising natural advantages. Families delegate trust to these mechanisms to allow the system to remain functional.

The issue of functionality and family complexity deserves special attention. The inverse relationship between functionality and complexity is not in itself a disadvantage. It occurs naturally in all families as time advances; generally, it does not represent a challenge worth studying in a non-business context. However, in business families, a differentiating element makes family complexity worthy of analysis: **the shared business project.**

When families share a business project, all family members, regardless of branch and generation, have a unique link with the company. Although this link and their relationship with the company can be disparate (from main shareholder to mere observer), all members, in some way, are part of the company-family system. Under a diversity of perspectives, if the family wants to continue sharing the business project, it is responsible for managing this complexity. One possible solution is the incorporation of family governance mechanisms. These governance mechanisms, which make it possible to channel complexity in families, keep the business project alive. Prior to the complexity identification, we characterise the profile of the business families. The following section details this procedure.

## **2.3 Characterisation of the business family**

### **2.3.1 The Olson Circumplex Model and Habermas' postulates**

The theoretical model explained below allows us to characterise the profile of business families based on three dimensions, cohesion,

flexibility, and communication. For this purpose, the Olson (2011) Circumplex Model of Family and Couple Systems from the discipline of family therapy and the postulates of Habermas' (1982) Theory of Communicative Action are proposed.

Although the three dimensions mentioned above are included in the Olson (2011) Circumplex Model, we decided to complement the communication dimension with the postulates of Habermas (1982). The following lines set out the reasons for this decision and argue for the comprehensive model.

Olson's model, widely accepted by academia, was established for family diagnosis and intervention processes. So far, this model has been scarcely used in the study of family businesses. Specifically, Daspit et al. (2018) acknowledge that there are only 13 articles in the literature that apply the Circumplex Model to family firms. In some works, it is used in some works as a tool to characterise the first generation (Michael-Tsabari & Lavee, 2012) and to create archetypes of families in terms of emotions (Labaki et al., 2013).

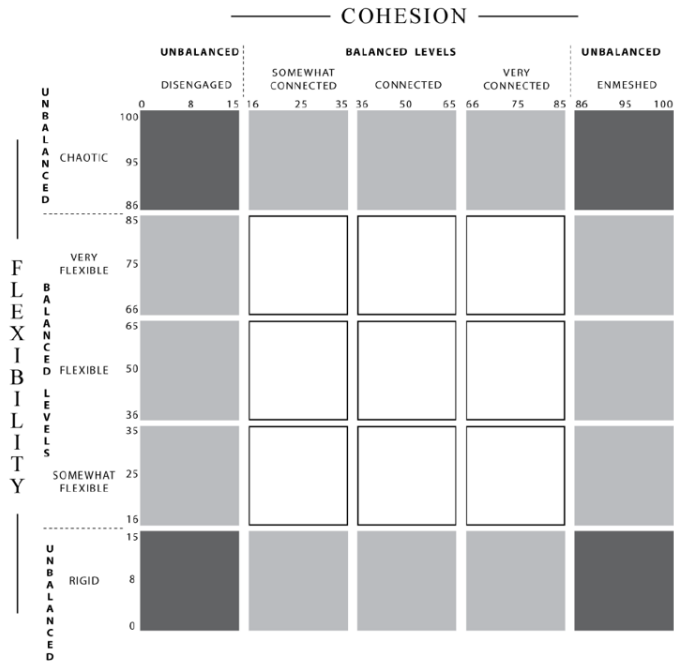
The **Circumplex Model of Family and Couple Systems** was set in the 1970s to assess family functionality based on cohesion, flexibility, and communication. The three dimensions are represented on a continuum. The two extremes are identified with the most unbalanced points of the family system, and the centre of the continuum is associated with a balanced position (Figure 2.2). The model captures the curvilinear dimensions of family cohesion and flexibility (Olson et



al., 2019), and uses the third dimension - communication - as a **facilitating dimension** within the model.

The Circumplex Model has three main assumptions (Olson, 2011; Olson et al., 2019). First, balanced family systems are more functional than unbalanced systems. Second, balanced families have better communication than unbalanced families. Third, balanced families are more likely to modify their levels of cohesion and flexibility to manage stress and change compared to unbalanced families. Therefore, based on these assumptions, a significant proportion of families seeking therapy are at one of the two extremes or in an unbalanced position in one of the dimensions (Olson, 2000).

Figure 2.2. The Circumplex Model



Source: Olson, D. (2011). FACES IV and the Circumplex Model: Validation study. *Journal of Marital and Family Therapy*, 37(1), 64-80.

In the initial model, the two curvilinear dimensions - cohesion and flexibility - were translated into an orthogonal model. A continuum is drawn for each dimension in which two extremes (unbalanced positions) and three intermediate positions (balanced positions) are identified. The five\*five model results in twenty-five boxes, where the middle nine boxes constitute the "balanced positions", twelve boxes are unbalanced for one of the dimensions, and four are unbalanced in both dimensions (Olson et al., 2019). The dimensions of the model are clarified below.

**Cohesion** is the degree of emotional bonding between family members (Olson, 2011), fluctuating from maximum disengagement to extreme unity. The levels between the two extremes represent enmeshed and separated families. At these two extremes, the family is in an unbalanced position. In the balanced position for cohesion, the family can balance separability and closeness between the members. That is, the members feel independent and connected to their families.

**Flexibility** refers to the quality and expression of change in the family system's leadership relationships and relational norms (Olson, 2011) and ranges from extreme rigidity to extreme change. The levels between the two extremes represent rigid and chaotic families. At these two extremes, the family is in an unbalanced position. In a balanced position for flexibility, the family can functionally manage change and stability.

The following lines explain Olson and his collaborators' proposal for measuring the dimensions on the continuum. **FACES** is a self-diagnostic tool that measures the dimensions of cohesion and flexibility. Specifically, three scales are proposed for each curvilinear dimension (Olson, 2019). One scale identifies the balanced position, and the other two scales identify the unbalanced positions corresponding to each end of the dimension. This last update was incorporated with the development of the FACES IV scale. FACES II "assessed perceived and ideal levels of family cohesion and

adaptability" (p.160, Larrosa, 2002) without including the measurement of extreme unbalanced positions.

Therefore, FACES IV has six scales: two balanced scales (balanced cohesion and balanced flexibility) and four unbalanced scales for high and low cohesion (enmeshed families and disengaged families) and high and low flexibility (chaotic and rigid families). Families are placed in the Circumplex Model through the scores obtained in the test. The FACES IV scales are validated in the literature (Olson, 2011) and adapted to the Spanish context (Rivero et al., 2010).

The FACES IV scales are a great tool to assess the family profile quantitatively. However, the qualitative nature of our research question demands descriptive tools. Therefore, to obtain the data, we have translated the FACES IV scales into useful items for addressing our research questions. In short, **we have translated the items from each scale into open-ended questions** that allow us to draw a script for the in-depth interviews while capturing the essence of the dimensions. Given that the interviews will be conducted in a Spanish-speaking context, all the content must be formulated in Spanish. Therefore, we request a licence to use the scales in Spanish. This procedure is explained in more detail in *Chapter 3 - Research Protocol*.

### **2.3.2 Limitations and extension of the Olson Circumplex Model**

The Olson Circumplex Model (2011) does not assess or measure the communication dimension but assigns it a facilitating role. Despite

various attempts to develop it as a curvilinear dimension, for the time being, Olson and his collaborators identify it as a linear dimension (Olson et al., 2019). This attribution represents certain limitations for our study since we require to **position business families in the communication dimension.**

The dimensions of cohesion and flexibility provide us with information about the patterns that guide the functioning of the business family and specifically about the implicit norms of the family group. However, these two dimensions do not analyse the **communicative logic** under which these norms were formulated. To make up for these shortcomings, we develop the communication dimension based on the postulates of **Habermas' (1982) Theory of Communicative Action.**

The communication dimension lets us know the logic that has driven the application of the family rules. In other words, it helps us to know under what conditions the rules of the family group have been formulated and thus to advance in understanding their scope, application, and effects on the family's functioning. In short, the development of the third dimension -communication- aims to complement the information of the first two dimensions -cohesion and flexibility- and to go deeper into the dominant logic of the family group's conversation patterns.

**Communication** reflects the dynamics of dialogue between members and the patterns of understanding of the family as a group (Olson, 2011). Although it is not graphically reflected in the model, the

dimension allows families to move from one quadrant of the model to another. Therefore, its facilitating role in the family system encourages families to question their status quo and sets the framework for action to move to another family profile. The fact that there is a tool - communication - that facilitates the adaptability of the family reinforces the basic idea that the family is a dynamic entity, which changes, adapts and transforms according to the conditions of the environment.

It is, therefore, not surprising that in today's environment, where the stimuli for change are constant and multiple, **communication remains an essential element for family stability**. To make up for the academic underdevelopment of the communication dimension, one of our research objectives is to present a comprehensive theoretical model that identifies profiles of business families based on the three dimensions mentioned above. The following is a proposed extension of the original model where a scale for the communication dimension is developed.

### **2.3.3 Communication dimension: Building the third axis**

To characterise business families, we complement the Olson (2011) Circumplex model with the postulates of the **Theory of Communicative Action enunciated by Habermas (1982)**. With his theory, Jürgen Habermas provides a series of necessary conditions for an ideal situation of dialogue to take place and explores the rationality underlying communication patterns.

To understand the postulates of Habermas, it is essential to understand the socio-historical moment in which they were formulated. Habermas proposes communication and dialogue as a mechanism for the emancipation of individuals in a society controlled and dominated by technical interests. More specifically, Habermas argues that in late capitalism, the rules of the market are absorbing culture and society, leading to the colonisation of individuals by political and economic systems. For Habermas, the solution to this colonisation does not consist of the destruction of the system as proposed by the first generation of the Frankfurt School -Horkheimer, Adorno, Marcuse, Benjamin, Pollock or Fromm-but instead, the second generation of authors -with Habermas as the primary representative-, advocates the limitation of economic and political powers through rules. Without departing from the basic premises defended by his predecessors, Habermas takes a position in favour of regulating the system instead of proposing its destruction.

Habermas' main contribution derives from this argument: the norms that enable the individual to emancipate himself from systems can only be achieved through dialogue. **Dialogue**, understood as a process of active listening and the search for agreement, is what Habermas identifies as **communicative rationality**. For Habermas, being rational consists of putting forward arguments and ensuring that there is understanding on the other side, thus reaching **intersubjective agreements**. These agreements are only valid when all those affected by the norm are represented in dialogue and consensus. In addition,

there is a public space to review and modify the agreed norms. In the same way, all those norms elaborated within any framework other than that of consensus and inter-subjective agreement are framed within **instrumental rationality**.

From the critique of instrumental rationality, Habermas argues that communication is a necessary condition for the independence of individuals. However, for communication to achieve the independence of individuals, it must fulfil five criteria. The following section discusses the characteristics of an ideal situation of dialogue - communicative equilibrium - and the two extremes -unbalanced communication situations.

#### **2.3.4 Communicative balance and unbalanced extremes: silence and noise**

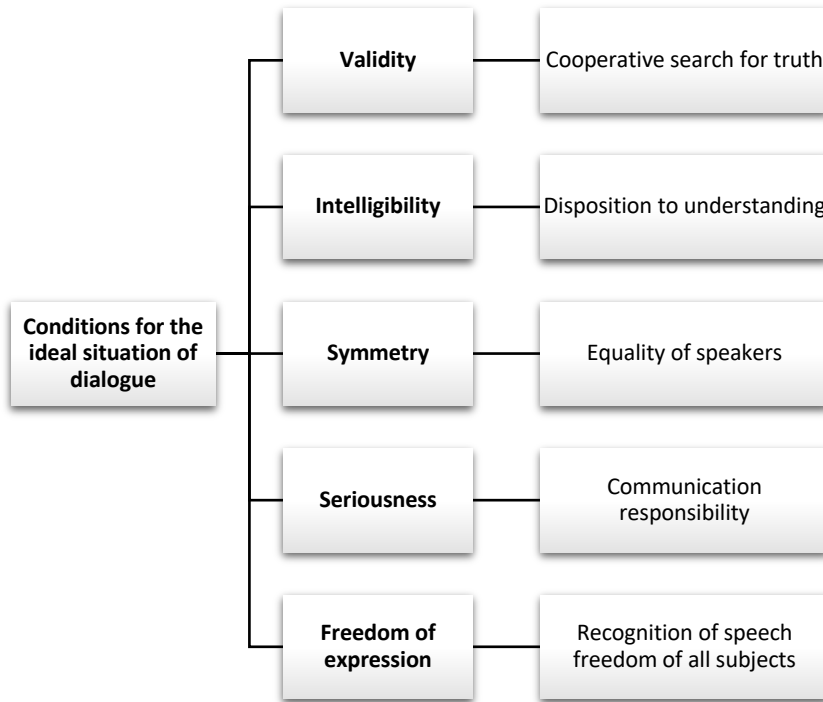
Habermas defines the ideal situation of dialogue as the state towards which all communicative actions should tend. This ideal situation of dialogue, rather than representing existing situations, marks the direction in which individuals should head when interacting. Therefore, although the ideal situation of dialogue is sometimes far from real communication in families, this ideal situation acts as a reference point for any communicative action. Moreover, the evaluation of any communicative action will be done under the lens of the conditions of the ideal situation of dialogue.



If we apply the logic of the Olson (2011) Circumplex Model to this last argument, we could say that the **ideal situation of dialogue** is associated with the point of **equilibrium** in the communication dimension. The two extremes are related to unbalanced communication positions. A communicative balance in the family means that all members communicate openly about their interests and expectations, and there is respect and empathy for all voices.

We referenced the five conditions of ideal dialogue communication as defined by Habermas (1982). We used them as a guide to contrast real dialogue situations. Figure 2.3 shows the conditions that must be met to achieve ideal dialogue communication.

Figure 2.3. Conditions for the ideal situation of dialogue



Source: Author based on Habermas (1982)

1. **Validity.** All those affected by the norm must ensure a commitment to the cooperative search for truth based on mutual trust. Although individual desires are considered, respect for truth's validity overrides self-interest. For example, lying prevents the establishment of valid relationships with others because it implies information asymmetries between speakers. In this situation, the rationality that motivates communicative action is

instrumental, so the premise of cooperative truth-seeking breaks down.

2. **Intelligibility.** Understood as the disposition to understanding. The purpose of communicative action is understanding in a double sense, to reach an intersubjectively recognised agreement. All speakers in the communicative act must understand the arguments of all parties. The arguments of the opposing party motivate one's action. The tool for presenting ideas and facilitating understanding is language. For example, if technical terms are used in a family council meeting, the younger generation may get lost in the discourse. On the other hand, if arguments are presented in a disorganised way, understanding is threatened.
3. **Symmetry or equity of speakers.** All speakers recognise each other as equals, and all members affected by the norm must be represented in the dialogue and consensus to the same degree. The representation of each participant is balanced. The symmetry between the speakers highlights the symmetrical willingness of all speakers to convince and be convinced. All arguments have the same validity, and the argumentation's strength comes from the reasons' relevance. For example, when the arguments of some members in a family council meeting are ignored, the equity of speakers is threatened.

4. **Seriousness.** The objective to be pursued by all those involved in the dialogue should be to reach a collective consensus. Any sign of boycotting the dialogue is to be eradicated. All members are aware of their communicative responsibility and are open to sincerity. Part of that sincerity is to accept the possible discomfort that honest arguments may trigger. Speakers assume discomfort as a cost to rational communication. For example, when specific topics are avoided at a family council meeting (unresolved conflicts, non-validity of other's experiences...), the seriousness of the communicative act is threatened.
5. **Freedom of expression.** All speakers recognise each other as free subjects. In the action of communication, there is no coercive or manipulative behaviour on the part of any of the speakers. The only criterion determining the communicatively reached agreement is the weight of the reasons. If the arguments of any member are not validated, freedom of expression is threatened.

While these conditions are fulfilled in an ideal situation of dialogue, our measurement tool must be able to assess real communication situations. By analogy to the cohesion and flexibility dimensions of the Olson Circumplex Model (2011), we created a scale for the communication dimension. This scale allows us to assess business families' actual level of communication. For this purpose, the ideal situation of dialogue represents the balanced positions of the scale;

and the points at the two extremes represent the unbalanced positions. The points at the extremes are associated with situations of **noise and silence**. Thus, all business families will be situated somewhere on the continuum from lower levels of communication to higher levels.

Table 2.3 expresses the unbalanced conditions of dialogue for each of the extremes. If the balanced position manifests a utopia in **communicative rationality**, both extremes are also identified with utopian situations; in this case, they are associated with utopian **instrumental rationality**. Thus, the business families analysed will not correspond entirely to any of the reference points of the model but will rather lie between the continuum of both extremes.

This assumption states that actual communication is a hybrid resulting from the combination of actions driven by both rationalities - communicative and instrumental-. For example, instrumental rationality is necessary for the family council (and constitution) to be set in motion and direct action towards the proposed objectives. However, these mechanisms will be useless if not reviewed in a shared space where interests, expectations and goals are contemplated through consensus (communicative rationality).



	valuable than those of others. Some people affected by the rules are not represented in the dialogue.	status, etc.), hinders dialogue and consensus among stakeholders.
<i>Seriousness</i>	Dialogue, arguments, and communicative action are undervalued — lack of communicative responsibility and lack of interest in consensus building.	All communicative action is measured, analysed and counter-argued at such high levels that it hinders dialogue and makes it difficult to reach a consensus. There is a lack of accountability and communicative engagement.
<i>Freedom of expression</i>	There is no common space where speakers can communicate their concerns, interests, and desires. They do not recognise each other as equals.	There is a common space where any idea is communicated without regard to the reasons. Coercive behaviour is often used to influence the other parties.

Source: Author

Based on this section's assumptions and theoretical models, we build the tools to observe, collect and analyse the data. This translation of the conceptual framework into descriptive tools for characterising the family is presented in *Chapter 3*.

However, the characterisation of the family is not a goal in itself. Based on our research question, we are interested in how it is aligned with the family council. To assess this alignment relationship, we analyse the perceived performance of the business family. In the next section, we explain the concept of perceived performance and anticipate how we measure it in our study.

## **2.4 Business family perceived performance**

We use the business family perceived performance to assess the degree of fit between the business family profile and the family council. As Suess (2014, p. 144) argues, the 'one size fits all' rule does not apply to family governance bodies or business families. Therefore, to assess the fit between the governance mechanisms and the family, it is necessary to compare the results on the performance of the family. As mentioned above, the business family is a topic with many questions to explore. Unsurprisingly, the existing metrics in the literature to measure their performance are scarce. In our study, we address the perceived performance of the business family from four dimensions: the functions of the business family, family satisfaction with the family council, next-generation entrepreneurial competencies, and willingness to continue as a business family. Each dimension is discussed in more detail in the following sections.



### **2.4.1 Business family functions and satisfaction with the family council**

According to the family psychology and therapy literature (Minuchin, 2001), the functions of families are divided into:

- 1. Socialisation.** The family is the first and foremost socialising organisation for the individual. Within the family, individuals learn for the first time the values, norms and behaviour patterns of culture and society (Belsky et al., 1991).
- 2. Protection.** The family is responsible for providing protection and security to all members and favouring the most vulnerable members (Smetana, 2017). Protection involves meeting basic needs such as food, welfare, clothing, and economic security.
- 3. Education.** The family equips individuals with skills, competencies, and knowledge to function in society through education. This education is not necessarily explicit, as through learning by modelling, individuals adopt behaviour patterns, communication, and interaction with others (Bandura, 1961).
- 4. Affect.** Families are responsible for providing members with a climate of emotional security. Affection constitutes attention, affection, and respect among family members (Manzano & Figueroa, 2016) and is expressed in the daily interactions of individuals (Minuchin, 1974).

These four functions are the objective of all families. The expression these functions take for business families is explained in Table 2.4.

Table 2.4. Specific functions of a business family.

Function	Business family manifestation
<b>Socialisation</b>	<ul style="list-style-type: none"> <li>• A shared values system that fosters ties between and within all generations, the community, and the territory.</li> <li>• Tools to foster closeness between all generations (history of the business family) and its link with the environment (foundations, etc. ....).</li> </ul>
<b>Protection</b>	<ul style="list-style-type: none"> <li>• Resources that guarantee economic security and psychosocial support for all family members.</li> <li>• Respect for the professional projects of each of the members.</li> <li>• Ensuring the development and well-being of members of all generations and branches of the family. Care for vulnerable family members.</li> <li>• Wealth management mechanisms (e.g., family office) and family relations (e.g., family council).</li> </ul>
<b>Education</b>	<ul style="list-style-type: none"> <li>• Effective leadership in the family-business relationship, identifying and meeting the needs of each family member.</li> <li>• Encourage entrepreneurial education in the family through knowledge of the trajectory as a business family, external consultants, or contact with other families.</li> <li>• Dedicate a space to promote specific knowledge about business (finance, accounting, marketing...) to those members of the family who need it.</li> </ul>
<b>Affection</b>	<ul style="list-style-type: none"> <li>• Foster a climate of emotional security, regulation and management.</li> <li>• Create spaces where family members can freely express their concerns, expectations, and doubts.</li> <li>• Respect among all members. Acceptance of individual differences, autonomy and needs.</li> </ul>

Source: Author

Another challenge in measuring the business family performance is the intangibility of the practices of the family council. It is an ad hoc governance body for the family it serves. We, therefore, consider it very important to measure the family's satisfaction with the family council. Assessing their self-perception of its functioning allows us to determine the extent to which the family council fulfils its purpose and whether its practices encourage the family to exploit its natural advantages. As the family business literature has certain limitations in

measuring family satisfaction with the family council, we supplement this measure with scales from the family therapy literature. Specifically, we adapted Olson's *Family Satisfaction Scale* (2011) to measure '**family satisfaction with the family council**'. Specific questions related to this construct are outlined in *Chapter 3 - Research Protocol*.

#### **2.4.2 Next-generation entrepreneurial competencies and willingness to continue as a business family**

One of the distinguishing characteristics of any family business is the desire for **business continuity** (Chan et al., 2020). That is, the family desire to keep the business's ownership and management in the family's hands. Otherwise, they will sell the company (Sharma et al., 2003). The desire for continuity is a first approximation to the transgenerational continuity of the business family. Therefore, to assess whether the families in our sample favour intergenerational continuity, one of the dimensions of perceived performance is '**willingness to continue as a family business**'. Specific questions related to this construct are outlined in Chapter 3 - Research Protocol.

If the family is interested in continuing as a business family, it is relevant to know how they do it. Generally, families develop practices that include the transmission of values, culture, and legacy (Garcia et al., 2019). Specifically, one of the most relevant practices is the entrepreneurial skills of the next generation (Hnátek, 2015). In this way, future successors familiarise themselves with business management, operational issues and entrepreneurial orientation. This

dimension reflects the ability of the next generation to lead the business and identify new opportunities in the market. Innovation and creative thinking allow the family business to adapt to new demands. At the same time, they strive for the business family purpose. Thus, we include the dimension "**next-generation entrepreneurial competencies**". Specific questions regarding this construct are outlined in *Chapter 3 - Research Protocol*.

We note certain limitations when contrasting our research model with the empirical reality. Some factors potentially influence the practices, functioning and effects of the family council, which we did not consider directly in our study. These factors are referred to as contingent, and we identify mainly two. In the next section, we discuss their main characteristics.

## **2.5 Contingent factors**

We identify two main contingent factors: business complexity and the relationship of the family council with other governance mechanisms in the family-business system.

### **2.5.1 Business complexity**

First, business complexity is an issue widely explored in the family business literature (Gimeno et al., 2010) that acquires different perspectives (North & Macal, 2007). That is, no single valid way to measure business complexity exists, but the authors propose different key factors depending on the study. In our research, we identified

three factors that potentially affect the consolidation of a family council:

- **Firm size** (Ali & Camp, 1993).
- **Family expertise in the business** (Zellweger, 2017).
- **Degree of diversification** (Snihur & Tarzijan, 2018).

**Firm size** is a critical factor for business complexity. Specifically, the larger the firm size, the greater the business complexity (Dewar & Hage, 1978). Generally, if the firm is larger, the number of resources to manage (employees, stock, branches...) is greater. The firm's size is also generally related to the complexity of the organisational structure (Hall et al., 1967). The larger the size, the greater the need for corporate planning and coordination of resources. To organise the increase in resources, the planning bodies of the firm are responsible for establishing practices to channel the complexity resulting from the increase in size. In the family-business system, how the size of the enterprise is managed correlates with how the size of the family is managed.

The **family's expertise in the business** is a relevant factor in terms of business complexity. There is an inverse relationship between expertise and business complexity. The less expertise the family has in the sector, the greater the business complexity. If the family has been active in the business for several generations, the family has accumulated the know-how of the business in which they operate. Under these circumstances, this knowledge can be transferred to the next generation, facilitating the company's succession process. As

indicated above, the family council is used by many families as a forum to train the next generation in business-related aspects. In this case, the transmission of business know-how could mitigate the effects of high business complexity.

**The degree of diversification** is another factor to be considered in business complexity. It represents the number of businesses where the family is active. There is a direct and proportional relationship between diversification and business complexity. The greater the number of businesses and the greater the strategic distance between them, the greater the business complexity. For example, say that the family operates in three businesses in different sectors. In that case, the planning of strategic decisions is more complex than if the family works in only one business. If family members are involved in decision-making, specialisation and coordination between them is critical. This situation implies a higher management risk. Diversification may, therefore, moderate financial risk but increase management risk.

### **2.5.2 Relationship with other structures of the family-business system**

The second contingent factor is the relationship of the family council with other bodies in the family-business system. The family council is part of a set of family governance structures and a more extensive family business governance system (Gallo & Kenyon-Rounivez, 2005). This system includes all the management mechanisms of the business, ownership and family and the relationship between them (Figure 2.4). Therefore, although they operate independently and autonomously,

they interact and transfer information, assets, and queries to one another.

Considering a system's logic, we assume the following statements. Firstly, all elements of the system are **interdependent**. That is, all management mechanisms depend on each other. Managing these dependency relationships is critical for the system to maintain its equilibrium. Secondly, the different bodies are constantly feeding back into each other. This means that the decisions taken in each of the spheres directly impact the organisation of the entire family-business system. Thirdly, the whole system is more than the sum of its parts. This means that the governance system of the family business does not only correspond to the individual sum of each of its parties but must be seen as an integral whole. Therefore, when analysing the functioning of the family council, we should not overlook how it interacts with the other governance mechanisms.

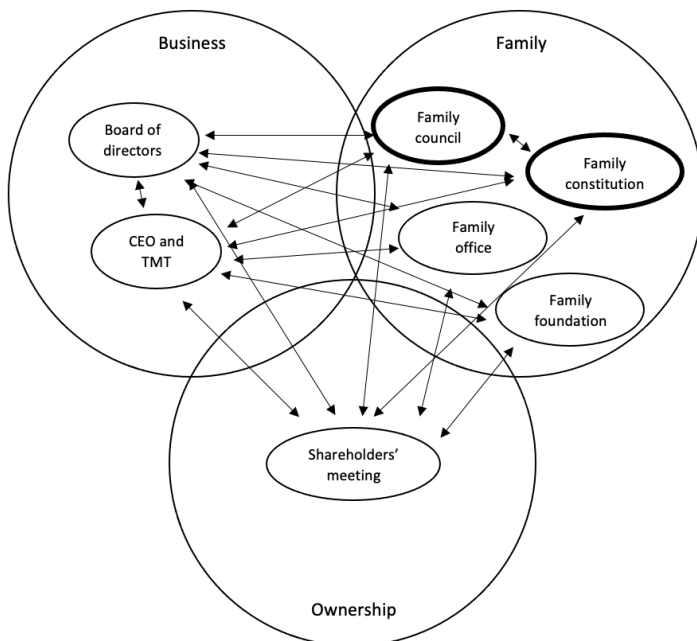
Particularly, there is a governance structure with a unique link with the family council: **the family constitution**. The relationship between these two structures has been analysed by some studies in the family business literature, highlighting their complementarity and involvement in the succession process (Matias & Franco, 2021).

The constitution is a document signed by some family members (or all), which includes the rules and principles guiding the family-business relationship. More important than the signed document is the process of drafting the constitution, in which family values, interests, expectations and priorities are discussed (Gallo & Tomaselli, 2006).

Moreover, the interests of each family member are not immutable but change over time and with their life cycle. Given this fact, it is advisable to review the constitution in a period, e.g., ten years and adjust it to the needs of the current business family.

Just as drafting the constitution needs a shared space for the family to discuss the topics addressed, the revision of the constitution also requires this shared space for dialogue. In response to this need, families use structures that bring together family members to discuss issues of interest in the family-business relationship. One of these structures is the **family council**. Therefore, some families use the family council for elaborating and revising the family constitution.

Figure 2.4. Governance mechanisms relationship in the family-business system



Source: Author adapted from Suess (2014, p.140).





# CHAPTER 3

## METHODOLOGY

*To research is to cast a net into the sea of intuition and wait for reason - and hope - to guide you through successes and failures.*





This chapter presents and justifies the research method used in this PhD thesis. First, the **epistemological foundations** of the research model are explained. Presenting the implicit logic, or basic axioms, is hoped to facilitate the reader's understanding of the decisions regarding the research design and enable assessment of the study's validity and reliability. Subsequently, arguments are provided to explain why **qualitative methodology** was deemed appropriate for this study. The use of the **exploratory case study method** is then justified. Next, the **research design** and **research quality criteria** are briefly outlined. Finally, the **research protocol** section presents the guide followed in the data collection phase. All steps taken to conduct the interviews are described.

### **3.1 Epistemological foundations**

In research, epistemological foundations refer to the beliefs and assumptions about how knowledge is obtained, validated, and generated (Compagni et al., 2015). These foundations constitute a researcher's assumptions about how we see the world. In this case, they explain what we accept to be true about how family members act, interact and communicate.

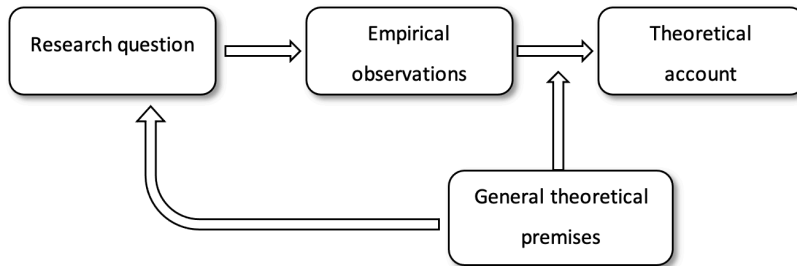
These implicit assumptions are critical because they determine the choice of research tools and methods (Creswell, 2014). In exploratory research, such as this thesis, basic axioms are particularly relevant, especially in defining the research problem and interpreting the results. Figure 3.1 shows how general theoretical premises provide

researchers with a lens through which to observe a phenomenon of interest. This lens (i.e., the basic theoretical assumptions) influences not only the early stages of a study but also the reduction of data and interpretation of results (Crotty, 1998).

However, despite their importance, these axioms are generally not explicitly stated. Instead, both researcher and reader implicitly negotiate and accept which assumptions are taken for granted. Concern arises when notions are fuzzy, assumptions diverge from empirical evidence or more explicit intersubjective agreement is needed. Such situations are most likely to occur in exploratory studies, where capturing the complexity of a phenomenon of interest is an intricate, resource-intensive task.

Therefore, in exploratory studies, explicitly stating the theoretical assumptions provides a backbone to the research in all its phases. It also ensures that the underlying logic is internally consistent throughout (Crotty, 1998). In turn, it creates space for discussion and dialogue between researcher and reader. The limitations of the research can thus be consciously addressed, as can its contribution to state of the art. In terms of research quality, stating the theoretical premises can ensure reliability and validity.

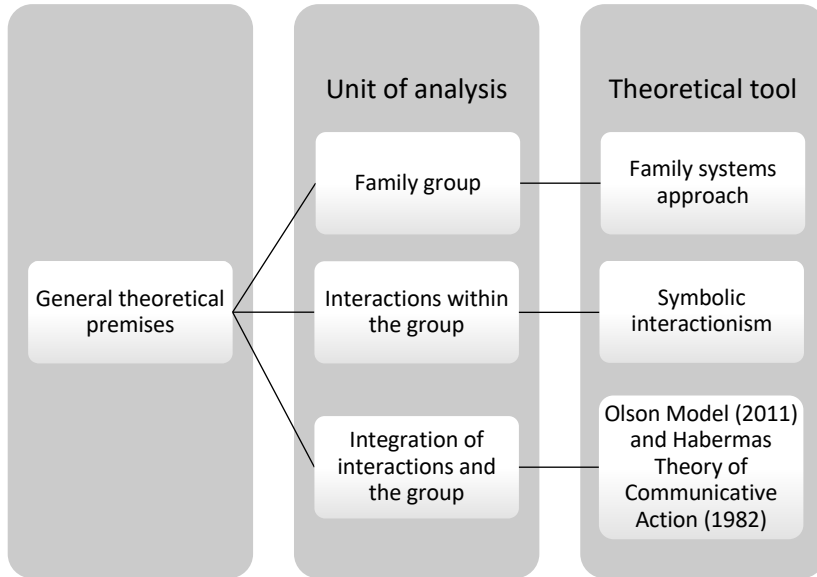
Figure 3.1. General theoretical premises



Source: Author adapted from Compagni et al. (2015)

The general theoretical premises of this study are categorised into three groups according to three different units of analysis (Figure 3.2). The first unit is the **level of social organisation**, namely the business family. It is assumed that the business family is a complete, independent and self-sufficient entity. Therefore, this view is aligned with a **family systems approach** (Mismetti et al., 2022). The second unit is the **relational level of analysis**, namely the interactions within the family group. It is assumed that the exchanges between family members shape each member's perception of the world. This view is aligned with the assumptions of **symbolic interactionism**. Finally, the third unit of analysis relates to the **integration of family group interactions with the nature of the group itself**. This unit provides the basis of the research model that is used to represent reality, gather data and interpret results. To capture the data, the Olson Circumplex Model (2011) and the Habermas Theory of Communicative Action (1982) are used.

Figure 3.2. Units of analysis and theoretical tool for general theoretical premises



Source: Author

Table 3.1 shows the general theoretical premises underlying this research. These premises guide the research protocol, results and interpretation of results

Table 3.1. General theoretical premises

<b>General theoretical premises</b>	<b>Family system approach</b>	<ul style="list-style-type: none"> <li>• <b>Homeostasis:</b> Family systems tend towards stability in their interaction patterns (Minuchin, 1985).</li> <li>• <b>Feedback:</b> Family systems use positive and negative reinforcement to regulate behaviour and maintain equilibrium (Nichols &amp; Schwartz, 2007).</li> <li>• <b>Hierarchy:</b> In a family system, some members have more power and authority than others (Gurman &amp; Kniskern, 2007).</li> <li>• <b>Complementarity:</b> Members of a family have specific complementary roles within the system.</li> <li>• <b>Equifinality:</b> Family systems can achieve the same outcome through different paths or processes (Nichols &amp; Schwartz, 2007).</li> </ul>
	<b>Symbolic interactionism</b>	<ul style="list-style-type: none"> <li>• <b>Meaning:</b> Meaning is created through social interaction and is not inherent to things but is a reciprocal process between individuals, generating an intersubjective reality (Mead, 1934).</li> <li>• <b>Communication:</b> This intersubjective reality arises through language and communication. Thanks to symbols and language, a shared meaning is constructed (Blumer, 1986).</li> <li>• <b>Perspective:</b> People interpret symbols and events according to their own perspectives and experiences (Mead, 1934).</li> </ul>
	<b>Olson Circumplex Model (2011)</b>	<ul style="list-style-type: none"> <li>• The dimensions of <b>cohesion, flexibility and communication</b> are not symmetrical.</li> <li>• For all three dimensions, the optimal situation is at the <b>equilibrium point</b> (Olson, 2011).</li> <li>• Families at the equilibrium point are more <b>functional</b> (Olson, 2011).</li> </ul>



	<b>and Habermas Theory of Communicative Action (1982)</b>	<ul style="list-style-type: none"><li>• The empirical manifestations of the imbalance at each of the extremes of the axes are different.</li><li>• In the communication dimension, <b>communicative and instrumental rationality are not mutually exclusive</b>. Instead, they coincide in space and time.</li><li>• The ideal community of dialogue is ultimately a <b>horizontal utopia</b>. It is not an unattainable utopia but rather the direction towards which communicative actions should tend (Habermas, 1982).</li></ul>
--	---	--

Source: Author

The discussion at the beginning of this section and the theoretical assumptions in Table 3.1 lead to **two reflections**. First, these theoretical arguments are not universal laws. They change over time depending on the dynamics and interaction between members. Under a **constructionist approach**, it is assumed that the social reality surrounding individuals can modify the interactions between members. This is important to understand how the family council can shape the relationships of family members at each moment in time. Second, once the key role of the environment has been accepted, it is assumed that studying social relations is more complex than researching economic interactions, among other reasons because of their lack of specialisation (Habermas, 1982).

In economics, actions can be interpreted as variants of rational action to achieve certain ends such as profit maximisation and use of political power. However, to study social relations, the context and forms of **symbolic orientation** of relations matter. Therefore, at the epistemological level, unravelling the details of family group interactions seems a priori to be more ambitious than observing the dynamics of how corporates operate. This approach allows us to open the black box of the functioning of the family council and its causal relationship with the business family profile.

These epistemological details, in turn, have methodological implications. First, the constructionist perspective can provide a clearer understanding of the reality of business families. In addition, the combination of the family systems approach and symbolic

interactionism can help identify patterns of interaction within the family between, for example, generations and branches. The analysis is not limited to individual perceptions. Instead, it deals with dynamics at the family organisation level. Second, the approach to communication and dialogue among system members is central to understanding the business family's level of functionality. The concerns, expectations and interests of each member explicitly emerge through discussion. The needs of each one can then be covered within the system. Building on this discussion of basic theoretical assumptions, the following section justifies the choice of method.

### **3.2 Qualitative methodology**

Quantitative research has been used to assess differences between family and non-family firms in terms of performance (Amann & Jausaud, 2012), innovation (Llach & Nordqvist, 2010), entrepreneurship (Zahra et al., 2004) and other dimensions. Regarding family interaction, quantitative studies have examined the frequency of relationships, the existence of family organisation mechanisms (Suess, 2014) and their net effects on the firm (Gnan et al., 2015). However, the idiosyncrasies of family firms challenge many of the assumptions underlying the hypotheses of these quantitative studies. The axioms underpinning the resource-based view, agency theory, transaction cost theory and other commonly used theories limit the ability to understand the highly specific nature of the world of family-run firms (De Massis & Kammerlander, 2020).

In recent years, **calls for qualitative research in family business** have become louder. The publication of the *Handbook of Qualitative Research Methods for Family Business* (2020) provided a platform for the most experienced voices in qualitative research in this field and set the direction for future research. The growing interest in qualitative studies in family business arises from the recognition that the family business discipline is a distinct area of study within analysis of the firm. The unique context of family businesses provides a suitable setting for qualitative studies (De Massis & Kotlar, 2014). In addition to the development of this discipline, another major reason for this growing interest is the unique nature of family firms.

Rather than formulating postulates that can be generalised to all business families, qualitative studies add value by providing insight into the vision of individuals, especially their interpretation of the world (Nordqvist et al., 2009). In the case of the current research, collecting data on individual and intersubjective perceptions about the family group provides the raw material to infer relationships about a functional family council. When considered in conjunction following meticulous analysis, these apparently banal data can reveal valuable results. Indeed, these results can challenge assumptions that have hitherto been taken for granted and can ultimately create new theories (Pettigrew, 1973; De Massis & Kotlar, 2014). Accordingly, numerous scholars in this field have claimed that exploring new relationships or analysing existing ones under the complementary

prisms of **psychology, sociology and family therapy** is the right way to advance the understanding of family businesses (Picone et al., 2021).

Although the requirements of the area of study is a strong argument to justify the use of qualitative methodology, it is not the only one. Several factors offer epistemological support for this choice of method:

- **Holistic approach.** When studying business families and their family councils, they must be separated from their context. A holistic approach aims to unravel the complex relationships between the objects of analysis and uncover the multiple iterative relationships between them (Skinner et al., 2000).
- **Dynamic approach.** The profile of the family and its fit with the family council is not static. It is modified by the transformation of the perceptions of individuals, their relationships with others and their interpretation of reality.
- **Inductive approach** (Eisenhardt et al., 2016). Observing family patterns and their relationship with the family council can challenge existing axioms and expand knowledge about them.
- **Proximity between researcher and subject.** A researcher's proximity to a family group's reality helps develop an understanding of family members' interpretation of the world. It enables the capture of important nuances for subsequent data analysis.
- **The critical role of the researcher** (Cloutier & Ravasi, 2021). Using the research model as a filter, the researcher groups,

shapes and constructs the data so that the results shed light on a hitherto unknown reality. The value of the data per se is small. Instead, the researcher's meticulous and rigorous analysis endows the data with meaning.

- **Flexible research design.** The research model is not static. It constantly adapts to data collection and new ideas that emerge based on the data gathered.
- **Starting point for further research.** Questioning previously established axioms creates new opportunities and avenues of research that had hitherto been unexplored. In aggregate terms, qualitative research can constitute a turning point towards a new approach, constructs, and theories.

Although qualitative methodology is suitable and has great potential to provide an understanding of the intricate relationships of the business family, it has limitations. For instance, Payne and Williams (2005) noted repeated distortions in the application of qualitative methodology. More than the inherent limitations of the method, its arbitrary application and its generalisation to the population are the main limitations of this method. Two solutions were proposed to control for over-generalisation. First, the target of study was examined by more than one researcher. Second, case studies were used. The case study is a qualitative method used to investigate the unique features of each business family and its interpretation of reality. The boundaries, similarities and differences with other business families were defined following an exhaustive analysis of family dynamics. This

approach was desirable to prevent the generalisation of conclusions to other families outside the sample.

Even considering the limitations set forth in the preceding paragraph, the case study offers an appropriate method to analyse a dynamic, highly intricate and difficult-to-identify phenomenon in a particular context (Eisenhardt, 1989; Yin, 1993, 1994, Stake, 1995). Following these arguments, the following section justifies the application of this method to tackle the research question at hand.

### **3.3 Exploratory case study**

This section describes the characteristics of the case study that justify its application in the present study. Eisenhardt (1989), Yin (1993) and Stake (1995) argued that case studies can be complemented by other studies in the area of family business. According to De Massis et al. (2014), most qualitative studies in family business use the case study format because they allow researchers access to the intimate details of the company-family system and capture the nuances of the intersection between company and family. In addition, the case study method is effective at exploring hitherto unknown, complex and difficult-to-observe phenomena. Given the lack of consolidated theory in the area addressed by the current study, the exploratory case study method (Yin, 1993) offers a way of developing an understanding of the organisational and social dynamics in greater depth (De Massis et al., 2014).

The case study method is preferably used when researchers are interested in knowing how and why a phenomenon arises (Rondi et al., 2022) and when researchers' ability to influence the relationships of interest is weak (Yin, 1993). To gather enough data on the interpretation of reality, a large number of sources are required (Yin, 1994). Diversity of evidence is essential to triangulate information and contrast perceptions across different sources. This is essential to accumulate evidence and build a nomological network, that is, the set of causal and logical relationships between the different constructs.

To conclude this discussion, the main characteristics of the case study and its applicability to the present study are summarised:

- It analyses the phenomenon of interest as a **dynamic event**.
- It evaluates **relationships and social processes** in their natural context, especially when boundaries between the phenomenon and its context are difficult to delimit.
- It is useful when existing theory needs to be enriched or when **exploring theoretical perspectives** that complement existing ones.
- It encourages data collection through **multiple collection methods**. This diversity of sources can give a holistic, enhanced understanding of the phenomenon of interest.



Clarifying the reasons for selecting the chosen method is important. However, it is also important to describe the research design. The research criteria of the present study are now detailed.

### **3.4 Research design**

Just as all research is built on basic premises, it also has an implicit or explicit research design (Yin, 1993). The research design describes the sequence of actions that allow the researcher to answer the initial research questions and thus provide meaningful results and conclusions.

According to the literature, the research design of a case study should cover five criteria: **phenomenon of interest, research propositions, unit of analysis, logic between data and propositions, and criteria for interpretation**. Given the exploratory nature of this study, there were no initial propositions. The interest of the study lay precisely in deriving a series of propositions from the results. Although propositions do not shape research of this nature, such research still has the purpose of developing the conceptual framework of the study and targeting the data collection to perform empirical testing of a particular phenomenon. Therefore, following the indications of Balbastre-Benavent (2001) and González-Cruz (2002), the term “purpose” is used instead of “proposition”. Table 3.2 shows the five criteria of the research design in the current study.

Table 3.2. Research design criteria

Research design criteria	Application in the present study
Phenomenon of interest	Degree of fit between the family council and the profile of the business family
Research purpose	<ul style="list-style-type: none"> <li>• Empirically test the heterogeneity of family councils</li> <li>• Identify profiles of business families based on its functionality and functions</li> <li>• Identify profiles of business families based on three dimensions: cohesion, flexibility, and communication</li> <li>• Analyse the family council’s functions, content and structure</li> <li>• Explore the relationships of fit between the family and the family council</li> <li>• Assess the role of the family council in transgenerational continuity</li> <li>• Test the extent to which degree of fit between family and family council affects performance of the family council</li> </ul>
Unit of analysis	Business family
Logic between data and research objectives	Construction of 1st and 2nd order codes for all categories (Compagni et al., 2015; Rondi et al., 2022). Reflection on the causal relationships between the multidimensional constructs: business family profile, family council and business family performance

Criteria for interpretation of results	Evaluation of fit with the research model proposed in the protocol
--	--

Source: Author based on Yin (1989, 1993), Balbastre-Benavent (2001), and González-Cruz (2002).

Although any study needs a research design, it is not enough to ensure the quality of the study. Methodological rigour in the study design and data collection is also crucial. High research quality enhances the veracity and reliability of results and conclusions (González-Cruz, 2002). The following section presents the research quality criteria and measures used in this study.

### 3.5 Research quality criteria

The literature (Yin, 1989; Stake, 1995) provides the four criteria used to evaluate the quality of the current study: **construct validity, internal validity, external validity and reliability**. **Construct validity** refers to the operational measurement of the concepts used in the study (Maxwell, 1992). For example, the concept of the family council should measure the properties of this governance structure. It should be separate from the functions, attributes and characteristics of the other instruments of the company-family system. **Internal validity** refers to the search for causal relationships between constructs. Although this criterion is more relevant in causal or explanatory studies, it can be applied to exploratory studies when the framework involves complex causal relationships (Yin, 1994; González-Cruz, 2002). **External validity** identifies whether the study results are generalisable beyond the research sample itself (Maxwell, 1992). It

considers the extent to which the frameworks, dimensions and constructs used in the study can be understood by other researchers. Finally, **reliability** ensures that any other researcher following the same steps would obtain the same results (Golafshani, 2003). To ensure reliability in this study, an interview protocol was developed based on the research guide and a template to assess nonverbal communication (Appendix B- Table B1). It was assumed that information provided by interviewees could be non-verbal as well as verbal. Hence, this template was valuable for gathering as much information as possible from the interviewees. Table 3.3 summarises how and when each criterion was applied.

*Table 3.3. Criteria for evaluating the quality of the study*

<b>Criteria</b>	<b>Application in the present study</b>	<b>Phase of the study</b>
<b>Construct validity</b>	<ul style="list-style-type: none"> <li>• Define construct of family council (Ch. 1)</li> <li>• Consolidate the family profile framework in the family therapy literature</li> <li>• Develop initial research model</li> <li>• State theoretical premises</li> <li>• Consult with academics and family business consultants to develop the interview protocol</li> <li>• Triangulate sources within family group</li> </ul>	Research model development  Interview protocol  Data collection
<b>Internal validity</b>	<ul style="list-style-type: none"> <li>• Describe cases according to the model</li> <li>• Evaluate degree of fit of the observed relationships and the model</li> </ul>	Data collection and analysis

<b>External validity</b>	<ul style="list-style-type: none"> <li>• Establish sample selection criteria (max. heterogeneity in business family profile)</li> <li>• Replicate model in all chosen cases</li> </ul>	Interview protocol  Data collection
<b>Reliability</b>	<ul style="list-style-type: none"> <li>• Apply coorientation (criteria of agreement, precision and congruence).</li> <li>• Apply interview protocol</li> <li>• Apply non-verbal communication protocol</li> </ul>	Interview and data collection protocol

Source: Author based on Yin (1989, 1993), Balbastre (2001), and González-Cruz (2002)

The unit of analysis was the **business family**. However, data were provided at the individual level. The researcher’s job was to group personal interpretations to present results in aggregate form at the social group level. Based on individual perceptions within a group and individuals’ perceptions of others, an interpretation of the social reality as a group was developed. To move from the individual level to the group level, the **coorientation** criteria defined by Koerner and Fitzpatrick (2006) from **social cognitive theory** were used.

**Coorientation** refers to the evaluation of a social event by two or more people in a family or social group. Generally, coorientation results in a shared reality. In this shared reality, there are two cognitions. The first corresponds to the evaluation of an event by one subject. The second is the subject’s perception of the assessment by another subject. For example, say that John is the president of the family council and Carla is the CEO. The first cognition would correspond to John’s evaluation

of the family council, whereas the second would be John's perception of what Carla thinks of the family council.

Three criteria are used to evaluate the alignment of these two cognitions: **agreement**, **accuracy** and **congruence** (Table 3.4). **Agreement** refers to the similarity of evaluations by different subjects. For example, if the president of the family council (John) and the CEO (Carla) state that they like to spend time as a family, they agree. **Accuracy** refers to the similarity between one subject's evaluation and another subject's perception of that evaluation. For instance, if Carla likes to spend time with the family and John thinks that Carla likes to spend time with the family, John's cognition is accurate. Finally, **congruence** refers to the similarity between a subject's evaluation and the perception of another person's evaluation. For example, if John likes to spend time with the family and thinks that Carla also likes to spend time with the family, then John's cognition is congruent.

Table 3.4. Coorientation criteria

Coorientation criteria (social cognitive theory)			
	Agreement	Accuracy	Congruence
Definition	<ul style="list-style-type: none"> <li>Evaluations by different subjects are similar.</li> <li>Implies <b>simultaneity</b>.</li> </ul>	<ul style="list-style-type: none"> <li>A subject's evaluation and another subject's <b>perception of that evaluation</b> are similar.</li> <li>Does not imply simultaneity.</li> </ul>	<ul style="list-style-type: none"> <li>A subject's evaluation and perception of <b>another subject's evaluation</b> are similar.</li> <li>Does not imply simultaneity.</li> </ul>
Example	John and Carla like to spend time with the family.	Carla likes to spend time with the family, and John thinks that Carla likes to spend time with the family.	John likes to spend time with the family and thinks that Carla also likes to spend time with the family.

Source: Author

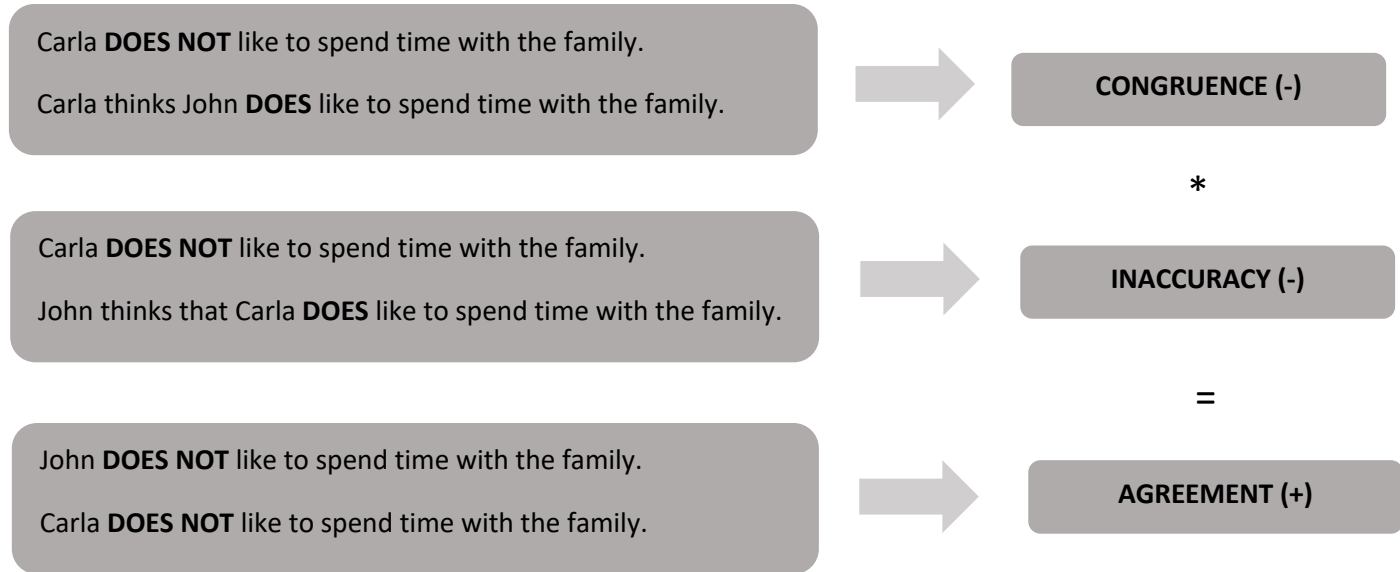
Agreement involves both individuals simultaneously. In contrast, accuracy and congruence do not necessarily have to be shared by all individuals. John may have accurate and congruent cognitions, but Carla may not. These three properties do not work in isolation. They are interdependent. The state of two of these properties determines the state of the third, under basic mathematical rules of multiplication. If there is accuracy and congruence, there will also be agreement (+\*+ = +); if there is disagreement and congruence, there will also be inaccuracy (+\*- = -); if there is inaccuracy and

disagreement, there will also be congruence (- \* - = +). Figure 3.3 provides an example.

This formula ensures the reliability of the study when two of the three properties are met by the interviewees. For example, if there is agreement and accuracy among interviewees' statements, there will also be congruence. This three-criteria method enables the triangulation of similarity between individual interpretations and makes it possible to construct group perceptions with methodological rigour.



Figure 3.3. Agreement, accuracy and congruence



Source: Author based on Koerner and Fitzpatrick (2006)

## RESEARCH PROTOCOL

The **research protocol** is the formal document that specifies the research design criteria and steps for data collection. Strict adherence to the research protocol is crucial to achieve high levels of agreement, accuracy and congruence (Koerner & Fitzpatrick, 2006) and thus ensure the quality of the study. The protocols described by Balbastre-Benavent (2001) and González-Cruz (2002) were used to develop the present protocol.

### 3.6 Research objectives

Chapters 1 and 2 highlight the limitations of addressing the family council by analogy to best practices for the board of directors or other corporate governance structures. These approaches partially explain the family council. However, this study aims to explain the family council by using the family group as the unit of analysis. From this new approach, the aim is to complement the existing research by assuming that there are no best practices for a functional family council but rather that the performance of the family council depends on the degree of fit with the family group it serves. The underlying argument is that different types of family groups require different family councils. This argument is based on the premise of **heterogeneity of business families**. Taking the family group as the target of the study, the main research question of this PhD thesis is the following:

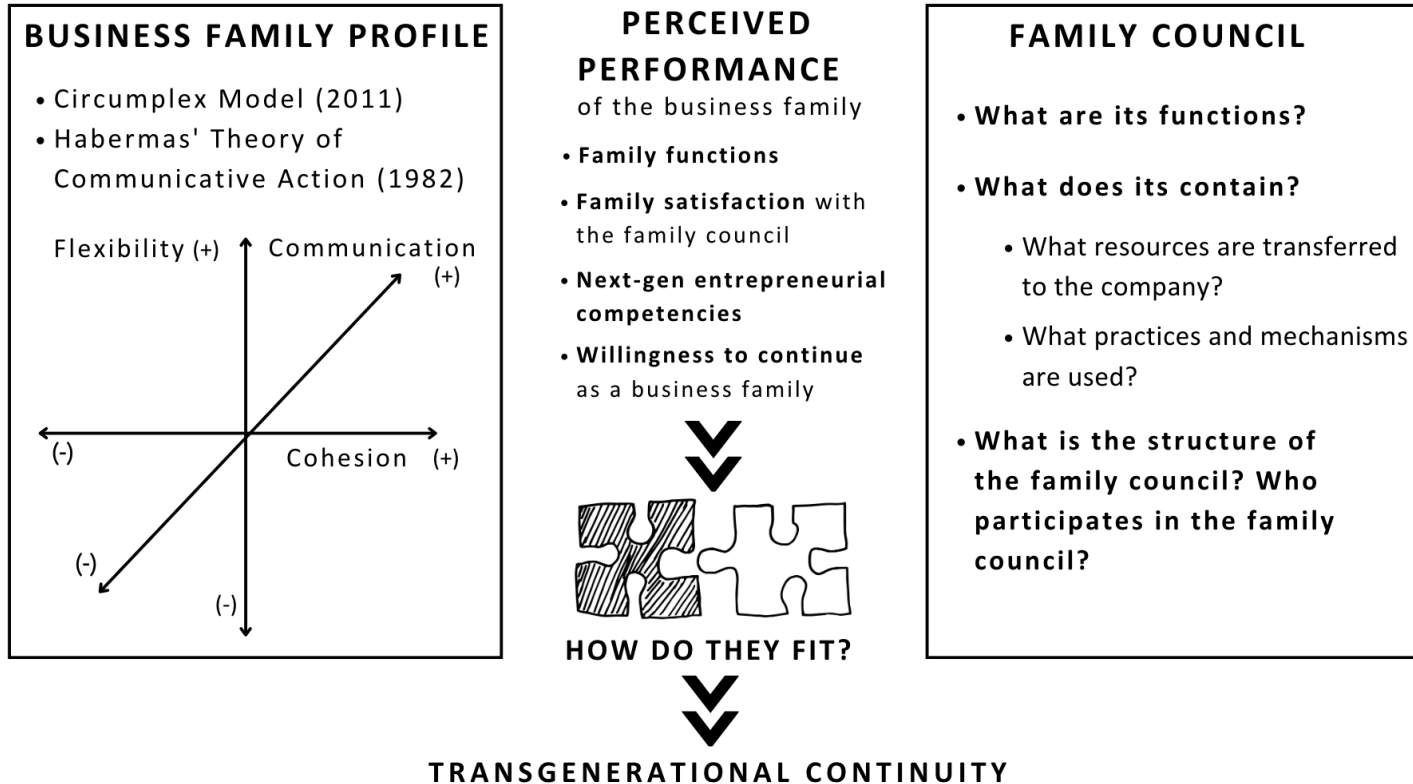
***How is the fit relationship between the business family profile and the family council functions, content and structure?***

A review of the literature suggests that specific elements determine this fit. Thus, to answer the main research question, a series of specific questions are posed:

- What are the minimum values of cohesion, flexibility and communication required for a family council to strengthen the family's natural advantages?
- Is the family council a good idea for all families? Are there times when continuing with a family council is not advisable?
- How are the fit relationships when a family is in a balanced position in the Olson Circumplex Model? And when it is in an unbalanced position?
- What to do in a family council when the family finds in an unbalanced position?
- How does the business family perceived performance influence the transgenerational continuity?

These relationships are graphically illustrated in Figure 3.4. The figure depicts the research model and the filter through which the interpretation of reality is observed, understood and synthesised.

Figure 3.4. Research model, research variables and the relationships between them.



An exploratory study was used to answer these questions, as explained in the previous section. The case selection criteria are now described in greater detail.

### **3.7 Selection and characteristics of cases**

A specific number of cases was sought, and specific selection criteria were used to select the cases in the sample. According to Eisenhardt (1989, 2021) and De Massis and Kotlar (2014), researchers must draw on the research model and previous knowledge of a phenomenon to decide on the right number of cases to provide a number of meaningful results, depending on the depth of data required for analysis. Given the exploratory nature of the study, having a large number of cases was not important. Conversely, the depth of these cases was crucial. Therefore, the ideal number of cases was two to four.

The case selection criteria were defined using the research model as a template to identify the variables that should remain constant and those that should be dynamic. The characteristics that should be shared by all cases (**maximum homogeneity**) and the factors that should be as varied as possible between cases (**maximum heterogeneity**) were established. Specifically, the search targeted cases where the characteristics of the family council and the characterisation of the family group differed. Through empirical analysis, this distinction between variables ensured the heterogeneity of the business families and made the observation of family councils

an enriching research exercise. The criteria for case selection were as follows:

- The business family must have an **active family council**.
- The case must be framed in a **Spanish cultural context**.
- The perception must be of “**moderate**” **family complexity**. Complexity should not be excessively high, but it should be potentially challenging.
- The company should preferably be in the **second or third generation**.
- There must be access to **three to five family members** to enable the triangulation of information and to provide results at the family group level.
- The **business family profiles** should be **heterogeneous** in terms of the dimensions of cohesion, flexibility and communication.
- The **family councils** should be **heterogeneous** in terms of functions, content and structure.
- The cases should be **heterogeneous from a family life cycle and generational perspective**.

### **3.8 Access to organisations**

Contact with the companies and business families in the sample was provided by Teresa Puchades Olmos, Executive Director of the family business Avanza Urbana, located in Valencia (Spain). Teresa’s experience as a family business consultant, especially in the

implementation and ongoing support of several family councils, proved invaluable in this research.

Teresa is also a member of the **Family Business Advisors Club (AEF)**. Members include academics and experienced consultants in family business. A presentation of the PhD thesis project to the group of consultants led to contact with companies interested in the project. These companies were first contacted by e-mail. A video call was arranged to explain the research aims, proposal for collaboration and interview dates. In this initial video call with the business family contact, the criteria were discussed to ensure that the family and family council met the requirements and that the rest of the family members would also be willing to be interviewed. The profiles of the core family members were identified. Their availability for interviews at the company headquarters was then ascertained. Finally, interview dates were scheduled. The family group contact person provided prior documentation. This documentation included the company organisational chart, family tree and active generations in the company with their respective positions.

### **3.9 Data collection**

Data were collected in two main ways: **personal interviews** with family members and **documentation** related to the study aim. To complement data collected in these two main ways, **direct observation** was used to reveal nuances. Although direct observation was not a core data collection method in this study, it contributed to

developing an understanding of the results and contextualising the results in time and space.

### **3.10 Interviews**

The interviews followed a **semi-structured** format, given the exploratory nature of the cases in the sample. The interviews followed a planned structure. However, questions were flexible and open-ended to preserve the flow of the conversation with the interviewees. To cover the questions proposed in the initial framework, the interviews were expected to last between 1 and 2 hours.

To build trust with the interviewees, the interviews started with the use of **visual materials** (Palus & Horth, 2010). The interviewees saw different images and selected the one that they felt would best represented the company and the family group 10 years in the future. According to the literature, using images can help interviewees express their emotions and perceptions more effectively (Harper et al., 2008) and encourages participation between interviewer and interviewee (Crouch & McKenzie, 2006).

Another tool used to make the interviews more dynamic was **LEGO Serious Play**. LEGO helps interviewees recall their experiences and express their thoughts more accurately. Using LEGO in qualitative research also allows interviewees to express themselves creatively (Rainford, 2020). In family settings, dynamics are complex and sometimes difficult to communicate verbally. In such settings, LEGO offers an effective means to facilitate discussion (Bischof, 1993).



Table 3.5 lists the positions of the potential interviewees in each of the business families in the sample. Not all of these individuals were necessarily interviewed. Interview selection depended on the family's general characteristics, complexity and information saturation point. Saturation happens when no new information is acquired with each additional interview. At such a point, the search for information should cease (Saunders et al., 2018; Fusch & Ness, 2015). At this point, the criteria of agreement, accuracy and congruence reach their maximum levels.

This a priori planning was subject to modification throughout the interviews and data collection. Modifications could be made to existing profiles. Other profiles that were not initially considered but that were potentially relevant for the analysis could also be added.

*Table 3.5. Profiles of interviewees*

<b>Internal code</b>	<b>Person interviewed</b>
1	Family group contact person (may match another code)
2	President of family council
3	President of board of directors
4	Main family shareholder
5	Key person from first generation
6	Key person form second generation
7	Key person from third generation
8	Key person from family branch 1
9	Key person from family branch 2

Source: Author

In each of the selected business families, the interview had four main blocks: **sociodemographic characteristics, business family characterisation, characteristics of the family council and business family performance**. Each block had its own guide containing core questions to help direct the interview and provide the relevant data. The order of the questions was altered depending on the flow of the dialogue between researcher and interviewee. The interview questions were based on the following documents:

- Self-diagnosis tool by Teresa Puchades.
- Previous family business literature (willingness to continue with the business).
- Chapter 1 (characteristics of the family council: functions, content and structure).
- The Olson Circumplex Model (dimensions of cohesion and flexibility).
- Family Satisfaction Scale (Olson, 2011).
- Postulates of the communication dimension from the Habermas Theory of Communicative Action (1982).

### **3.11 General characteristics of the organisations**

All questions in this section were provided by the contact person of the family group (Internal code 1 in Table 3.5) before conducting the interviews.

1. **General information:** name, employees, turnover, nationality and ownership structure.

2. **Organisational structure** and organisational chart of the company.
3. **Family tree** of the family starting from the founder of the company, including the position held by each person who works in the company.
4. **History of the company/family** if they have a written record.
5. **Active generations** in the business group and positions held by each generation.
6. **Family branches** included in the business group.
7. **Business family definition.**
8. **Family-management-ownership involvement.**
9. **Family complexity.**
10. **Geographical dispersion** of the family.
11. Possible **pruning of the tree** throughout the business family history.

### **3.12 Business family profile**

As explained in Chapter 2, the Olson Circumplex Model (2011) and the postulates of the Habermas Theory of Communicative Action (1982) were used to characterise the family group based on three

dimensions: cohesion, flexibility and communication. According to Olson's model, each dimension is represented by a continuum with two extremes and two intermediate (or balanced) positions. Based on the four levels of each dimension, the Circumplex Model proposes a taxonomy with 16 family profiles.

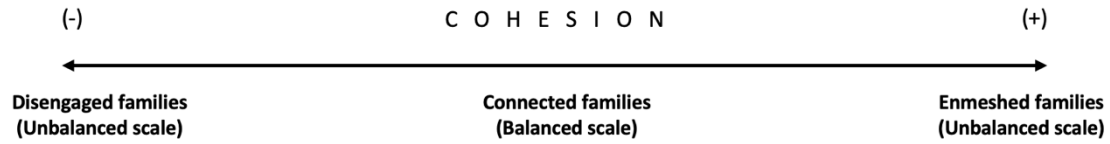
Three scales were proposed to measure the cohesion and flexibility of the family group and evaluate the quadrant where it lies. One scale identified the balanced position of the family group. The other two scales were associated with situations of imbalance corresponding to each end of the dimension. The initial version of the measurement scale was FACES II (Family Adaptability and Cohesion Evaluation Scale). This version "assessed perceived and ideal levels of family cohesion and adaptability" (Larrosa, 2002, p. 160). It included only the balanced scale. The latest update (FACES IV) includes the development of the unbalanced scales and the measurement of extremes. The FACES IV scales are widely accepted in the family therapy literature. They have been validated in the literature (Olson, 2011) and adapted to the Spanish context (Rivero et al., 2010).

Although the FACES IV scales are an effective tool for quantitative assessment of the family profile, the qualitative nature of this research required open and flexible questions. Therefore, a key step was to translate tools validated in the literature into resources that made it possible to answer the research questions posed in this study. The items of each scale were summarised as open-ended questions. The idea was to capture the nuances of the family group and to provide a

script for the in-depth interviews. The FACES IV scales package was purchased through the Prepare/Enrich web service. Purchasing these scales and signing the use agreement document provided authorisation to use the items in this research. The original version of FACES IV and the user guides in English were purchased. The scales were translated into Spanish by Professor Ana Martínez Pampliega and her family psychology research group at the University of Deusto in Bilbao (Spain). The interviews were conducted in a Spanish-speaking context, so the Spanish version was used.

Figures 3.5 and 3.6 show the **adaptation of the Spanish version of the cohesion and flexibility scales** items into open-ended questions to guide the discussion with interviewees. To maintain the essence of the original items, only the subject of the sentences was changed from the first-person plural (we) to the second-person plural (you), and an interrogative intonation was included. Although the aim was to formulate interview questions as faithfully as possible to the original items, the questions had to be adapted to the unit of analysis for this study, namely the business family. Olson's model evaluates the dimensions of a nuclear family. However, this study focused on the profile of the business family included in the family council, which is in fact the extended family. Hence, some words that refer to the nuclear family in FACES IV were replaced by references to the extended family.





**Disengaged families (Unbalanced scale)**

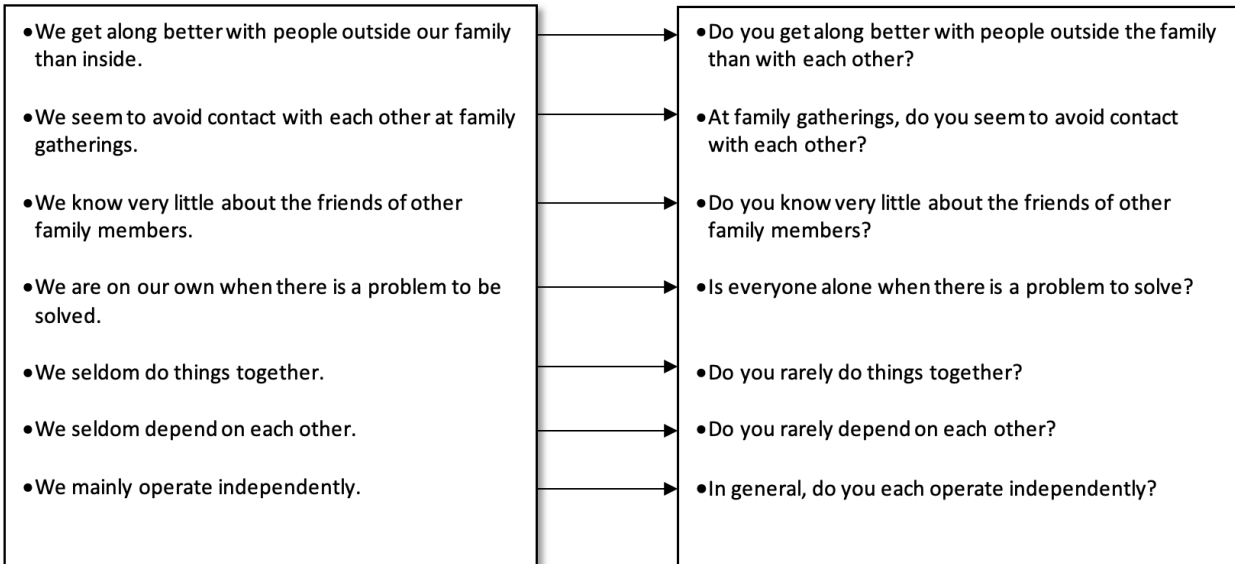
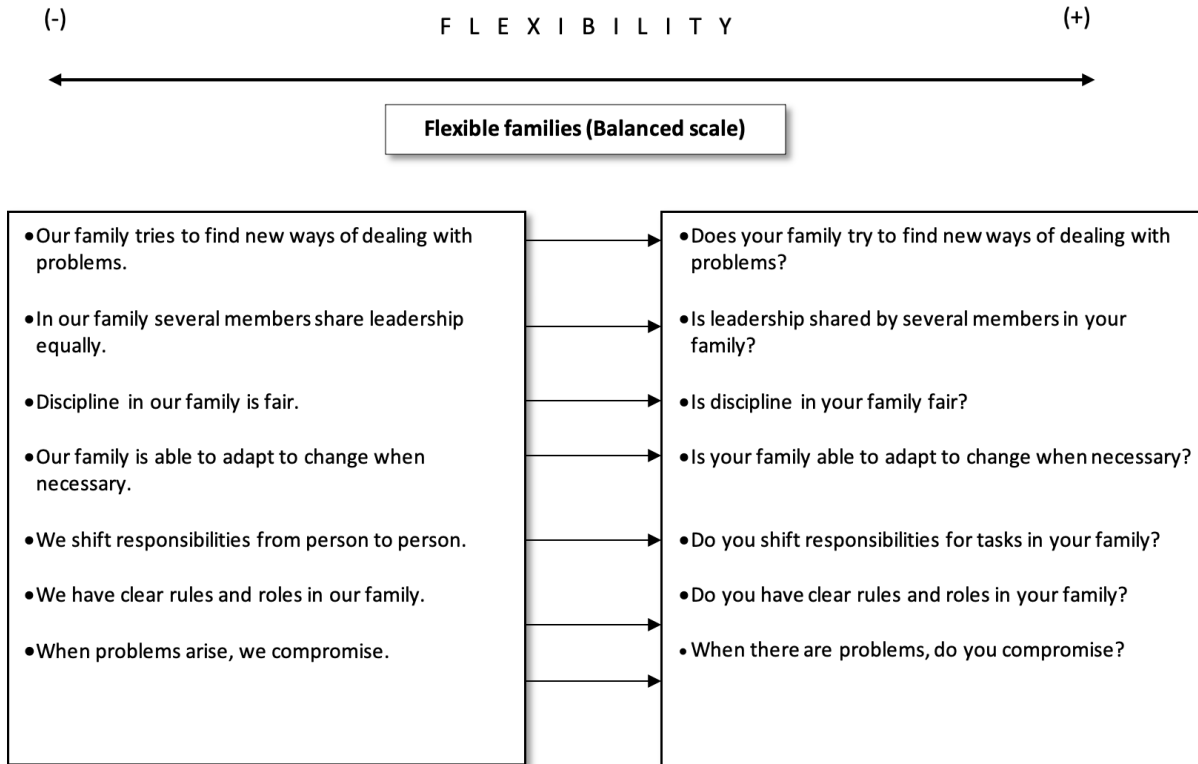
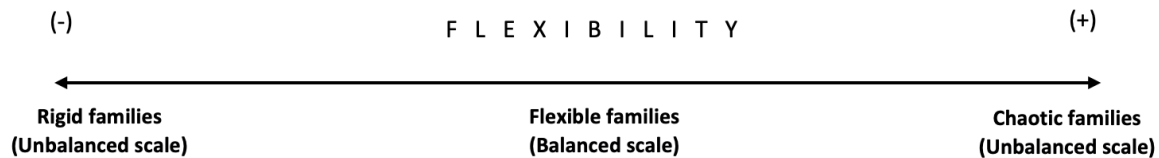




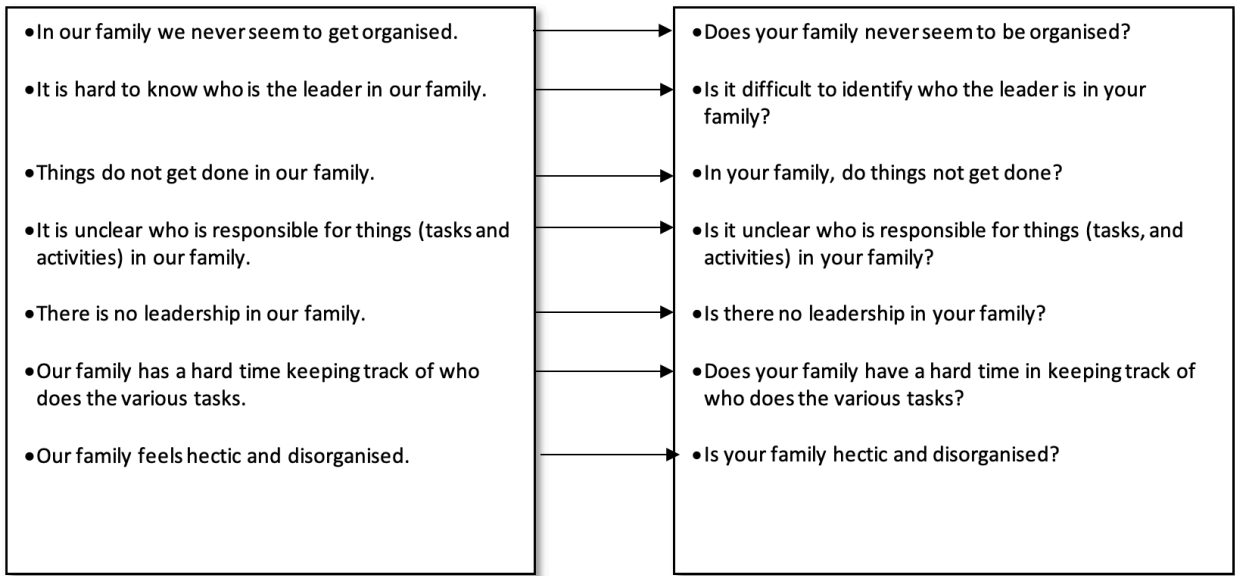


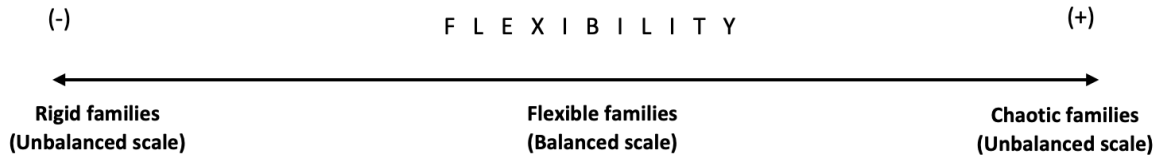
Figure 3.6. Adaptation of family flexibility scales for qualitative study





**Chaotic families (Unbalanced scale)**





**Rigid families (Unbalanced scale)**

- There are strict consequences for breaking the rules in our family.
- There are clear consequences when a member of the family does something wrong.
- Our family has a rule for almost every possible situation.
- Our family is highly organised.
- Our family becomes frustrated when there is a change in our plans or routine.
- It is important to follow the rules in our family.
- Once a decision is made, it is very difficult to modify that decision.

- Are there strict consequences for breaking the rules in your family?
- Are there clear consequences when a member of the family does something wrong?
- Does your family have a rule for almost every possible situation?
- Is your family highly organised?
- Does your family become frustrated when there is a change in your plans or routine?
- Is it important to follow the rules in your family?
- Is it very difficult to modify a decision, once it is made?

By analogy to the cohesion and flexibility dimensions of the model, communication was also taken to be a continuum with three reference points: lower end, upper end and central (balanced situation). The balanced situation corresponds to the ideal dialogue situation. The two extremes correspond to an unbalanced communication situation. The upper extreme is associated with excessive communication (noise). The lower extreme is associated with an absence of communication (silence). Table 3.6 shows the questions used in the interview to evaluate the family group's degree of communication based on the five criteria of the ideal dialogue situation: **validity, intelligibility, symmetry, seriousness and freedom of expression.**

Table 3.6. Communication dimension – items for silence, ideal situation of dialogue and noise

<b>COMMUNICATION</b>			
	←	→	
<b>Conditions</b>	(-) Silence	Ideal situation of dialogue	Noise (+)
<b>Validity</b>	<p>Is there a lack of trust in family members to express your interests and concerns?</p> <p>When there is a conflict, is there rarely collaboration to find a joint solution?</p>	<p>How important is it in your family to tell the truth?</p> <p>Is there a willingness to seek the truth cooperatively in your family?</p> <p>In your family, are the arguments of the other members generally recognised?</p>	<p>When there are differences of opinion, are individual interests overridden and the collective benefit put first?</p> <p>In a debate situation in your family, is there no room for everyone to express their point of view?</p>
<b>Intelligibility</b>	<p>When there is a diversity of opinions, do you usually find it challenging to understand the arguments of the other side?</p> <p>When discussing an important issue, are there few ideas and no clear argument?</p>	<p>When there is a diversity of opinions, is there usually a willingness to understand the opposing side?</p> <p>In a discussion, do both sides bring rational and feasible arguments to explain their position and try to convince the other?</p> <p>When discussing an important issue, are the ideas presented clearly so all family</p>	<p>When talking about an important topic, are many ideas presented in a disorderly way, preventing the understanding of the message?</p> <p>In conversations in your family, is there usually too much “noise”</p>

	members can understand what has been said?	that prevents you from understanding the messages?
<b>Symmetry</b>	<p>When there is a disparity of opinions, are there family members whose arguments carry more weight?</p> <p>Are there any family members who have more authority than others?</p> <p>Do the arguments of any family members outweigh others?</p>	<p>In a family conversation, do all arguments carry the same weight, regardless of who they come from?</p> <p>When making a decision, do all voices carry the same weight?</p> <p>When you have to make a decision, are there any members who participate in the decision, even if they are not affected by it?</p> <p>In critical situations, are there people not affected by the situation who take part in the matter?</p>
<b>Seriousness</b>	<p>When you have to decide, do some family members shirk their responsibility?</p> <p>When there is an important issue, do some family members adopt a passive attitude towards the matter?</p> <p>In your family, is dialogue and the search for consensus usually undervalued?</p>	<p>Are you normally open and honest when expressing your concerns and interests?</p> <p>Are you usually aware of how your words can influence other family members (communicative responsibility)?</p> <p>When a situation requires action, are there too many arguments and analyses to the point of hindering communication?</p> <p>In family group dialogues, is there too much noise that prevents reaching clear conclusions?</p>
<b>Freedom of expression</b>	When there are different points of view, are there any family members who feel shy about expressing their opinions?	<p>When there are different points of view, do all family members feel free to express themselves openly?</p> <p>When there are different points of view, is there a family member</p>

		who influences the opinions of the rest?
--	--	--

Source: Author based on the Theory of Communicative Action by Habermas (1982)

In addition to the questions for each scale in Table 3.6, some additional open-ended questions were included. If necessary, these questions were used to stimulate the conversation with the interviewee and promote fluent communication in the interview:

- In your family, from 1 to 10, how satisfied are you with how you communicate?
- How does the situation usually develop when there is a diversity of opinions? Could you give an example?
- In your family, do you openly discuss each other's concerns, ideas and feelings?
- Do you try to understand each other's feelings in your family?
- In your family, when someone hears something unpleasant, how do they react (assertive communication assessment)?
- In your family, when you have to communicate something unpleasant, how do you do it (assertive communication assessment)?
- How do you approach an uncomfortable conversation in your family? Could you give an example?

All the contributions by interviewees are analysed from a non-verbal approach, following the tool presented in Appendix B- Table B1.

### **3.13 Characteristics of the family council**

- What are the **functions** of the family council?
- What is the **content** of the family council?
- What are the **practices** of the family council?
  - What **resources** are transferred to the company?



- Is there **formal documentation** on the family council?
- How often do meetings take place? Do you have an agenda and formal minutes? Where do sessions take place?
- How is each family council meeting organised? What **topics** are discussed at each meeting? How long does each session last? What do you do afterwards?
- What are the **typical activities** of a family council?
- Are members who have been unable to attend the family council informed in any way?
- Which **family members** are on the family council?
  - Which **generations** are included?
  - How many family **branches** are included?
  - At what **age** do family members join the family council?

### 3.14 Business family perceived performance

- **Business family functions**

According to Minuchin (1974), every family must fulfil the following functions: socialize, educate, protect and give affection to all family members. Through the evidence from interviewees, we gather the following information:

- How does the family socialize all members across generations and branches?
- How does the family educate all members across generations and branches?

- How does the family protect all members across generations and branches?
- How does the family give affection to all members across generations and branches?
- To what extent does the family fulfil its functions?
- **Family satisfaction with the family council**

To measure the degree of family satisfaction with the functioning and scope of the family council, Olson's Family Satisfaction Scale (2011) was used (Appendix B- Figure B1). The aim was to evaluate how the family council acts as a facilitator of family satisfaction. The adaptation of each of the items to open-ended questions is shown:

- Does the family council increase closeness between family members?
- Does the family council make it easier to cope with stressful situations?
- Does the family council make it easier for the family to be flexible or adaptable?
- Does the family council improve the quality of communication between family members?
- Does the family council facilitate conflict resolution?
- Does the family council make it easier for you to spend more time together as a family?
- Does the family council make it easier to deal with problems?

- Does the family council help channel criticism?
- Does the family council encourage family members to care about each other?
- Indicate from 1 to 10 your degree of satisfaction with the family council.
- What would you do to improve the family council?
- **Next-generation entrepreneurial competences**
  - Is there a plan in the family council to train next generations?
  - If so, what is its purpose?
  - What practices and methods are used to achieve these objectives?
  - Are feedback and outcomes of the training for next generations measured in any way?
  - On a scale of 1 to 10, how important do you think the family council considers entrepreneurship training?
- **Willingness to continue as a business family**
  - Does the company's founder, main shareholder or CEO want the company to remain family-owned in the future?
  - Do the successors want it to remain family-owned?
  - What is each generation's perception of the interests of the other generations? Are they aligned?

- If the current business does not work in the medium to long term, would the family be willing to continue as a family business? What would the solution be?

## Appendix B

Table B7. Template for non-verbal communication assessment.

Paralinguistics	Kinesis	Kinesis II	Proxemics, chronemics and diacritical behavior
<b>Tone of voice</b> <input type="checkbox"/> Ascending (doubt or questioning) <input type="checkbox"/> Descending (firmness, determination and confidence) <input type="checkbox"/> Mixed (irony and sarcasm)	<b>Gestures (Greeting)</b> Duration (+, =, -) Pressure (+, =, -) Attitude <input type="checkbox"/> Collaborative <input type="checkbox"/> Relaxed <input type="checkbox"/> Dominant	<b>Facial expression</b> <b>Emotion expression:</b> <input type="checkbox"/> Agitation <input type="checkbox"/> Doubt <input type="checkbox"/> Interest <input type="checkbox"/> Surprise <input type="checkbox"/> Comfort <b>Smile:</b> <input type="checkbox"/> Simple <input type="checkbox"/> Superior	<b>Proxemics- Physical distance</b> <input type="checkbox"/> Extended social distance <input type="checkbox"/> Medium social distance <input type="checkbox"/> Reduced social distance
<b>Rhythm of speech</b> <input type="checkbox"/> Very fast <input type="checkbox"/> Medium <input type="checkbox"/> Very slow	<b>Sight</b> <input type="checkbox"/> Lack of eye contact <input type="checkbox"/> Eye contact <input type="checkbox"/> Fixed look	<b>Gestures (Hands)</b> <input type="checkbox"/> Palms upward <input type="checkbox"/> Palms downward <input type="checkbox"/> Intertwined hands <input type="checkbox"/> Hand in warhead <input type="checkbox"/> Holding the wrist with the hands	<b>Chronemics- time management</b> <input type="checkbox"/> Overly broad answers <input type="checkbox"/> Adequacy of responses to time <input type="checkbox"/> Short answers
<b>Volume of voice</b> <input type="checkbox"/> Loud <input type="checkbox"/> Medium <input type="checkbox"/> Quiet	<b>Posture</b> <input type="checkbox"/> Receptive <input type="checkbox"/> Rigid	<b>Possible gestures</b> <input type="checkbox"/> Averting gaze <input type="checkbox"/> Rubbing eyes <input type="checkbox"/> Rubbing chin <input type="checkbox"/> Rubbing ears <input type="checkbox"/> Nodding <input type="checkbox"/> Frowning	<b>Diacritical behavior</b> Religious, political symbols:  Makeup: Clothing:  Jewelry: Appearance:
<b>Pitch of voice</b> <input type="checkbox"/> Very high <input type="checkbox"/> High <input type="checkbox"/> Medium-low <input type="checkbox"/> Low	<b>Legs</b> <input type="checkbox"/> Crossed <input type="checkbox"/> Half-open (or around the chair) <input type="checkbox"/> Stretched		
<b>Silences</b> Frequency: Meaning:	<b>Oher information:</b>		<b>Other information:</b>

Source: Author

Figure B7. Family Satisfaction Scale

### Family Satisfaction Scale (2011)

**Family Satisfaction Scale**  
David H. Olson

1	2	3	4	5
<b>Very Dissatisfied</b>	<b>Somewhat Dissatisfied</b>	<b>Generally Satisfied</b>	<b>Very Satisfied</b>	<b>Extremely Satisfied</b>

**How satisfied are you with:**

1. The degree of closeness between family members.
2. Your family's ability to cope with stress.
3. Your family's ability to be flexible.
4. Your family's ability to share positive experiences.
5. The quality of communication between family members.
6. Your family's ability to resolve conflicts.
7. The amount of time you spend together as a family.
8. The way problems are discussed.
9. The fairness of criticism in your family.
10. Family members concern for each other.

Source: Olson, D. (2011). FACES IV and the Circumplex Model: Validation study. *Journal of Marital and Family Therapy*, 37(1), 64-80.



# PART III





# CHAPTER 4

## CASE ANALYSIS





The purpose of this chapter is to present in detail the analysis of the three cases of the business families that make up the sample of this PhD thesis. To complete obtain the information from the interviews, two previous steps were vital: **the criteria for selecting the cases** and the elaboration of the **interview protocol**. First, the case selection criteria revealed characteristics shared by all the families in the study that had not been identified a priori.

Secondly, the research protocol constitutes the outline to guide the results obtained. Each case follows the structure established in the protocol. That is to say, in each case we present in detail the information related to each section proposed in *Chapter 3-Research protocol*: **general characteristics, business family profile, family council** (functions, content and structure) and **business family perceived performance**. In this way we facilitate the reader to follow the results and to locate any particular information.

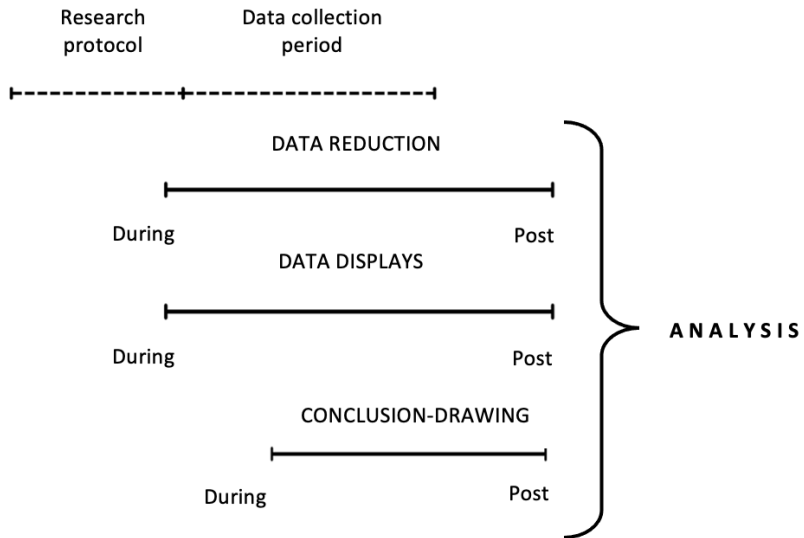
Data was collected strictly following the steps indicated in the research protocol to proceed with this analysis. This data collection occurred between **February and April 2023** based on the methodological tools, and theoretical assumptions described in the Chapters 2 and 3. In total, we **conducted 18 interviews and collected 1255 minutes of interview**.

Despite the importance and usefulness of a solid and consistent protocol, qualitative methodology warns that data collection and subsequent analysis is an **iterative process**. Far from pursuing a temporal linearity, it is a process of exchange between the researcher

and the information obtained from reality. This continuous and transformative process suggests that the protocol and tools adapt as the new information obtained is internalised. Figure 4.1 explains how the selection of the most relevant information - **data reduction** - and the organisation and interpretation of this information - **data displays** - are not independent of **data analysis**. They are part of the analysis by qualifying, profiling, and organising the information to obtain contrastable conclusions (Miles & Huberman, 1984). Therefore, there is no continuum in the simplification and processing of data. Still, instead, they are activities carried out simultaneously over time, integrating the obtaining of conclusion pills at each step taken.

In practice, starting from the case protocol, the development of the interviews has stimulated new questions substantially relevant to the object of study. In keeping with the nature of the qualitative methodology, the author has been adapting the protocol and focusing the research tools toward a more meaningful data analysis.

Figure 4.1. Interactive model of data analysis.



Source: Adapted from Miles & Huberman, 1984, p.24.

Based on the above, this chapter is divided into three main sections: each of them analyses each case of a business family and covers all the aspects mentioned in the previous lines. The cases follow an alphabetical order.



## CASE STUDY- BENNU FAMILY

*"Although it is tough to succeed in a family business,  
it is worth trying" (Osiris, 2<sup>nd</sup> interview, 1h 43 min)*







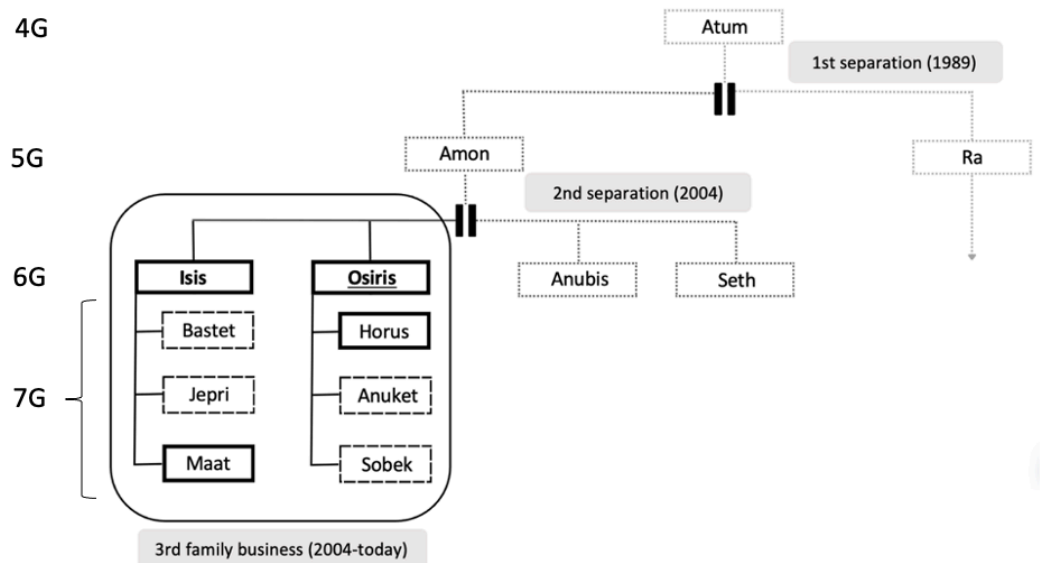
#### **4.1.1 General characteristics**

The pseudonyms used in this case refer to Egyptian culture. The case is named "Bennu" because of the association of its meaning with the trajectory of the business family. Bennu is a mythological bird from Ancient Egypt, commonly known as the Egyptian Phoenix. This bird is associated with creation and rebirth. But above all, it remains an icon of resilience and the ability to rise again in adverse situations and thrive. The meaning of this symbol is comparable to the hope and confidence that this business family has placed in keeping the family business project alive, despite having experienced two previous separations.

The trajectory of this family is an element that the reader should keep in mind throughout the chapter, as it remarkably influences their understanding of today's family business and the functions, content, and structure of its family council. To contextualise the business family more precisely, the following lines briefly outline the history of Bennu.

Bennu is a business family founded in 2004 on the initiative of siblings Osiris and Isis (6th generation) to manage the family heritage. Currently, the 6th generation is active in the management and ownership of the business, and the 7th generation is active on the family council (without ownership or management for the moment). Bennu represents the third family business in the history of the family group. Figure 4.2 shows the family tree of the current business family, considering its two previous separations.

Figure 4.2. Bennu's family tree.



— Members interviewed

- - - Non-interviewed members

.....> Rest of the family outside the 3rd family business

**Abc** Owners

Abc Family members involved in the business management

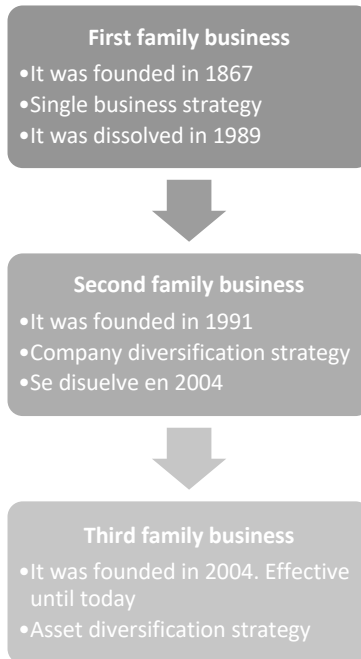
Source: Authors

The first family business was started in 1867 with the founder (1st generation), his son (2nd generation) and grandson (3rd generation). It was unusual then to have two generations in a row with a single son. In the 4th generation, there was also a single family member at the company's helm: Atum. The strategy of this first company was focused on a **single business**. When the 4th generation passed away, the company was led by the two brothers of the 5th generation. In 1989, the company was dissolved and sold. At that time, the two-family branches opt for different corporate strategies. While the branch led by Ra was interested in investing in specific sectors already established in the market, the branch led by Amon preferred to start a business from scratch.

As the strategy is different, separate companies are set up. Thus, in 1991, Amon (5th generation) decided to set up a new company with his four children. Based on his corporate priorities, the strategy of this new company is based on **company diversification**.

After a few years of operating in various sectors, the company was finally sold in 2004. This time the second family business is dissolved. Osiris and Isis (6th generation) sold their respective shares to start a new project together, with a different strategy from the previous one. At that point, the two siblings formed a new company based on an **asset diversification strategy**. Figure 4.3 shows the family's entrepreneurial trajectory in a graphical and simplified way.

Figure 4.3. The Benu's family's business history.



Source: Author based on materials provided by Osiris

In both cases, the dissolution of the former family business and the creation of a new business is caused by a difference in strategy from some family members. In separation processes, family tensions and emotional exhaustion are inevitable, but some tools can counteract the effects of such a dissolution. For example, for the Benu family, the constitution was a key element in managing the process. They did not have a constitution in the first separation, while in the second separation, they did. In the case of the second separation, the constitution made it easier for the separation to occur at the right time. The fact that they separated in time minimised the negative

externalities resulting from the event (emotional instability, progressive burnout, etc.).

“The first time we separated, it took us **two and a half years** to decide. The second separation, when we had a family constitution, brought us **a month and a half**. For me, the family constitution makes it clear whether separating is the most appropriate option.” (Osiris, 2h, 26 min).

The constitution of the third business group was established in 2016 - with periodic revision every five years. According to the clauses, this year, the 6G is drafting the new version, with a space to include the proposals and adaptations of the 7G.

The Bennu family highlights several lessons learned during their trajectory in managing family businesses. Among all these lessons, they consider it fundamental to "separate the family from the company" and to draw clear lines between the two spheres (Osiris, 2nd interview, min.45). The **constitution** is precisely a tool that shows the limits of the relationship between the family and the company. After a brief outline of the business background of Bennu, the following section sets out the group's key characteristics, the complexity of the business and the family.

#### 4.1.1.1 Context

Bennu is headquartered in Bilbao, Spain. Its business strategy consists of diversification into liquid, real estate, and corporate assets.

**Business complexity is relevant** in terms of the size of the business, the expertise of the family and the diversification. Despite the family's extensive experience in the investment business, the high level of **business diversification** encourages training and knowledge in each business. Although the investment committees are specialised in each project, the general management must have the basic knowledge to consolidate its criteria and business decisions. The high degree of diversification is therefore the key element that increases the complexity of the business.

As for **family complexity**, this 6G branch comprises two members of a fraternity of four. This small number facilitates the flow of information and favours more agile communication. Although the small number simplifies processes, it does not always guarantee manageable family complexity. The 6G siblings - Isis and Osiris - know that small numbers are not enough to manage the family successfully. For this reason, they have invested a lot of effort and resources (time, dialogue, activities, etc.) to ensure that both branches are aligned and share the same values and understanding of the relationship with the company.

This conscious work on shared values has been transferred to the 7G since the consolidation of the third family business. As the members of the next generation were very young, activities were organised in a playful environment to disseminate the shared values and share the

family's perspective on the business. At these events, the family's entrepreneurial history was told, highlighting the difficulties and also the benefits of their particular entrepreneurial journey. At these events, it was essential for the members of the 6G to be fully transparent about the family's experience and their connection to the business. One of the family's main objectives with these initiatives is to achieve **family unity**. This family unity makes it possible to manage the family complexity of the 7G.

A priori, this 7G **family organisational complexity** is greater than that of the 6G due to the number of family members and the heterogeneity of their relationships. The 7G consists of six members (three from each branch). The maximum age difference between the oldest and the youngest member of the 7G is 13 years. Regarding **family cognitive complexity**, although they all live in Spain, they are divided between two cities: Bilbao and Madrid. Some 7G members had experiences abroad (e.g. United States), influencing their life perspective. Two members of the 7G -Bastet and Sobek- are professionally oriented towards disciplines distant to business. Although they all belong to the same generation, they face different life challenges according to their life cycle. Some are focusing their path on professional advancement, while others (Bastet) are raising their family.

Despite the potential heterogeneity of relationships, all members of the 7G are very aware of the shared values in the family. The two branches and generations feel aligned with each other and the shared business project. Family values are reflected in all meetings, practices,



and decisions within the family business system. Empathy and respect for others are deeply internalised.

“(…) Sons, nephews, and nieces are also different. Just because they are born together does not make them the same. So, humility and respect are very important. No one is better or worse than another. Everyone has something to contribute, regardless of their education, background, or time in life. (Osiris, 2h, min9)”

Understanding the family's entrepreneurial background, current business and the values that surround the Bennu family is critical to understanding the following sections. The next section details the governing mechanisms active within Bennu.

#### 4.1.1.2 Governance mechanisms

Table 4.1 summarises the governance mechanisms currently active in Bennu. The Table includes both business and family mechanisms.

*Table 4.1. Bennu's governance mechanisms*

<b>Governance mechanism</b>	<b>Participants</b>	<b>Temporality</b>	<b>Function</b>
<b>Family assembly (or meeting)</b>	All members of the family, including in-laws	Once a year	To inform and socialize family members
<b>Family council</b>	6G and 7G generation family members	Minimum 2 times/year (as per constitution)	To map out the continuity scheme and identify the reasons for staying together
<b>Family office</b>	6G and 7G generation family members	Bi-monthly	To manage family wealth

<b>Family constitution</b>	6G and 7G generation family members	Review every 5 years	To lay the foundations that guide the relationship between family, ownership and management of the company
<b>Board of Directors</b>	Isis (50%), Osiris (50%) and independent director	Every two months	To define strategy and monitor business activity
<b>Chief Executive Officer (CEO)</b>	Osiris	Full time dedication in the company	To ensure the implementation of the strategy associated with family values
<b>Management Committee</b>	Functional managers	Full time dedication in the company	Executing the strategy
<b>General management</b>	Osiris	Full time dedication in the company	Executing the strategy

Source: Author based on material provided by Bennu

For the family sphere, Bennu has a **family council, family assembly and family constitution**. The idea of the **constitution** was carried over from the second family business. It was a crucial element in the second separation. Isis and Osiris drafted the current constitution and are in the process of revising an updated version. This revision will open the discussion in the family council to allow the 7G to include clauses that are of interest to them or that they consider essential. All members of the 6G and 7G sign the constitution. The family council is also responsible for organising the **family assemblies**. These are recreational gatherings in the form of trips or informal meals also attended by the in-laws. To make the in-laws feel part of the family

group, these meetings are organised by Isis or Osiris's partner. By giving them this responsibility, they take an active role in participating in the family group. All these decisions are made within the family council.

To obtain detailed information about the process of making these decisions, a number of family council members were interviewed. The following section describes the specifics of these interviews.

#### **4.1.1.3 Characteristics of the interviews**

The semi-structured interviews were conducted individually, on different dates between March and May. The meeting places differed for each member (company offices, family homes, country club...). Table 4.2 lists the participants and the characteristics of the interviews. The sample interviewed represents 50% of the family council participants and accumulates 472 minutes of interviews. The main contribution of information came from the contact person: Osiris. As the table shows, the number and duration of his interviews were significantly higher. There is a reason for the size of his contribution. Osiris is not only the managing director and CEO of the company, but in practical terms, he also exercises a shared management role with Isis in the family council. He proposed the consolidation of a family council to manage the family's affairs. Osiris has extensive training in family business issues, belongs to associations (Instituto de Empresa Familiar) and consciously supports family business research. In summary, Osiris's educational background, his role as a leader in the family council and his support

for research justify that this family member's contribution was significantly higher than the rest.

*Table 4.2. Participants and characteristics of Bennu's interviews.*

No	Interviewed person	Generation	Interview duration	Interview format	Official role in the family council
1	Osiris	6G	2 h 52 minutes	In person	Active support to the chair
			1 h 45 minutes	Online	
2	Isis	6G	1 hora 05 minutes	In person	Chair
3	Maat	7G	55 minutes	In person	Attendant
4	Horus	7G	1 hora 15 minutes	In person	Attendant

Source: Author

The following section synthesises the results about the profile of the business family, functions, content, structure and performance of the family council.

#### **4.1.2 Business family profile**

##### **4.1.2.1 Position in the Extended Olson Circumplex Model**

Using the information from the interviews and complementary documentation (family council minutes, family reflections and family constitution), we position the Bennu family at a point on the continuum of the three dimensions in the EOCM. We expect the family to achieve a balanced position in all three dimensions. The narrative and empirical evidence for each is detailed below.

## COHESION

The Bennu family is in a balanced position on the cohesion dimension. Specifically, it is placed in the upper balanced position, i.e., closer to its upper end - noise. (Figure 4.4).

Figure 4.4. Bennu family on the cohesion dimension.



Source: Author based on Olson's Circumplex Model (2011)

The Bennu family finds a balance between the independence of its members and the sense of belonging to the family group. In fact, from the 6G, 7G individuals are encouraged to be autonomous and self-sufficient. In other words, they are very concerned that 7G should be decisive and have individual judgement. This is in line with the family values of responsibility and commitment. These values manifest in how the 7G is brought up and in all practices within the family.

The 6G believes that it is essential to give the younger generation "the freedom to find their way and to develop" (Isis, min.15). In a globalised and interconnected world, they believe that the 7G should be educated and specialise in what they are passionate about and allow them to be independent. In this sense, the 6G tries to convey that the **economic security** offered by the family business is not the only option but one of many options in the market. This vision is intended to

eradicate the **continuance commitment**<sup>2</sup> of the 7G. In other words, they want to prevent members of the 7G from feeling committed to the family business project because they have no alternative. Instead, they want to encourage **affective commitment**. In other words, they want the 7G to consciously decide whether they want to be part of the family business group (and how) once they are familiar with the business and its history.

In line with the concept of **autonomy**, Bennu likes the idea of members being educated at prestigious universities and gaining experience in other companies. In this way, after this educational experience, they can enrich and contribute to the family business (if they so wish). While **independence is encouraged at all levels** (emotional, educational, economic) for family members, the Bennu family has a **strong sense of belonging**. They believe strongly in creating synergy between all members and have a firm belief that the whole is greater than the sum of its parts. These assumptions lead them to put the collective good before the individual.

“If we take separate ways, we'll be out of luck in five years. The unity among us is what must matter. (...) Being

---

<sup>2</sup> Allen and Meyer (1991) establish three types of organisational commitment: *continuance commitment*, *affective commitment* and *normative commitment*. *Continuance commitment* reflects the costs (financial, emotional, etc.) that the individual would assume when leaving the organisation. *Affective commitment* refers to the emotional bond, identification and feeling of belonging of individuals who wish to remain in the organisation. *Normative commitment* is the individual's feeling of obligation to remain in the organisation.

together is what gives us the real strength” (Horus, min.11).

"I have always loved the family business. And working with my family is also the best way for me to grow".  
(Horus, min.17)

In this sense, Bennu feels it is very important to maintain the family relationship, even if this means not having the same priorities when investing.

(...) “no one should prioritise individual objectives. We must acknowledge that there are five other people when it comes to thinking and deciding. For example, if I want to invest in this company, I will defend it till the end; there is no doubt about that. But I depend on what the other five people want.” (Horus, min. 43)

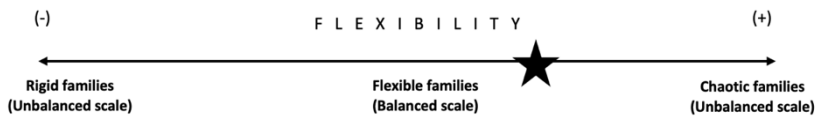
The Bennu family's strong sense of belonging is rooted in the common business project. For the moment, the 6G shares a way of understanding the world and the family-business relationship. Their intention is to consolidate generational alliance in the 7G.

To do so, they also foster relationships beyond the business through leisure activities. Mainly all these activities take place within the framework of the family council and the family meeting.

## FLEXIBILITY

On the dimension of flexibility, the Bennu family is in a balanced position (Figure 4.5). Specifically, it is placed in the upper balanced quadrant, closer to the top - chaos.

Figure 4.5. Bennu family on the flexibility dimension.



Source: Author based on Olson's Circumplex Model (2011).

The Bennu family relies on tools that bring stability to the family business system and standardise the relationships between family members and their connection to the business. For example, the **family constitution** sets clear rules between the roles to be assumed by the members of each branch or the requirements to be fulfilled to occupy management positions in the company.

“The chair of the business board and the family council chair cannot belong to the same family branch. This rule for functions distribution is written down in the constitution”. (Osiris, min.35) “In the same way, the secretary of the family council cannot belong to the same family branch as the family council chair” (Osiris, min. 36)

While the Bennu family relies on tools that bring solidity and professionalism to the family business system, they are aware of the



need to adapt these tools to each situation. In the second interview with Osiris, for example, the subject of integrating the 7G into the company was discussed:

“(the inclusion of family members in the company) must be subjective, so we leave the constitution a bit open. You can't be too prescriptive... and you can't close off the possibilities. The board would judge some exceptions. Because you must be flexible”. (Osiris, 2nd interview, min. 41).

“I see that each member of the family, depending on their age, has different economic needs” (Horus, min.1)

The family values flexibility, partly because of the family's entrepreneurial track record. **Past failures have strengthened the current group's adaptability and resilience.** They recognise that the family business is a live, dynamic entity where change is necessary for the family business to survive. For Bennu, three elements are crucial to the sustainability of the family business: **adapting to changes in the environment, considering the market situation and managing the family context.**

“In a family business, you must imagine and anticipate problems. If the problem is already there, it is too late” (Osiris, 2nd interview, min.5).

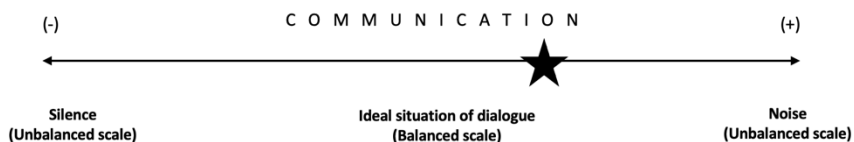
Osiris emphasises the need to imagine potentially plausible scenarios in the family business system. By identifying scenarios with potential

risks, the family takes a **proactive role** and can decide what **resources** to invest in managing those risks. Otherwise, a reactive solution is likely to be delayed and ineffective. The ability to take a proactive role means being flexible and open to creative, new, and atypical solutions. The Bennu family is a flexible system, as they constantly look for new solutions to improve the relationship between the family and the business.

### COMMUNICATION

In terms of the communication dimension, the Bennu family is balanced (Figure 4.6). Specifically, it is placed in the upper balanced quadrant, closer to the upper end - noise.

Figure 4.6. Bennu family on the communication dimension.



Source: Author based on Olson's Circumplex Model (2011)

“Having different points of view in decision-making is inevitable, and even a good thing, because it enriches the outcome of the decision. Only this happens if the goal is consensus.” (Osiris, 2nd interview, 1 h. 37 min).

This quote illustrates the value that communicative acts have in the Bennu family. In this family, communicative acts fulfil the **five criteria of an ideal dialogue situation** with rigour. This fulfilment of the five

criteria places them in a balanced position on the communication scale. In the Bennu family, **collective interest** takes precedence over individual benefit. This is transferred to each communicative act and ensures the **validity** of the discourse.

Regarding the **intelligibility** of the discourse, at Bennu, they are very aware of the importance of "speaking the same language". To be aligned, all family members must be familiar with the company's investment areas and projects. This makes communication between all parties more transparent and direct. For example, to promote intra- and inter-generational alignment, members of the 7G have been invited to board meetings (as listeners). The members of the 7G have responded well to this initiative and shown great interest in learning about the financial and operational aspects of the business. Proposals such as these eliminate potential information asymmetries and promote the comprehensibility of the family's communicative acts. On the contrary, if there is a lack of knowledge from some parties, or if the "same language" is not spoken, there is a risk that some members will take a passive role and avoid communicative responsibility.

In terms of **communicative responsibility**, the Bennu family respects the arguments of others (Maat, min.17) and evaluates them objectively to reach a **consensus**. The contributions of all members are important, regardless of their background or stage in life ("Don't let the tree blind you to the forest", Isis, min.7). Literally, Isis states that "when you get together and talk constructively, you come to significant conclusions" (Isis, min. 42). Theoretically, this

communicative responsibility favours the **seriousness** of the discourse.

“In our case, the six of us (7G) have a perfect coupling. I believe we can achieve great things if we organise ourselves and learn to reach a consensus” (Horus, min. 43)

The will to seek collective consensus implies **freedom of expression** for all speakers. In the Bennu family, space is provided for all members to express their opinions, and the arguments of all members are validated.

“The fact that we (7G) are involved, ask questions and make comments helps them (6G) to get an idea of our weaknesses, where they have to push the hardest, what is clearest to us...”. (Horus, 1 h, 4 min)

Regarding the **symmetry of the speakers**, the protagonists of the family meetings have so far been the members of the 6G. As leaders of the family group, they directed the development and content of the meetings. The purpose of the meetings required that they functioned in such a way that the 7G was introduced to the values, history and issues of the family business. In this context, the flow of information was mainly from the 6G to the 7G. Now, however, the situation is different. The members of the 7G have already internalised the family values and have more emotional maturity and judgement to raise issues, concerns, and expectations about their connection to the business. For example, the following quote shows that 7G members

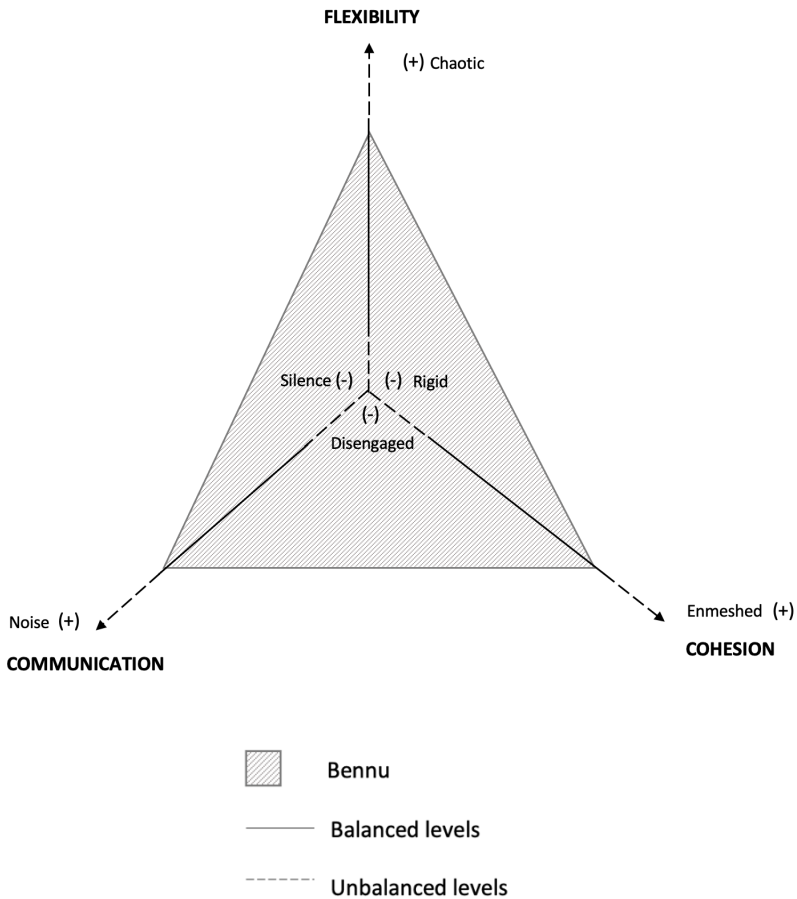
are beginning to express their concerns about the relationship between family and business:

“In a family council, I said that I did not agree with that (referring to a clause of the family constitution), because I thought it was not equitable for all the family members”  
(Horus, 1h min 2)

When these circumstances arise, they talk about the issues that concern the 7G (Isis, min.24). Osiris qualifies that this is a communicative practice that has recently begun to be incorporated. The 7G are beginning to express their concerns, interests and expectations. Therefore, the 6G is also learning to make space for discussing these issues.

Using the Extended Olson Circumplex Model (EOCM), the Bennu family is placed in balanced levels for the three dimensions - cohesion, flexibility and communication - (Figure 4.7). Specifically, it is in the upper balanced quadrant for the three dimensions.

Figure 4.7. Position of the Benu family in the EOCM.



Source: Author

### 4.1.3 Family council

The family council of the Benu family finds its motivation in the **professionalisation** of the family business. Based on the trajectory of the first and second family businesses, Isis and Osiris (6G) are concerned with incorporating mechanisms that minimise the potential

risks of the family-business relationship, forcefully separating the two spheres, and identifying possible points of conflict in each sphere.

For the 6G, it is crucial to recognise and identify potential points of conflict to draw up a plan of action and anticipate problems before they arise. In short, for the Bennu family, **the family council acts as a mechanism to identify potential risks in the family-business relationship and to prevent possible divergences**. The following section describes the functions, content, and structure of the Bennu family's family council.

#### **4.1.3.1 Functions (real and desired)**

##### Real functions

When the 6G launched the family council, they clearly acknowledge that the focus would be on the **family sphere**. Therefore, the main functions revolve around the family, with the relationship to the business in the background. It was a priority for them that the next generation (7G) should feel part of this family (Isis, min. 5). Therefore, they decided to formalise a space to foster belonging to the family group. Then, the next generation (7G) would feel involved in the family business project. To do so, they rely firstly on informal meetings and then consolidate the family council. The family council is thus a forum for sharing experiences for the benefit of the family unit. Another of the priority functions of this family council is the **protection of all the business family members**.

“Some members will work in the family business; others will work outside. You're mistaken if you think this second group of family members is unimportant to the business. If they do badly outside, you will be affected by something inside (...) So you must support them. For example, if someone wants to start a business, you must help them from the business family” (Osiris, 1h 40 min)

That is, for the Bennu family, the family council must meet the needs of all family members, whether they are involved in the business or not. They believe that concerns raised by any family member can be a **potential risk** to the business, and therefore the family council must provide a solution to every member.

Regarding the relationship **to the business**, the primary function of the family council is to determine whether all members have the same strategy and vision for the business. And to analyse if it makes sense for them to stay together in the family business. Therefore, an important function is to **assess the degree of continuity** of the business project and to identify each family member's role in the business family.

“The family council is a space where we open up and are honest with each other. Here we see if we want to continue together because it makes us talk about the future and the role each of us wants to play (Maat, min.17). By being together, we can go further, but we



have to cultivate it and finds consensus. Today I feel that we are all aligned. In the future, we'll see" (Maat, min 23)

For the 7G to be able to define and delimit their role in the family-business relationship, they first need to be aware of the existing possibilities. Without getting into financial or operational issues of the business, the family council informs the 7G about the history of the family business, its position in the market and the business strategy. In this sense, another function of the family council is to inform **all members about the current direction of the business, the family wealth, and the strategy.**

#### Desired functions

Although the family council has consolidated its functions and objectives, members of both generations agree on suggestions for improvement. They all expect the 7G to be more proactive.

The 6G would like the 7G to take a more active role in meetings, suggesting topics of common interest and taking more initiative in organising activities. In this sense, Maat also asserts that the family council could benefit from a more diligent attitude from her siblings and cousins.

In the near future, they are planning activities in the family council that will only involve the 7G. Once the values are established at the family group level, the aim is to strengthen the generational alliance of the 7G. In this sense, the 6G can act as a facilitator. Ultimately, however, it is up to the individuals in the 7G to define their values and

behaviours. Through these meetings, peer members will be able to share issues of interest to them and then bring them to management's attention. This dynamic will help them to express the interests of each member of the 7G and to see how they can contribute (if at all) to the business.

#### **4.1.3.2 Content**

The content of Bennu's family council is aligned with the functions they assign to this family governance mechanism. To achieve the feeling of belonging, the family has prioritised working on **family values** in the family council.

“In the family council meetings, we didn't talk about financial issues; it was more about people, family values and how we wanted to be as a group without feeling on the financial side” (Horus, min 1)

“Our family business has important values (Osiris, 2h 7 min) (...) “In the family council, we have been working a lot on socioemotional wealth aspects, values and respect” (Osiris, min 36)

The idea of dealing with values and setting aside business matters also applies to the family meeting. "We don't talk about numbers there. It's a relaxed way of interacting with each other. That's why we go on a trip, to a vineyard, etc." (Osiris, min 12). For Isis, the focus is on working on the emotional part and **explicitly defining the family's values**. She acknowledges that the 6G did not have the opportunity to

experience this process. Still, she believes that **training in emotional intelligence** is essential for the continuity of the business family (Isis, min 8). More specifically, they have also worked on the family's history. The following quote serves as evidence.

“They (6G) told us the whole business family evolution, so we know where we came from. Otherwise, you believe there's "something", but if they tell you, it's much better”  
(Maat, min 19)

To reinforce their family values from an external perspective, sessions were held with **family business experts** and other **business families**. These dynamics has encouraged Bennu to reflect on their motivations, expectations and projections for the family group.

Another task foreseen within the family council is the **family constitution revision**. The commitment and scope of the constitution rules are very high, so the family spends a lot of time thinking about new versions. The members of the 6G produce a first draft, and they will provide space in the family council for the 7G to propose suggestions, clauses, or amendments. For Bennu, the constitution is a living document. Through the family council meetings, new versions of the protocol can be adapted to the family's current needs. This prevents the constitution from becoming rigid and creating barriers in the relationship between the family and the business.

All members are aware that "the financial issues are addressed in the board of directors” (Maat, min 45), and that the purpose of the family council is not to talk about “numbers” (Maat, min 46). However, in the

last few sessions of the family council, for the first time, the 7G has asked to address topics related to the business investments.

“Once you are convinced by the family council on values and relational issues, you are interested in knowing more about the business side. If you are comfortable with this, you say: now I want to get to know the business better.”  
(Horus, min 31)

As the 7G have shown an interest in learning more about how the company works, they have been invited to attend the board of directors as listeners. In this way, they can be informed about the business development.

“Recently, 7G members have attended the board of directors meetings and have shown interest and commitment to the issues discussed (Osiris, 2nd interview, min 15)

In terms of **logistics**, the family council meetings are always held on Saturdays in one of the group's offices. The meetings last all morning, followed by lunch in a restaurant where the in-law members are invited. At the end of each meeting, the topics for the next meeting are defined. In the days following the meeting, minutes are sent to all members, indicating the order of the topics discussed.

#### **4.1.3.3 Structure**

The Bennu family has clear and agreed rules about the structure of family council meetings. Currently, all business family members are

represented on the family council. The family council consists of 8 members: two members of the 6G (Isis and Osiris) and their respective children (6 members of the 7G, 3 per branch).

All respondents agreed that **in-laws should be excluded from these meetings**. This is a conscious decision shared by the entire blood family. They are keen to respect the privacy of purely business family matters and to maintain boundaries with in-laws (in terms of sharing information about the management of the business and the day-to-day running of the company) (Osiris, 2nd interview, 1 h 30 min).

Although they deliberately keep in-laws out of family business meetings, they are aware of the importance of their role. Partners are also part of the upbringing of the 7Gs, so their role is crucial in facilitating the generational handover (Isis, min.20). For this reason, the business family is concerned that in-laws feel involved and committed to the continuity of the business project:

“(…) I put myself in their shoes and, maybe for them attending these meetings is not their preferred option (...), it's a bit complicated, so sharing the logistical tasks makes the in-laws feel involved” (Horus, min 39)

“My mother is an expert; she loves to travel and organise everything, so when we go on a trip, they (the in-laws) get involved in the organisation and feel a bit part of the group. We give them the administrative tasks” (Horus, min 38)

These meetings reflect that it is essential for the family that the partners are informed about the broader aspects of the business and, above all, that they feel involved in the continuity of the project. To this end, the Bennu family organises family meetings in the form of family trips and leisure activities, where the in-laws organise the logistics.

#### **4.1.4 Business family perceived performance**

##### **4.1.4.1 Business family functions**

Bennu promotes the integral development of all family members, considering each member's life-cycle phase. The 6G is aware of the 7G diversity and promotes practices, initiatives, and decisions to ensure that all members of the 7G develop in the broadest sense of the term (academically, professionally, emotionally, and relationally). Using the evidence from the interviews, Table 4.3 shows how the Bennu family system socialises, protects, educates, and meets the affectional needs of all family members.

Table 4.3. Benu family functions and empirical evidence.

Functions	Application in Benu family	Empirical evidence
<b>Socialisation</b>	<ul style="list-style-type: none"> <li>• Benu has a value system that is strongly shared by both generations.</li> <li>• Since the consolidation of the third business group, the family has been promoting leisure activities to share experiences and foster the unity of the family group.</li> <li>• Benu organises family assemblies to strengthen the bonds also with the in-laws.</li> <li>• These family assemblies are organised by the in-laws.</li> <li>• After each family council meeting, the extended family eats together.</li> <li>• The roles of the 6G with respect to the business are clear, and space is given to the 7G to define their potential role.</li> </ul>	<p>“When they were little (7G), we did activities together, like going to golf courses and trips... There, we told them about our family history” (Isis, min 26)</p> <p>“In the family assemblies, we don't talk about numbers. It's a relaxed way of interacting with each other. That's why we go on a trip, to a winery, etc.” (Osiris, min 12).</p>
<b>Protection</b>	<ul style="list-style-type: none"> <li>• There is concern about the economic security of the members of the 7G.</li> <li>• There is a willingness to economically compensate members of the 7G in some way. They are currently considering the most appropriate option.</li> <li>• There is full respect for the professional and personal projects of each family member.</li> <li>• The family group seeks to ensure the development and well-being of all members across generations and branches.</li> </ul>	<p>“My view is that they should be rewarded (7G), but in a simple way; without being shareholders” (Osiris, 2nd interview, 1 h min 37)</p> <p>“If some family members do badly outside, you will be affected by something inside (...) So you must support them. For example, if someone wants to start a business, you must help them from the business family” (Osiris, 1h 40 min)</p>

<p><b>Education</b></p>	<ul style="list-style-type: none"> <li>• Within the family council, several consultants and family business experts have been invited to work on values and to gain knowledge about the functioning of the family business.</li> <li>• The family encourages the 7G to be trained in the academic discipline they are interested in, in schools of high recognition.</li> <li>• The family constitution sets out the educational requirements for family members to access jobs and management positions in the company.</li> <li>• Specific business knowledge (finance, accounting, marketing...) is promoted to family members whose professional skills are distant to the economic field.</li> </ul>	<p>“At some family council meetings, other business families came to tell us their history, and a university professor helped us define where we wanted to be” (Maat, min. 7)</p> <p>“The family constitution sets out the requirements for management positions: 3 years' experience, an MBS, proficiency in English (...)” (Osiris, 2nd interview, min 39)</p> <p>“My sister and my cousin took more business-oriented courses to catch up with everyone else” (Maat, min 27)</p>
<p><b>Affection</b></p>	<ul style="list-style-type: none"> <li>• There is full respect for all members of the family.</li> <li>• There is empathy, acceptance and accompaniment of each member's life cycle needs and living conditions.</li> <li>• Each member's way of attachment to the shared business project is emotionally validated.</li> <li>• The family council provides a space where family members can express their concerns, worries and doubts freely and assertively.</li> </ul>	<p>“We don't all feel the same way. Time will put everyone (7G) in their place. The important thing is to wait and see” (...) (Isis, min 24)</p> <p>“The family council is a space where we open up to each other (...) Everyone's opinions are respected” (Maat, min 13)</p> <p>“My youngest son suddenly said he wanted to be a pianist. That's fine with me” (Osiris, min 45)</p>

Source: Author based on Minuchin (1974)



#### **4.1.4.2 Next-generation entrepreneurial competences**

The Bennu family has always focused on education in values, intrapersonal skills and emotional intelligence. Knowledge in specific business areas is essential to them, but this is acquired in specialised institutions. They see it as very positive that members of the 7G are educated and work in organisations other than the family and the family business.

“We live in a global world. If you go abroad and come back home later, the view is different, and it can be more enriching for everyone (...) You can bring in ideas from other places” (Isis, min 34)

While they are committed to acquiring this knowledge externally, they prioritise personal and human issues. In line with this argument, most family council practices focus on developing personal skills.

One of the aspects most worked on is responsibility at all levels: affective, economic and educational. The 6G emphasises responsibility because they ultimately want to create "responsible shareholders" (Osiris, 2nd interview, min 25). Being a responsible shareholder means knowing one's responsibilities, duties, and benefits and acting on them consistently.

Beyond the issues of emotional leadership and responsibility, the Bennu family suggests that the family council "is not the place for financial training" (Maat, min 46). However, there are two members

from the 7G whose professional background is far from the business sector. These members (Bastet and Sobek) have taken courses in finance and marketing to form their judgement on issues related to the business group.

#### **4.1.4.3 Willingness to continue as a business family**

“We are merely stewards of a family heritage that we will pass on to relatives we do not even know” (Osiris, 2nd interview, min 18)

This quote reflects the 6G's view of generational change in the family business. They are aware that their time in the family business is limited. There is a strong desire on the part of the 6G to keep the business in the family, and they have confidence in the 7G's skills, leadership and people management.

The family believes "you have to think for the company, not for yourself" to ensure continuity. This shared vision is the basis for the success of the family project:

“I think that the 6 of us (7G) should try to stay together as much as possible; that is our strength. If we go our separate ways, we'll be out of luck in 5 years. This unity must count” (Horus, min 11)

From the 7G, there is a solid determination to continue with the business project under the motto "Together we can achieve more than apart" (Horus, min 17). Both generations want the company to remain

a family business. However, they consider seeking an independent director whom all can accept without consensus (Osiris, min 47).

Although both generations share a desire for continuity, the members of the 7G find themselves defining their potential contribution to the family-business system. Defining the roles of the 7G also influences the family group's concept of continuity.

“I want to find my place and see where I can contribute best” (Maat, min 48)

“We are interested in the business group performing as well as possible. We all win if it does well. Then we must choose the president best suited for the job (...) For example, my cousin has a lot of training in real estate, which is a division of the current business group. So, my cousin looks like a real estate director. I would love him to take this position because he is very professional” (Horus, min 16)

#### **4.1.4.4 Family satisfaction with the family council**

The average level of satisfaction with the family council is 8.5 out of 10. All members are satisfied with the work done so far, although they have suggestions for improvement.

All members strongly agree that the family council has brought family members closer together. Scheduling regular meetings allows them to **spend more time together** and generates **commitment** to the group.

These meetings promote a shared space that fosters trust, communication and unity within the family group. Finding a time to meet is sometimes a challenge due to family members' busy schedules. All say that although they find the meetings difficult, the results are very satisfactory. The family council meetings have impacted the relationships of the 7G members outside of the formal meetings.

“As a result of the family council meetings, we are doing more to call, see and count on each other” (Maat, min 52)

Osiris says that the family council has also led to a greater internalisation within the family group of what it means to be a business family (Osiris, min 2), particularly regarding responsibilities and benefits.

In conclusion, Osiris states, based on his extensive experience setting up family businesses, that "although it is very difficult to succeed in a family business, it is worth trying" (Osiris, 2<sup>nd</sup> interview, 1 h 43 min). This interest in keeping the family business project alive is the maxim that drives all the Bennu family's initiatives, practices, and decisions; and motivates them to persevere in the face of possible adversities.



## CASE STUDY- PHILIA FAMILY

*"If there is no acceptance, respect or love, then it is not our family council; it is another family council"*

*(Heracles, min 33)*





#### 4.2.1 General characteristics

The names chosen for the family and the interviewees were not chosen at random. Specifically, in the case of this business family, pseudonyms of Greek gods were used. These pseudonyms reflect the profile of the business family and the individual members based on the information provided in the interviews. The case is called *Philia*, which means **'friendship'** in Greek. This name tries to capture the essence of the family group. Several interventions highlighted the "good relationship" between the 4G and the whole group. A member of the 2G said that he sees the family very well because "they are very friendly" (Poseidon, min 15). The concept of friendship runs through the case analysis and gives the reader a perspective from which to view the family. Furthermore, this perception is not one-sided but has been contrasted with that of another researcher and the family's external counsellor.

*Philia* is a business family currently in its fourth generation of active ownership. Three generations have been involved in the business governance system. In total, they have been in the family business for 100 years and have been providing textile processing solutions for 60 years.

The family business was founded in 1920 by the grandfather (1st generation) of the current managers (3rd generation). Years later, his children, the 2nd generation, started the main activity that is still carried out today. The transition from the first to the second generation followed a functional approach. In other words, each son



took responsibility for a functional area of the business as if they were independent companies. Thus, Hermes (2G) took care of the production side, and Poseidon (2G) took care of the commercial side. Eleos, the third sister, was responsible for human resources. With this type of organisational structure, the roles of the three siblings were different and complementary. The division allowed each of them to focus on specific tasks, while relying on the work of the others in their respective activities. This way, they retained their operational independence and coordinated the business together.

“We divided our tasks by function. My brother worked on sales, I took care of the factory issues and my sister worked on human resources. And we stayed that way for 60 years” (Hermes, min 5)

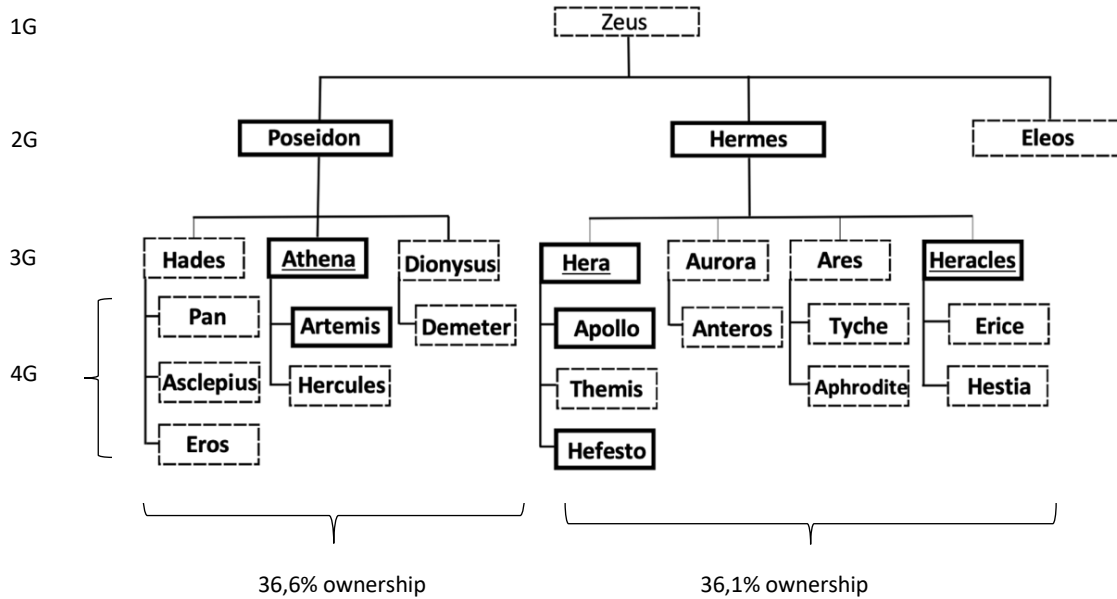
Years later, Eleos created the **family foundation** and dedicated itself entirely to the development of charitable activities within the business family.

When the time came for the 3rd generation to take over, the two brothers - Poseidon and Hermes - agreed that the positions of responsibility would be divided between two people: **one for each branch of the family**. They wanted to balance the power between the two branches of the family (Athena, min 6). Finally, in 2008, Heracles and Athena were appointed managing directors. The rest of the 3G members developed their professional careers in other fields. Hera worked as a teacher, but now she devotes all her time to running the family foundation. Aurora is a physiotherapist, and Ares is a boat

builder. On the other family branch, Dionysus lives in Mexico, and Hades is an agricultural and forestry consultant. As for the 4G, they are all in the process of defining their professional paths. Hefesto is continuing his father's pottery business, Apollo is a psychologist, and Themis is a ski instructor. The 4G has a broad artistic sense and a keen interest in music, painting, and sculpture. The reader should note that this creative vision permeates how this part of the family understands the world. The family's creativity is also evident in the interviews with family members. Throughout the case description, the reader can observe how the informants used images and LEGO constructions to represent the family's communicative acts and personal interactions.

Figure 4.8 illustrates the family tree of the Philia family. All members of the 2G, 3G and 4G are business owners. The 2G gave 10 shares to each member of the 4G when they were born. Therefore, each member of the 4G has 0.1% ownership. The Poseidon family branch owns 36.6% and the Hermes branch owns 36.1% of the business. There is therefore a balance of ownership between the branches.

Figure 4.8. Philia family tree



— Members interviewed

- - Non-interviewed members

**Abc** Owners

Abc Family members involved in the business management

#### 4.2.1.1 Context

Philia's headquarters are located in a town of around 50,000 inhabitants in the province of Barcelona. At present, all its activities are focused on textile treatment solutions. The company is expanding internationally and provides services in more than 130 countries. In addition, around 85% of its turnover is generated outside Spain. It has production centres in Spain, France and China and employs 800 people. The estimated turnover in 2022 is 180 million euros and 4.5% of the turnover is allocated to R&D. In terms of **business complexity**, based on the three criteria in Chapter 2 - company size, family expertise and diversification - the complexity is medium. In particular, the element that increases business complexity is the size of the company. The family has extensive expertise in the sector for 60 years, and the core business has been maintained throughout these years. However, the most challenging decisions today are related to issues of company growth, in particular, the **internationalisation of plants and suppliers**.

When placing the company in its local context, it should be noted that **location** plays an important role. For Philia, **contributing to the environment** is one of its core values. This interaction with the territory manifests in various initiatives and practices developed within the business and the family. From the family's point of view, the activities of the family foundation stand out.

The **family complexity** in the 3G, despite being made up of seven cousins, was manageable, thanks to several contextual conditions that

facilitated its management. For example, all members of the third generation grew up and lived in the same building, sharing experiences, holidays, and some student flats. This cohabitation increased the proximity between the cousins and led to similar mental frameworks. The maximum age difference between them is five years.

The **inclusion of the 4G** implies an **increase in complexity**, manifested in a greater number of family members, heterogeneity of ties and geographical dispersion. In this case, most individuals have grown up in different geographical locations. A large number of members of the 4G currently live in other cities and areas of Spain. The values, routines and education of the nuclear family have mainly shaped the development of the individuals. This means that the relationship between the cousins started in later life-cycle stages. Moreover, in the case of the 4G, the maximum age difference between the members is 25 years, which is much more significant than in the 3G. However, despite the age difference, there is a collective tendency to want to be aligned.

The 4G is very conscious of **family values** and is a living reflection of the work of previous generations in terms of **family identity and cohesion**. Specifically, the intergenerational alliance in the Philia family is remarkable. The 2G and 3G maintain a strong intergenerational bond. Today, to manage the complexity of the 4G, the 3G has put in place a plan to strengthen the intragenerational bond of the incoming generations. While the 3G has limited responsibility for the 4G alliance, they act as facilitators. Through

group dynamics with experts and family business consultants, Philia reinforces the family values inherent to all generations: **respect, acceptance, trust and caring**. Members of the 4G join this working group when they turn 18.

#### 4.2.1.2 Governance mechanisms

Table 4.4 summarises the governance mechanisms currently active in Philia. The Table includes both business and family mechanisms.

*Table 4.4. Philia's governance mechanisms*

<b>Governance mechanism</b>	<b>Participants</b>	<b>Temporality</b>	<b>Function</b>
<b>Family assembly (or meeting)</b>	All members of the family, including in-laws	Once a year	To inform and socialize family members. Usually in the form of a trip
<b>Family council</b>	Family members (shareholders) over 25 years	6 times/year	To define the family-business relationship and family cohesion in the business project
<b>Shareholders meeting</b>	All shareholders over 18 years of age	Once a year (minimum)	To approve annual accounts and appoint the board of directors
<b>Board of Directors</b>	4 family members and two externals	11 times/year	To define strategy and monitor business activity
<b>Chief Executive Officers</b>	Athena and Heracles – 3 <sup>rd</sup> generation members	Full time dedication in the company	To ensure the implementation of the strategy, values and culture. Act as a bridge between the board and the steering committee.
<b>General management</b>	External	Full time dedication in the company	To implement the strategy

<b>Management Committee</b>	Functional directors. No family members,	Full time dedication in the company	To implement the strategy
<b>Foundation Board</b>	5 family members and 5 employees	4 times/year	To manage philanthropic projects (social, cultural and environmental) in the territory

Source: Author based on material provided by Philia

In the family sphere, the family council is the primary governing mechanism of the Philia family. The family council organises the family assembly, which brings the extended family together for a leisurely and informative event or trip.

The **foundation** has developed independently of the company. It started with the management of Eleos, and now Hera takes over many of the coordination, planning and implementation tasks. One of the family council's current objectives is to devote time to communicating the foundation's activities, challenges, and plans at its meetings. The aim is to **strengthen cooperation between the family council and the foundation** and align the family's governing mechanisms' values, proposals and projects.

Another challenge currently being addressed by the family council is possibly consolidating a **family office**. The family is interested in consolidating a mechanism to manage the family's assets as a complementary tool to the family councils. One of the motivations for setting up a family office is the interest in transferring the family's wealth to the next generation.

The family does not currently have a **family constitution**. The constitution was drafted, and many issues were discussed at length. However, agreement could not be reached on some aspects, so it was not signed. Although no formalised constitution exists, there are several agreements with high commitment and scope, particularly on 3G. Some chapters have now been reopened and are in the process of being redrafted.

In order to gather detailed information about the functioning and challenges of the family council, some family members involved in this forum were interviewed. In particular, the following section outlines the specific characteristics of these interviews.

#### **4.2.1.3 Characteristics of the interviews**

Data were collected at Philia's headquarters through semi-structured individual interviews. Table 4.5 lists all participants and interview characteristics. The sample interviewed represents 54% of the total family council participants and lasts 517 minutes. In addition, other relevant informants were interviewed. First, one member of the 4G who does not yet attend family council meetings (she is younger than 25 years old). Second, the family consultant. The consultant coordinates the training plan of the 4G and carries out dynamics to promote family unity. Access to this informant was crucial for data collection, as it confirmed many of the researchers' assumptions and filled in some information gaps.



The primary researcher collected the data. Another researcher (PhD in Business Management), and associate with the Chair of Business and Humanism at the University of Valencia, sustained the data collection process. The conclusions obtained are based on the independent assessment of the data collected by both researchers.

*Table 4.5. Participants and characteristics of Philia's interviews.*

No	Interviewed person	Generation	Interview duration	Interview format	Official role in the family council
1	Poseidon	2G	26 minutes	In person	Attendant
2	Hermes	2G	41 minutes	In person	Attendant
3	Heracles	3G	1 hour 16 minutes	In person	Chair
4	Athena	3G	(1st interview) 1 hour	In person	Active support to the chair
			(2nd interview) 42 minutes	Online	
5	Hera	3G	49 minutes	In person	Secretary
6	Hefesto	4G	43 minutes	In person	Attendant
7	Apolo	4G	55 minutes	In person	Attendant
8	Artemis	4G	47 minutes	Online	Non-attendant (younger than 25 years old)
9	Cronos	External consultant	1 hour 18 minutes	Online	Facilitator if applicable

Source: Author

After outlining the characteristics of the respondents, the following section summarises the findings on the profile of the business family.

## 4.2.2 Business family profile

### 4.2.2.1 Position in the Extended Olson Circumplex Model

Through the contributions of the interviews, we have positioned the Philia family at a point on the continuum of the three dimensions in the Extended Olson Circumplex Model (EOCM). The Philia family is balanced on all three dimensions - cohesion, flexibility, and communication. First, we positioned the family on the cohesion scale.

#### COHESION

Figure 4.9. Philia family on the cohesion dimension.



Source: Author based on Olson's Circumplex Model (2011)

“The tree would be the family block, and the roots would be the different individuals with their independence, different ways of looking at things and different skills. The presence of individuals in our family is important, and I believe that makes a tree grow strong” (Heracles, min 10)  
(Appendix 4- Photo selection)

This contribution reflects how the Philia family finds a balance between the **independence and closeness of all family members** (Figure 4.9). Through the use of pictures, Heracles argued that he

visualises his family as a tree, where the contribution of each member is crucial for it to grow healthy and strong. Although the idea of autonomy and independence is very present in the family, there is a **collective vision** of the family group that spans all generations.

“I think our family is a clan (Heracles, min 17) (...) and each one has its own exact character, style, form and idiosyncrasy” (Heracles, min 29)

The cohesion that exists at family group level has its roots in the 2G. The three siblings of the 2G have a strong bond with each other, and there is a consolidated **intragenerational alliance**. Although they differ in opinions, their positions are complementary (Athena, min 14). While the bond was naturally strong, the contextual circumstances were conducive to the cohesion of the family group in the 2G and 3G.

“All cousins (3G) lived in the same building, spent our summer holidays together, and even lived together as students in Barcelona. There was a solid coexistence and let's say that we feel close to each other.” (Heracles, min 52)

But the natural conditions for the 4G are different, partly due to geographical distance. To counteract this distance, the family has adopted various strategies to facilitate cohesion in the 4G. Thus, although this collective vision runs through the whole group, it has changed over the generations.

“In the 4G there is much more distance. We have started activities and succession planning and we are still working on it. They get on very well, are excellent friends and accept each other very well (referring to the 4G)” (Heracles, min 53)

Indeed, the 4G is aware of the distance between cousins, but there is a willingness to get closer and maintain interpersonal relationships. The family want to foster this intragenerational alliance also in the 4G. Moreover, although some members are very busy with their personal projects, they are concerned and interested in family meetings and gatherings.

“We don't have as much of a relationship with that part (branch of the family) because they live a bit further away, but there's also a perfect atmosphere. They have studied in very different places, and we have met more now that we are older, but there is an excellent relationship” (Hefesto, min 25)

“I chose different colours to represent each family member because we have very different ways of being and doing things. We come from very different backgrounds and upbringings, but we want to be equal to each other” (Apolo, min.6) (Appendix C1- LEGO representation)

In addition, some members are involved in activities outside the company, especially sports activities (cycling and skiing), depending mainly on **geographical proximity**. Other family members see each other only at formal meetings, and their link revolves exclusively around the business family project.

“Sometimes I rode my bike with Heracles, and we talked about things other than business” (Hefesto, min 14)

As we have seen, geographical dispersion has challenged family cohesion, especially in the 4G. Nevertheless, Hera assures us that "although we live far apart, we have gradually got to know each other, and there are some basic values that have been maintained" (Hera, min 4). These values are based on affection, support, intimacy, and trust and correspond to what Heracles calls the "**lighthouse**" that protects all members (Heracles, min 31) (Appendix C3- LEGO representation).

“In our family council, there is a lighthouse, based on love, acceptance and respect, which guides our actions” (Heracles, min 33)

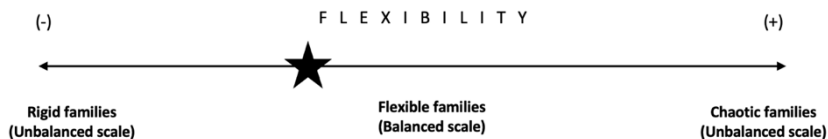
“In general, our relationships are healthy, based on acceptance and love” (Heracles, min 51)

This lighthouse calms disagreements and puts acceptance and affection before differences of opinion. Despite the family's complexity and geographical dispersion, the family remains united

and cohesive. This places it in a position of balance between the independence and closeness of its members.

## FLEXIBILITY

Figure 4.10. *Philia family on the flexibility dimension.*



Fuente: Author based on Olson's Circumplex Model (2011)

On the flexibility scale, the Philia family is in a balanced position (Figure 4.10). Although the position is closer to the rigid end of the scale, Philia contains elements of both chaotic and rigid family systems. The **generational change** they are currently experiencing explains this combination.

The family business's vision evolves as generations join the business, and with it, the ability to adapt when necessary. For example, the way to understand the family relationship with the business differs between generations. The 2G has a 'monarchical' connotation for the business family, whereas the 4G find it difficult to decide on its short-term commitment to the business. This difference in approach affects the family's flexibility. Faced with a more monarchical vision, the mental framework is more rigid, with clear rules. This is an example for the second generation.

“My concept of the company is like a monarchy. When we (the three siblings of the second generation) joined, the project was for us to work together. When we retired, two people from the two branches were chosen to take over the company. This was done because of the monarchical feeling we had for the company” (Poseidon, min 2)

With the involvement of the 3G in the business, the way the family's relationship with the company is understood changes, partly due to the increase of family complexity. The 3G introduced rules for the integration of family members into the company, and the and raise the possibility to formalise a family constitution. Initially, this change in vision was a challenge for the 2G. They conceive that all family members should work in the family business. Otherwise, they don't talk about family business but family-owned business (Poseidon, min 3). Finally, they understood that the company's formalisation was a logical solution when the number of heirs increased exponentially (Poseidon, min 5).

With the involvement of the 4G, the relationship between the family and the company takes on a new, much more dynamic, fluid and creative vision. This generation comprises many artists, making it easier for them to consider different scenarios and imagine many possibilities beyond mathematical logic (Hefesto, min 26).

Although a priori these ideas may seem opposite logics to the static and rigid views of the 2G, the Philia family manages to make these

dynamic attitudes complementary to the monarchical ideas of their grandparents. Thus, achieving an **intergenerational balance**. Indeed, in Philia, there is a balance between conservatism and risk-taking (Apollo, min 46).

This balance is only possible thanks to the acceptance and flexibility of all generations. The 2G is flexible because it understands that the current context requires different solutions. The 4G understands that the 2G comprises the main stakeholders and their contribution is crucial for now. As a result, the family can adapt to the vital moment of each family member and his or her connection to the company.

“My sister is not very involved with the company; she only comes to the meetings when she remembers to, and she is a bit absent-minded, but she is creative and entrepreneur” (Hera, min 20)

“My brother lives in Mexico and connects online for meetings” (Hera, min 47)

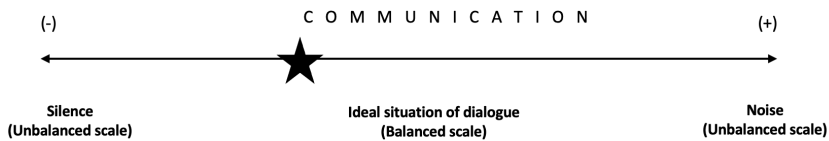
In this scenario, the 3G opens the door to other business opportunities in which the 4G is interested. In other words, the 3G acts as a vehicle to facilitate the 4G ability to be united, work on something together and build a continuity business project (Heracles, 1 h 10 mins). Putting these scenarios to the 2G is unthinkable, but they know the need to find adaptation mechanisms for the future.



“Businesses come and go... so, will we be able to have the vision to keep a business project alive over generations?  
(Heracles, 1 h 14 min)

## COMMUNICATION

Figure 4.11. *Philia family on the communication dimension.*



Source: Author based on Olson's Circumplex Model (2011).

“A family council is a place of very open communication, with no boundaries. It is like a spiral of communication in every sense because if you ask something, it is explained perfectly, with interest and respect. Our family council is a lot of wheels (representing the spiral of communication) going up without limit” (Appendix C2- LEGO Representation) (Hefesto, min 12)

This quote exemplifies the communicative acts in the *Philia* family and places the family in a balanced position on the communication scale (Figure 4.11). In this family, the communicative acts fulfil the **five criteria of an ideal situation of dialogue** with rigour. Although they are in a balanced position, they are closer to the lower end - silence. The characteristics of the communicative acts in the *Philia* family are detailed below.

In the Philia family, the level of **trust** between all members is very high. This trust is the precondition for the search for **validity** in discourse and **freedom of expression**.

(...) "I suppose because we have a good relationship, but sometimes if someone disagrees, they are given time to express their opinion. If there's a majority that agrees and another part that doesn't, the part that doesn't says so openly or self-convinced about the majority feeling"  
(Hefesto, min 36)

In Philia's communication acts, it is important that all members feel heard and that there is space for their contribution. Spaces are sought for the 4G to express their concerns regarding the family-business relationship.

"The 3G asked us (4G) to what extent we see ourselves connected to the family and the business and in what way. Then they could see what our interests are."  
(Artemis, min 4)

However, sometimes the family council discusses highly technical or operational issues where the main input comes from the 2G and 3G. In these types of conversations, the 4G is kept out of the conversation because they could "add something mistaken" (Hefesto, min 28). The 4G recognise that the family council is not the place to discuss issues unique to the business (Hephaestus, min 28). In these situations,

**intelligibility** is impaired using technical terms and business-related issues.

Regarding the **seriousness** of the discourse, one element permeates all the communicative acts of Philia: **respect**. The family members are aware of their **communicative responsibility** and the consequences of their speech.

“We respect each other a lot, their time to talk, their silences. (...) Sometimes when I want to say something, I feel like I'm on the road waiting to pass, and cars are passing while I need a bigger gap to get in. Then I feel like I'm stepping on someone's toes, and I feel uncomfortable with that” (Apolo, min 12)

The car metaphor is a clear example of how fear of the reaction of others can lead to cautious or even passive behaviour (Artemis, min 13). Examples such as these show that although there is full freedom of expression, there are sometimes contributions from some members that remain in the background. This difference between members reflects an **asymmetry between speakers**. The LEGO representation - Appendix C1 reinforces the idea of asymmetry, expressed in the difference in the size of the 'pieces' that make up the family council.

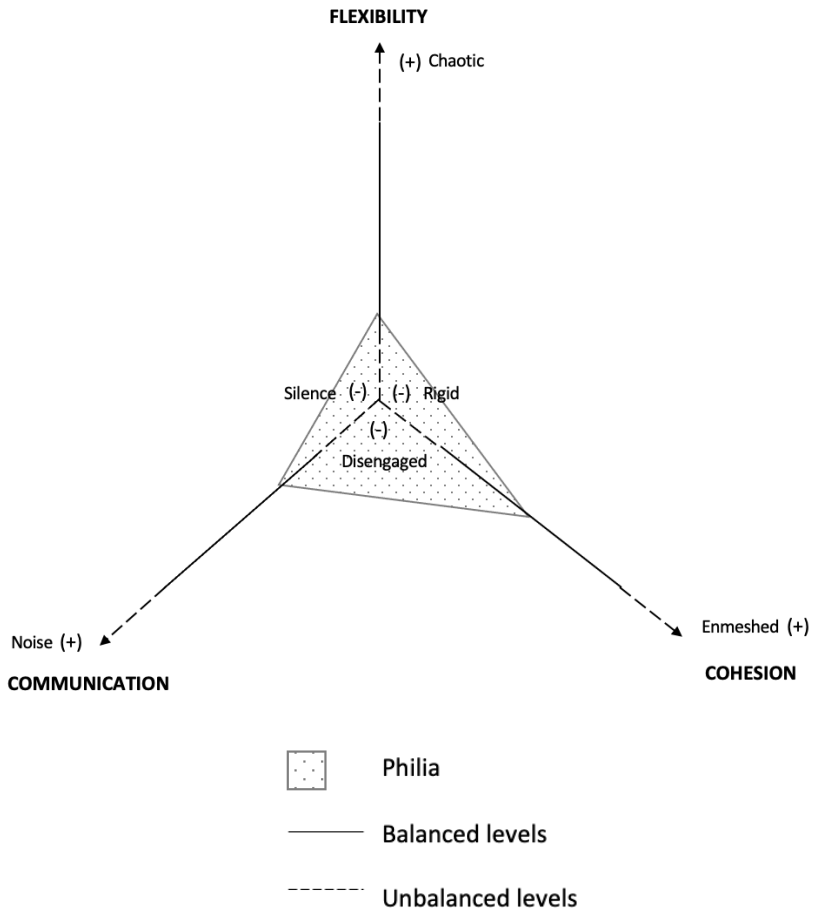
Just as some speakers are more represented than others, some topics are more prevalent than others. As mentioned above, there are operational business issues that take up space in the family council,

and family issues that are still in the process of being brought to the table. For example:

“When the family council was established, the concept of consanguinity of shareholders was maintained. This has continued and perhaps we still have a lot of work to do (...) It does not represent a problem; but we have to think to what extent this decision is convenient nowadays. And this happens because families today differ from those of the past (...) I believe this is an issue we must work on as we go along” (Heracles, min 25)

The previous analysis shows that the Philia family is balanced in all three dimensions - cohesion, flexibility, and communication - (Figure 4.12).

Figure 4.12. Position of the Philia family in the EOCM.



This finding supports the premises of the Olson's Circumplex Model (2011). According to Olson, balanced families are more likely to change their level of flexibility in situations of change and uncertainty. Philia is currently experiencing a change in the vision of the purpose of the business project with the addition of the 4G. Their balanced position allows them to find adaptation mechanisms organically.

### **4.2.3 Family council**

Philia's family council was consolidated in 2017 and was born as an extension of the former Bord of Directors. Therefore, it is strongly focused on the business (Athena, min. 6). Due to the board of directors' professionalisation, the family missed a space where the participants were exclusively family members. At this point, they decided to start a family council focusing mainly on family shareholders. Instead of creating a new forum and asking who should or should not belong, they followed the structure of the former board of directors. This new mechanism allowed them to know the concerns and interests of family members related to the business and consider the passive shareholders. This trajectory has implications for the current family council's functions, issues, and structure. Although some dynamics from the board of directors are still perpetuated in the family council, the family is gradually refocusing the forum to deal exclusively with family issues and their relationship with the business. The following quote captures the basis of all family council interactions:

“If there is no acceptance, respect or love, then it is no longer our family council; it is another family council”  
(Heracles, min 33)

#### 4.2.3.1 Functions (real and desired)

##### Real functions

The purpose of Philia's family council is to manage the relationship between the family and the business and to strengthen **family cohesion** around the business project. One of the main reasons Philia family set up the family council was to "**ensure that this business continues**" (Hermes, min. 22). To do so, they consolidated a mechanism to define values beyond the sale of products. One of their main concerns is linking their values to creating value in the territory.

Another essential function of the family council is to **foster bonds between the 4G**. Geographical dispersion and the primacy of the nuclear family mean that cousins have grown up in very different environments and upbringings. The family council has brought all 4G cousins together and encouraged them to share experiences, interests and expectations.

A **family assembly** is also organised to bring the family together. Thanks to the leisure activities planned for the family assemblies (trips, factory visits, family days), all members of the extended family have been able to share experiences and get to know each other better. There is an organising committee for the trip planned for 2024, made up of 2/3 members of the 4G and one member of the 3G (Athena, 2nd interview, min 25). This type of activity not only fosters relationships within the 4G, but also facilitates cohesion between the different generations and branches of the family. While the family council is

only attended by members over the age of 25, the family meeting is attended by all family members without exception. The Philia family is aware of the importance of uniting the next generation -and the whole family- to ensure the continuity of the family business project.

“For the next generation to be interested in the family project, they must first get to know it” (Hermes, min 25)

“I would like to know how to find my place in the business family in relation to what I currently like and do” (Artemis, min 7)

Only when the 4G are familiar with the business can they decide whether they like it and want to be part of the project. To this end, the 3G have implemented various strategies to familiarise the 4G with what is happening in the company. One of the strategies consists of a **training plan** with an external consultant, in which they deal with theoretical issues about family business, case studies and other proposals that arise from the interest of the 4G.

At Philia, another function of the family council is to **inform the family about the most critical actions developed in the company** on strategic issues (alliances with competitors) and shareholding issues. In this way, they keep the family in touch with what is happening in the company and validate the decisions taken within the company. This function can be explained in terms of the origins of the family council since, as mentioned above, the current mechanism emerged



from the former board of directors and therefore has specific dynamics typical of a board of directors.

### Desired functions

Although the family council has a long history, all members agree on the need to consider possible adaptations to ensure the continuity of the family project. Firstly, most of the family members decide that **business issues should be left** and discussed in forums dedicated to business management (board of directors or shareholders' meeting). In particular, the technical and operational aspects of the business management were to be excluded from this forum.

Removing the space in the family council where business is discussed would leave space to address issues of interest to the family, particularly to the 4G. For example, a space could be opened to review the criteria for participation in the family council or to listen to the business initiatives of the next generation.

In line with these initiatives, another function they would like to implement is a **more consolidated collaboration with the family foundation**. The members of the 4G feel identified with the foundation's values and see it as a paramount asset to the family. Giving it more space in the family council could stimulate the interest of some members of the 4G. Thus, encouraging the 4G to take a more active role (Athena) and become more involved (Artemis). In family matters, it is in Philia's interest that all family members feel cared for and protected, as it is expressed in the following quote:

“I believe everyone in the family council should have stability and a good quality of life. And the family council should take care of and protect the family” (Hefesto, min 30)

To this end, the family is considering the possibility of organising a **social dividend** to cover the potential needs of members and 4G education support. In addition, Philia would like to have a **family strategic plan**. They currently have a company strategic plan developed within the board, but not a family strategic plan. They address the family council to start creating one. This strategic plan would help them to deal with one of the challenges they foresee for the coming years: **generational change**. Everyone assumes that the project is a living thing that will mutate over time and with the involvement of the next generations. Faced with this scenario, they want to see family council as an **adaptation mechanism** that will allow them to move on to other businesses.

#### **4.2.3.2 Content**

Assuming that the current family council originated from the initial board of directors, it is not surprising that it acts as a familiar mechanism to validate business decisions. Although some issues have already been discussed by the board of directors or the shareholders' meeting, the board's role is to validate these same actions. These practices sometimes lead to a **duplication of content** in the three forums (family council, board of directors, and shareholders' meeting). When business issues are raised in family council meetings, members

not involved in the company's day-to-day running lose interest in the conversation. Thus, this duplication of content can jeopardise the participation of family members not involved in the business. These practices must be monitored to prevent no one from taking on a passive role (Hefesto, min 31).

The Philia family meets in the family council about **six times a year**. In addition to these meetings, activities are proposed by the family assembly (trips), and the 4G and consultant propose other initiatives. The family council meetings are held in a family-owned building near the company offices. Heracles is the family council chair, assisted by Athena in planning the meetings, proposing initiatives, and running the meetings. Hera is the secretary of the family council, who takes the minutes.

Hera's role is very important in developing the family council, the family's functionality and their connection to the company. Hera is keen that all members feel part of the group and tries to strike a balance, so everyone feels represented. At the same time, she acts as a moderator in the meetings, softening some comments or raising the voice of other participants (Hera, min 23). She tries that everyone's voice is heard when taking decisions and consensus.

To **protect and care for all members**, Hera prepares "**pedagogical minutes**" (Hera, min 21) of the family council meetings. She spends a great deal of time and care writing the minutes to ensure that the emotional needs of all members are met equally across all family branches and generations. In turn, these minutes are sent to all

members, especially those unable to attend, so they are kept abreast of developments in the family council.

“I try to make pedagogical minutes to take care of all the people who are part of the family council” (Hera, min 24)

Regarding economic protection, family council meeting attendants receive a fee of 400 euros per session. In this way, the family ensures a minimum income for all members.

Other topics covered in Philia's family council are activities related to the **family foundation**. However, it is usually a topic discussed at the end of the meeting, with a short time for interlocution. In fact, until recently, foundation issues were never discussed (Athena, 2nd interview, min 17). Most of the family admits that they would like to devote more space to the foundation in the family council and explore the potential contribution of the 4G. In particular, the 4G would be interested in discussing the social and environmental commitment of the business group in more depth.

The activities carried out in the family council are strongly linked to other activities that promote the cohesion of the 4G and the whole family group. For example, the 4G meets one Monday a month with the consultant to carry out training activities, build a vision for the future and propose initiatives to work on the family unit. The whole family feels very committed with these initiatives and like to take an active part. One of Artemis' proposals captivated all family members.

“In one session, the 3G explained the history of their connection to the company. Creating this space was important because my family was very scattered. There was a good relationship but a lot of distance and little involvement in the business. Some were very involved in the company and some not so much. So, it brought us together” (Apolo, min 26)

“Nobody knew how each person went through it and their point of view. We all loved it, even the cousins (3G) among them. The third generation had no idea about a lot of things (...) For example, when my mother or her cousin told us things, everyone suddenly empathised a lot: Oh, I'm sorry you had such a hard time (...)” (Artemis, min 9)

#### **4.2.3.3 Structure**

Philia has clear rules on the structure of the family council meetings in terms of **family representation**. Specifically, the family council meetings are attended by blood family members over 25 years of age, and all in-laws are excluded.

As for the incorporation age, they plan to revise it and lower it to 18. The exclusion of in-laws is a consensual decision agreed by all generations. It reinforces the idea that families today are fluid and relationships are not permanent. Therefore, although information

transparency with in-laws is essential, they do not consider it necessary to attend meetings (Hefesto, min 31).

However, they feel it is important for in-laws to learn about certain aspects of the business. With this in mind, Philia family holds an annual family reunion in a more relaxed and leisurely atmosphere, where the family usually visits a factory, goes on a trip or enjoys a day out together. Regarding the bloodline family category, although Philia has clear rules to exclude non-blood relatives from the family council, they face some potential challenges, expressed in the following quote:

“We have an element to work on: my wife has a daughter, and this daughter is not a blood descendant. She feels displaced, but for me, she is my family”  
(Heracles, min 18)

#### **4.2.4 Business family perceived performance**

##### **4.2.4.1 Business family functions**

Philia fulfils the primitive functions of a business family in a very special way. Table 4.6 shows how it socialises, protects, educates, and provides affection to all family members.

Table 4.6. *Philia family functions and empirical evidence*

Functions	Application in Philia family	Empirical evidence
<p><b>Socialisation</b></p>	<ul style="list-style-type: none"> <li>• Philia has an explicit value system that is strongly shared by all generations.</li> <li>• Contributing value to the community and territory is one of the key values.</li> <li>• The Philia Foundation allocates around 115,000 euros to support mainly social, environmental, and cultural projects in Catalonia (Spain).</li> <li>• Community support includes collaboration with Catalan universities and support for sporting events.</li> <li>• Artemis (4G) proposed that the 3G explain their involvement with the business from its origins to the present day.</li> <li>• Philia organises family assemblies (trips) to strengthen bonds between extended family members.</li> </ul>	<p>Sustainability report</p> <p>“I think the family has always been very conscious of its environment, of its impact on the environment and people, and has tried to minimise that impact; and even to create a positive effect if possible.” (Apolo, min 45)</p> <p>“I suggested a meeting with the 3G to talk about their experiences with the company. We all loved it” (Artemis, min 8)</p> <p>“It is important to have meetings with the whole family because they get to know what we do in the company. Last month we had an all-day get-together, and we had a great time” (Athena, 2<sup>nd</sup> interview, min 24)</p> <p>“Once a year we make a trip with all the members of the (extended) family” (Athena, min 17)</p>

<p><b>Protection</b></p>	<ul style="list-style-type: none"> <li>• There is a concern for all family members' economic security and psychosocial support.</li> <li>• The 3G considers the possibility of implementing a social dividend for the economic needs of the family. With this measure, they care for vulnerable family members.</li> <li>• The 3G considers the possibility of including education grants for the 4G.</li> <li>• To ensure financial security, family members receive fees for attending the family council</li> <li>• There is total respect for each member's professional and personal projects.</li> <li>• Philia seeks to ensure the development and well-being of members of all generations and branches of the family.</li> </ul>	<p>There is a "lighthouse" in the family council that guides the actions of all members and protects us (Heracles, min 33)</p> <p>“The family are considering the possibility of incorporating a dividend or social fund for family members experiencing financial difficulties at some point” (Cronos, min 29)</p> <p>“Family council attendants are paid a fee of 400 euros per session. As our family council originates in the board of directors, we do this to ensure a minimum income for passive family members” (Athena, 2<sup>nd</sup> interview, min 37)</p> <p>“Sometimes I can't participate on training sessions simply because of my job, but the family is aware that we have other priorities, and they respect that” (Hefesto, min.19)</p>
<p><b>Education</b></p>	<ul style="list-style-type: none"> <li>• Philia encourages the 4G training 4G through the accompaniment of the consultant.</li> <li>• In the meetings with the consultant, each 4G member is given a space to define his or her role in relation to the company.</li> <li>• Specific business teaching on corporate strategy and “finances to non-financial profiles” to the 4G.</li> </ul>	<p>“We have a training plan for the next generation. They meet online one Monday each month and work on Harvard success cases of family businesses, family business theory, and activities related to family business values and legacy” (Athena, min. 50)</p>



	<ul style="list-style-type: none"> <li>• Athena participates in family business associations and sessions with other business families to get inspiration in generational change issues.</li> <li>• Based on these sessions, Athena organises workshops with all Philia family members and other families.</li> </ul>	<p>“We work on family business values, theory and success cases in the training sessions” (Cronos, min 24)</p> <p>“We participated in a session with other business families to learn how they work and face challenges” (Athena, min 25)</p>
<p><b>Affection</b></p>	<ul style="list-style-type: none"> <li>• There is complete respect between all members of the family.</li> <li>• All members accept the individual differences, needs and living conditions of each member.</li> <li>• A climate of emotional security and validation is fostered.</li> <li>• There are spaces where family members can freely express their concerns, expectations and doubts (family council), but sometimes the company's operational issues overshadow this area.</li> </ul>	<p>“When I stopped working in the family business, my parents always understood; they were very supportive. My family was surprised, but nothing happened, and they just tried to help me” (Apolo, min 14)</p> <p>“When there is a discussion in which issues come up strongly, I explain it softer to balance it. I make pedagogical minutes of the meetings. If it is very difficult for someone to speak and say something, then I record and highlight in the minutes that this person has said this. I do this to help and take care of all the people who are part of the family council” (Hera, min. 24)</p> <p>If you ask something (in the family council), it is explained perfectly, with interest and respect. (Hefesto, min.12)</p>

		“If there is no acceptance, respect, or love, it is no longer our family council; it will be another family council” (Heracles, min. 33)
--	--	--

Source: Author based on Minuchin (1974)

Based on empirical evidence, we can conclude that the Philia fulfils the functions assigned to a family. Philia promotes the favourable development of all family members, regardless of their family branch and stage of life. One of the main reasons for this protection and care of all members is the **generational alliance**. Among the values of the 2G, the alliance between the members of the same generation stands out. That is, Poseidon, Hermes, and Eleos prioritised their siblings' concerns, interests, and expectations. These values reach the following generations and favour a horizontal bond in the family (Cronos, min 14). This implies accepting that "before the interests of the children the interests of my generation go first" (Cronos, min 15). In this sense, **the generational alliance is also a tool to protect the next generation**. More concretely, when the generation acts unanimously, it prevents potential branch conflicts from being carried over to the next generations.

#### **4.2.4.2 Next-generation entrepreneurial competences**

The 3G is particularly aware of the need to train the next generation to ensure the **continuity of the business family project**. They have therefore set up a training project run by an external consultant (Cronos) to guide the 4G of family members. The following quote expresses the 3G intention:

“The idea was for them to get together and form a sort of junior committee (or whatever we wanted to call it) to get to know each other and define their identity. Between them, they created a bond with the company,

they had a couple of discussions, and at the end, they decided how and what they wanted to address in the next meetings” (Athena, min 22)

For the training plan, the 4G meet online one Monday a month. In the sessions with Cronos, they work on Harvard family business success cases, family business theory, and activities related to family business values and legacy.

While all members of the 4G are committed and involved in the training process, there are two sub-groups within this generation, depending on their age and stage in their life cycle. For example, older members have defined professional projects and find committing to monthly training sessions challenging. The younger age group attend the sessions more regularly and takes a more active role in this type of initiative.

“It is good to be prepared, and we try to be all there, but those who are studying are more likely to attend because they have more free time. Sometimes I can't participate on training sessions simply because of my job, but the family is aware that we have other priorities, and they respect that” (Hefesto, min 19)

#### **4.2.4.3 Willingness to continue as a business family**

“My grandfather is very clear that this is a family business. He has always been able to talk to us about the business (...) And on my uncle's side too, because he

has children too, and I think he wants it to continue, just like me. It's a mutual interest. I think there is a mutual interest" (Hefesto, min 31)

This quotation reflects the generalised will to continue the family project in a straightforward and forceful way. The idea of continuity of the other family members reinforces this continuity perception of the 4G member. There is, therefore, agreement, precision, and congruence (Ch.III) in the contributions of all generations regarding the continuity of the family business project. Regarding generational succession, the 2G and 3G have complete confidence in the abilities and skills of the 4G to direct their efforts towards a profitable project that will keep them united.

Although some members have personal and professional projects far removed from the company's activities (Hefesto, min 24), they all remain somehow connected to the business project. This unique connection of each member depends on his or her stage of life, geographical location, or career path. Despite the heterogeneity of the bond, all members accept each other's conditions with respect, empathy and understanding. For example, some members of the 4G are aware that they will not be involved in the company's day-to-day management and may see how other members can be. In these cases, they intend to contribute to the common project "in whatever way they can" with their knowledge and experience in their respective fields.

“I try to be successful in my field, to professionalise my professional career, and if I can contribute with my knowledge and experience to the family business, I will do so.” (Hefesto, min 10)

“I think they (referring to the 3G) want someone to work in the company. But one or two members, not all. It is our responsibility to organise ourselves” (Hefesto, min 10)

Despite the diversity of interests and profiles, all members of the 4G find the concept of being a **business family** attractive to meet their professional needs and expectations.

“I like the idea of being a business family. Where you can offer opportunities in education, quality of life, and advice for new projects. I find this idea very interesting” (Hefesto, min 9)

#### **4.2.4.4 Family satisfaction with the family council**

The family average level of satisfaction with the family council is 7 out of 10. All members are satisfied with the work done so far but are aware of the potential of this governance mechanisms if certain practices are changed.

All members strongly agree that family council has brought the family closer together. Before the family council started, people from different branches of the family got on well but were not close to each

other. **Geographical dispersion** meant physical distance between nuclear families, making it difficult to spend time together. The consolidation of a forum that brings them together periodically has brought them closer and created a shared space. This shared space builds commitment, understanding and articulates the family unit. Related to family unity, the family council makes it easier 1) to consolidate the 4G, 2) to **familiarise the 4G with the company**, 3) to **stimulate the interest** for the company and 4) to **connect with the other generations**. In terms of family communication, Hefesto claims that the family council has not improved communication, but it has changed it.

“There was always communication, but now it's different. I have a good relationship with Heracles; we ride our bikes together and talk about different things. We used to talk about other things, now the last time I spoke to him was for meetings or company matters because now we are more focused on the relationship with the business. But I think it's something natural”  
(Hefesto, min 14)

## Appendix C

### Appendix C1- LEGO Representation

The pieces represent the family council attendants. Each piece has a different colour because they are all different. The size of the pieces represents the importance of that member in the family council meetings.





## Appendix C2- LEGO Representation

The pieces represent the family council attendants. Each piece has a different colour because they are all different. The size of the pieces represents the importance of that member in the family council meetings.



Appendix C3- LEGO Representation (The “lighthouse effect”)



Appendix C4- Photo selection

What image best represents the company in 10 years' time?



Which image best represents the family in 10 years?



## CASE STUDY - X FAMILY

*"We speak not only to tell other people what we think, but to tell ourselves what we think. Speech is a part of thought"*

Oliver Sacks





The procedure with family X was carried out in the same way as with the other families. A confidentiality agreement was signed by both parties to protect the identity of the business family, and pseudonyms and fictitious data were used in the writing of the case.

However, when the family council board reviewed the case in July 2023, she revoked the authorisation for publication in the PhD thesis. As an observation, the family was in an unbalanced position in Olson's model. And the diagnosis of the business family hinted at the magnitude of the family's challenges.

Echoing Oliver Sacks' quote, the family members interviewed put into words, for the first time, some of the concerns, perceptions and emotions that were plaguing them in relation to the family and the business. What means that these interviews were not intended to tell a third party their story, but to tell themselves what they were experiencing as a family.

We are satisfied if, through our interaction, we have caused the family to question their status quo.



# CONCLUSIONS







## 5.1 Aggregated analysis of cases

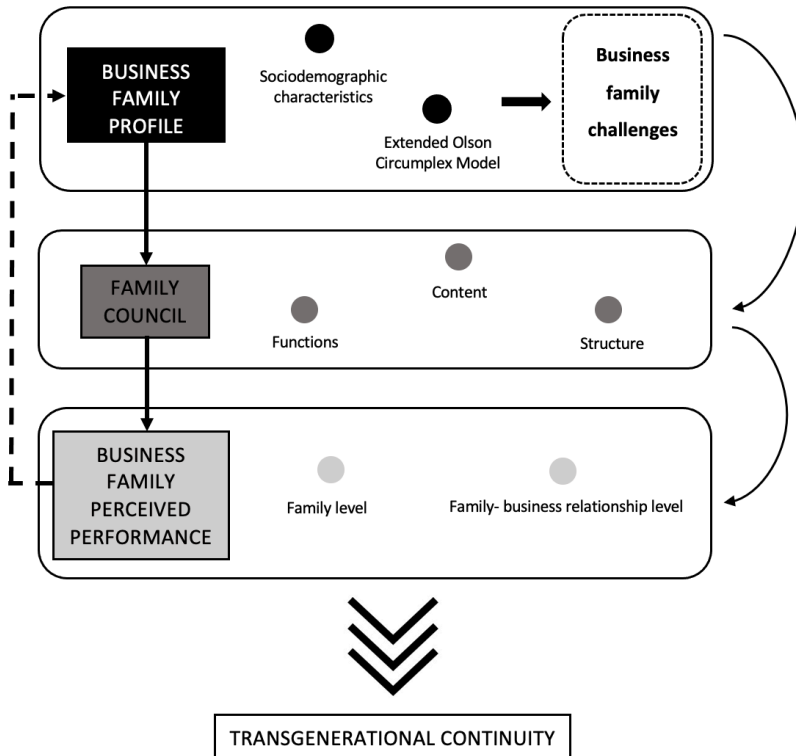
Concerning the objectives proposed in the *Introduction* section of this thesis, Chapter 5 aims to present the aggregated analysis of the data of the three cases. This section exposes the grounded theoretical model that explains the fit relationships between the business family profile and the family council. We compare the results obtained for each business family through the joint analysis of cases. The similarities and differences between the three cases shed light on the formulation of propositions and the resulting theoretical model.

A **systems approach** has been used to present these results. This approach allows us to explain multidimensional constructs (e.g., business family profile) that include more specific variables (e.g., level of cohesion). Our study assumes that the business family is a holistic, complex, and dynamic system and that its functioning affects the broader family business system. The systems approach allows us to analyse the family as an independent system and the bidirectional relationships within the family business system.

Figure 5.1 summarises the multidimensional constructs of the theoretical model. These primary constructs correspond to the two main objects of the research: **the business family profile and the family council**. Within these constructs, we find subcategories that emerged from the microscopic analysis of the data. The third construct constitutes the perceived performance of the business family. Figure 5.1, although a simplification of the final model, provides the reader

with a framework for understanding the relationships between the variables.

Figure 5.1. Multidimensional constructs of the theoretical model



Source: Author

The following subsections show the aggregated theoretical dimensions for the construct “family council” and the aggregated analysis for the business family profile, family council and perceived performance of the business family.

## **5.2 Business family profile**

One of the criteria for case selection was the **heterogeneity of the business family profile**. We selected families in **different life cycles** with a **different number of active generations**. However, the list of characteristics of each business family is much longer. The following section explains them in detail.

### **5.2.1 Sociodemographic characteristics**

The definition of the business family, the involvement of the family in the business management, or the number of tree pruning are some of the sociodemographic characteristics that we analyse in our study. Table 5.1 below provides a set of sociodemographic factors of each family. These factors have an impact on the current challenges of the business family. Therefore, they should be considered when defining the family council's functions, contents, and structure.

Table 5.1. Sociodemographic characteristics of the business families.

	<b>Bennu Family</b>	<b>Philia Family</b>	<b>X Family</b>
<b>Business family definition</b>	Current (6G) and potential (7G) shareholding family members	All blood family members. All of them are shareholders <sup>3</sup>	Family members current shareholders (2G, 3G) and involved in management (3G)
<b>No. of business family members</b>	8 (4 per branch)	24 (10 from one branch, 13 from another branch, and Eleos)	10 (5 per branch)
<b>Active generations in the family council</b>	2 (6G y 7G)	3 (2G, 3G, y 4G)	1 (3G) <sup>4</sup>
<b>Family-management-ownership involvement</b>	<ul style="list-style-type: none"> <li>• 6G members: Ownership and management</li> <li>• 7G members: Neither owners nor managers.</li> </ul>	<ul style="list-style-type: none"> <li>• 2G members: Main shareholders</li> <li>• 3G members: All are shareholders and 3/7 are involved in management.</li> <li>• 4G members: Only shareholders (0.1% each).</li> </ul>	<ul style="list-style-type: none"> <li>• 2G members: Main shareholders</li> <li>• 3G members: All are shareholders and 6/8 members involved in management<sup>5</sup></li> </ul>
<b>Family focus</b>	Extended family	Branch (2G)	Nuclear family (3G)

<sup>3</sup> The 2G members gave 0.1% ownership to each 4G member. It represents something symbolic.

<sup>4</sup> Although the two members of the 2G constitute the main shareholders, they don't attend the family council meetings. The 3G justify this decision to "protect them".

<sup>5</sup> For the 3G members involved in management, 2 belong to one branch, and 4 to the other. The branch with the 4 members involved, occupy high responsibility positions.

<b>Clear roles</b>	<b>Limits<sup>6</sup></b>	X		
	<b>Lead G<sup>7</sup></b>	X	X	
	<b>Future G<sup>8</sup></b>	X	X	
<b>Structural family complexity<sup>9</sup></b>	<b>No. of members</b>			
	<b>No. of branches</b>	2	2	2
	<b>No. of generations</b>	2	4	3
	<b>Global assessment</b>	<b>Low</b>	<b>Very high</b>	<b>Medium</b>
	<b>Homogeneous definition of business family</b>	Yes	Yes <sup>11</sup>	No

---

<sup>6</sup> There are clear boundaries between the business and the family.

<sup>7</sup> In the lead generation the roles are clear.

<sup>8</sup> Members of the next generation are in the process of defining their role in relation to the family and business.

<sup>9</sup> Understood as the number of family members, number of branches, and number of generations.

<sup>11</sup> Although some members have concerns due to changes in family new models.

<b>Cognitive family complexity<sup>10</sup></b>	<b>Geographical dispersion</b>	Medium. Divided into two Spanish provinces.	High. Divided in various Spanish provinces and foreign countries.	Low. All in the same province.
	<b>Diverse career paths</b>	Medium	High	Low
	<b>New family models</b>	Low	High	Low
	<b>Global assessment</b>	<b>Medium</b>	<b>High</b>	<b>Very high<sup>12</sup></b>
<b>Attachment to territory</b>		Low	Very high	Medium
<b>Consider in-laws</b>		Yes, they are given logistical responsibilities in organising the family assemblies.	Yes, they attend trips and leisure and information days (family assemblies)	No

Source: Author

---

<sup>10</sup> Understood the changes and diversity of mental frameworks in family members. For example: variety of relationships, career paths, life experiences abroad, geographical dispersion and new socially accepted models of families.

<sup>12</sup> In case X, although most of the factors are "low", a determining element increases the cognitive family complexity exponentially: the members understand the business family differently. There is no homogeneous criterion, so the diversity of mental frameworks is very high.

Having indicated the sociodemographic characteristics of the three cases, we characterise the three business families based on the position in the Extended Olson Circumplex Model.

### 5.2.2 Position in the Extended Olson Circumplex Model

As noted in Table 5.1, the sociodemographic characteristics of each family are different. However, there is one element common to all of them: **culture**. All three families belong to the Hispanic cultural context, specifically Spanish country. In this sense, it is logical to conclude that the relationship patterns of the family as a group will follow the dynamics of a Hispanic culture oriented towards the family and the values of unity. Given a common culture, the position of each family in the Extended Olson Circumplex Model is as follows:

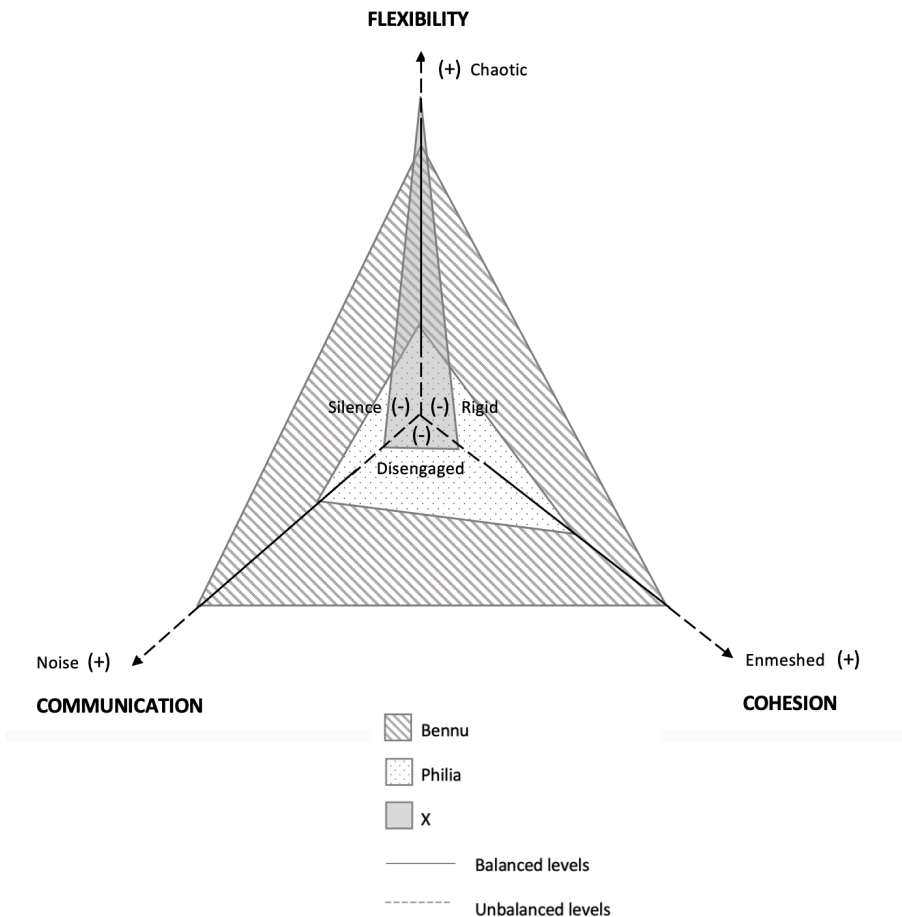
- The **Bennu family** occupies a balanced position in all three dimensions. In terms of cohesion, it is a connected family. In terms of flexibility, they are a flexible family. This means it is a **flexibly connected** family in which communicative acts fulfil the ideal conditions for dialogue.
- The **Philia family** occupies a balanced position in all three dimensions. In terms of cohesion, it is a connected family. In terms of flexibility, they are a structured family. Therefore, Philia is a **structurally connected** family where communicative acts fulfil the ideal conditions for dialogue.
- The **X family** occupies a position outside the equilibrium zone for all three dimensions. In terms of cohesion, it is a disconnected family. Regarding flexibility, it is a family close to



chaos, mainly due to the absence of leadership. For all these reasons, Galatea is a **chaotically disengaged** family where the conditions for dialogue are not met.

According to this information, Figure 5.2 shows the position of each family in the Extended Olson Circumplex Model for the dimensions of cohesion, flexibility, and communication.

Figure 5.2. Position of the three business families in the Extended Olson Circumplex Model.



Source: Author based on the Olson Circumplex Model (2011)

According to the postulates of Olson et al. (2011), families in balanced positions of the model are more functional. That is, these families allow all members to develop favourably. The analysis of our cases confirms these postulates. Precisely, the Bennu and Philia families – placed in balanced positions in the model - satisfactorily fulfil the functions of a family system. In contrast, the X family finds it difficult to perform family functions (especially socialisation and affection). X family occupies an unbalanced position in the three dimensions for several reasons. Regarding **cohesion**, in the 2G, there was a solid intra-generational alliance between the two brothers. Although the 3G members grew up together, they are now **disconnected** from each other. In fact, informal family gatherings have disappeared for the time being. In **flexibility** terms, with the 2G, the whole family recognised a very clear leadership. This provided a balance between rules and affection. With the 3G, the situation is different. There is **no clear leadership** at the family level. Nor is there a recognised leader in the family council because, among other things, they have a two-year rotation<sup>13</sup>. For the communication dimension, honest conversations and legitimising everyone's arguments are often challenging. The criteria for the ideal situation of dialogue are not met. They have **very rigid mental schemas** about the **family roles** of each group member. Mainly, the 3G socially constructed labels for each member in their early stages of life. If members approach each other from these labels, the ability of the group to reach a consensual agreement is reduced.

---

<sup>13</sup> This is a signal of no-legitimation of the family council.

These socially constructed labels prevent the other speaker's arguments from being assessed based on the weight of reasons. This makes **collective consensus difficult** and places speakers in **asymmetrical positions for agreement**.

Each business family faces different challenges based on their sociodemographic characteristics and position in the Extended Olson Circumplex Model. The following section summarises the most remarkable current challenges of each business family.

### 5.2.3 Business family challenges

Based on the detailed description of each case, their position in cohesion, flexibility and communication, and their sociodemographic characteristics, Table 5.2 sets out the main challenges for each business family.

*Table 5.2. Current and potential challenges for each business family.*

	<b>Bennu</b>	<b>Philia</b>	<b>X</b>
<b>Current and potential challenges</b>	<ul style="list-style-type: none"> <li>• Prepare and educate responsible shareholders.</li> <li>• Incorporate the 7G as owners.</li> <li>• Plan management transition to 7G.</li> <li>• Select the most suitable family candidates for management positions.</li> </ul>	<ul style="list-style-type: none"> <li>• Minimise 2G branch thinking.</li> <li>• Manage the growing cognitive family complexity of future generations.</li> <li>• Involve in-laws more in the family-business relationship.</li> <li>• Strengthen the family unit despite 4G's personal projects</li> </ul>	<ul style="list-style-type: none"> <li>• Define who is part of the business family.</li> <li>• Make the values of the business family explicit.</li> <li>• Reflect on the desire for continuity.</li> <li>• Make explicit the potential desire for continuity.</li> <li>• Manage the absence of family leadership in 3G.</li> </ul>

		<p>are distant from the business.</p> <ul style="list-style-type: none"> <li>• Manage the growing trend of geographical distance.</li> <li>• Define who is part of the business family.</li> </ul>	<ul style="list-style-type: none"> <li>• Manage unresolved conflicts.</li> <li>• Develop a code of conduct for family communication and interactions.</li> <li>• Involve the 4G in the family-business relationship.</li> </ul>
--	--	--	---

Source: Author

Having set out the aggregated analysis of the profile of business families and their challenges, the following section specifies the functions, contents and structure of the three family councils.

### 5.3 Family council

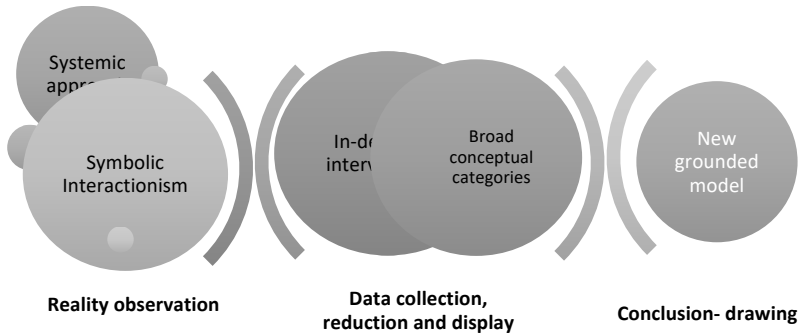
The three business families are characterised by having an active family council with several years of experience - Philia, six years; Benu, five years; and X family, 23 years. From the detailed analysis of the data, 2nd and 1st-order codes emerge for the constructs of functions, content, and structure of the family council.

**Second-order codes** emerge from the microscopic analysis of empirical evidence, aiming to find patterns and delineate dimensions. This is done by thoroughly examining the interviews' words and phrases embedded in a particular context. Creating these codes is not an end but a means to explain the complexity of the family council. These categories are elaborated from the continuous interaction between the data and the researcher's interpretations. This is a dynamic process in which the data continue to provide new nuances which the researcher has used to shape her interpretation of the phenomenon.

The 2nd order codes are consolidated into more descriptive subcategories. These categories constitute the **1st order codes**. These constructs link the more abstract and academic categories and the data. Their explanatory capacity is essential to bring together the most relevant nuances of the interview textual quotations. The process followed by the researcher was as follows (Figure 5.3):

1. Researchers have observed reality under the premise of the **systemic approach** and **symbolic interactionism**.
2. Based on this observation, data was collected through **in-depth interviews** (data collection). The most relevant data were then selected to answer the research questions (data reduction).
3. The most relevant data were then organised to present them in a structured way (data displays). **Broad conceptual categories** were sought to group the data.
4. Patterns and logical relationships between the broad conceptual categories shed light on the **grounded model of business family profile and family council**.

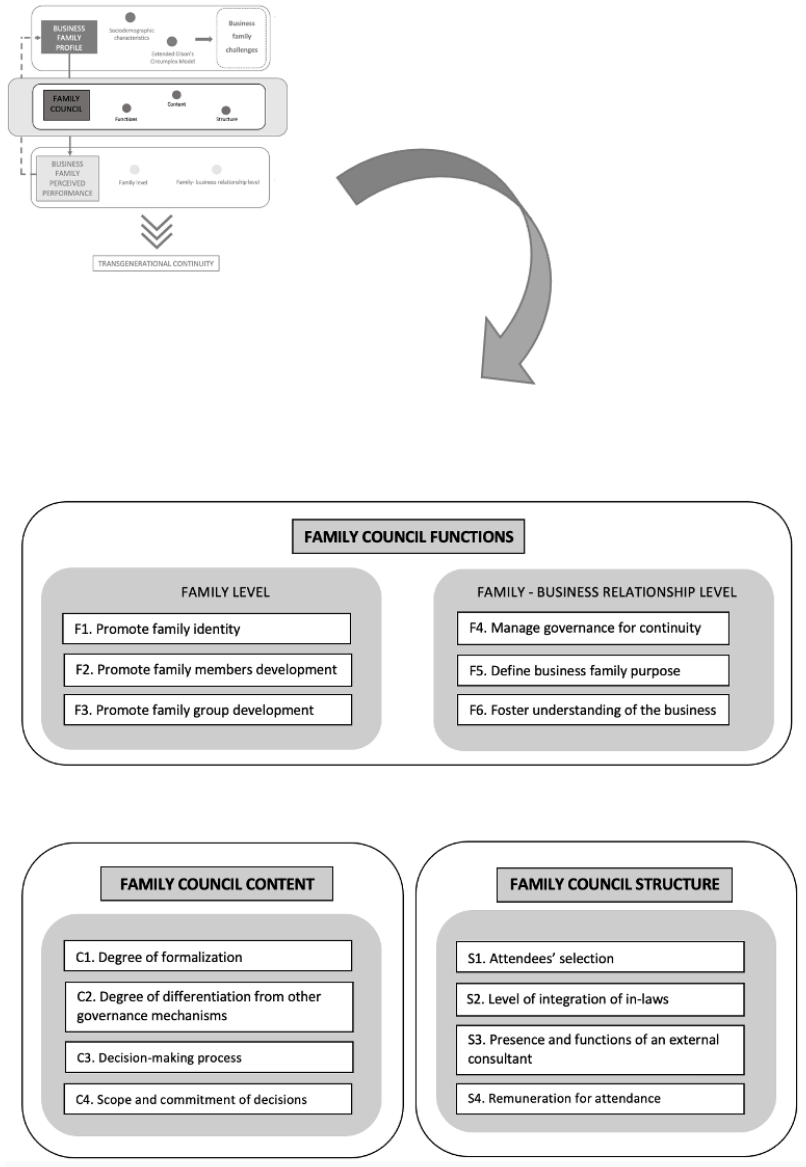
Figure 5.3. Data gathering and analysis process.



Source: Author

To group the most significant data on the family council's functions, content and structure, Figure 5.4 includes an overview of the 2nd order codes. These 2nd-order codes are built on a set of 1st-order codes and empirical evidence. The following subsections include the aggregated theoretical dimensions for the family council's functions, content, and structure. These dimensions emerge from the 2nd and 1st-order codes and the textual quotes that support them. They are shown in Tables 5.3, 5.4 and 5.5.

Figure 5.4. 2nd order codes induced for the family council's functions, content, and structure.



Source: Author

5.3.1 Aggregated theoretical dimensions for "Family Council Functions"

Table 5.3. Aggregated theoretical dimensions, 2nd,1st-order codes, and quotes for "Family Council Functions"

Aggregated Theoretical Dimensions	2nd order codes	1 <sup>st</sup> order codes and quotes
<p><b>F1. Promote family identity (FL)</b></p>	<p>Strengthen family values</p>	<p><u>Transmission of family values</u></p> <p>“The family business has some important values. (...) “In the family council we have worked a lot on socio-emotional respect”</p> <p>“In the family council meetings, we hardly touched on financial issues; it was more about people, family values, and to be as a group without feeling on the financial side”</p> <p>“I think that the family foundation represents many family values, and sometimes it isn't easy to transmit these values to the company. But through the foundation, they can be transmitted better”</p> <p><u>Explicit values</u></p> <p>“My sister and I elaborated a document with the values that defined the business family and put them in the council sessions, we made them explicit and worked on them with all the family members”</p>
	<p>Foster a sense of belonging</p>	<p><u>Making the next generations feel part of the group</u></p> <p>“In the family council, we also talk about community from a relational point of view. How will we ensure that this community and that our children want to continue? Otherwise, you don't get a sense of belonging”</p> <p>“My grandfather has always talked to us about the business, for better or for worse, but he always gives you the feeling of the business and that it is important for the family”</p>
	<p>Foster the generational alliance</p>	<p><u>Promote the cohesion of new generations</u></p> <p>“A consultant came to bring us together as a generation so that we could get to know each other and the company. The thing was for us to strengthen the family bond in our generation”</p> <p><u>Generational pact</u></p> <p>“My uncle and my father went always hand in hand. They had two very different characters, but they were like superheroes. They did everything together because they were thick as thieves”</p>



		<p>My father and uncle are like night and day, but they are complementary</p> <p>“Although the constitution was drafted, there was no agreement on some aspects, so it was not signed. But especially among 3G members”</p>
	<p>Foster the intergenerational alliance</p>	<p><u>Cohesion between generations</u></p> <p>“When the grandchildren were born, the grandparents gave each of them ten shares of stock”</p> <p>“Sometimes I go out with my uncle on my bike and talk about things other than business”</p> <p>“When my father passed away, my uncle was the point of reference for all of us at the business and family levels”</p>
<p><b>F2. Promote family members development (FL)</b></p>	<p>Find the balance between autonomy and economic protection</p>	<p><u>Financial support to members</u></p> <p>“We are considering the possibility of incorporating a dividend or social fund for family members experiencing some point”</p> <p>“If some family members do badly outside, you will be affected by something inside (...) So you must support someone wants to start a business, you must help them from the business family”</p> <p>“My grandmother said: Let the girl lack nothing. And that was the way to calculate the price of the share”</p> <p><u>Promote the economic autonomy of members</u></p> <p>“I don't want my children, nephews, and nieces to see working in the family business as the only option. I want it to be one of many options for them”</p>
	<p>Promote the development of professional competences</p>	<p><u>Training plan for the next generation</u></p> <p>“We have a training plan for the next generation. They meet online one Monday each month and work on Harvard businesses, family business theory, and activities related to family business values and legacy”</p> <p>“The next generation must be free to find their own professional way and develop themselves. We encourage them to attend prestigious universities”</p> <p><u>Business training for members with different career paths</u></p> <p>“My sister and cousin (family members who do not have a business background) have taken more business-oriented courses with the rest of the family”</p>

	<p>Promote the development of emotional competences</p>	<p><u>Autonomy and emotional responsibility</u></p> <p>“If they are afraid of something (next generation), then we talk about it”</p> <p>“In the family council, we ask questions that may not be don’t have an answer or raise things that have not yet be</p> <p>“The fact that we (7G) are involved, ask questions and make comments helps them (6G) to get an idea of our w have to push the hardest, what is clearest to us...”</p> <p><u>Emotional regulation</u></p> <p>“When there is a discussion in which issues come up strongly, I explain it softer to balance it. I make pedagogical m If it is very difficult for someone to speak and say something, then I record and highlight in the minutes that this p this to help and take care of all the people who are part of the family council”</p>
	<p>Respect the priorities of individuals at each stage of the life cycle</p>	<p><u>New generations mentality</u></p> <p>“It is difficult for me to consider joining the company because I don't know what I will do in a year”</p> <p>“I think that nothing is comparable from our parents' generation to our generation because the lifestyle, way of changed. If they tell you now whether you want to be on a company's board, I have no idea. Maybe in 10 year intelligence, and there will be no need for any person in the company”</p> <p><u>Acceptance of different priorities</u></p> <p>“My cousin lives in Mexico but is connected to the family and participates in family things. He joins online the fami when he comes to Spain, also join us”</p> <p>“Sometimes I can't participate on training sessions simply because of my job, but the family is aware that we ha they respect that”</p>
<p><b>F3. Promote family group development (FL)</b></p>	<p>Promote respect, love, and empathy</p>	<p><u>Love-guiding actions</u></p> <p>“In our family council, there is a lighthouse, based on love, acceptance and respect, which guides our actions”</p> <p>“If there is no acceptance, respect, or love, it is no longer our family council; it will be another family council”</p>
	<p>Create spaces for coexistence and dialogue</p>	<p><u>Family house</u></p> <p>“My grandmother's house was the nucleus because she picked us up from the bus stop in front of her house, ar went to my grandmother's house”</p>

		<p>we have the grandparents' villa where some members of the family spend the summer</p> <p><u>Family co-living</u></p> <p>"All of us cousins lived in the same building, spent our summer holidays together and even lived together in Barcelona. It has been a solid coexistence and let's say that we feel close to each other"</p> <p>"When I was 17, my family branch went to live in the city, and the rest of the family didn't like it because it was so different from them"</p>
	<p>Facilitate meetings with the extended family</p>	<p><u>Family assemblies and trips</u></p> <p>"Once a year we make a trip with all the members of the (extended) family"</p> <p>"It is important to have meetings with the whole family because they get to know what we do in the company. Last year we had a day get-together, and we had a great time"</p> <p><u>Informal gatherings</u></p> <p>"After every family council meetings, the whole family goes out to eat, including the in-laws."</p>
	<p>Manage new family models</p>	<p><u>Blood relatives</u></p> <p>"When the family council was formed, the concept of the blood relatives of the shareholders was maintained. Today, perhaps we still have many things to do (...) This does not represent a problem; it is simply a decision to discuss with the family. And this happens because families today differ from those of the past (...) I believe this is an issue we will have to deal with in the future"</p> <p>"There must be some affinities in the family, but why must they be genetic, or consanguineous? It doesn't necessarily have to be that way. We could open ourselves up to other entities, to other groups"</p> <p><u>Changes in relationship patterns</u></p> <p>"Today's families are not solid, they are fluid"</p>
<p><b>F4. Manage governance for continuity</b></p>	<p>Act as a risk detection mechanism</p>	<p><u>Proactive stance on risks</u></p> <p>"In the family business, you have to anticipate the problem; otherwise, when it arrives, it is too late"</p> <p>"In the family council there is a lot of communication, anticipation of possible conflicts, and sharing"</p> <p><u>Prevent conflicts in other governance bodies</u></p>

		<p>The family council unifies and homogenises ideas and everything else to avoid discussions at the shareholders' council is a prelude to the general meeting of shareholders so that everything goes well"</p>
	<p>Manage the relationship with other governing mechanisms</p>	<p><u>Plan family business governance system</u></p> <p>"We need to clarify family business issues, board issues and management issues"</p> <p>"The family must decide, how we organise ourselves in terms of governing bodies. On the one hand, there is the outside, and then those of us who want to be inside. For example, if someone says: I think I contributed more value than on the board of directors (...)"</p> <p><u>Balance between the business and the family spheres</u></p> <p>"If you focus too much on socio-emotional wealth and don't care for the company, you will be a very connected family. If you will fail. And if you take too much care of the company, the company will do very well, but in the end, all will end"</p>
	<p>Review and update the family constitution</p>	<p><u>Periodic review of the constitution</u></p> <p>"In the family council we spent a couple of years going through the whole constitution again. We always get help from a business consultant"</p> <p>"The constitution is a valid agreement of the signatories and will be in force for ten years. It may be expressly extended for the same duration. Without an extension, it will be terminated after ten years. The signatories undertake to review and must revise the constitution this year"</p> <p><u>Update with the interests of the new generations</u></p> <p>"A clause in the constitution said that there could only be two members of each nuclear family in the business management. That in a family council, I opposed to that clause. I see it unfair"</p>
	<p>Learn from other business families</p>	<p><u>Business families' gatherings</u></p> <p>"Other business families came to tell us about their stories at some of the family council meetings"</p> <p>"Guided by the consultant, we participated in a session with other business families like us to learn how they did"</p>
<p><b>F5. Define business family purpose</b></p>	<p>Promote the legacy vision</p>	<p><u>Pass on to future generations</u></p> <p>"We are merely administrators of a family estate that we will pass on to relatives we do not even know"</p>

<p>(FBRL)</p>		<p>It is clear to us that we must leave a legacy. They left us a company, we are now developing it and at some point their legacy and if possible, leave it bigger and better for those who come after us. That is our purpose as a family</p>
	<p>Consciously decide to stay together</p>	<p><u>Unity is strength</u></p> <p>“I think that the 6 of us (7G) should try to stay together as much as possible; that is our strength. Unity is what gives us strength”</p> <p>“We come from very different backgrounds and education, but we want to get aligned with each other”</p>
	<p>Promote next generation projects</p>	<p><u>Business ideas from next gen</u></p> <p>“I told my mother that I wished they would set up an SDG committee and that I would be there”</p> <p>“I have the philosophy that investing in TEC is fundamental; that's why I'm getting involved in this area now, to strengthen the family business in the future”</p>
	<p>Be aware of the challenges of being a business family</p>	<p><u>Overcome failure</u></p> <p>“What has motivated me most to believe in this, above all, is failure—having failed so miserably in a family business and starting up another company, learning from that failure. If you still believe in this after all the trouble you've put yourself through, it's something to there.”</p> <p><u>Shared vision</u></p> <p>“If we go our separate ways, we'll be out of luck in five years. This union is what must matter”</p> <p>“Staying together is an option. For the moment we are aligned, but in the future we will see”</p>
<p><b>F6. Foster understanding of the business</b></p> <p>(FBRL)</p>	<p>Get to know the business</p>	<p><u>Informal storytelling</u></p> <p>“From the time they were young, we told them the story of our family business at informal meetings on the go, sharing about the difficulties as well as the good things”</p> <p>“My uncle has always told his grandchildren a lot about the company”</p> <p><u>Bring the business close to the family</u></p> <p>“We should do something for the next generation to hook them into that famous emotional bond. If that is lost, it's a major economic transition. Before, in my generation, we ended up in the company because it was easy to access, but now we hook them differently. We must hook them with visits to companies, trips, etc”</p>

	Love the business	<p><i>Prior knowledge is necessary</i></p> <p>"You can't love a business if you don't know it"</p> <p>"Once you have been convinced yourself by the family council about values and family, you can enter the profession comfortable with family and business values, you say, "OK, now I want to get to know the company better"</p> <p><i>Fit of personal and business values</i></p> <p>"I really like what they do at the family foundation. I find it very interesting, and I don't exclude getting involved in it"</p> <p>"I have always loved everything that is a family business. And working with my family is also the best way to grow"</p>
	Contribute to the family-business system	<p><i>Find your place</i></p> <p>"I would like to know how to find my place in the company. I mean, if I'm in, at least do something that contributes to the company"</p> <p>"I want to find my place and see where I can contribute best"</p>

Source: Author based on the data collected from interviews

FL= family level; FBRL= family-business relationship level

### 5.3.2 Aggregated theoretical dimensions for "Family Council Content"

Table 5.4. Aggregated theoretical dimensions, 2nd,1st-order codes, and quotes for "Family Council Content"

Aggregated theoretical dimensions	1st order codes and quotes
C1. Degree of formalisation	<p><b>High:</b> "At each family council meeting, the minutes are taken by the secretary and then sent to all attendees. Especially to those who are not present so that they are informed about everything"</p> <p>"The family council meetings are always on Saturday mornings. We meet all morning, and then the whole family (including lunch"</p> <p>"Before each meeting, attendees are sent the programme with the topics to be discussed in case they have any questions or"</p>

	<p><b>LOW:</b> The frequency of the meetings varies somewhat, and the duration is quite flexible. There are councils which last one hour. If technical issues, they include topics previously discussed, or it is informative. In other councils where we discuss things, difficult things to be worked through until a consensus is reached”</p> <p>“The family has a document that structures the themes of the council. But we still need to put it into practice”</p> <p>“In order to facilitate attendance, meetings are convened on weekdays, as opposed to Saturdays, as we did previously”</p>
<p><b>C2. Degree of differentiation from other governance mechanisms</b></p>	<p><u>High degree of differentiation</u></p> <p>“For me, it is hazardous to mix family and business issues (...) In the family council, we only deal with problems that have to do with the family”</p> <p>“In the family council, we do not talk about numbers. It is not the place for financial education”</p> <p>“In the family council, we work on values, people and family (...) In the professional (business) area, you enter when the family council is not working”</p> <p><u>Low degree of differentiation</u></p> <p>“There are times that issues get mixed up: -We said we would talk about this in the family council, and we are talking about it in the board or the other way round (...)”</p> <p>“Sometimes in the family council, company management issues arise, and I don't think this is the place to discuss this. We should focus on social and environmental commitment.”</p>
<p><b>C3. Decision-making process</b></p>	<p><u>Unanimous agreement</u></p> <p>“We don't vote to make decisions (...) I suppose because we have a good connection. But if someone disagrees, they are given the chance to give their opinion. If there is a majority that agrees and another part that differs, the part that disagrees accepts it or self-corrects”</p> <p><u>Autocratic</u></p> <p>“The president of the family council and the president of the board of directors are the ones who lead, but they are not the ones who make the decisions. They must understand their role because sometimes they get confused. The CEO does not lead the family; we lead the family”</p>
<p><b>C4. Scope and commitment of decisions</b></p>	<p><u>High scope and commitment</u></p> <p>“The 6G has been allowed to attend some board meetings as listeners, and in recent months, they have all participated and have been very active”</p> <p>“A committee has been formed to organise a 2024 trip, and several 4G members have volunteered to manage it”</p> <p><u>Low scope and commitment</u></p>

The constitution says that you must make a will whenever you have children. Until the children or all the cousins have come (...). If you see that the rest don't do it, then I don't do it either."

"The family council harmonises family relations, but for this to happen, this body must be respected. And it is not being respected."

Source: Author based on the data collected from interviews

### 5.3.3 Aggregated theoretical dimensions for "Family Council Structure"

Table 5.5. Aggregated theoretical dimensions, 2nd,1st-order codes, and quotes for "Family Council Structure"

Aggregated theoretical dimensions	1st order codes and quotes
<p><b>S1. Attendees' selection</b></p>	<p><u>Incomplete attendance by the business family</u></p> <p>"Mothers, even though they are the main shareholders of the business group, do not attend the family council. We have the mothers' council."</p> <p><u>Complete attendance by the business family</u></p> <p>"The family council is attended by all family members over 25 years of age"</p> <p><u>Non-attendance of in-laws</u></p> <p>"I think that in-laws should not be included in the family council because families nowadays are not solid; they are fluid."</p>
<p><b>S2. Level of integration of in-laws</b></p>	<p><u>Assignment of logistic tasks</u></p> <p>"My mother (in-law) is an expert; she loves travelling and organising everything. If we go on a trip, the in-laws get involved in the organisation so that they feel a bit part of the group. We assign them the administrative tasks"</p> <p>"(...) I put myself in their shoes, and I can think, I'm not part of the business; I have to go to the assembly and endure the complicated, so dividing up the logistical tasks makes the in-laws feel involved"</p> <p><u>Involvement in leisure and information events</u></p> <p>"We organised a day with the whole extended family, couples, even children not related by blood (...) We told them the company lunch together. That way, they know everything we do"</p>



<p><b>S3. Presence and functions of an external consultant</b></p>	<p><u>Family mediation</u></p> <p>“We need an external consultant to help us, not to orchestrate the day to day of the family council, but to help us to make it work for the family, and with the relations with the business”</p> <p>“I can sit down and talk to my cousin, but for the moment, we don't see eye to eye. And that can only change with an external consultant”</p> <p><u>Separate the sphere of family and business</u></p> <p>“A consultant is helping us to draw up the new management plan to separate management from the family”</p> <p><u>Training the next generation</u></p> <p>“The 4G chose the external consultant with whom they wanted to work on family business issues and develop the training plan”</p>
<p><b>S4. Remuneration for attendance</b></p>	<p><u>Promote the economic security of members</u></p> <p>“Family council attendants are paid a fee of 400 euros per session. As our family council originates in the board of directors, it is a minimum income for passive family members”</p> <p>“I believe that the 7G generation should be remunerated. One option could be to link remuneration to the family council attendance”</p>

Source: Author based on the data collected from interviews

Using the theoretical dimensions, and 1st and 2nd order codes that have emerged from the analysis, the following sections compare the content and structure of the three *family councils*.

### 5.3.4 Family Council Functions for the three cases

In Table 5.6, followed by each 2nd-order code, we indicate the family function (socialising, educating, protecting, or giving affection) corresponding to each specific family council function. In this way, the readers can observe which family functions are fulfilled through the family council for the three cases.

Table 3.6: Summary of the family council junctions for the three cases

	Bennu	Philia	
<b>Functions</b>			
<b>F1. Promote family identity</b>			
• F1.1: Strengthen family values (s,e)	✓	✓	
• F1.2: Foster a sense of belonging (s,e)	✓	✓	
• F1.3: Foster the generational alliance (s,e)	⇒	✓	
• F1.4: Foster the intergenerational alliance (s,e)	✓	✓	
<b>F2. Promote family members development</b>			
• F2.1: Find the balance between autonomy and economic protection (e,p)	✓	✓	
• F2.2: Promote the development of professional competences (s,e,p)	✓	✓	
• F2.3: Promote the development of emotional competences (s,e,p,a)	✓	✓	
• F2.4: Respect the priorities of individuals at each stage of the life cycle (p)	✓	✓	
<b>F3. Promote family group development</b>			
• F3.1: Promote respect, love, and empathy (s,a)	✓	✓	
• F3.2: Create spaces for coexistence and dialogue (s,e)	✓	✓	
• F3.3: Facilitate meetings with the extended family (s)	✓	✓	
• F3.4: Manage new family models (s,a)		⇒	
<b>F4. Manage governance for continuity</b>			
• F4.1: Act as a risk detection mechanism (p)	✓	⇒	

• F4.2: Manage the relationship with other governing mechanisms (p)	✓	✓	
• F4.3: Review and update the family constitution (e,p)	✓		
• F4.4: Learn from other business families (s,e)	✓	✓	
<b>F5. Define business family purpose</b>			
• F5.1: Promote the legacy vision (s,e,p)	✓	✓	
• F5.2: Consciously decide to stay together (p)	✓		
• F5.3: Promote next generation projects (e,p)	⇒	⇒	
• F5.4: Be aware of the challenges of being a business family (e,p)	✓	✓	
<b>F6. Foster understanding of the business</b>			
• F6.1: Get to know the business (s)	✓	✓	
• F6.2: Love the business (a)	✓	✓	
• F6.3: Contribute to the family-business system (s,e,a)	⇒	⇒	

Source: Author based on the data collected from interviews

*Note:*

Real function of the family council: ✓

Desired function of the family council: ⇒

Family functions:

(s): socialize

(e): educate

(p): protect

(a): give affection

### 5.3.5 Family Council Content for the three cases

Table 5.7 includes a summary of the family council content for Benu, Philia, and X family.

Table 5.7. Summary of the family council content for the three cases.

	<b>Benu</b>	<b>Philia</b>	
<b>Content</b>			
<b>C1. Degree of formalisation</b>	High	Medium	
<b>C2. Degree of differentiation from other governance mechanisms</b>	High	Medium	
<b>C3. Decision-making process</b>	Autocratic moving to unanimous agreement	Unanimous agreement	A
<b>C4. Scope and commitment of decisions</b>	High	High	

Source: Author based on the data collected from interviews

### 5.3.6 Family Council Structure for the three cases

Table 5.8 includes a summary of the family council structure for Benu, Philia, and X family.

Table 5.8. Summary of the family council structure for the three cases.

	<b>Benu</b>	<b>Philia</b>	
<b>Structure</b>			
<b>S1. Attendees' selection</b>	Complete business family	Complete business family	Incomplete
<b>S2. Level of integration of in-laws</b>	High	Medium	I
<b>S3. Presence and functions of an external consultant</b>	✓	✓	
<b>S4. Remuneration for attendance</b>	⇒	✓	

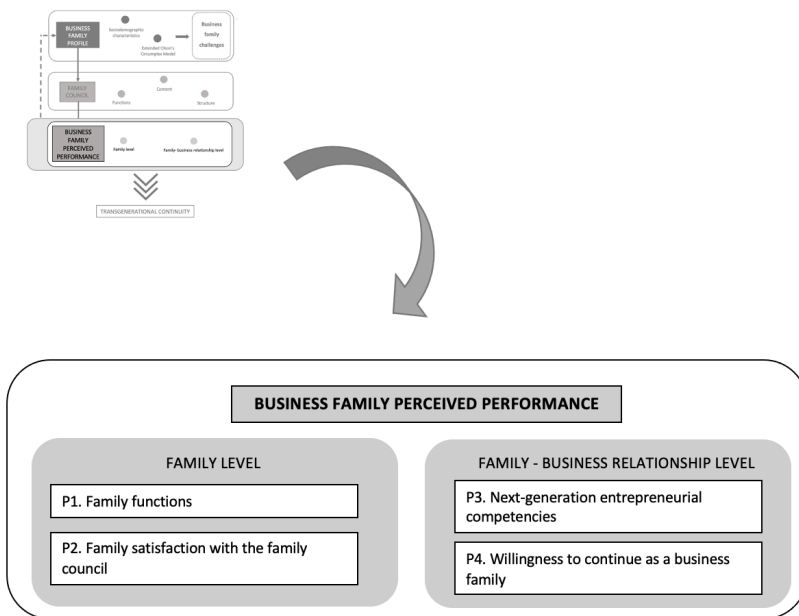
Source: Author based on the data collected from interviews

Note: Current characteristic: ✓ // Potential characteristic: ⇒

## 5.4 Business family perceived performance

Figure 5.5 shows the four criteria for evaluating the perceived performance of the business family: the family's functions, the family's satisfaction with the family council, next-generation entrepreneurial competencies, and the willingness to continue as a business family.

Figure 5.5. Criteria for assessing the perceived performance of the business family.



Source: Author

#### 5.4.1 Business family functions for the three cases

The basic functions that are assigned to any family system are (Minuchin, 2001): **a) socialising, b) protecting, c) educating, and d) giving affection to all members equally.** Table 5.9 indicates the degree to which each family fulfils these functions as an organisational group.

*Table 5.9. Degree of family functions satisfaction with for the three business families.*

		<b>Bennu</b>	<b>Philia</b>	<b>X</b>
<b>SOCIALISATION</b>	Leisure family assemblies are organised to spend time together	✓	✓	
	The business family shares values and traditions (e.g., contribution to the territory)	✓	✓	
	Members of all generations propose plans for family activities	✓	✓	
	There are living spaces for the family outside the company environment (e.g., family villa, shared hobbies)	✓	✓	✓

<b>PROTECTION</b>	There is concern for the economic and psychological security of all members	✓	✓	✓ <sup>14</sup>
	The family is constantly looking for new ways to meet the current needs of family members	✓	✓	
	The professional projects of each member are respected and supported	✓	✓	✓
<b>EDUCATION</b>	The family encourages young members to learn what they like to do	✓	✓	
	There is a training plan for the next generation	✓	✓	
	The family relies on external consultants to acquire knowledge about family business theory	✓	✓	✓
	Business skills are promoted to members with backgrounds in other disciplines	✓	✓	
<b>AFFECTION</b>	The family has a space to express their concerns, interests, and expectations <sup>15</sup>	✓	✓	✓
	In practice, the family uses this space to express their concerns, interests, and expectations	✓	✓	

---

<sup>14</sup> Priority is given to the protection of each branch of the family

<sup>15</sup> For all three cases this space corresponds to the family council and/or family assemblies

	In the family, there is a climate of personal development and emotional responsibility	✓	✓	
	A climate of emotional security is fostered among all members	✓	✓	

Source: Author based on Minuchin (2001)



Table 5.9 shows that the Bennu and Philia families mainly fulfil the family functions assigned to them. However, the X family meets the family functions with certain limitations. This business family attaches importance to its members' protection and education. For example, they have an individual coach because they are concerned that all members work independently on their emotional and spiritual dimensions. In addition, the professional projects of all 3G members are supported and protected.

In terms of training, they regularly work with universities and family business associations. Since 2000, they have also been advised by an external consultant. However, they do not give priority to the functions of socialisation and affection. Although there are living spaces (e.g., family villas, family council), they are not used for socialising or meeting the business family's emotional needs.

It should be noted that these findings apply to the **business family as a unit of analysis**. We do not know the level of family functionality of each of the **nuclear families**. However, the information obtained in the interviews gives us some indication of the situation of the nuclear family. For example, participants in the X family prioritise spending time with the nuclear family and invest resources, *time*, and energy in developing the nuclear family. However, whether functional family criteria are present at the nuclear family level could be further explored.

#### **5.4.2 Family satisfaction with the family council, entrepreneurial competencies, and willingness to continue for the three cases**

When the perceived performance of the business family is high, the **degree of fit between the business family profile and the family council is also high**. Conversely, when the perceived performance is low, the degree of fit is also low. Table 5.10 summarises the business family's performance for criteria P2, P3 and P4.

Table 5.10. Summary of business family performance for the three cases (P2, P3, and P4).

	Bennu	Philia	X
<b>Perceived performance</b>			
<b>P2. Family satisfaction with the family council</b>	Remarkably satisfied <b>(8.5/10)</b> . They put forward proposals for improvement.	Remarkably satisfied <b>(7/10)</b> . Recognise much greater potential	Barely satisfied <b>(5/10)</b> . They recognise that there is much to be done.
<b>P3. Next-generation entrepreneurial competencies</b>			
<ul style="list-style-type: none"> <li>P3.1. Initiative and opportunity seeking</li> </ul>	✓	✓	
<ul style="list-style-type: none"> <li>P3.2. Leadership</li> </ul>	✓	✓	
<ul style="list-style-type: none"> <li>P3.3. Critical and creative thinking</li> </ul>	✓	✓	
<b>P4. Willingness to continue as a business family</b>			
<ul style="list-style-type: none"> <li>P4.1. Existence of willingness to continue</li> </ul>	✓	✓	¿?

• P4.2. Explicit will	✓	✓	
<b>OUTCOME (degree of fit achievement between the business family profile and the family council)</b>	High	High	Low

Source: Author based on the data collected from interviews

Note:

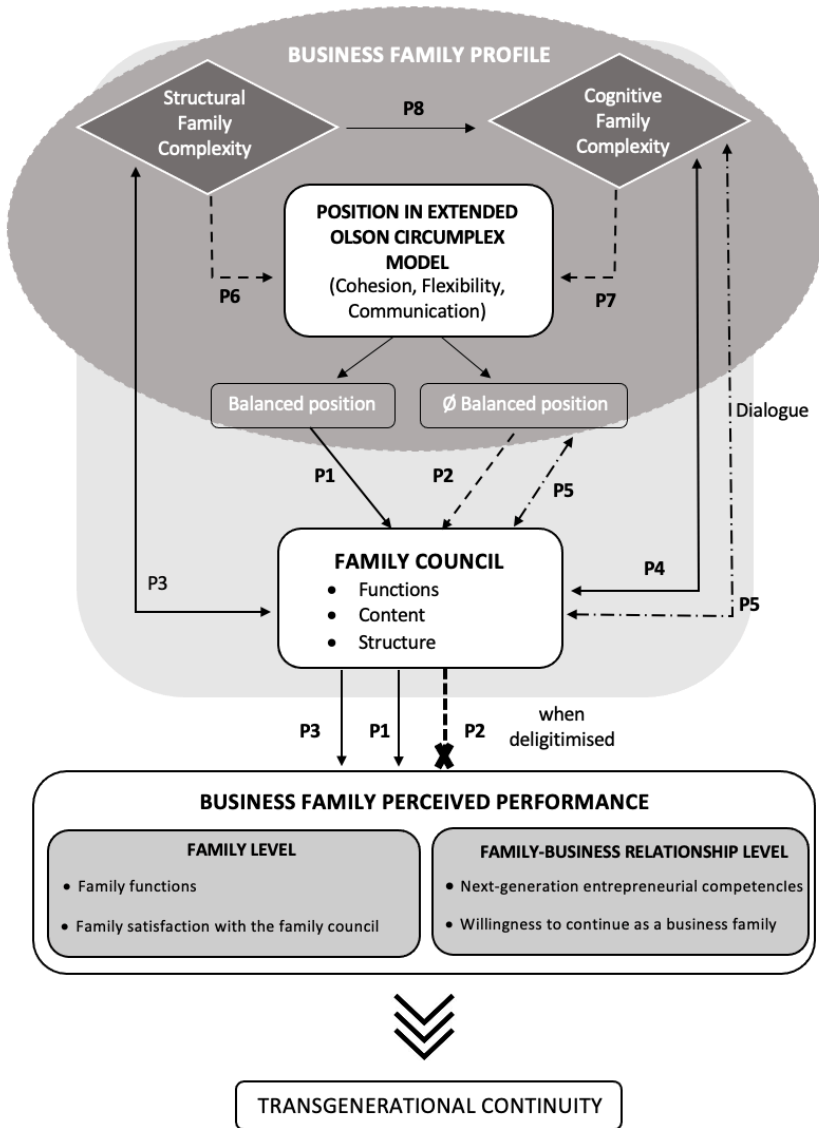
Met criteria: ✓

Unknown: ¿?

## **5.5 A grounded model of the business family profile and the family council**

The following paragraphs explain the propositions of the model (P1 to P8). These propositions are shown in Figure 5.6. They are based on the logical relationships between the constructs that emerged from observing reality and then processing and synthesising the data. Explaining all the relationships that underlie the theoretical model would be too extensive for this thesis. Therefore, this discussion centres on the most common and relevant relationships between the multidimensional constructs of **the family business, the family council, and perceived business family performance.**

Figure 5.6. A grounded model of the business family profile and family council



Note:

- ▶ Positive relationship
- ◄—▶ Fit relationship
- - - - -▶ Negative relationship
- ◄- - - - -▶ Fit relationship in the long run
- X** Blocking effect

The Extended Olson Circumplex Model (Cohesion-Flexibility-Communication): **EOCM**

Structural Family Complexity: **SFC**

Cognitive Family Complexity: **CFC**

**Business family perceived performance:** Family functions, willingness to continue as a business family, next-generation entrepreneurial competencies, and family satisfaction with the family council.

**P1. Having a balanced position in the EOCM is a necessary condition for the business family to ensure that the functions, content, and structure of the family council have a relevant impact on business family perceived performance.**

Observation of the cases shows that minimum conditions must be met for the dynamics of an active family council to influence business family performance positively. The family council exploits the unique and natural advantages of the business family, addresses the challenges of structural and cognitive complexity, and creates solutions for the family-business system relationship **only if the family meets certain minimum conditions**. These minimum conditions are expressed in the EOCM in terms of **cohesion, flexibility, and communication**. More specifically, the family must have balanced levels in these three dimensions so that the dynamics of the EOCM positively affect business family performance.

A **balanced position in terms of cohesion** means that the family achieves equilibrium between the **independence** and **closeness** of its members. While each family member has individual interests and expectations, they enjoy spending time together as a family. Having the **willingness** and **commitment** of members to live as a family (spend time together, do family activities, support each other in difficult times, and consult each other on important decisions) helps ensure that the functions, content, and structure of the family council positively influence the performance of the business family. Broad



family-level cohesion depends on the cohesion of family subgroups. The case studies show that **generational alliance** is crucial to achieve a minimum level of family group cohesion. A lack of cohesion within each generation quickly leads any disengagement to spill over into the cohesion of the family group. The pact between members of each generation is therefore a requirement for group cohesion. For example, Philia never signed a family constitution because of opposition from one member of the 2G. The generational pact would appear in this document. However, although they do not appear in writing, agreements among members of the 3G exist at the generational level. These agreements have remarkable **scope and commitment**. In keeping with this tradition, the family uses the family council to create a space for members of the 4G to strengthen their generational alliance.

To achieve cohesion at the group level, the family also needs an **intergenerational alliance**. This concept is used in the literature to explain the transition between generations (Dawson & Parada, 2019; Suárez & Santana, 2010). However, there may be an intergenerational alliance between specific members but not across the whole next generation. In this case, the intergenerational alliance is **incomplete** because it does not occur at the family group level. In the **absence of an intergenerational alliance**, a false sense of family cohesion may exist. This false sense of cohesion can lead to conflict when the dominant generation disappears or cedes power to the next generation.

A **balanced position in terms of flexibility** implies that the family achieves equilibrium between rigidity and chaos. According to the criteria of Olson (2011), a flexible family is characterised by three features: a **leader (or leaders) who is (are) recognised** by the other members, **clear roles and rules**, and the **ability to adapt to change**. When the family reaches a minimum level in these three criteria, the functions, content, and structure of the family council positively influence business family performance.

First, the **presence and recognition of the family leader** is a necessary condition for organising and structuring the family. The leader is seen as a reference at the family level and sets the tone for interactions between family members and the relationships of the family business system. The leader also facilitates meetings between the business family, coordinates meetings, and is responsible for emotional governance (Labaki & D'Allura, 2021). In reference to emotional governance, the term *Chief Emotional Officer* has been coined in the literature (Lambrecht & Lievens, 2008). The figure of the leader is important because it provides **stability to the family system**. The extent of this stability is reflected in the group through the **roles and rules** of the family.

**Clarity of roles and rules** is therefore essential to ensure the stability of the family system. Families with a clear code of conduct and relationship patterns tend to be more functional because members know what is expected of them and how to act according to their roles. Therefore, clear rules and roles enable more organised family life and

respect for other members. Regarding respect, the family must validate and support the life stages of each family member.

These life stages are different for each family member and change over time. For the family to adapt to each member's stage of life, it must be flexible. In other words, the family must have a **minimum capacity to adapt to change**. Certain minimum levels of adaptation constitute the third condition of the equilibrium position of flexibility. The family must accept and internalise the extent of these changes and be willing to find solutions to the demands of each member.

In addition to the life cycle stage, another relevant challenge is the **management of new family models**. The inclusion of non-blood relatives in the family council generally seems unappealing to business families in the Hispanic cultural context. Changing the boundaries that define who is and who is not part of the business family is only possible if the family has specific flexible frameworks. Such frameworks allow the family to imagine and validate new scenarios.

When families actively seek a solution to a challenge such as new family members and new life experiences, the family has previously identified, delimited, and defined the challenge. Therefore, dealing with these challenges involves recognising them as an **actual or potential risk**. For example, the members of Philia are concerned about whether they will be adaptable enough to keep the family together as the business changes according to market laws and the family's purpose.

These examples show that flexibility is a necessary condition for the family to cope with **increasing cognitive and structural complexity**. Although the number of different scenarios may be as vast as the number of business families themselves, the underlying argument is always the same. Families need to reach a certain level of flexibility for the family council to influence the business family positively.

A **balanced position in the communication dimension** means that communicative acts between family members are consensus oriented. In other words, members' arguments must be judged by their rational merits, not by their exponent. Based on respect, empathy, and assertiveness, the family should hold constructive conversations that consider the group's interests. In other words, they should work together to find what is best for the group. For example, the members of Bennu share the maxim that if the company works well, everyone wins. The family also applies this maxim to their communication. All family members express their interests, but ultimately they seek what is best for the family group. Individual interests are expressed, and the family seeks solutions that meet the group's interests.

To some extent, the family must create an ideal situation for dialogue so that the family council can have a relevant impact on the performance of the business family. In practical terms, all members must feel that they have a space to communicate their concerns about the family and its relationship with the business. By feeling heard and validated, members will feel more connected to each other. Facilitating informal meetings (in addition to formal ones) has also

been found to foster understanding among members and reduce potential information asymmetries. For example, Philia uses a “lighthouse” that guides all its communicative actions. This lighthouse is a symbol of the will to understand and to continue as a group. For Philia, this will lies above any conflict or disagreement because the key is to remain united.

**P2. Having an unbalanced position in the EOCM limits the scope for the family council’s functions, content, and structure to have a relevant impact on business family perceived performance.**

When business families find themselves in positions outside the zone of equilibrium in the EOCM, the scope of the family council is reduced or even nullified. Family councils can also have negative effects. The literature warns of situations in which it is ill-advised to start a family council. As in the present study, these warnings may also apply to well-established family councils. For example, Eckrich and McClure (2012) warned that many families choose not to establish a family council because they think the family is too large and members are too far apart in geographical terms. This argument implies that the **geographical distance between members makes them feel disconnected** and thus leads the family to an **unbalanced position in the cohesion dimension**. Accordingly, family members may struggle to find a balance between independence and closeness. Instead, they prioritise independence and personal development. In the EOCM,

these families would lie outside the zone of equilibrium, closer to the extreme of disengagement.

In a disconnected family, members are not interested in attending family council meetings and spending time together. The family therefore finds it difficult to fulfil its essential functions of socialising, protecting, educating, and providing affection to all members. Hence, the performance of the business family is weak. Among other consequences, business family disengagement also limits the **promotion of family identity** (*Function 1* of the family council) and the **development of the family group** (*Function 3* of the family council). By blocking these functions, the business family does not socialise, educate, and protect the family group. Therefore, the performance of the business family is impaired.

In the dimension of flexibility, the main objection to the family council is the **lack of a candidate** to take the leadership role in the family council (Eckrich & McClure, 2012). The absence of a family leader makes it difficult to coordinate meetings with the extended family, develop training plans for the next generation, or work with an external consultant. The absence of a family leader means that one of the conditions of the flexibility dimension is not met. In this case, the business family is also placed in an **unbalanced position in the flexibility dimension**, closer to the extreme of chaos. This unbalanced position blocks the functions, content, and structure of the family council.

For example, if there is **no recognised leader** in the family, then the degree of differentiation of the family council from other governance mechanisms (*Content 2* of the family council) is more likely to be limited. Blurring the boundaries between the family, owner, and management spheres leads to lower satisfaction with the family council. Therefore, blocking the content of the family council is detrimental to the performance of the business family.

This argument suggests that the approach of **business or family first** that is prevalent in the literature (Ward, 1987; Basu, 2004) is not relevant. Family dynamics affect operational issues related to the business. Business governance mechanisms are not the most appropriate forums for these dynamics. Likewise, the operations of the business affect the family, even though family governance mechanisms are not the most appropriate forum for discussing such issues. In short, it is not a question of prioritising one sphere or the other but of understanding that the dynamics of each affect the functioning of the other. By logical deduction, business families that struggle to differentiate the family council from other governance mechanisms (*Content 2* of the family council) perform worse, affecting business performance.

Families that do not reach a **minimum level of adaptation** struggle to accept and internalise changes in the life cycle of each member. Not accepting these changes prevents the family council from promoting the **development of each family member** (*Function 3* of the family council). By blocking this function, the family fails to protect and

nurture family members, resulting in poorer performance of the business family.

Business families with an **unbalanced position in the communication dimension** in the form of “silence” prevent constructive and consensus-driven communication. If family council meetings do not involve a minimum degree of dialogue, then messages may be unintelligible, and some members may not even feel heard at family council meetings. When dialogue criteria are violated, the natural connection between speakers is lost, and communicative interactions may be perceived as passive-aggressive. In these cases, the family does not work together to find a solution for the group. Instead, individual interests take precedence.

For example, when a business leader (family member) does not respond to the concerns of the other members, it is a symptom of an **absence of dialogue**. This absence of dialogue jeopardises the communication process of the family group, which also affects the communicative acts of the family council. In this scenario, the communicative acts of the family council are **superficial**. There is no sincerity on the part of the members. They act because they feel obliged to, not because they believe in it. Hence, the family **does not legitimise** the functions, content, and structure of the family council. In fact, it does not consider the role of the family council relevant to business family performance.

If the rules established in the family council are not crafted with sufficient formality, validity, and symmetry between speakers



(conditions of ideal dialogue), then the **scope and commitment** of these rules (*Content 4* of the family council) is limited or even nullified. For example, if the ideal conditions for dialogue are not respected when drafting and signing a family constitution, its application to business family performance is drastically reduced.

**P3. The performance of the business family depends on the degree of fit between structural family complexity and the family council. Different levels of structural complexity require different functions, contents, and structure of the family council for the business family to perform at a high level.**

Structural family complexity is described in the literature as “family complexity”. It refers to the number of family members, generations, and branches. Depending on the degree of structural complexity, the family council must take on different functions, consider different contents, and adopt different structures for high business family performance.

Eckrich and McClure (2012) established a taxonomy of **five family councils** adapted to the life cycle of each business family (kitchen table, dining room, negotiation table, harvest table, and round table). The stage of each business family is measured in terms of structural complexity, which refers to the size of the family in numerical terms. The concerns and challenges addressed by the family council differ depending on the number of family members and branches. The

“characteristics of the meeting” (Eckrich & McClure, 2012: p. 20) should also be adapted to the evolving state of the family. For example, in a *negotiating table* family council, two generations are active in the business, and members of the third generation are aged between 10 and 15 years. In this scenario, one of the family’s main concerns is the generational transition from the 1G to the 2G and the preparation for the 3G. The family council is responsible for training the next generation and serves as a space for negotiation through dialogue.

The *round table* category refers to more structurally complex family councils. In these cases, the 1G has passed away. There are three active generations (2G, 3G, and 4G), and the 5G members are just being born. While the 2G siblings and cousins run the business, some 3G members sit on the board or the family foundation. The challenges relate to defining the business family and managing family wealth. In light of these challenges, the Philia case falls into this category. When the family becomes so extended, a selection of family members representing the whole family group forms the family council.

The Philia case shows that as the family council becomes **representative**, specialised **committees** are established for each of the family’s concerns. For example, committees are consolidated to organise meetings with the extended family. Examples include the family assembly, next generation education committee, and travel committee. In the case of Bennu, these committees are not necessary

because the structural complexity is low. There are few family members, and they all sit on the family council.

Depending on their structural complexity, families can also vary the **frequency** of their meetings. For example, the Philia family is very structurally complex, so the family council meets six times a year. Philia uses the family council **to keep all members informed about the family's relationship with the business** and to validate decisions. More complex structures mean more decentralised and slower decision making. Hence, the family needs more meetings to channel its complexity and speed up decision making. In the case of Bennu, family council meetings are held every six months. Although their role is also to keep all members informed, they do not need a high frequency of meetings because the small number of family members speeds up the validation of information.

Eckrich and McClure (2012) also mention other factors that tangentially influence the classification of family councils. Although they do not group or define these factors conceptually, they cite **geographical distance, lack of shared vision, and divorce** as relevant examples. They use them interchangeably with the characteristics of structural complexity without differentiating or defining their impact.

These references suggest another type of complexity besides structural complexity that affects the degree of fit of the family council functions, content, and structure. The view of structural complexity is

limited because it captures only part of the reality of business families. In addition to the number of members, branches, and generations, other dimensions are crucial for assessing business family performance. In line with this argument, observing reality through the present cases has shed light on another category of complexity, **cognitive family complexity**, which also determines the relationships of fit between the family council and the business family.

**P4. The performance of the business family depends on the degree of fit between cognitive family complexity and the family council. Different levels of cognitive complexity require different functions, contents, and structure of the family council for the business family to perform at a high level.**

The fit between cognitive family complexity and the family council determines the level of business family performance. Cognitive family complexity is expressed in terms of the **diversity of family members' mental frameworks**. This diversity can be found, among others, in the range of personal and professional experiences, educational backgrounds, geographical distance, and adherence to new family models in society. The study of cognitive family complexity is not trivial. The socioeconomic setting, education system, and technological advances heighten cognitive family complexity. In other words, the current context is a catalyst for cognitive complexity.

The diversity of family members' cognitive frameworks affects family members' understanding of and relationship with the world, which translates into a diversity of interests and expectations about the business. For example, family business experts such as Salvatore Tomaselli explain that the dynamics of business families are reversed with the arrival of the next generation due to changing mental frameworks. Specifically, in recent decades, there has been a tendency for business families to bring in members of the next generation on the sole basis of family membership. Mechanisms such as family constitutions have arisen to curb this trend. They define the professional and personal skills that family members must have to work at the company. Today, however, the trend is different. Families may struggle to find family members who want to work at the company. This reluctance may be due to the **cognitive distance** between the frameworks of the current and next generations. Evidence from the present research supports this idea. For example, when the 3G of the Philia family asked the 4G if they wanted to be on the board in the future, all 4G members consistently responded with uncertainty: *"Maybe in 10 years everything will be artificial intelligence, and there will be no need for a single person in the company"* (Artemis, min 42).

Part of the increase in cognitive complexity comes from the organic integration of Gen Y and Gen Z into the family business system. Massive exposure to social networks, among other factors, shapes how these generations relate to each other, the family, and the

business. In addition, the case studies show that differences in cognitive frameworks between members of the same generation persist. Thus, **although members may structurally belong to the same generation, in practice, there are subgroups with large cognitive distances.** The family council's functions, content, and structure must be able to channel and manage this increased cognitive complexity for the business to perform at a high level.

In this scenario, the family council functions of **family member development** and **family group development** are particularly important for the fit relationship to take place. Regarding the **development of the family group**, many factors threaten the group unity. For example, the **geographical dispersion** of the family makes it difficult for members to live together and share a common mental framework. The Philia family has found that geographical distance has hindered consolidation of the 4G. To deal with this complexity through the family council, the 4G has formed a team with an external consultant. They meet one Monday a month to get to know each other and strengthen family bonds. They also propose activities to get to know each other and foster the relationship with other generations. For instance, under the guidance of the external consultant, they ran an activity where all members of the 3G told stories about their relationship with the business.

The Bennu family channels cognitive complexity through formal and informal extended family gatherings, leisure activities, and family trips designed to strengthen group unity. They acknowledge that spending

time together in a relaxed atmosphere encourages family members to understand, respect, and empathise with each other. For the Philia family, these convivial gatherings are also crucial. Their situation is more complex because they have more members, personal projects outside the company, geographical diversity, and other such features. Therefore, **travel organisation committees** have been set up to ensure that the dynamics of the family council positively affect the socialisation and education of all family members.

These arguments suggest that when there is greater diversity in mental frameworks, the family must actively look for what is common to all members and focus on the natural advantages of the family as a group. To counteract the natural effects of high cognitive complexity on the family, family council measures should be tailored to the family's current challenges.

In terms of the **development of family members**, adapting the family council to the priorities and needs of individual family members is essential for the family to achieve high performance. While it is a major challenge, especially when cognitive complexity is high, family council dynamics must positively affect the business family. In the words of one informant, *"If some members of the family are doing badly outside the business, you will be affected inside"* (Osiris, 1h 40 min). Hence, economic protection and the development of all members' professional and emotional competencies are crucial for the family group to become an optimal system.

For example, the Bennu family **promotes knowledge and understanding of the business** (*Function 6* of the family council) in a special way. From the earliest stages of the 7G, members were introduced to the company through fun events to familiarise them with their background as a business family. Passing on knowledge and understanding to the next generation from a young age is a particularly important function of the family council in an environment of high cognitive complexity. The family thus ensures that all members are socialised in a similar way. In the later stages of its life cycle, the Bennu family has created space for members of the next generation to imagine, shape, and customise their connection to the family business system. Even if they are members of the same generation, they each define their needs and interests based on their lifetime. The family council then ensures that the needs of all members are met equally across generations and branches. For example, a member of the 7G who is starting a family will have different needs from a member of the same generation who is focused on career development. The family council needs to listen to both members for the family to perform well as a group. The Bennu family also has an in-company training plan for members whose careers are unrelated to the business. This training reduces information asymmetries between family members. The Philia family likewise has a 4G training plan, but not all members are equally involved. Family members who are very focused on career development do not attend training sessions as regularly as others, but the family respects the life cycle stage of each member.



**P5. Through its functions, contents, and structure, the family council, as a space for dialogue, can help the family move towards balanced positions in the EOCM and deal with the level of cognitive complexity of the business family.**

According to Eckrich and McClure (2012), not all business families need a family council at all times. They might need “*something else*” sooner (p. 13, Eckrich & McClure). This “*something else*”, which has so far been unexplored in the literature and is only vaguely defined, is detailed and described in this study. Before consolidating and developing a family council, the family must be diagnosed within the EOCM.

If the diagnosis indicates that a family is in an unbalanced position in the EOCM model, then the positive impact of the family council dynamics on business family performance will be limited. Therefore, when business families are in unbalanced positions, there is an urgent need to find a way for the family to achieve a minimum level of communication, cohesion, and flexibility. **All efforts must be focused on returning the family to a balanced position.** Otherwise, the family council’s functions, contents, and structure will remain superficial practices with little or no effect on performance (P2). Case observation in the present study has shown that some families in positions outside the zone of equilibrium have large-scale issues waiting to be resolved. Examples include conflicts inherited from previous generations and information asymmetries in the generation that is currently in charge. In one observed case, when these issues have been brought to the

table in family council meetings, the outcome has not been satisfactory. In fact, it has led to conflicts and arguments that have further divided the family. This scenario suggests that **the family must be prepared to have these large-scale conversations**. The family must ensure that dealing with sensitive issues in the family council will positively affect the family. In the logic of the EOCM, the family must be balanced before dealing with relevant issues.

To move from unbalanced to balanced positions, **dialogue** offers families a unique tool to improve their position through training. Dialogue is a process of actively listening and seeking collective agreement. Habermas identified this type of dialogue with **communicative rationality** (Habermas, 1982). Dialogue is successful when speakers present their arguments and ensure that the other side understands. These features are the minimum conditions for intersubjective agreements. These agreements are only valid if all those affected by the norm are represented in the dialogue and reach a consensus. In the public space of the family council, the agreed norms can be reviewed and modified. All norms developed in a framework other than consensus and intersubjective agreement are framed within **instrumental rationality**. They are far removed from the meaning of dialogue in this research.

As explained by Olson et al. (2011), therapy sessions are where dialogue is used to allow families to move towards balanced positions in the three dimensions of cohesion, flexibility, and communication. A business family with an unbalanced position and a consolidated family

council can use the family council **to create scenarios for dialogue within the family**.<sup>16</sup> In the words of one of the informants, “when the family is disengaged, the family council is the only forum to rebuild relationships because all the informal forums have disappeared, and there is not enough of a relationship to build new ones.”<sup>17</sup>

In this situation, the business family can use a formalised family council to resume the dialogue. What Olson calls therapy sessions are in fact council meetings in the context of a consolidated family council. In these family council meetings, the focus should be on both the **individual and group levels**. If the focus is only at the individual level, the family will struggle to see itself as a group. Conversely, if the focus is only at the group level, the individual position of each member may slow down or even hinder the progress of the group. Part of this process involves drawing clear boundaries between the family and the business. A business family will not have balanced positions if the rules and procedures for dialogue between the two spheres are not clearly defined. At this stage, family members may not be fully convinced by the family council because they do not legitimise it. However, if they

---

<sup>16</sup> If a family is in an unbalanced position, it is not advisable to start with a family council. If it is already consolidated, the costs of dissolving it are very high. Therefore, the family can use the family council for dynamics that help them move towards balanced positions.

<sup>17</sup> This quotation corresponds to the case that is not published due to revocation of authorisation.

agree to try, a one-off interaction at some point may be enough to reinforce the idea of continuing the meetings.

At the **individual level**, each member needs to master the basics of emotional self-management to ensure that all family members share a certain level of communication and dialogue skills. Otherwise, asymmetries in relational skills between members will prevent dialogue. Communication training makes members more aware of what can be achieved when the conditions for dialogue are ideal. Meeting these conditions promotes a pattern of communication that benefits the whole group. Acquiring these skills is a process that demands practice, reflection, and maturation. Hence, the relationship of adaptation can be seen as a medium- to long-term process.

At the **collective level**, the family council is where members apply the communication skills they have individually acquired to achieve results at the family group level. **The family council can bring the business family back into balance by making these skills effective.** The result is twofold. Members will feel more comfortable in family council meetings (i.e. greater satisfaction with the family council), while conversations within the group will be more constructive and productive. To achieve these outcomes, the external consultant plays a crucial role as a process facilitator. The family council consultant should guide members in acquiring communication skills and mediate the communicative encounters between members. The consultant can draw on tools from systemic family therapy to work with the group and individuals simultaneously. Only when the family is in a balanced

position is it ready to cope with cognitive complexity and adapt the family council's functions, content, and structure to the challenges posed by this complexity.

### **Relationship between the contingency factors of the business family**

**P6. The structural family complexity is inversely related to the business family's balanced position in the EOCM. Ceteris paribus, the higher the SFC, the higher the probability that the business family is not in a balanced position.**

According to the literature, families with active multigenerational involvement tend to have higher levels of family structural complexity (Suárez & Santana-Martín, 2004). Including new generations increases the total number of family members and the heterogeneity of their relationships. Faced with this increase in structural complexity, the family will be likely to move towards unbalanced positions if it does not act.

Regarding the **position of the cohesion dimension**, more members, generations, and branches means that the family group's sense of unity is more likely to be diluted. As the number of members increases, it becomes more challenging to balance autonomy and unity because the diversity of interests and personal projects multiplies. As the number of family branches increases, there is also a greater likelihood that the family will adopt **branch thinking**. In such cases, the branch takes precedence over the extended family. Consequently, the cohesion of the family group in its broadest sense deteriorates. The

same happens when the nuclear family takes precedence over the extended family. As individuals form their nuclear families, there is a tendency to direct socialisation, protection, and education exclusively towards members of the nuclear family. This dynamic undermines the cohesion of the family group. More precisely, it shifts the family towards unbalanced positions, closer to disengaged families. Finally, an increase in the number of family members that is unaccompanied by sufficient business growth generates conflict over limited resources. Examples include positions of power, undertakings that are in line with the vision of certain family members, professional development, and simply access to economic resources (Coeurderoy & Lwango, 2012).

Regarding the **position in the flexibility dimension**, including new members in the family system can destabilise the family dynamics that have worked so far. For example, the arrival of new generations increases the heterogeneity of family ties (grandparents, second-degree cousins, etc.). Accordingly, family interactions become more complex and varied. Faced with this variability, if the family does not adapt its rules to take account of new members, it will move into unbalanced positions, closer to positions of chaos. Another critical element for flexibility is the generational transition. If the new generation takes over the leadership of the family council but no member of this generation is recognised as a leader, the family will move to positions closer to chaos.

In terms of the **communication dimension**, the involvement of more members, branches, and generations makes consensus more difficult. When the number of perspectives increases, families need more temporal, organisational, and cognitive resources to reach an agreement. Cooperatively searching for the best solution for the group is more accessible when the family consists of two branches and two generations than when there are four branches and four generations. The evidence from the studied cases (*ceteris paribus*) suggests that consensus is easier in the Bennu family than in the Philia family. In the latter case, if the family does not act, it is more likely to move towards unbalanced positions. The family may move towards positions of “silence” when members are passive or “noise” when members speak without listening to others.

In addition, as the family grows, the council becomes more **representative**. The family members who attend family council meetings make decisions on behalf of the whole family. These decisions are then reported and ratified in family assemblies. Again, as the number of members increases, the family must invest more resources, or it will tend towards unbalanced positions.

**P7. The cognitive family complexity is inversely related to the business family’s balanced position in the EOCM. *Ceteris paribus*, the higher the CFC, the higher the probability that the business family is not in a balanced position.**

The case analysis reveals risk factors that, if not addressed, threaten the balanced position of the business family. Specifically, if the family is indifferent to an increase in family cognitive complexity and does not take action, this cognitive complexity will shift the balanced position of the business family.

For example, greater **geographical distance** affects the family's **position in the dimensions of cohesion, flexibility, and communication**. In case X, when a branch moved to another city, the family moved to **disengagement** at the lower end of the cohesion dimension. Greater physical distance meant less daily contact and less social interaction between the branches. Moreover, the branch of the family that remained in the same place did not approve of the other branch leaving. Instead, it was perceived as splitting away from the family. With such changes of location, if the family does not take corrective measures, the business family naturally shifts towards an unbalanced position in the cohesion dimension.

Regarding the position in the flexibility dimension, greater physical distance dilutes previously established roles and norms. Faced with this change, the family must reorganise to adapt to the new situation and define new stable frameworks (principles, norms, and values). Otherwise, the family will move towards a position closer to chaos.

Increasing geographical distance also affects the family's position in the communication dimension. At the time when the branch of family X moved to another location, instant messaging applications were not as developed as they are today, so the frequency of interactions was



low. Moreover, physical distance also means personal space, which impairs the quality of communication (in terms of validity, seriousness, and sincerity).

**Traumatic family events** such as the death of members from the previous generation challenge the family balance, especially if there was a solid generational alliance in the last generation. **The disappearance of the previous generation reveals the cohesive position of the current generation.** If there is no strong bond in the new generation and the members are disengaged, the cohesion of the family group suffers.

The flexibility position also changes. For example, if there is no recognised family leader in the new generation, then the family loses a point of reference that gives it stability. It thus tends towards positions closer to chaos. In terms of the communication position, mourning a loss can be a sensitive time for dialogue. If members adopt avoidance coping strategies, they will avoid dialogue (Folkman & Lazarus, 1986) and move towards “silence”. If the family adopts confrontational strategies (Folkman & Lazarus, 1986), they are likely to move towards positions of “noise”. Either way, considerable family cognitive complexity is revealed after a traumatic family event. When families fail to act after such an event, their balanced positions in the dimensions of cohesion, flexibility, and communication are threatened for various reasons. In such cases, the family generally shifts towards an unbalanced position.

Another element that adds cognitive complexity is the inclusion of **non-blood relatives** in the extended family. If some family members form their nuclear family with children from other marriages or children born out of wedlock, there may be a diverse understanding of what it means to be part of the family. In the **cohesion dimension**, some family members may alienate non-blood relatives, which is detrimental to the unity of the family group in its broadest sense. In terms of flexibility, adding new members may also affect previously established roles and norms. If the changes are very pronounced and no measures are taken, the family may end up in positions of chaos in the dimension of flexibility. Regarding **communication**, the balanced position of the family may be threatened if the members do not explicitly define the family through dialogue. The family must therefore decide, by consensus, what role these individuals play in the business family and how the family should be reorganised to maintain a balanced position.

**The varied professional and personal experiences of each family member** (academic background, time spent abroad, emotional competencies, etc.) mean that members have different views on their relationship with the family and the company. If the priorities and needs of each person differ substantially, the balance of cohesion may be altered. In other words, family members will find it more difficult to feel connected to each other, which will damage the unity of the group. In terms of **flexibility**, the diversity of members' life experiences usually implies changes in the way individuals see

themselves and the family group (roles). Faced with this variability, the family moves towards positions closer to chaos.

Their diversity of experiences means that members sometimes use different linguistic registers. It may even seem like they do not speak the same language. This asymmetry between speakers impedes the intelligibility of their messages. Thus, the balanced position of communication shifts towards positions outside the zone of equilibrium.

P7 posits that if business families do not act in response to cognitive complexity, then as cognitive complexity increases, they move towards out-of-balance positions in the EOCM. Conversely, if families act, they can adjust the family council to adapt to such complexity (P4). However, acting requires prior recognition and awareness of their challenges. Therefore, the family council acts as a screening, risk assessment, and resource allocation mechanism to manage the increase in cognitive complexity.

**P8. The structural family complexity has a direct and positive relationship with the cognitive family complexity. Ceteris paribus, the higher the SFC, the higher the CFC.**

Traditionally, the family business literature defines the concept of *family complexity* in terms of structure (Simon et al., 2012). It is interpreted as a characteristic of families that motivates the creation of family governance mechanisms (Suess, 2014). Under this approach to structural complexity, the family is described quantitatively

(number of members, generations, and branches). The literature also mentions some characteristics of the family that influence the consolidation of governance mechanisms. Examples include the heterogeneity of links in the family such as siblings, grandparents, and second- and third-degree cousins (Aronoff & Ward, 2016) and the range of perspectives that emerge when the family becomes multigenerational (Suess, 2014). These characteristics **descriptively** capture how the family modifies its dynamics as members evolve throughout the family life cycle. To date, the literature has grouped all forms of complexity under the label “family complexity” without distinguishing between different types. Case observation in this study has led to the **identification of patterns and differences between two categories** of complexity. From the interpretation of reality, two categories emerge: **structural family complexity** and **cognitive family complexity**.

**Structural family complexity** refers to what is commonly denoted in the literature as “family complexity”. It enables measurement of how the challenges faced by business families evolve and change. However, it explains only part of the reality. A quantifiable increase in the number of family members has a direct and positive impact on a broader, harder-to-measure, intangible construct, that of **cognitive family complexity**. The reason why this distinction is important is worth explaining.

As the number of family members increases, the likelihood of a **growing diversity of mental frameworks also increases**. In the case of

the inclusion of new generations (X and Z), the structural complexity of the family only partially explains the change in the challenges facing the family system. The main reason is that family growth follows a constant organic rhythm. Families grow at a predictable, organised, and easily modifiable pace. In fact, the growth of families has now slowed due to changes in lifestyle such as older childbearing ages and low birth rates. According to the structural criterion, the inclusion of new generations should not necessarily create new and unknown challenges that have not yet been addressed. However, observations of reality show that the **complexity experienced by business families today is primarily cognitive**. In other words, families face new challenges that are independent of generational change. In fact, there is considerable cognitive diversity among members of the same generation. This situation creates ever more challenges for business families.

The interpretation of the cases suggests that the cognitive diversity of members of Generation X, for example, is so great that they could even be considered to belong to different generations.<sup>18</sup> These arguments show that a generational perspective is insufficient to meet all family members' needs and priorities. Instead, the family needs to

---

<sup>18</sup> It is socially common to speak of generations. They constitute social constructs that frame individuals in a range of years, as well as cultural, social, political, and technological contexts.

manage the interests of each individual, regardless of generation and branch.

The business family must recognise that, as a group, it must perform **the functions at the extended family level that are generally performed at the nuclear family level (socialising, educating, protecting, and giving affection)** because relationships between individual members of the business family affect the family-business relationship. In the face of increasing cognitive complexity, the family council can raise awareness of challenges and develop plans to address them.

## 5.6 Theoretical and practical implications

The theoretical model presented in this thesis contributes to the development and understanding of family council in a number of ways. The *Introduction* outlined the three main research questions:

*RQ1: How does the Academy understand the “family council”, and what are the different approaches to the concept?*

*RQ2: How is the fit relationship between the business family profile and its family council?*

*RQ3: How do these fit relationships influence the transgenerational continuity of the business family?*

Table 5.11 lists the leading theoretical and practical contributions for each research question.

Table 5.11. Theoretical-practical implications derived from the study.

	Theoretical implication	Practical implication
RQ1	<ul style="list-style-type: none"> <li>• <b>Formal definition of the family council.</b></li> <li>• <b>Formal requirements to elucidate concepts</b> in other disciplines.</li> </ul>	<ul style="list-style-type: none"> <li>• Hands-on <b>theoretical tool</b> to assess the scope of a family council.</li> </ul>
RQ2	<ul style="list-style-type: none"> <li>• Creation of <b>two conceptual categories</b>: structural family complexity (SFC) and cognitive family complexity (CFC).</li> <li>• Model for assessing the fit between <b>structural family complexity</b> (SFC) and the family council.</li> <li>• Model for assessing the fit between <b>cognitive family complexity</b> (CFC) and the family council.</li> <li>• Model for assessing the positive and direct relationship between <b>SFC and CFC</b>.</li> </ul>	<ul style="list-style-type: none"> <li>• Two new categories: structural family complexity (SFC) and cognitive family complexity (CFC) to identify and classify the <b>challenges of business families</b>.</li> </ul>
RQ3	<ul style="list-style-type: none"> <li>• Theoretical model to identify <b>profiles of business families</b>.</li> <li>• Development of the <b>communication dimension</b> in the Olson Circumplex Model.</li> <li>• Three-dimensional model to understand a <b>family council: functions, content, and structure</b>.</li> <li>• Four-criteria model for measuring the <b>perceived performance of the business family</b>.</li> <li>• Theoretical model for assessing the <b>fit</b> between the business family profile and the family council.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Diagnostic tool</b> for business families based on three dimensions: cohesion, flexibility and communication.</li> <li>• Identification of the EOCM balance as a <b>necessary condition</b> for implementing a family council.</li> <li>• Development of <b>dialogue</b> for families in unbalanced positions.</li> <li>• Three-dimensional model to understand a family council: functions, content, and structure.</li> </ul>

Source: Author



To further understand the bullet points included in Table 5.11, the following paragraphs detail the theoretical and practical implications of this study associated with each research question.

### **Theoretical implications RQ1: Formal definition of family council**

With the aim of responding to RQ1, our contribution is twofold. First, family business scholars now have a **comprehensive formal definition of the family council that meets rigorous methodological standards**. This definition is not new but derives from synthesising the few definitions in the literature. For this purpose, the formal criteria of a definition are applied. As a result, we conceptualise the family council, which refines the previous contributions according to standard criteria of the philosophy of science. Our valid methodological definition of the family council and the theoretical model in the context of family governance reveal research questions related to the **family subsystem and its interaction with the firm** that have until now remained hidden.

Validation of this definition can ensure that future empirical research, both quantitative and qualitative, has a comprehensive conceptual reference with unequivocal meaning and low conceptual ambiguity. The homogenisation of the concept reduces asymmetries among researchers and between researchers and readers -practitioners and other professional communities of practice- and facilitates the measurement of this construct. It is, therefore, a common starting point for all researchers who wish to observe and quantify the phenomenon of family council. Therefore, this new definition offers an ideal starting point for new avenues of research.

Second, the challenge of minimizing conceptual ambiguity is not unique to the family business literature, or namely, family business governance. Numerous contiguous areas also struggle in this regard (e.g., digital culture in digital transformation research and intrapreneurship in organisation science). Thanks to its cross-disciplinary nature, our definition (and the use of formal requirements from philosophy of science) **can inspire to answer unresolved questions and advance other areas of knowledge.**

### **Theoretical implications RQ2: Structural and cognitive family complexity**

One of the main contributions of the theoretical model is to distinguish between the **two categories of family complexity** that define the challenges faced by the business family today. Specifically, we distinguish between **structural and cognitive family complexity**. These concepts, **new to the family business literature**, provide a tool for interpreting the highly complex reality of business families. SFC refers to the number of members, branches and generations involved in the family business. CFC refers to the diversity of the mental frameworks of the members of the family system. This diversity takes different forms in each family (geographical distance, other personal and professional experiences, divorces, etc.).

Our model sheds light on the **structural complexity of the family** and its fit with the family council. Specifically, depending on the level of structural complexity of the family, the family council requires different functions, contents and structures for the performance of

the business family to be high. For example, families with more branches and generations included in the family council will need more annual meetings and specialised committees for each topic of interest. Conversely, families with fewer members in the family council will not need as many meetings and formal committees. As the SFC increases, unless the family takes action, it will likely move towards unbalanced positions. In the example above, if the family grows and no committees are formed, **the likelihood of group disorganisation increases.**

Regarding the **cognitive complexity of the family**, our model suggests that the performance of the business family depends on the degree of fit between the cognitive complexity of the family and the family council. That is, the family council requires different functions, contents and structures depending on the level of cognitive complexity. For example, for business families whose members are geographically dispersed (in other countries and cities), the family council must include online meetings or trips in order for the performance of the business family to be high. Conversely, the family council of business families living in the same place organises face-to-face meetings in the group's offices. As the CFC increases, if the family does not act, it is likely to move towards unbalanced positions. In the example above, if the family lives in different countries and does not meet online, the likelihood of disengagement from the group increases. To achieve the degree of fit between the CFC and the family council, the model provides another meaningful relationship: **The**

**higher the number of members in the business family (higher SFC), the cognitive complexity increases exponentially.**

### **Theoretical implications RQ3: Fit relationships for transgenerational continuity**

To assess the degree of fit between the family council and the business family, our study provides the following:

First, we now have a theoretical model to identify the profile of the business family based on three dimensions - cohesion, flexibility and communication. This model allows us to make a diagnosis of the current business family. With our study, we extend Olson's (2011) model by **developing the dimension of communication**. Until now, Olson and his colleagues have not developed this dimension, not least because they see it as a facilitating function in family therapy. To find out the current state of business families, we need to identify their level of communication. To do this, we used the criteria of the **ideal situation of dialogue defined by Habermas (1982)** (validity, symmetry, intelligibility, seriousness, and freedom of expression). We constructed the scale with these criteria to position the business families in the communication dimension. Therefore, our study contributes a **complete tool to diagnose business families based on the three original dimensions of the Olson Circumplex Model (2011)**.

Secondly, the Academy now has a **three-axes model for understanding the family council** based on the **functions, contents, and structure**. The lack of previous studies on the family council phenomenon indicates no solid framework to identify what is

happening in this forum. Therefore, this three-axes model is a comprehensive solution for future researchers looking at the dynamics of other family councils.

Third, our paper presents a **four-criteria model to assess the perceived performance of the business family**: family functions (socialising, educating, protecting, and giving affection), next-generation entrepreneurial competencies, willingness to continue as a business family and family satisfaction with the family council. This construct represents the first proposal to assess the performance of the business family, which is still unexplored in the family business literature. With this proposal, we address typical dimensions of any family system and the specific characteristics of business families (entrepreneurial competencies) that have an active family council (satisfaction with the family council). Based on this initial approach, we encourage future researchers to test its validity and reliability as a construct and apply it in future studies.

Fourth, our study provides a new theoretical model to understand the relationships between the business family profile and the family council. This model identifies the **minimum conditions a family must fulfil for the family council to impact the business family's performance positively**. It also identifies the impact of the family council on family performance when the family is in unbalanced positions. In this case, the family should focus on **improving its communication situation** to move towards a balanced position. In other words, the family council, as a space for dialogue, can guide the

family towards balanced positions and manage the level of cognitive complexity in the medium to long term.

Academically, this model represents a tool for researchers who want to investigate the fit between the business family profile and the family council, and the impact of a family council on the performance of the business family. In addition to these theoretical implications, the practical implications derived from the study are detailed below.

### **Practical implications**

#### **Practical implications RQ1: Hands-on theoretical tool to assess the scope of a family council**

Practitioners now have a hands-on **theoretical tool** to evaluate the scope of an existing or projected family council. They can take deliberate decisions in relation to each of the three dimensions (functions, content and structure) to design the optimal family council to meet each family's idiosyncratic needs. Although some elements are disregarded when tailoring a family council, practitioners can consult the conceptual framework and discover elements that are being overlooked.

#### **Practical implications RQ2: Assessing the challenges of business families**

The creation of the categories of structural family complexity and cognitive family complexity is useful to practitioners for a number of reasons. First, they can now identify, sort, and classify the type of complexity experienced by the business family. This classification is

useful for interpreting the complex reality faced by business families. In addition, based on the level of SFC and CFC, consultants can define a **taxonomy of business families** and create a code of good practice according to their level of complexity.

Secondly, the level of SFC and CFC of families provides information about the current challenges facing the family. Consultants can therefore identify the level of SFC and CFC of a business family and distinguish the challenges associated with each level of complexity. Making the family's challenges explicit is the first step in taking action to address them.

### **Practical implications RQ3: Business family diagnostic tool and long-term fit relationships**

Through the theoretical model, practitioners have a tool to carry out a diagnosis of the business families. Based on the initial diagnosis, the needs of the business family are identified, and meetings and activities are coordinated between the family and the consultancy team. Four casuistries appear here:

#### If the family wishes to start with a family council

1. If the family is in a **balanced position**, it may be a good time to start with a family council.
2. If the family is in an **unbalanced position**, other dynamics should be carried out beforehand to enable the family to move to a balanced position.

### If the family already has a formalised family council

1. If the family is in a **balanced position**, the consultancy team will help them to decide on the functions, contents and structure of the family council that will enable the family to manage their cognitive and structural complexity.
2. If the family is in an **unbalanced position**, the consultancy team will use the family council to work on and **train the dialogue** and enable the family to move towards positions of balance.

Sometimes, this diagnosis involves revealing relational patterns in the family that may have been hidden before. Therefore, the role of the consultant is vital to make the business family **aware of their current challenges** and to accompany them in the process of addressing them.

Despite these contributions, this work is not without **limitations**. The next section details the main shortcomings of this study.

### **5.7 Limitations**

Firstly, the evidence supporting our results comes from a small number of cases, namely three cases. Although this number may represent a prior limitation, it is justified by the nature of the research questions. Indeed, in our study, we did not seek empirical breadth but **theoretical depth**. Through interviews between 3 and 10 members of each business family, we contrasted the family profile and the functioning of the family council from perspectives different to management. The generalisation of these results to other cases, or



even a statistical generalisation, does not represent the interest of the study. Instead, we use **inductive logic**, in which, from observation, we infer propositions of relationships between constructs.

Although the criteria set out in *Chapter 3 - Research Protocol* have been rigorously followed in the selection of cases, we note that the cases in the sample share a particular bias. Specifically, we identified **survivor bias**. In the case selection phase, the business families most interested in participating in the study were those that were (apparently) in a balanced position in the Extended Olson Circumplex Model and had a functional family council. On the contrary, in families where the family council is not delimited from other mechanisms or there are specific sensitive family issues, families have been reluctant to participate in - or publish - the study. Even some business families that agree to participate refuse permission to publish the case when the diagnosis outcome is unfavourable. This limitation is a barrier to fully understanding the complex phenomenon of the family council. Access to families in an unbalanced position could provide Academia and practitioners with valuable information to bring support back to business families. However, this restriction presents a significant challenge because **families are often unwilling to reveal their imperfections at any cost**. *Will we, from Academia and the practical world, find a way to approach these families?*

In addition to success, another characteristic is shared by the three cases in the sample. In all three business families, there are members with a high interest in **caring for personal relationships**. They attach great importance to human values such as empathy, solidarity, or

closeness. Although all three families share these values, each one of them manifests them differently: attachment to the territory, very defined values, and culture...

About the interview participants, we identify a primary limitation. Firstly, researchers construct the narrative of the family council phenomenon through the input of the interviewees. Not surprisingly, this account is mainly influenced by the participants most willing to share their experiences. That is, by the most **concise, clear, and sincere contributions**. Sincerity in this study is related to **intimacy**. Those participants with a closer connection (due to the interview format, trust in the research and researchers, etc.) have facilitated access to more accurate information about the business family profile and the results of the family council. Due to the sensitivity of the information on family relationships, creating this space for connectivity with the interviewees has been particularly relevant.

Another limitation of our study is the **country culture variable**. Our study assumed Western cultural patterns, specifically of **Hispanic culture**. We encourage future researchers to explore these relationships beyond Western and Hispanic logic in other cultural contexts.

In practical terms, we also noted certain limitations. Through discussions with family business consultants, we identified a lack of family business consultants trained in transversal disciplines (economics, business, sociology, psychology...) and who understand the logic of the family business in its entirety. Generally, specialists

accompanying business family tend to be experts in business, law, or psychology. However, there is a shortage of specialists in the dynamics of the business family and its relationship with the company.

At the same time, there is also a lack of clients willing to work on family issues in depth, partly because of the high sensitivity of the information and the need to create intimate connections with the person accompanying them - the consultant. Considering these limitations, the following section proposes some recommendations for future research.

### **5.8 Future avenues for family council research**

The lack of theoretical and practical evidence on the family council shows that it is an unexplored governance mechanism, with a myriad of unresolved questions. First, we outline future lines of research related to the grounded theoretical model.

Above all, we encourage researchers to **validate the grounded model**. We recommend validating it qualitatively in other cultures and contexts to assess the explanatory power of the propositions. At a later research stage, we encourage researchers to code the interview data with numerical data. This data will create constructs for a fuzzy set Qualitative Comparative Analysis (fsQCA). Using this method (with a sample of more than 12 cases), we will be able to test the propositions of the model. To complement these studies with the analysis of aggregated data, we encourage the scientific community to

investigate quantitatively what effects an active family council has on the transgenerational continuity of the family.

Regarding the "**cognitive family complexity**" concept, we propose that the family business academy allocate resources to develop a scale to measure this new construct. Future research could also focus on the practices and dynamics through which dialogue in the family council can facilitate the family business family's transition towards balanced positions.

Secondly, we include some research proposals that attempt to approach the family council phenomenon from theories other than management. Table 5.12 presents potential research questions associated with the family council from three angles: **individuals, the social group, and the family-business system**. For each unit of analysis, we propose specific **theoretical lenses** that are novel to the FB literature, to observe the phenomenon and enhance our understanding of the family council in different contexts.

At the **individual level**, our suggestion relates to educational learning theories. Specifically, we call for research on the mechanisms that the family council uses to foster entrepreneurial orientation across generations and branches. Both the situated and lifelong learning perspectives provide tools to understand learning at different life stages. Likewise, Bandura's (1977) social learning theory offers a source for raising questions related to the learning patterns of observation and modeling, namely how the family council can modify family interactions based on these patterns. To explore these family

interactions more deeply, we echo the calls of James et al. (2012) to embrace theories from family science and reduce its distance from family business research. Specifically, symbolic interactionism explains how family members' roles, interests, and responsibilities are built on social group expectations (Mead, 2015) and how the family council can provide tools to clarify individual desires and duties and shape individual identities. These identities have traditionally been constrained by gender attributions. Under this lens, gender roles and feminist theories (Osmond & Thorne, 2009) offer theoretical support to answer questions related to reshaping conventional family roles and transferring women's talent to the business.

By adopting mechanisms where every family member is considered in the same way, future conflicts can be mitigated, highlighting the preventive nature of the family council. In this regard, Farrington and Cheertok (2009) call for the use of social conflict theories in family science to explain the foundations of family disagreements.

Through family narratives, this theory provides support to reveal the family council mechanisms that allow business families to thrive over time. These narratives also reinforce the iterative transfer of flows from business to family and from family to business, for which systems theory offers a suitable framework. When considering the transfer among the business and family spheres, family business scholars have shown an interest in the study of emotions in recent years (Labaki et al., 2013). Specifically, formal family governance structures can improve emotion management by explicitly stating emotion governance strategies. Doing so can help with the contagion of

positive emotional routines and diminish counterproductive emotional habits among social groups (Labaki & D'Allura, 2021).

Table 5.12 provides a long, but not exhaustive, list of possible avenues for future research that we feel can now be addressed more effectively thanks to our comprehensive definition of the family council and the new grounded theoretical model.

Table 5.12. Possible avenues for future research

Level of analysis	Focus of interest	Theoretical approach	Potential research questions
<p><b>Individual level</b></p>	<p>Learning and education (Psychology)</p>	<p>Situated learning</p>	<ul style="list-style-type: none"> <li>- How can the family council foster entrepreneurial orientation in next generation members?</li> <li>- What are the family council mechanisms so that young members can gradually become familiarised with the business?</li> </ul>
		<p>Lifelong learning</p>	<ul style="list-style-type: none"> <li>- How can the family council respond to educational needs across all life stages of family members?</li> <li>- How can the family council align educational interests across life stages and generations?</li> <li>- How the membership to Family Business associations (FBN, IEF, IFERA...) promote the education of family members?</li> </ul>
		<p>Social learning</p>	<ul style="list-style-type: none"> <li>- Can the family council reshape family patterns learned by observation, imitation, and modelling?</li> <li>- How can the family council translate individual learning objectives into a common purpose and a common purpose into individual learning objectives?</li> </ul>

<b>Social group level</b>	Family heterogeneity and complexity (Family Science)	Symbolic interactionism	<ul style="list-style-type: none"> <li>- How can the family council regulate family interactions, which serve as an antecedent to individual identity construction?</li> <li>- Which family council mechanisms help clarify individual roles, interests, and expectations in relation to the family group?</li> </ul>
		Gender role theories	<ul style="list-style-type: none"> <li>- How can the family council restructure traditional gender roles in families?</li> <li>- How can the family council promote women talent in the family and transfer it to the business?</li> </ul>
		Social conflict theory	<ul style="list-style-type: none"> <li>- To what extent does the family council act as a conflict prevention mechanism among family members?</li> <li>- How can the family council channel and manage possible family disagreements toward effective resolution?</li> </ul>
		Family development theory	<ul style="list-style-type: none"> <li>- How does the family council help build a common “family story” shared by all family members across generations and branches?</li> <li>- How does the family council help channel the diversity of family forms in next generations?</li> </ul>
		Systems theory	<ul style="list-style-type: none"> <li>- Which family council mechanisms ensure the bidirectional and iterative flow of resources in the family-business system?</li> </ul>



<b>Social group interaction level</b>	Transfer of flows		- How can the family council ensure the transfer of wealth, human capital, and social capital across generations?
	(Family Business)	Emotion governance	-How can the family council provide emotional tools to govern the iterative transfer of emotions between the family and business spheres?  -To what extent can the family council encourage positive emotion contagion among the business and family social groups?

Source: Author

# REFERENCES





- Aguilera, R. V., & Crespi-Cladera, R. (2012). Firm family firms: Current debates of corporate governance in family firms. *Journal of Family Business Strategy*, 3(2), 66-69.
- Alayo, M., Maseda, A., Iturralde, T., & Calabrò, A. (2022). We are family! The role of family members' identification in the internationalization of family firms. *European Management Journal*. <https://doi.org/10.1016/j.emj.2022.05.006>.
- Ali, A. J., & Camp, R. C. (1993). The relevance of firm size and international business experience to market entry strategies. *Journal of Global Marketing*, 6(4), 91-112.
- Amann, B., & Jaussaud, J. (2012). Family and non-family business resilience in an economic downturn. *Asia Pacific Business Review*, 18(2), 203-223.
- Amit, R., Liechtenstein, H., Prats, M. J., Millay, T., & Pendleton, L. P. (2008). Single family offices: Private wealth management in the family context. *Tàpies J. and Ward JL (2008)(eds.), Family Values and Value Creation. The Fostering of Enduring Values Within Family-Owned Business*, Palgrave Macmillan.
- Arbesu, C. (2016). El consejo de familia y su función de gobierno en la empresa familiar (The family council and its governance function in the family business). Tesis doctoral (PhD thesis). TESEO.
- Aronoff, C. E., & Ward, J. L. (2011). *Family business values: How to*

*assure a legacy of continuity and success.* Palgrave Macmillan.

Arteaga, R., & Escribá-Esteve, A. (2020). Heterogeneity in family firms: contextualising the adoption of family governance mechanisms. *Journal of Family Business Management*, 11(2), 200-222.

Asociación Catalana de la Empresa Familiar (ASCEF) (2021). Guía para las empresas familiares: el consejo de familia (Guide for family businesses: the family council). ISBN: 978-84-09-27544-1

Balbastre-Benavent, F. (2001). La autoevaluación según los modelos de gestión de calidad total y el aprendizaje en la organización: Una investigación de carácter exploratorio. Tesis Doctoral. Universitat de Valencia (Spain).

Bandura, A. (1961). Psychotherapy as a learning process. *Psychological Bulletin*, 58(2), 143.

Bandura, A., & Walters, R. H. (1977). *Social learning theory* (Vol. 1). Prentice Hall: Englewood Cliffs.

Basu, A. (2004). Entrepreneurial aspirations among family business owners: an analysis of ethnic business owners in the UK. *International Journal of Entrepreneurial Behavior & Research*, 10(1/2), 12-33.

Beehr, T. A., Drexler Jr, J. A., & Faulkner, S. (1997). Working in small family businesses: empirical comparisons to non-family businesses. *Journal of Organizational Behavior: The International*

*Journal of Industrial, Occupational and Organizational Psychology and Behavior*, 18(3), 297-312.

Belsky, J., Steinberg, L., & Draper, P. (1991). Childhood experience, interpersonal development, and reproductive strategy: An evolutionary theory of socialization. *Child Development*, 62(4), 647-670.

Beltrán, M. (2021). Consejo de Familia: un gran desconocido, clave para la perdurabilidad familiar (Family Councils: a great unknown, key to family longevity). Cuaderno de trabajo. Cátedra de Empresa Familiar. Universitat de València.

Berent-Braun, M. M., & Uhlaner, L. M. (2012). Family governance practices and teambuilding: paradox of the enterprising family. *Small Business Economics*, 38(1), 103-119.

Berger, P. and Luckman, T. (1967). *The Social Construction of Reality: A Treatise in the Sociology of Knowledge*. Anchor books.

Bernhard, F., & Labaki, R. (2021). Moral emotions in family businesses: Exploring vicarious guilt of the next generation. *Family Business Review*, 34(2), 193-212.

Berrone, P., Cruz, C., & Gomez-Mejia, L. R. (2012). Socioemotional wealth in family firms: Theoretical dimensions, assessment approaches, and agenda for future research. *Family Business Review*, 25(3), 258-279.

Bischof, G. P. (1993). Solution-focused brief therapy and experiential

- family therapy activities: An integration. *Journal of Systemic Therapies*, 12(3), 61-73.
- Blumentritt, T. P., Keyt, A. D., & Astrachan, J. H. (2007). Creating an environment for successful nonfamily CEOs: An exploratory study of good principals. *Family Business Review*, 20(4), 321–335.
- Blumer, H. (1986). *Symbolic interactionism: Perspective and method*. University of California Press.
- Boletín Oficial de las Cortes Generales. Gobierno de España (2023). Proyecto de Ley de Familias (Family Law Project). [https://www.congreso.es/public\\_oficiales/L14/CONG/BOCG/A/BOCG-14-A-151-1.PDF](https://www.congreso.es/public_oficiales/L14/CONG/BOCG/A/BOCG-14-A-151-1.PDF)
- Brenes, E. R., Madrigal, K., & Requena, B. (2011). Corporate governance and family business performance. *Journal of Business Research*, 64(3), 280-285.
- Bunge, M. (1967). *Philosophy of Science, Volume 1: From Problem to Theory*. Springer-Verlag.
- Calabrò, A., Frank, H., Minichilli, A., & Suess-Reyes, J. (2021). Business families in times of crises: The backbone of family firm resilience and continuity. *Journal of Family Business Strategy*, 12(2), 100442.
- Campopiano, G., & De Massis, A. (2015). Corporate social responsibility reporting: A content analysis in family and non-family firms. *Journal of Business Ethics*, 129, 511-534.

- Cardella, G. M., Hernández-Sánchez, B. R., & Sánchez García, J. C. (2020). Entrepreneurship and family role: a systematic review of a growing research. *Frontiers in Psychology*, 10, 2939.
- Carlock, R. S., & Ward, J. L. (2001). *Strategic planning for the family business: Parallel planning to unify the family and business* (p. 192). Palgrave.
- Carnap, R. (1950). Empiricism, semantics, and ontology. *Revue Internationale de Philosophie*, 4(11), 20-40.
- Ceca Magan Abogados (2021). El consejo de familia en la empresa familiar: qué es, funciones y cuándo es conveniente (The family council in the family business: what it is, its functions and when it is convenient). <https://www.cecamagan.com/blog/consejo-familia-empresa-familiar-funciones-cuando-conveniente>
- Ceja, L, Barbat, J & Tápies, J. (2013). Key issues in family councils: insights from the Spanish experience. IESE, Barcelona.
- Chan, F., Jalandoni, D., Sayarot, C. A., Uy, M., Daradar, D., & Aure, P. (2020). A family affair: A quantitative analysis of third-generation successors' intentions to continue the family business. *Organizations and Markets in Emerging Economies*, 11(2), 462-481.
- Chiner, A. (2008). El consejo de familia: cómo se organiza y cómo trabaja (The family council: how it is organised and how it works). Nota técnica de la Cátedra de Empresa Familiar, IESE, Barcelona.



- Chittor, R., & Das, R. (2007). Professionalization of management and succession performance-a vital linkage. *Family Business Review*, 20(1), 65-79.
- Chrisman, J. J., & Patel, P. C. (2012). Variations in R&D investments of family and nonfamily firms: Behavioral agency and myopic loss aversion perspectives. *Academy of Management Journal*, 55(4), 976-997.
- Chrisman, J. J., Chua, J. H., Le Breton-Miller, I., Miller, D., & Steier, L. P. (2018). Governance mechanisms and family firms. *Entrepreneurship Theory and Practice*, 42(2), 171-186.
- Cloutier, C., & Ravasi, D. (2021). Using tables to enhance trustworthiness in qualitative research. *Strategic Organization*, 19(1), 113–133.
- Coeurderoy, R., & Lwango, A. (2012). Social capital of family firms and organisational efficiency: Theoretical proposals for a transmission model through bureaucratic costs. *Management Science*, 15(4), 415-439.
- Compagni, A., Mele, V., & Ravasi, D. (2015). How early implementations influence later adoptions of innovation: Social positioning and skill reproduction in the diffusion of robotic surgery. *Academy of Management Journal*, 58(1), 242-278.
- Corona, J., López, C, Requejo, I., et al. (2018). Factores de competitividad y análisis financiero en la empresa familiar. Instituto de la Empresa Familiar, Madrid.

- Craig, J., & Moores, K. (2002). How Australia's Dennis Family Corp. professionalized its family business. *Family Business Review*, 15(1), 59-70.
- Creswell, J. W. (2014). *Research design: Qualitative, quantitative, and mixed methods approaches*. Sage publications.
- Crotty, M. (1998). *The foundations of social research: Meaning and perspective in the research process*. Sage publications.
- Crouch, M. A., & McKenzie, H. A. (2006). The logic of small samples in interview-based qualitative research. *Social Science Information*, 45(4), 483-499.
- Cuevas-Rodríguez, G., Pérez-Calero, L., Gomez-Mejia, L., & Kopoboru Aguado, S. (2023). Family Firms' Acquisitions and Politicians as Directors: A Socioemotional Wealth Approach. *Family Business Review*, 36(2), 223-253.
- Daspit, J. J., Chrisman, J. J., Ashton, T., & Evangelopoulos, N. (2021). Family firm heterogeneity: A definition, common themes, scholarly progress, and directions forward. *Family Business Review*, 34(3), 296-322.
- Daspit, J. J., Madison, K., Barnett, T., & Long, R. G. (2018). The emergence of bifurcation bias from unbalanced families: Examining HR practices in the family firm using circumplex theory. *Human Resource Management Review*, 28(1), 18-32.
- Dawson, A., & Parada, M. J. (2019). *Corporate governance in family*

*businesses across generations: Exploring intergenerational issues.* The Palgrave handbook of heterogeneity among family firms, 115-139.

De Massis, A., & Kammerlander, N. (Eds.). (2020). *Handbook of qualitative research methods for family business.* Edward Elgar Publishing.

De Massis, A., & Kotlar, J. (2014). The case study method in family business research: Guidelines for qualitative scholarship. *Journal of Family Business Strategy*, 5(1), 15-29.

De Massis, A., Kotlar, J., & Manelli, L. (2021). Family firms, family boundary organizations, and the family-related organizational ecosystem. *Family Business Review*, 34(4), 350-364.

De Massis, A., Kotlar, J., Manelli, L., & Rondi, E. (2023). The drivers of heterogeneity of single-family offices—an exploratory analysis. *The International Family Offices Journal*, 7(2), 20-25.

De Massis, A., Sharma, P., Chua, J. H., & Chrisman, J. J. (2012). *Family Business Studies: An annotated bibliography.* Edward Elgar Publishing.

De Vries, M. F. K. (1993). The dynamics of family controlled firms: The good and the bad news. *Organizational Dynamics*, 21(3), 59-71.

Dewar, R., & Hage, J. (1978). Size, technology, complexity, and structural differentiation: Toward a theoretical synthesis. *Administrative Science Quarterly*, 23(1), 111-136.

- Dibrell, C., & Memili, E. (2019). A brief history and a look to the future of family business heterogeneity: An introduction. *The Palgrave handbook of heterogeneity among family firms*, 1-15.
- Eckrich, C. J., & McClure, S. L. (2012). *The Family Council Handbook*. Palgrave Macmillan.
- Eisenhardt, K. M. (1989). Building Theories from Case Study Research. *Academy of Management Review*, 14(4), 532-550.
- Eisenhardt, K. M. (2021). What is the Eisenhardt Method, really?. *Strategic Organization*, 19(1), 147-160.
- Eisenhardt, K. M., Graebner, M. E., & Sonenshein, S. (2016). Grand challenges and inductive methods: Rigor without rigor mortis. *Academy of Management Journal*, 59(4), 1113-1123.
- Elvira, M. M. (2022). Profundizando en la relación entre empresas familiares y sus 'stakeholders'. *Harvard Deusto Business Review*, (326), 47-50.
- Eurostat (2020). Being young in Europe today - family and society. [https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Being\\_young\\_in\\_Europe\\_today\\_-\\_family\\_and\\_society#Family\\_composition\\_and\\_household\\_structure](https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Being_young_in_Europe_today_-_family_and_society#Family_composition_and_household_structure)
- Fahed-Sreih, J., & Djoundourian, S. (2006). Determinants of longevity and success in Lebanese family businesses: An exploratory study. *Family Business Review*, 19(3), 225–234.

- Farrington, K., & Chertok, E. (2009). Social conflict theories of the family. In *Sourcebook of family theories and methods* (pp. 357-384). Springer.
- Flynn, J., & Duesing, R. J. (2020). Toward developing an applied framework to help foster success in generational transition of family businesses. *Journal of Small Business & Entrepreneurship*, 32(3), 287-308.
- Folkman, S., Lazarus, R. S., Dunkel-Schetter, C., DeLongis, A., & Gruen, R. J. (1986). Dynamics of a stressful encounter: cognitive appraisal, coping, and encounter outcomes. *Journal of Personality and Social Psychology*, 50(5), 992.
- Fusch, P. I., & Ness, L. R. (2015). Are we there yet? Data saturation in qualitative research. *The Qualitative Report*, 20(9), 1408.
- Gallo, M. A., & Kenyon-Rouvinez, D. (2005). The importance of family and business governance. In *Family Business* (pp. 45-57). Palgrave Macmillan.
- Gallo, M. A., & Tomaselli, S. (2006). Formulating, implementing and maintaining family protocols. In P. Z. Poutziouris, K. X. Smyrniotis, & S. B. Klein (Eds.), *Handbook of research on family business* (pp. 298–316). Edward Elgar.
- García-Ramos, R., & García-Olalla, M. (2011). Board characteristics and firm performance in public founder-and nonfounder-led family businesses. *Journal of Family Business Strategy*, 2(4), 220-231.

- Garcia, P. R. J. M., Sharma, P., De Massis, A., Wright, M., & Scholes, L. (2019). Perceived parental behaviors and next-generation engagement in family firms: A social cognitive perspective. *Entrepreneurship Theory and Practice*, 43(2), 224-243.
- Gersick, K. E. (2004). *Generations of giving: Leadership and continuity in family foundations*. Washington, DC: National Center for Family Philanthropy.
- Gersick, K. E., & Feliu, N. (2014). *Governing the family enterprise: Practices, performance, and research*. The SAGE handbook of family business, 196-225. Sage.
- Gersick, K. E., Davis, J. A., Hampton, M. M., & Lansberg, I. (1997). *Generation to generation: Life cycles of the family business*. Harvard Business Press.
- Gilding, M. (2000). Family Business and Family Change : Individual Autonomy, Democratization, and the New Family Business Institutions, XIII(3).
- Gimeno, A., Baulenas, G., Coma-Cros, J., Gimeno, A., Baulenas, G., & Coma-Cros, J. (2010). *Family business models* (pp. 57-77). Palgrave Macmillan UK.
- Glaser, B., & Strauss, A. (1967). *The discovery of grounded theory: Strategies for qualitative research*. Aldine Transaction.
- Gnan, L., Montemerlo, D., & Huse, M. (2015). Governance systems in

- family SMEs: The substitution effects between family councils and corporate governance mechanisms. *Journal of Small Business Management*, 53(2), 355-381.
- Golafshani, N. (2003). Understanding reliability and validity in qualitative research. *The Qualitative Report*, 8(4), 597-607.
- Gómez-Mejía, L. R., Haynes, K. T., Núñez-Nickel, M., Jacobson, K. J., & Moyano-Fuentes, J. (2007). Socioemotional wealth and business risks in family-controlled firms: Evidence from Spanish olive oil mills. *Administrative Science Quarterly*, 52(1), 106-137.
- González-Cruz, T. F. (2002). Interrelaciones entre diseño organizativo y estrategia: un análisis de los enfoques de recursos y capacidades y rutinas organizativas. Tesis Doctoral. Universitat de Valencia (Spain).
- González-Cruz, T., Clemente-Almendros, J. A., & Puig-Denia, A. (2020). Family governance systems: the complementary role of constitutions and councils. *Economic Research-Ekonomska Istraživanja*, 34(1), 3139-3165.
- Gurman, A. S., & Kniskern, D. P. (2014). *Handbook of family therapy*. Routledge.
- Habbershon, T. G., & Astrachan, J. H. (1997). Research note: Perceptions are reality: How family meetings lead to collective action. *Family Business Review*, 10(1), 37-52.
- Habermas, J. (1982). *Theorie des kommunikativen Handelns*. Band I

und II. Suhrkamp Verlag, Frankfurt am Main.

- Hall, R. H., Johnson, N. J., & Haas, J. E. (1967). Organizational size, complexity, and formalization. *American Sociological Review*, 32(6), 903-912.
- Harper, D., Thompson, A. R., & Pavis, S. (2008). Images in research interviewing: Are they a help or a hindrance? *Qualitative Research*, 8(3), 347-365.
- Hnátek, M. (2015). Entrepreneurial thinking as a key factor of family business success. *Procedia-Social and Behavioral Sciences*, 181, 342-348.
- Hoy, F., & Verser, T. (1994). Emerging issues in family support foundations. *Family Business Review*, 7(4), 321-332.
- INE, (2019). España en cifras (Spain in figures) [https://www.ine.es/prodyser/espa\\_cifras/2019/](https://www.ine.es/prodyser/espa_cifras/2019/)
- Jaffe, D. T., & Lane, S. H. (2004). Sustaining a family dynasty: Key issues facing complex multigenerational business-and investment-owning families. *Family Business Review*, 17(1), 81-98.
- James, A. E., Jennings, J. E., & Breitzkreuz, R. S. (2012). Worlds apart? Rebridging the distance between family science and family business research. *Family Business Review*, 25(1), 87-108.
- Jaskiewicz, P., & Dyer, W. G. (2017). Addressing the elephant in the room: Disentangling family heterogeneity to advance family business research. *Family Business Review*, 30(2), 111-118.



- Kenyon-Rouvinez, D., Ward, J. L., Gallo, M. A., & Kenyon-Rouvinez, D. (2005). *The importance of family and business governance*. *Family business: Key issues*, 45-57.
- Koerner, A. F., & Fitzpatrick, M. A. (2006). Family communication patterns theory: A social cognitive approach. *Engaging theories in family communication: Multiple perspectives*, 50-65.
- Kontinen, T., & Ojala, A. (2010). The internationalization of family businesses: A review of extant research. *Journal of Family Business Strategy*, 1(2), 97-107.
- Kubíček, A., & Machek, O. (2020). Intrafamily conflicts in Family businesses: a systematic review of the literature and agenda for future research. *Family Business Review*, 33(2), 194-227.
- Labaki, R., & D'Allura, G. M. (2021). A Governance Approach of Emotion in Family Business: Towards a Multi-Level Integrated Framework and Research Agenda. *Entrepreneurship Research Journal*, 11(3), 119-158.
- Labaki, R., Michael-Tsabari, N., & Zachary, R. K. (2013). Exploring the emotional nexus in cogent family business archetypes. *Entrepreneurship Research Journal*, 3(3), 301-330.
- Lambrecht, J., & Lievens, J. (2008). Pruning the family tree: An unexplored path to family business continuity and family harmony. *Family Business Review*, 21(4), 295-313.
- Lane, S., Astrachan, J., Keyt, A., & McMillan, K. (2006). Guidelines for

family business boards of directors. *Family Business Review*, 19(2), 147-167.

Lansberg, I. (1999). *Succeeding generations: Realizing the dream of families in business*. Harvard Business Review Press.

Lansberg, I., & Gersick, K. (2015). Educating family business owners: The fundamental intervention. *Academy of Management Learning & Education*, 14(3), 400-413.

Larrosa, S. L. (2002). El FACES II en la evaluación de la cohesión y la adaptabilidad familiar. *Psicothema*, 14(1), 159-166.

Leach, P. (2012). *Family councils. A practical guide*. Peter Lach & Partners, Institute for Family Business United Kingdom, London.

Levi-Strauss, C. (1949). *Les Structures Elementaires de la Parente*, PUF, Paris.

Llach, J., & Nordqvist, M. (2010). Innovation in family and non-family businesses: A resource perspective. *International Journal of Entrepreneurial Venturing*, 2(3-4), 381-399.

Magretta, J. (1998). Governing the family-owned enterprise: An interview with Finland's Krister Ahlstrom. *Harvard Business Review*, 76(1), 112-124.

Manzano, B. F. S., & Figueroa, M. P. R. (2016). Funcionalidad de la familia y su incidencia en el rendimiento académico en adolescentes. *Didasc@lia: Didáctica y Educación*, 7(1), 235-256.

- Martin, H. F. (2001). Is family governance an oxymoron?. *Family Business Review*, 14(2), 91-96.
- Martínez-Pampliega, A., Merino, L., Iriarte, L., & Olson, D. H. (2017). Psychometric properties of the Spanish version of the Family Adaptability and Cohesion Evaluation Scale IV. *Psicothema*, 29(3), 414-420.
- Maseda, A., Iturralde, T., Aparicio, G., Boulkeroua, L., & Cooper, S. (2019). Family board ownership, generational involvement and performance in family SMEs: a test of the S-shaped hypothesis. *European Journal of Management and Business Economics*, 28(3), 285-300.
- Matias, C., & Franco, M. (2021). The role of the family council and protocol in planning the succession process in family firms. *Journal of Family Business Management*, 11(4), 440-461.
- Mattart, R. (2023). *Opening the black box of family constitutions: An analysis of their roles, drivers and outcomes in a business family context*. Unpublished doctoral thesis, ULiège - HEC Liège Management School, Belgium.
- Maxwell, J. (1992). Understanding and validity in qualitative research. *Harvard Educational Review*, 62(3), 279–301.
- Mazzi, C. (2011). Family business and financial performance: Current state of knowledge and future research challenges. *Journal of Family Business Strategy*, 2(3), 166-181.

- Mead, G. H. (1934). *Mind, self, and society* (Vol. 111). Chicago: University of Chicago Press.
- Mead, G. H. (2015). *Mind, self, and society: The definitive edition*. University of Chicago Press.
- Melin, L., & Nordqvist, M. (2007). The reflexive dynamics of institutionalization: The case of the family business. *Strategic Organization*, 5(3), 321-333.
- Miles, M. B., & Huberman, A. M. (1984). Drawing valid meaning from qualitative data: Toward a shared craft. *Educational Researcher*, 13(5), 20-30.
- Minuchin, P. (1985). Families and individual development: Provocations from the field of family therapy. *Child Development*, 56(2), 289-302.
- Minuchin, S. (1974). *Families and family therapy*. Harvard University Press.
- Minuchin, S. (2001). *Familias y terapia familiar*. Editorial Gedisa.
- Mismetti, M., Rondi, E., & Bettinelli, C. (2022). Family business system dynamics in the aftermath of in-law entry: A reflection on emotions and strategic change. *Long Range Planning*, 102250.
- Moore, K., Parris, D. L., Newbert, S. L., & Craig, J. B. (2019). All the same but different: Understanding family enterprise heterogeneity. *The Palgrave handbook of heterogeneity among family firms*, 557-587.

- Mustafa, M., Labaki, R., & Henssen, B. (2022). Psychological ownership in heterogeneous family firms: A promising path and a call for further investigation. *Entrepreneurship Research Journal*. <https://doi.org/10.1515/erj-2022-0156>
- Nelson, T., & Constantinidis, C. (2017). Sex and gender in family business succession research: A review and forward agenda from a social construction perspective. *Family Business Review*, 30(3), 219-241.
- Neubaum, D. O., & Micelotta, E. (2021). WANTED—Theoretical contributions: An editorial on the pitfalls and pathways in family business research. *Family Business Review*, 34(3), 242-250.
- Nichols, M. P., & Schwartz, R. (2007). *A terapia familiar sistêmica de Bowen*. M. Nichols & RC Schwartz (Eds.), MAV Veronese (Trans.), *Terapia familiar: conceitos e métodos*, 130-156.
- Nordqvist, M., Hall, A., & Melin, L. (2009). Qualitative research on family businesses: The relevance and usefulness of the interpretive approach. *Journal of Management & Organization*, 15(3), 294-308.
- Nordqvist, M., Sharma, P., & Chirico, F. (2014). Family firm heterogeneity and governance: A configuration approach. *Journal of Small Business Management*, 52(2), 192-209.
- North, M. J., & Macal, C. M. (2007). *Managing business complexity: discovering strategic solutions with agent-based modeling and*

*simulation*. Oxford University Press.

Olson, D. (2011). FACES IV and the Circumplex Model: Validation study. *Journal of Marital and Family Therapy*, 37(1), 64-80.

Olson, D. H., Waldvogel, L., & Schlieff, M. (2019). Circumplex model of marital and family systems: An update. *Journal of Family Theory & Review*, 11(2), 199-211.

Palus, C. J., & Horth, D. M. (2010). *Visual explorer facilitator's guide*. Center for Creative Leadership.

Parada, M. J., Gimeno, A., Samara, G., & Saris, W. (2020). The adoption of governance mechanisms in family businesses: An institutional lens. *Journal of Family Business Management*. <https://doi.org/10.1108/JFBM-07-2019-0054>

Payne, G., & Williams, M. (2005). Generalization in qualitative research. *Sociology*, 39(2), 295–314.

Pearce, L. D., Hayward, G. M., Chassin, L., & Curran, P. J. (2018). The increasing diversity and complexity of family structures for adolescents. *Journal of Research on Adolescence*, 28(3), 591-608.

Pereira, B. (2023). El Consejo de Familia: la clave para la continuidad transgeneracional (he Family Council: the key to transgenerational continuity). Seminario. Cátedra de Empresa Familiar del País Vasco.

Pettigrew, A. M. (1973). *The Politics of Organizational Decision-making* (Organizations, People, Society). Tavistock.

- Picone, P. M., De Massis, A., Tang, Y., & Piccolo, R. F. (2021). The psychological foundations of management in family firms: Values, biases, and heuristics. *Family Business Review*, 34(1), 12-32.
- Pieper, T. (2003). Corporate governance in family firms: A literature review (pp. 121-146). INSEAD.
- Pindado, J., & Requejo, I. (2015). Family business performance from a governance perspective: A review of empirical research. *International Journal of Management Reviews*, 17(3), 279-311.
- Popper (1962). *Conjectures and Refutations: The Growth of Scientific Knowledge*. Basic Books.
- Poza, E. J. (2013). *Family business*. Cengage Learning.
- Rainford, J. (2020). Confidence and the effectiveness of creative methods in qualitative interviews with adults. *International Journal of Social Research Methodology*, 23(1), 109-122.
- Ravasi, D., & Schultz, M. (2006). Responding to organizational identity threats: Exploring the role of organizational culture. *Academy of Management Journal*, 49(3), 433-458.
- Rodriguez-Garcia, P., & Menéndez-Requejo, S. (2020). Family constitution to manage family firms' agency conflicts. *BRQ Business Research Quarterly*, 26(2), 150-166.
- Rondi, E., Überbacher, R., von Schlenk-Barnsdorf, L., De Massis, A., &

- Hülsbeck, M. (2022). One for all, all for one: A mutual gains perspective on HRM and innovation management practices in family firms. *Journal of Family Business Strategy*, 13(2), 100394.
- Sandig, A.G., Labadie, G.J., Saris, W. & Mayordomo, X.M. (2006). Internal factors of family business performance: An integrated theoretical model. In P.Z. Poutziouris, K.X. Smyrniotis & S.B. Klein (Eds.), *Handbook of research on family business* (pp. 145–164). Edward Elgar Publishing Limited.
- Saunders, B., Sim, J., Kingstone, T., Baker, S., Waterfield, J., Bartlam, B., Borroughs, H., & Jinks, C. (2018). Saturation in qualitative research: exploring its conceptualization and operationalization. *Quality & Quantity*, 52(4), 1893-1907.
- Scholes, L., Hughes, M., Wright, M., De Massis, A., & Kotlar, J. (2021). Family management and family guardianship: Governance effects on family firm innovation strategy. *Journal of Family Business Strategy*, 12(4), 100389.
- Seaman, C. (2015). Creating space for the business family: Networks, social capital & family businesses in rural development. *Journal of Family Business Management*, 5(2), 182-191.
- Sharma, P., Chrisman, J. J., & Chua, J. H. (2003). Predictors of satisfaction with the succession process in family firms. *Journal of Business Venturing*, 18(5), 667-687.
- Siebels, J. F., & zu Knyphausen-Aufseß, D. (2012). A review of theory in family business research: The implications for corporate



governance. *International Journal of Management Reviews*, 14(3), 280-304.

Simon, A., Marquès, P., Bikfalvi, A., & Muñoz, M. D. (2012). Exploring value differences across family firms: The influence of choosing and managing complexity. *Journal of Family Business Strategy*, 3(3), 132-146.

Skinner, D., Tagg, C., & Holloway, J. (2000). Managers and research: the pros and cons of qualitative approaches. *Management Learning*, 31(2), 163–179.

Smetana, J. G. (2017). *Families as contexts for development*. In *Handbook of Child Psychology and Developmental Science* (pp. 1-37). John Wiley & Sons.

Snihur, Y., & Tarzijan, J. (2018). Managing complexity in a multi-business-model organization. *Long Range Planning*, 51(1), 50-63.

Stake, R. E. (1995). *The art of case study research*. Sage.

Suárez, K. C., & Santana-Martín, D. J. (2004). Governance in Spanish family business. *International Journal of Entrepreneurial Behavior & Research*, 10(1/2), 141-163.

Suárez, M. K. C., & Santana, J. D. M. (2010). La influencia de las relaciones intergeneracionales en la formación y el compromiso del sucesor: efectos sobre el proceso de sucesión en la empresa familiar. *Revista Europea de Dirección y Economía de la*

*Empresa*, 19(2), 111-128.

Suess-Reyes, J. (2017). Understanding the transgenerational orientation of family businesses: the role of family governance and business family identity. *Journal of Business Economics*, 87(6), 749-777.

Suess, J. (2014). Family governance—Literature review and the development of a conceptual model. *Journal of Family Business Strategy*, 5(2), 138-155.

Tagiuri, R., & Davis, J. (1996). Atributos ambivalentes de la empresa familiar. *Family Business Review*, 11(1), 11-16.

Tápies, J. (2008). El consejo de familia (The family council). Nota técnica de la Cátedra de Empresa Familiar, IESE, Barcelona.

Tranfield, D., Denyer, D., & Smart, P. (2003). Towards a methodology for developing evidence-informed management knowledge by means of systematic review. *British Journal of Management*, 14(3), 207-222.

Valdivia-Sánchez, C. (2008). La familia: concepto, cambio y nuevos modelos. *La Revue du REDIF*, 1, 15-22.

Vilaseca, A. (2002). The shareholder role in the family business: Conflict of interests and objectives between nonemployed shareholders and top management team. *Family Business Review*, 15(4), 299–320.

Ward, J. L., & Aronoff, C. E. (2011). *Family business governance:*

*Maximizing family and business potential.* Family Business Leadership Series. Macmillan.

Ward, J.L. (1987). *Keeping the Family Business Healthy*, Jossey-Bass.

Wróblewska-Kazakin, A. (2014). Determinants of Family Business Progress. *Journal of Intercultural Management*, 6(4-2), 5-14.

Yin, R. K. (1989). *Case Study Research. Design and Methods*, Sage.

Yin, R. K. (1993). *Applications of Case Study Research*, Sage.

Zahra, S. A., Hayton, J. C., & Salvato, C. (2004). Entrepreneurship in family vs. non-family firms: A resource-based analysis of the effect of organizational culture. *Entrepreneurship Theory and Practice*, 28(4), 363–381.

Zellweger, T. (2017). *Managing the family business: Theory and practice*. Edward Elgar Publishing.

