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Behavioral Outcomes of Next Generation Family Members' Commitment to Their Firm

Abstract

Are there variations in behaviors and leadership styles of next generation family members or descendants who join their family business due to different forms of commitment? Evidence from a dual respondent study of 109 Canadian and Swiss family firms suggests that descendants with affective commitment to their family firms are more likely to engage in discretionary activities going beyond the job description, thereby contributing to organizational performance. Next generation members with normative commitment are more likely to engage in transformational leadership behaviors. Both affectively and normatively motivated next generation members use contingent reward forms of leadership. A surprising finding of this study is the binding force of normative commitment on positive leadership behaviors of next generation members. This study empirically tests the generalizability of the three-component model of commitment to family businesses, a context in which different forms of commitment may play a unique role.

Keywords: family business; next generation; commitment; leadership; transformational leadership; transactional leadership

A study of over five thousand new (less than 2 years old) and operating firms revealed that over 77% of new and 80% of operating firms in the US are family firms¹ (Chua, Chrisman, & Chang, 2004). That is, the creation and survival of these firms is significantly dependent on the active involvement of family members in financial and managerial aspects of the firm (e.g.,

¹ In this paper, we refer to family enterprise, family business and family firm interchangeably.

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Aldrich & Cliff, 2003; Colli, 2012; James, Jennings, & Breitzkreuz, 2012). As salient stakeholders of an enterprise (Mitchell, Agle, Chrisman, & Spence, 2011), members of the controlling family are uniquely positioned to serve as role models for other organizational members. They have a significant influence on the social environment or culture of their firm. In turn, the family environment affects the performance and sustainability of the enterprise (Miller & Le-Breton Miller, 2006). Family business leaders who encourage, inspire, and motivate their followers may be able to achieve better outcomes than those who act autocratically or without regard for the interests and needs of organizational members.

Research has established the performance differences between founders and later generation family members. Founder-led firms are better performers as compared to non-family firms or family firms led by descendants (e.g., Miller, Le Breton-Miller, Lester, & Cannella, 2007; Villalonga & Amit, 2006). However, the causes of variance in performance observed in descendant- or next generation-led firms have not been investigated. It remains unclear what factors influence the behavior or leadership style of next generation family members, which in turn impact on firm performance. In particular, commitment of next generation family members towards their business has been suggested to be a key determinant of firm survival, success and longevity (e.g., Chrisman, Chua, & Sharma, 1998; Handler, 1989; Sharma & Rao, 2000). Some even argue that high levels of commitment compensate for limitations in managerial competence and ability of family members to achieve positive results (Aldrich & Langton, 1998). Drawing upon the organizational behavior literature (e.g., McGee & Ford, 1987; Meyer & Allen, 1991; Morrow, 1983; Reichers, 1985), Sharma and Irving (2005) proposed a theoretical framework of next-generation commitment set within a family business context. These authors suggested that different bases of commitment – affective (desire based), normative (obligation based), and

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continuance (cost-avoidance based) – would be associated with different types of family members' behavior.

In this paper, we examine some of the predictions set out in Sharma and Irving's (2005) model of next-generation family members' (henceforth next-gen members) commitment with a sample of family firms based in Canada and Switzerland, two countries with comparable societal culture as it relates to family enterprises (Gupta & Hanges, 2004). Specifically, we analyze associations between the bases of next-gen members' commitment and discretionary behavioral outcomes using a dual respondent survey method. Data to assess the underlying form of commitment were collected from descendants who had taken over the leadership of the family firm. To assess the followers' perceptions of the leadership behaviors of these next-gen members, data were collected from senior non-family executives working closely with them (Felfe & Heinitz, 2010). This dual respondent approach allows us to use independent validation criteria that help to overcome problems associated with single source methods (McKenny, Payne, Zachary, & Short, in press).

This article makes three key contributions. First, as a large majority of business organizations in the world are family enterprises², findings of this study extend research on the three-component model of commitment originally developed to explain organizational commitment (e.g., Meyer & Allen, 1997) to these enterprises. Not only are family firms the predominant form of organization in the world, they also offer a unique context to examine the different bases of commitment. For example, as the family name is often closely associated with the enterprise's name, the potency of affective commitment is likely to be higher than in non-family firms. Similarly, due to the overlap of family and business in these enterprises, the

² These are firms wherein the controlling family members significantly influence the direction and key decisions of the business (e.g., Astrachan & Shanker, 2003; Westhead & Cowling, 1998).

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obligations to an organization and to the family may be confounded to increase their intensity. It is also easy to imagine how some next-gen members may be drawn to a family enterprise by (cost avoidance) motives other than pure desire or perceived obligation to the family or business, indicating all three forms of commitment are likely to co-exist perhaps on an extended scale in these firms – making them an excellent context to test the validity of the commitment theory.

Second, by providing the first empirical evidence of the nature of the relationship between different components of commitment and the leadership behaviors of next-gen members, we begin to understand why some descendants may be more effective performers than others. Third, the underlying reasons for transactional vs. transformational styles have not yet been investigated in the context of family enterprises. Furthermore, as observed by Judge and Piccolo (2004), based on their meta-analysis of this stream of leadership research, the available literature is largely USA based. As the study focuses on family enterprises in Canada and Switzerland, it takes a step to extend the scope of these leadership theories outside of the USA.

The remainder of this paper is structured as follows. Drawing on the organizational commitment literature, the next section presents a brief review of various components of commitment. Next, we discuss behavioral consequences of commitment and propose specific hypotheses. This is followed by a description of the empirical study including our data collection method and presentation of results. The article concludes with a discussion of the research, and limitations and implications of the study.

Bases of Commitment

Individuals may engage in a course of action with consequences on one or more targets (or *foci*) because they are driven by commitment – a force that is experienced as a mindset or psychological state (or *basis*) (Meyer & Herscovitch, 2001). Whereas targets of commitment

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refer to the objects or entities to which one is committed, the bases of commitment refer to the underlying motives that produce the mindset. In this study, family businesses are the targets of interest, and our aim is to understand how the various commitment mindsets of next-gen members are associated with these individuals' behaviors within their firm.

Meyer and Allen (1991, 1997) proposed three forms of commitment, which are considered as components of a commitment profile: affective, normative, and continuance commitment, linked to mindsets of desire, obligation, and opportunity cost respectively. Affective commitment drives family members who work in their firms because they *desire* to. This form of commitment is defined as “emotional attachment to, identification with, and involvement in the organization” (Meyer & Allen, 1991: 67). Normative commitment drives family members who feel a sense of *obligation* to work in their family firms (Meyer & Allen, 1991). These individuals feel a need to conform to external pressures or norms within their social environment. Such obligation is not necessarily perceived as being negative, because individuals may feel a sense of satisfaction if they are meeting the expectations of other family members and maintaining positive social relations with these significant people. Especially if combined with strong affective commitment, as is often the case, normative commitment may make individuals willing to exert effort towards a goal that they believe in because they feel it ‘is the right thing to do’ (Gellatly, Meyer, & Luchak, 2006; Meyer & Parfyonova, 2010).

Continuance commitment drives family members to work in their family firms because they perceive that the *opportunity cost* of not doing so would be too high (Meyer & Allen, 1991). Although this construct was initially conceived as being uni-dimensional in the organizational commitment literature (Meyer & Allen, 1991), some empirical work has evidenced the possibility of two underlying factors (McGee & Ford, 1987; Meyer, Allen, & Gellatly, 1990).

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Accordingly, Sharma and Irving (2005) distinguished between a mindset of ‘having to’ remain within the family firm because the costs of leaving are prohibitive (calculative commitment) and a mindset of ‘needing to’ pursue a career in the family firm because of a perceived lack of alternative employment opportunities (imperative commitment). In order to be consistent with the prevalent organizational commitment literature, which bases itself on Meyer and Allen’s (1991) work, and to test empirically the model using scales that have been specifically constructed to evaluate a three-component model (Allen & Meyer, 1990; Meyer, Allen, & Smith, 1993; Meyer, Stanley, Herscovitch, & Topolnytsky, 2002), in our study we consider the three established bases of commitment: affective, normative, and continuance.

Behavioral Consequences of Commitment

Behavioral outcomes of the different components of commitment can vary depending on whether the target is a course of action or an entity (Meyer & Herscovitch, 2001). The former usually has specific behavioral consequences (e.g., commitment to improve customer satisfaction), whereas the latter are more general (e.g., reduced employee turnover). Sharma and Irving (2005) focused on commitment whose target is the family firm. Although the three bases of commitment, which stem from substantively different mindsets of desire, obligation, and opportunity cost, may all compel individuals to pursue a career in their family business, Sharma and Irving (2005) proposed that the different forms of commitment may be associated with very different discretionary behaviors amongst next-gen members (see Figure 1).

--Insert Figure 1 about here--

According to Organ (1990), discretionary behaviors are those that organizational members can choose to proffer or withhold without regard to considerations of sanctions or formal incentives. A number of terms are used in the literature to describe such behaviors.

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Examples include OCBs or organizational citizenship behaviors (Organ, 1988), contextual performance (Van Scotter & Motowidlo, 1996), extra-role (Van Dyne, Graham, & Dienesch, 1994), and pro-social behaviors (Brief & Motowidlo, 1986). Sharma and Irving (2005) argued that affective commitment would be positively associated with discretionary behaviors, because individuals who identify with the family business will desire to contribute to its success.

Individuals with normative commitment were also expected to exhibit discretionary behaviors, but less so than affectively committed family members. As continuance commitment is associated with a lack of perceived alternatives, it was expected to have the weakest link with discretionary behaviors. In this study we focus on two important sets of discretionary behaviors pertinent to next-gen members in family firms: contextual performance and leadership styles.

Contextual Performance

Similarly to OCBs, contextual performance consists of discretionary activities that, although not part of the specific task requirements of a job, contribute to organizational effectiveness by supporting organizational goals. While task performance has been found to vary based on proficiency, the major source of variation in contextual performance lies in volition and predisposition (Borman & Motowidlo, 1993). In other words, as contextual performance involves going beyond the job description, it is driven more by motivation than by skill.

Although there is little empirical evidence linking different forms of commitment with contextual performance, Van Scotter (2000) found contextual performance to be positively associated with affective commitment. More research has examined the linkages between the bases of commitment and the related construct of OCBs. In their meta-analysis, Meyer et al. (2002) found that affective commitment and normative commitment were both positively

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associated with OCBs whereas the correlation between continuance commitment³ and OCBs was near zero. Given the similarities between OCBs and contextual performance and based on previous findings, we hypothesize the following:

Hypothesis 1a: Affective commitment of next generation family members will be positively associated with contextual performance.

Hypothesis 1b: Normative commitment of next generation family members will be positively associated with contextual performance.

Leadership Styles

Organizational behavior researchers often distinguish between two types of leadership styles or behaviors: transformational and transactional (Yukl, 1989). Transformational leadership is framed in terms of the effect leaders have on the needs, values and priorities of followers (Kark, Shamir, & Chen, 2003; Korek, Felfe, & Zaepernick-Rothe, 2010). Empirical studies have consistently found that transformational leaders have positive effects on the motivation and performance of their followers (e.g., Lowe, Kroeck, & Sivasubramaniam, 1996; Waldman, Ramirez, House, & Puranam, 2001). Transactional leadership is generally defined in terms of leaders' underlying influence process (Kark et al., 2003; Korek et al., 2010). Transactional leaders engage followers on the basis of a negotiated exchange, and provide rewards in return for an agreed level of employee performance. Bass (1985) referred to this type of leadership as 'contingent reinforcement.' Whereas a significant body of literature has examined the effects transformational leaders have on followers, there is still considerable uncertainty as to the factors influencing transformational or transactional leadership behaviors. We believe that the nature of

³ While we expect a near zero or negative relationship between continuance commitment, and contextual performance and transformational leadership, for simplicity of exposition in text and figure, formal hypotheses are not listed. However, the results confirm these relationships.

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leaders' commitment to the organization may play an important role in shaping their leadership style.

Transformational leadership. By inspiring and intellectually stimulating their followers (Bass, 1999), transformational leaders are presumed to build more than exchange-based relationship (Burns, 1978), and “engage the emotional involvement of their followers to build higher levels of identification, commitment and trust in the leader and his or her mission” (Jung & Avolio, 2000: 950). Four dimensions of transformational leadership have been proposed in the literature. These are charisma or idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration (e.g., Judge & Piccolo, 2004). As empirical studies consistently report a high correlation among these dimensions (e.g., Howell & Hall-Merenda, 1999; Judge & Bono, 2000), in this study, we felt confident in treating transformational leadership as a single variable.

Affectively committed next-gen members are emotionally attached and strongly desire to contribute positively to organizational outcomes. By consistently demonstrating a positive attitude and a willingness to go beyond the call of duty, the behavior modeled by these individuals is likely to inspire other members of the firm especially when exhibited by salient stakeholders such as members of the controlling family (Mitchell et al., 2011). Thus, we expect that affectively committed family business next-gen members are likely to be perceived as transformational leaders. Although individuals who are driven by normative commitment perceive an obligation to remain in the family firm, this is not necessarily perceived as being negative because it is rooted in kinship ties. In their article, Sharma and Irving (2005: 17) reported how one of their interviewees felt “touched”, “needed”, and “unable to let the family down”. Normatively committed next-gen members may also experience a strong drive to

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contribute substantively to organizational outcomes because this will positively affect their family and loved ones. Such next-gen members may be seen as transformational leaders because they “generate awareness and acceptance of the purposes and mission of the group” (Bass, 1990: 21). Therefore, we expect normatively committed next-gen members to be perceived as transformational leaders because they may influence the priorities of their followers (Kark et al., 2003) as well as their sense of mission and expectations (Bass, 1990). Thus, we hypothesize the following:

Hypothesis 2a: Next generation family members who have affective commitment towards their family firm will be perceived as transformational leaders.

Hypothesis 2b: Next generation family members who have normative commitment towards their family firm will be perceived as transformational leaders.

Contingent reward and transactional leadership. Dimensions of transactional leadership identified in the literature are: active management by exception, passive management by exception, *laissez-faire*, and contingent reward (Judge & Piccolo, 2004). While active and passive management by exception entail corrective actions respectively before and after the behavior has taken place, and *laissez-faire* essentially means avoiding leadership behaviors altogether, contingent reward leadership involves setting up constructive transactions by clarifying expectations, recognizing successful performance, and establishing related rewards with followers (Bass & Avolio, 1994; Judge & Piccolo, 2004). Research has identified contingent reward leadership as being the most effective behavior and as being comparable to transformational leadership especially in business settings (Judge & Piccolo, 2004). The other dimensions of transactional leadership have zero or negative effect on followers’ satisfaction with the leader, job satisfaction and motivation (e.g., Bass & Avolio, 1994; Judge & Piccolo,

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2004). As our study is based in a business setting, we will consider contingent reward and transactional leadership separately.

Because of their emotional attachment to the firm, affectively committed next-gen members are likely to want to provide positive reinforcement to their followers in return for appropriate behavior, in the hope this will contribute positively to the organization as a whole (Bycio, Hackett, & Allen, 1995). Indeed, recognition of contributions to the organization has been found to be associated with higher affective commitment (Buchanan, 1974). At the same time, contingent reward has been related with leadership aimed at achieving minimally acceptable performance from followers (Waldman, Bass, & Yammarino, 1990). In this sense, individuals who are driven by normative commitment may feel that their perceived obligation to remain in the family firm only requires them to set minimum standards for their employees. Thus, we hypothesize the following:

Hypothesis 3a: Next generation family members who have affective commitment towards their family firm will be perceived as contingent reward leaders.

Hypothesis 3b: Next generation family members who have normative commitment towards their family firm will be perceived as contingent reward leaders.

Individuals with continuance commitment are driven by the perceived costs associated with leaving the organization (Meyer & Allen, 1984). Thus, their willingness to invest themselves in the work of the business beyond what is expected of them is likely to be lower than that of affectively or normatively committed individuals. Next-gen members whose primary attachment to the organization stems from the fear of losing financial or social investments embedded within the family business may have little impact on the needs, interests, expectations and values of organizational members (Sharma & Irving, 2005). Rather than being committed to

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furthering the goals of the organization and its employees, individuals with continuance commitment may direct greater energy toward building and protecting their own ‘nest egg.’ Next-gen members with continuance commitment may also lack confidence in their abilities if they perceive a lack of alternative career opportunities outside of their family’s business (Sharma & Irving, 2005). Rather than inspire and motivate organizational members, these behavioral exhibitions may engender a culture of inferiority and learned helplessness. For these reasons we expect individuals propelled by continuance commitment to adopt a *laissez-faire* attitude and avoid making decisions when noticing deviant behaviors, rather than inspire followers – all characteristics associated with transactional leaders (Bass, 1990). Thus, we hypothesize the following:

Hypothesis 4: Next generation family members who have continuance commitment towards their family firm will be perceived as transactional leaders.

Method

Sample and Data Collection

A sample of 109 Canadian and Swiss family firms was used to test the theory developed in this study. The sample was restricted to firms that met two conditions: (i) leadership had been transitioned to a family member of the next generation, and (ii) there was a senior non-family manager who had a close working relationship with the next-gen leader. Thus, to test our theory, we needed family firms in a specific life cycle stage. Data were collected from two respondents in each firm – a next-gen leader and a senior non-family manager. The next-gen leader provided data for indicators related to the components of commitment, while the survey for the non-family manager included indicators to measure the leadership behaviors of the next-gen member. Both surveys included demographic variables.

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First, we surveyed a sample of Canadian firms, drawing on the membership of the Canadian Association of Family Enterprise (CAFE) – a not-for-profit association of family enterprises across Canada. CAFE facilitated the study by identifying 275 members as meeting our criteria and distributing the survey packages to all qualifying firms. This package included a cover letter detailing the purpose of the study, survey instructions, an assurance of confidentiality, and two separately colored (yellow and green) surveys. Instructions indicated that the yellow survey was to be filled out by the “Most senior next generation family member (of 2nd or higher generation)”, and the green survey by the “Most senior non-family manager who works with the next generation family member filling out the yellow survey”. Family business leaders were responsible for ensuring surveys were filled out by the appropriate respondents. Survey packages also included a self-addressed and postage paid envelope for each of the two surveys, which were deliverable to the one of the authors’ institution. Additionally, all surveys were coded to facilitate anonymity in multiple mailings. In all, three mailings produced at least a single response from 92 family businesses representing a total response rate of 33.5%. Of those who responded 10, or just over one percent, explicitly chose not to participate, often when changes had taken place in the life cycle of business that made the survey no longer applicable. Additionally, a number of respondents indicated that no senior non-family managers were employed by the business, and a small number of businesses only returned a single response. The final sample consisted of 78 family members, 47 non-family managers, and 44 complete dyads.

Second, in order to increase the number of respondents, we identified a comparable sample in Switzerland, which according to the GLOBE study has a similar societal culture to Canada for family enterprises (Gupta & Hanges, 2004). According to this study, which updated

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and extended Hofstede's (1980) culture classifications, Canada and Switzerland are assigned to the subcategories of 'Anglo' and 'Latin Europe' respectively. The GLOBE clustering results show that Latin Europe is the next best alternative cluster classification for Anglo, and vice versa. Furthermore, Anglo and Latin Europe are adjacent to each other in the GLOBE metaconfiguration of societal cultures. We identified 373 family firms registered in the Chamber of Commerce in Canton Ticino, located in Switzerland's Italian-speaking region, as meeting the study requirements. The questionnaire was translated from English into Italian, using a translation and back-translation procedure, by two university scholars fluent in both languages. Following the same procedure adopted for the data collected in Canada, the questionnaire package was sent to the Swiss family firms. Three mailings produced responses from 121 family businesses representing a total response rate of 32.4%. The final sample for Switzerland consisted of 121 family members, 67 non-family managers, and 65 complete dyads. In all, we had data from 199 firms and complete dyads from 109 firms.

Measures

Commitment. Measures of the three bases of commitment were adapted from Allen and Meyer (1990) and Meyer et al. (1993) to reflect the family business context ($\alpha = .59$ for affective commitment, $\alpha = .72$ for normative commitment, $\alpha = .73$ for continuance commitment). The adaptations consisted of contextualizing the measures, replacing the word 'organization' in the original scale with 'family business.' Variables were measured on a 5-point scale (1 = strongly disagree, 5 = strongly agree).

Contextual performance. We used 15 items derived from Van Scotter and Motowidlo's (1996) measure of contextual performance. The measure consists of seven items that assess the subscale of interpersonal facilitation ($\alpha = .89$) and eight items that assess the subscale of job

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dedication ($\alpha = .93$). Because these two subscales were highly correlated ($r = .79$), we collapsed them into a single measure of contextual performance ($\alpha = .95$). Senior non-family managers were asked to indicate the probability that the target next-gen member would engage in these contextual performance behaviors. Responses were measured on a 10-point scale (1 = 0%-9%, 10 = 90%-100%).

Leadership styles. We used the Multifactor Leadership Questionnaire (MLQ 5x-Short; Bass & Avolio, 1994). The 20 MLQ subscales of idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration were combined ($\alpha = .94$) to create the transformational leadership variable. We used four subscales ($\alpha = .81$) to measure contingent reward leadership. The 12 subscales of (active and passive) management-by-exception and *laissez-faire* leadership were combined ($\alpha = .67$) to create the transactional leadership variable. Responses were on a 5-point scale (0 = not at all, 4 = frequently, if not always).

Control variables. In the analysis we controlled for the number of years the respondent has been working in the family firm because this may affect family dynamics (Chrisman et al., 1998) and there is evidence to suggest that continuance commitment might increase with time spent in the organization (e.g., Meyer et al., 2002). We also controlled for sample (0 for Canadian, 1 for Swiss respondents).

Results

First, we compared the Canadian and Swiss datasets with regard to multiple variables, including respondents' age, generation, position, and years with the firm and found no statistically significant differences. Therefore, the two samples were combined although a control variable for sample was used in the regression analyses. As expected this control variable was not significantly related with our outcome variables. Second, we compared the means of

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respondents and non-respondents with respect to firm size and age, and used a t-test and chi-square test to establish whether the group of respondents was representative of the initial population. No significant differences were found. Third, in order to mitigate the issue of common methods bias, we performed the Harman's one-factor test. Multiple factors emerged, and the first factor did not account for the majority of variance, suggesting that the factor structure is not an artifact of the measurement process (Podsakoff & Organ, 1986). Fourth, we examined the variance inflation factors (VIFs), which indicated that multicollinearity was not a concern as all VIF coefficients were lower than 5 (Hamilton, 2006). Finally, we tested for heteroscedasticity, by screening the data with the help of the White test (Cameron and Trivedi's decomposition of the IM-test), which establishes whether the residual variance of a variable in a regression model is constant. The White test (DV contextual performance: $\text{Chi}^2 = 66.82; p = .32$; DV transformational leadership: $\text{Chi}^2 = 63.91; p = .40$; DV transactional leadership: $\text{Chi}^2 = 56.25; p = .29$) indicated that heteroscedasticity was not a concern in our study (Hamilton, 2006).

The average size of firms in the sample, measured by annual revenue, was between \$500,000 and \$1,000,000, while the average age of firms varied between 21 and 40 years old. Table 1 presents descriptive statistics. Of the three forms of commitment, affective commitment was the strongest in our sample (mean = 4.37, SD = .65), indicating that – whilst all three forms of commitment were quite high as is to be expected in family firms where attachment to the business of the family is usually strong (Cabrera-Suárez, De Saá-Pérez, & García-Almeida, 2001; De Massis, Sharma, Chua, & Chrisman, 2012; Neubaum, Dibrell, & Craig, 2012) – next-gen members tend to experience desire more strongly than obligation or opportunity cost. Further, normative (obligation based) commitment was correlated both to affective (desire based) and continuance (opportunity-cost based), suggesting that, while many family members may be

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drawn to pursue a career in their enterprise because of family obligations, they also experience other forms of commitment. Previous research has indeed suggested that individuals are often driven by a combination of different feelings and forms of commitment (Jaros, 1997; Meyer & Herscovitch, 2001; Somers, 1995). It is interesting to note the significant positive correlation between the contextual performance (or beyond job description efforts) of next gen leaders, and their transformational and contingent reward styles of leadership. In contrast, a significant negative correlation is observed between contextual performance and transactional leadership style.

--Insert Table 1 about here--

Table 2 presents regression results for the tested hypotheses. Of the seven hypotheses, four were supported by this dataset.

--Insert Table 2 about here--

The focal participants in this study were next-gen members who were actively managing their family firms at the time of the study and senior non-family managers working with them. The seven hypotheses related different forms of commitment to the discretionary behaviors of contextual performance and leadership styles. The relation between affective commitment and contextual performance was significant and in the expected direction ($b = .52, p < .05$). The relation between normative commitment and contextual performance was not significant ($b = .48, n.s.$). Therefore, Hypothesis 1a was supported, while H1b was not.

With Hypothesis 2, we expected next-gen members with affective and normative commitment to their family business to be perceived as transformational leaders. There was a positive and significant relation between normative commitment and transformational leadership ($b = .32, p < .01$). However, the relation between affective commitment and transformational

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leadership did not reach standard levels of significance ($b = .15$, n.s.). Therefore Hypothesis 2a was not supported, but 2b was.

With Hypothesis 3, we expected next-gen members with affective and normative commitment to their family business to be perceived as contingent reward leaders. There was a positive and significant relation between affective commitment and contingent reward leadership ($b = .26$, $p < .05$) and between normative commitment and contingent reward leadership ($b = .34$, $p < .05$). Therefore Hypothesis 3a and 3b were supported.

With Hypothesis 4, we expected next-gen members with continuance commitment to their family business to be perceived as transactional leaders. The relationship was not significant ($b = .07$, n.s.), thus Hypothesis 4 was not supported. However, we found a significant and negative relation between affective commitment and transactional leadership ($b = -.22$, $p < .01$), which we had not hypothesized.

Discussion

In this study, we examined potential discretionary behaviors that are related to different bases of commitment to the family enterprise experienced by next-gen members. Furthermore, we assessed relationships between these bases of commitment with the leadership style of these family members from the perspective of senior non-family managers of the firm. Several interesting findings are revealed through our two-nation, dual respondent study.

Affective or desire based commitment to family enterprise has a significant positive relation with behaviors that extend beyond the job description of next-gen members. That is, a family member who has joined the business based on intrinsic engagement is more likely to undertake contextual behaviors or discretionary tasks to make a positive difference in the family enterprise. These discretionary behaviors are not necessarily skill-based nor are they influenced

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by extrinsic rewards. Rather, these are pro-organizational, voluntary behaviors associated with intrinsic motivation. This finding is consistent with meta-analytic studies (Meyer et al., 2002) that demonstrate that affective commitment typically has the strongest relationship with OCBs.

We theorized that next-gen members driven by affective commitment would engage in transformational leadership inspiring values and priorities of followers, rather than in exchange based transactional leadership. However, this relationship was not supported in this study. Whilst we found a significant negative relation between affective commitment and transactional leadership, the relationship between affective commitment and transformational leadership was in the expected direction but did not reach traditional levels of statistical significance. Two possible explanations for this finding include: (a) the low reliability of the affective commitment measure may attenuate this relationship; or (b) perhaps it is here that the leadership skills play a role. That is, desire to contribute or make a difference may be sufficient to exhibit contextual performance, and may indeed be associated with contingent reward styles, but skills of different form are needed to inspire followers. More research is needed to further investigate this relationship. The positive aspect of this finding is that affectively committed next-gen members appear to be sufficiently motivated to engage in discretionary behaviors that positively affect the family firm and to offer rewards in exchange for followers' efforts. Furthermore, research suggests that transformational leadership skills, which are more personal and informal, can be learned (Barling, Weber, & Kelloway, 1996; Yammarino, Dubinsky, Comer, & Jolson, 1997).

Whereas previous studies have found that affective commitment correlates with a wider range of behavioral outcomes (Meyer & Herscovitch, 2001), in this research normative commitment emerged as the only predictor of a transformational leadership style. It may be that the felt obligation of family members is a stronger motivator in developing transformational

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leadership skills than is affective commitment, possibly reflecting the combined obligation to both organization and family of such individuals. Thus, within the context of family enterprises, the behavioral consequences of normative (rather than affective) commitment may be perceived as being broader than when other mindsets prevail in the commitment profile, making a normative mindset a stronger ‘binding force’ (Meyer & Herscovitch, 2001). Furthermore, normatively committed individuals seem to be able to invoke simultaneously transformational and contingent reward leadership styles, perhaps in response to situational demands. The context created by the other components of commitment within a family firm may be influencing behavior associated with leaders’ normative commitment (Gellatly et al., 2006; Meyer, Stanley, & Parfyonova, 2012). This is an intriguing direction for future research, to explore the relationship among the nature of intelligence, bases of commitment, and leadership styles of next-gen members. Not surprisingly, continuance commitment was not related to transformational leadership although the trend was in the negative direction.

One finding of note not previously discussed is the correlation among the different bases of commitment. Consistent with previous meta-analytic research, affective and continuance commitment are unrelated. However, in most previous research examining the three-component model of commitment, the correlation between affective and normative commitment tends to be relatively high and the correlation between continuance commitment and normative commitment tends to be moderate. By contrast, in our family business sample, that tendency is reversed (see Table 1). Given the low reliability of the affective commitment measure, the low correlations with affective commitment might reflect attenuation due to unreliability. However, it might also be that these findings are driven by context. In a family environment, next-gen members experience dual obligation to both family and firm. And because, although employees can leave

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a firm, it is more difficult to leave a family, these next-gen members might be more inclined to experience higher levels of normative and continuance commitment simultaneously. What remains to be seen how this is associated with performance and discretionary behaviors.

Contextual performance activities contribute to organizational effectiveness through interpersonal facilitation and job dedication (Van Scotter & Motowidlo, 1996). The significant positive relationship between affective commitment and such behavior suggests that individuals who support and identify with organizational goals and are driven by desire (Borman & Motowidlo, 1993) are more likely to go beyond what is contractually required to meet the goals of their family firm. Our findings also suggest that normative commitment is often not perceived as a negative force. According to our findings, normatively committed individuals are more likely to be transformational leaders rather than those who are driven by affective or continuance commitment. This suggests that they contribute to organizational performance by instilling in their followers their own sense of mission and purpose (Bass, 1990), which is derived by feeling social and/or normative pressure towards the family firm. Felt obligation seems to make next-gen members charismatic leaders by giving them a sense of duty and responsibility. Transformational leadership has been found to be effective in creating positive outcomes such as inspiring innovative behavior among followers (Pieterse, van Knippenberg, Schippers, & Stam, 2010).

Limitations

The results reported here must be viewed in consideration of the study's limitations. The cross-sectional research methodology does not allow us to make causal inferences with respect to the model being tested. In addition, the sample size was relatively small, reflecting the difficulty in finding firms and individuals who both met our inclusion criteria and were willing to

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participate. The small sample size may have limited our statistical power to detect significant relationships among the study variables.

Another limitation is the Cronbach alpha for affective commitment, which was unexpectedly low and may have attenuated findings regarding relationships with this basis of commitment. However, the pattern of results involving affective commitment was largely consistent with previous research. In addition, the fact that affective commitment, as expected, had the strongest relation with contextual performance somewhat mitigates this concern. Furthermore, a Cronbach alpha of .60 has been considered adequate (e.g., Gupta, Chen, & Chiang, 1997; Hair, Anderson, Tatham, & Black, 1998; Wijbenga, Postma, & Stratling, 2007) and levels approaching .60 can be found in the literature (e.g., .59 in Parmerlee & Near, 1984; .57 in Krueger, 1993; and .55 in Dijkstra, van Dierendonck, & Evers, 2005). Nevertheless, future research should include a more reliable measure of affective commitment to family firms.

Another limitation concerns our examination of the behavioral correlates of the bases of commitment using only zero-order correlations. Although this has been historically the means by which such correlates have been examined, recent research in commitment (e.g., Gellatly et al., 2006; McNally & Irving, 2010; Meyer et al., 2012; Sinclair, Tucker, Cullen, & Wright, 2005; Somers, 2009; Wasti, 2005) has explored patterns or profiles of commitment because all three bases of commitment may be experienced by individuals at different levels, and their combined influence may have different behavioral consequences. Unfortunately, our smaller sample size did not allow us to examine multiple interaction effects. Future research should explore these patterns as they relate to next-gen members.

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Concluding Remarks

This study is perhaps the first to examine empirically the multi-dimensional nature of the forms of commitment within the family business context. Although often cited as an important variable contributing to the effectiveness of family firms, we have demonstrated that the *basis* of next-gen members' commitment places an important qualification on this claim. Specifically, next-gen members driven by affective commitment were likely to be viewed as engaging in contextual performance and contingent reward leadership. Also, next-gen members driven by normative commitment were more likely to be viewed as being transformational or contingent reward leaders. Conversely, continuance commitment of next-gen members was shown to have no significant relation with discretionary behaviors. Although further empirical work is necessary to confirm these findings, it appears that continuance commitment of next-gen members may be problematic for some family firms, whereas affective and normative commitment are more desirable. However, research examining commitment context effects suggests that it might depend on whether individuals are driven by more than one form of commitment. Gellatly et al. (2006) referred to profiles in which affective and normative commitment are dominant as moral imperative, which they suggested would lead to more positive organizational outcomes. These authors referred to the combination between normative and continuance commitment as indebted obligation, in which individuals might feel obligated to engage in those behaviors they feel are restricted to contractual commitments. Given the role of normative commitment in organizations in which family and organizational obligations are confounded, the family firm may be a context ripe for examination of these varying effects of normative commitment.

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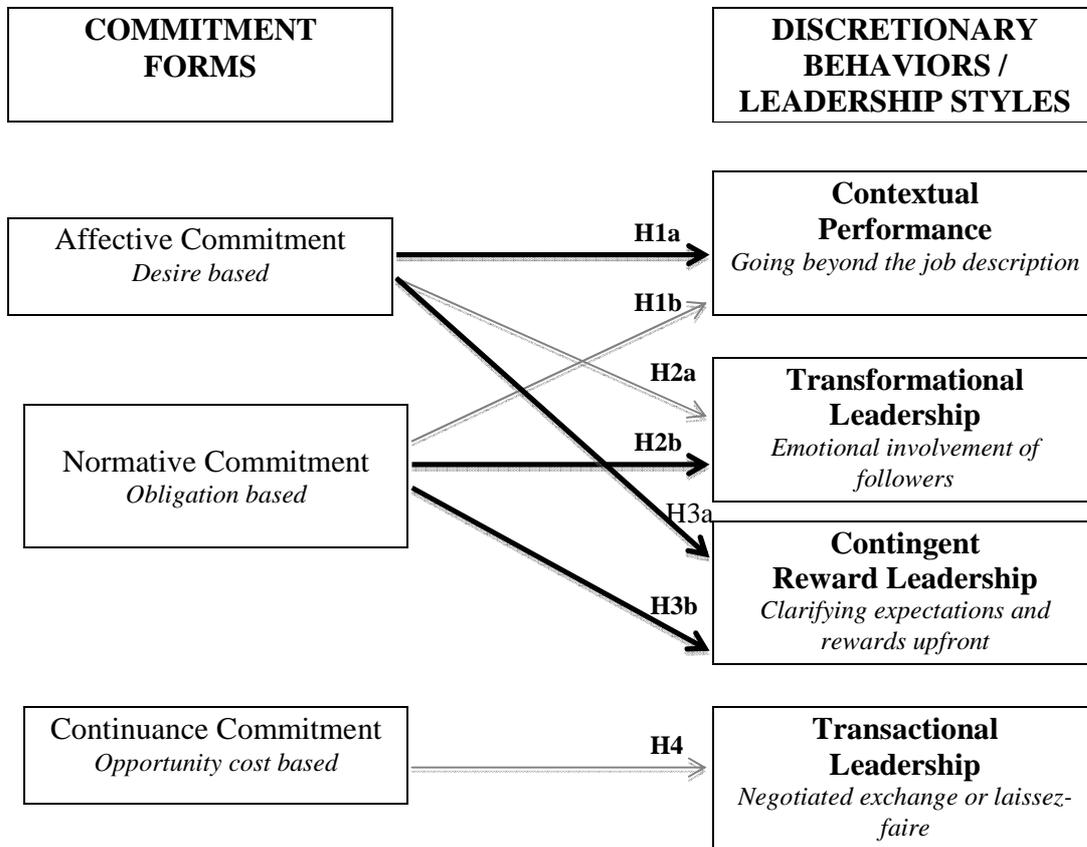
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Figure 1
Discretionary Behaviors and Leadership Styles of Next-gen Members⁴



⁴ Thicker arrows indicated statistically significant relationships.

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Table 1
Means, Standard Deviations, Correlations, and Reliabilities of Study

	Mean (SD)	1	2	3	4	5	6	7	8
1. Affective Commitment	4.37 (.65)	(.59)							
2. Normative Commitment	3.69 (.71)	.22**	(.72)						
3. Continuance Commitment	3.04 (.67)	-.01	.42**	(.73)					
4. Contextual Performance	8.19 (1.54)	.24*	.19	.00	(.95)				
5. Transformational Leadership	2.81 (.71)	.19	.23*	-.10	.68**	(.94)			
6. Contingent Reward Leadership	2.77 (.84)	.25**	.24*	-.09	.63**	.85**	(.81)		
7. Transactional Leadership	1.37 (.51)	-.28**	.07	.14	-.26**	-.06	-.12	(.67)	
8. Sample	.60 (.49)	-.02	.14	.16*	-.17	-.01	.10	.07	
9. Years in Firm	20.00 (11.90)	.06	.17*	.14*	.17	.07	.14	-.01	-.03

N = 109; * p < .05; ** p < .01; Reliabilities are listed along the diagonal

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Table 2
Regression of Affective, Normative, and Continuance Commitment on Respective Predictor Variables

Predictor Variables	Criterion Variable			
	Contextual Performance <i>Going beyond the job description</i>	Leadership Styles		
		Transformational <i>Emotional involvement of followers</i>	Contingent Reward <i>Clarifying expectations and rewards upfront</i>	Transactional <i>Negotiated exchange or laissez-faire</i>
Affective Commitment	.524*	.153	.259*	-.218**
Normative Commitment	.483	.317**	.342*	.050
Continuance Commitment	-.048	-.203	-.237	.068
Control Variables				
Sample	-.544	-.004	.170	.012
Years in the Firm	.017	.003	.009	-.001
Overall model F	3.127*	2.556*	3.767**	2.086
Adjusted R ²	.091	.067	.114	.048
Standard Error	1.482	.684	.773	.504
Degrees of freedom	106	108	108	108

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