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## **Predictors of Later Generation Family Members' Commitment to Family Enterprises**

### **ABSTRACT**

This study examines the antecedents of different bases of organizational commitment and intention to stay of later generation family members who are currently working in their family firm. Evidence from 199 Canadian and Swiss firms indicates that when these individuals' identity and career interests are aligned with their family enterprise they experience affective commitment. Family expectations are associated with normative commitment. Individuals who are concerned about losing inherited financial wealth or who perceive a lack of alternative career paths stay with the family enterprise because of continuance commitment. Finally, individuals driven by desire or obligation exhibit low turnover intentions.

**Keywords:** *Family Business, Later Generation, Commitment, Turnover Intentions*

### **INTRODUCTION**

Family involvement in business is an understandably prominent theme within family business research. Family businesses<sup>1</sup> are commonly differentiated from other organizational forms based on the involvement of family in the vision, ownership, management or governance of the firm (e.g., Chua, Chrisman, & Sharma, 1999). The critical role of family involvement in business enterprises, both young and old, is highlighted in theoretical and empirical works (e.g., Aldrich & Cliff, 2003; Miller & Le-Breton Miller, 2005). Scales to measure the extent and nature of family involvement in business have been developed and tested (e.g., Holt, Rutherford, & Kuratko, 2010; Klein, Astrachan, & Smyrnios, 2005). However, to date, there has been little systematic research to address why family members who have joined the family enterprise remain with the firm as a career choice.

Research suggests that it is the 'commitment' of family members toward their business that motivates them to be involved in it (Chirico, Ireland & Sirmon, 2011a). Family members' commitment toward their business is said to be a key determinant of firm survival, success, flexibility, and even longevity (e.g., Miller & Le-Breton Miller, 2006; Zahra, Hayton, Neubaum, Dibrell, & Craig, 2008). Family firms that are characterized by organizational commitment

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<sup>1</sup> In this paper, we refer to family enterprise, family business and family firm interchangeably.

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present higher levels of loyalty, interdependence, and reciprocal altruism, which are socially embedded resources that contribute to supporting long-term organizational goals and the firm's success (Colbert, 2004; Eddleston, Kellermanns, & Sarathy, 2008). Strong organizational commitment, combined with a culture of stewardship, encourages strategic flexibility, which allows family firms to scrutinize and respond to environmental changes (Zahra et al., 2008), which is particularly important in dynamic environment conditions (Eddleston et al., 2008). Family business leaders indicate the significant importance of commitment to business as one of the most desirable attributes in next generation family members (e.g., Chrisman, Chua, & Sharma, 1998; Sharma & Rao, 2000). Some argue that high levels of commitment compensate for limitations in ability and overall managerial competence of family members (Aldrich & Langton, 1997). But, are there different bases of commitment or reasons that motivate second or later-generation family members (henceforth later-gen members) to spend their career in this enterprise while others may join for a brief period without an intention to stay for the long term?

Based on the conceptual advances in the organizational commitment literature (Meyer & Allen, 1991; Morrow, 1983; Reichers, 1985), Sharma and Irving (2005) proposed a conceptual framework of commitment that compels later-gen members to be involved in their family enterprises. They distinguished the following bases of commitment: affective (desire based), normative (obligation based), and continuance (cost-avoidance based). Their theoretical framework suggests that the different forms of commitment will directly impact the focal behavior of later-gen members. Further, Sharma and Irving (2005) proposed that each commitment type would be rooted in a distinct set of antecedent variables. Using data from 199 family firms in Canada and Switzerland, this article provides an empirical test of this conceptual framework (Sharma & Irving, 2005). The focal behavior we are interested in is later-gen

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members' intention to stay and continue their career in the family enterprise, as the short term entry and exit of a family member may have negative repercussions both in the family and the business systems.

This article makes several contributions. First, it furthers our understanding of the different reasons why family members choose to maintain a career with their family business. By understanding the different motivators or bases of commitment and the predictors of each, we contribute to knowledge on family enterprises. Second, although scholars in the commitment literature have suggested the need to contextualize research and understand the predictors of different bases of commitment (Meyer & Herscovitch, 2001; Reichers, 1985), this work remains pending. Our study begins to address these issues by testing antecedents of different forms of commitment in the context of family enterprises. Third, scholars including Kacmar and Whitfield (2000) and Hambrick (2007) lament that less than 10% of ideas published in leading management journals are ever tested and point to “the importance of theory testing, as such testing can temper enthusiasm for appealing but invalid models” (Colquitt and Zapata-Phelan, 2007: 1282). This study begins to address such scholarly calls by empirically testing a conceptual framework that was proposed in 2005 but has not been tested to date. Finally, this research contributes to the broader commitment literature by examining a three-component model of commitment in a context in which normative commitment may play a larger role than in other contexts. Family businesses represent a unique form of organization that involves strong familial ties. Whereas normative commitment is sometimes either ignored or downplayed in commitment research (e.g., McGee & Ford, 1987), feelings of obligation may be particularly relevant in explaining commitment in family businesses.

This paper proceeds as follows. In the next section, we draw on the organizational commitment literature to present a brief review of the different bases of commitment with specific reference to family members' decision to continue their career within their family firm. Then, we build on the framework proposed by Sharma and Irving (2005) and present the hypotheses tested in this study with regard to the antecedents and a focal outcome of commitment. This is followed by a description of the empirical study including our data collection and measures. Results are shared next. The article concludes with a discussion of findings, including limitations and implications of the study.

### **BASES OF COMMITMENT**

According to Meyer and Herscovitch (2001), commitment is a force that emerges as a frame of mind or psychological state compelling an individual toward a course of action that is relevant to one or more targets. Within this definition, the targets – or *foci* – of commitment are the objects or entities to which one is committed, whereas the mindsets – or *bases* – refer to the underlying motives that produce commitment. In this study, family businesses constitute the targets of interest and we seek to understand the various mindsets associated with later-gen members' continued involvement in these firms. Family members may work for their family enterprise for a number of reasons. They may identify with the business, feel the pressure of family expectations and the need to support familial goals and values, or perceive that few career alternatives are available to them outside the family firm. Meyer and Allen (1991) distinguished among three bases of commitment – affective, normative, and continuance commitment – rooted in the mindsets of desire, obligation, and cost avoidance, respectively. Family members with affective commitment (AC) toward the family business – based on a mindset of desire – believe strongly in the purpose and goals of the business and demonstrate enthusiasm in contributing

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positively to organizational outcomes. Family members with normative commitment (NC) – based on a mindset of obligation – perceive the need to comply with external social norms and expectations. They may not perceive such an obligation negatively because it is possible to derive great satisfaction from meeting the expectations of, and maintaining positive social relations with, important people in their lives such as close family members. Family members who believe that the costs of leaving the family business are too high – based on a mindset of cost avoidance – experience continuance commitment (CC) (Meyer & Allen, 1991). Sharma and Irving (2005) theorized two underlying factors to CC, following empirical work that has evidenced this possibility (McGee & Ford, 1987; Meyer, Allen, & Gellatly, 1990). They considered a mindset of ‘having to’ remain within the family firm because the costs of leaving are prohibitive (calculative commitment) as well as a mindset of ‘needing to’ maintain a career in the family firm because of a perceived lack of alternative employment opportunities (imperative commitment). While conceptually appealing, empirical evidence from organizational commitment literature on whether there are one or two dimensions of CC is mixed (McGee & Ford, 1987; Meyer et al., 1990). As this is a first attempt to test empirically the antecedents of commitment in family enterprises, we rely on the more established scales in the prevalent commitment literature (Allen & Meyer, 1990; Meyer, Allen, & Smith, 1993; Meyer, Stanley, Herscovitch, & Topolnytsky, 2002). The three bases of commitment described above are all expected to be associated with later-gen members maintaining their involvement in the family enterprise, which is the focal behavior of interest in this study. However, as elaborated in the next section, the substantively different mindsets of desire, obligation, and cost avoidance are likely to stem from different antecedents (see Figure 1).

--Insert Figure 1 about here--

## ANTECEDENTS OF COMMITMENT

### **Antecedents of Affective Commitment**

AC is expected to occur when individuals identify with the organization and/or when they experience an alignment between their career aspirations and job opportunities within the business (Sharma & Irving, 2005).

***Identity alignment.*** According to social identity theory (Tajfel & Turner, 1985) individuals maintain multiple identities (e.g., brother, manager, church member) and classify themselves and others into social categories. When strong identification occurs with an organization, individuals take the organization's goals as their own and may even feel that they personify the organization (Ashforth & Mael, 1989). Because family enterprises by definition are characterized by deep involvement of family, it is often natural for family members to identify with the business (Sharma, Chrisman, & Gersick, 2012). When work and family activities are greatly intertwined as they are in family enterprises, individuals often derive their place in the world and sense of self and identity from this enterprise (James, Jennings, & Breitreuz, 2012). In many instances, senior generation family members devote significant efforts to instill later-gen members with the sense of pride, accomplishment, and satisfaction they feel toward the family enterprise (Miller & Le-Breton Miller, 2006). This, in turn, encourages younger members to identify with the firm, to be proud of their legacy, and to experience a desire to stay in their family enterprise. It follows that,

*Hypothesis 1: The greater the identification with the family enterprise, the higher will be the affective commitment experienced by later generation family members currently working in the family business.*

***Career interest alignment.*** Within an organizational context, individuals can be simultaneously committed to various focal entities such as their profession, their job, or the

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organization itself (Morrow, 1983; Reichers, 1985). Thus, later-gen members, regardless of their feelings toward the family or the business as a whole, may or may not have career interests that align with the opportunities available within their family firm. However, when the career interests of family members are sufficiently aligned with the work performed by their family firm, they are more likely to demonstrate great energy and willingness to contribute positively to the organization's goals (Salvato, Minichilli, & Piccarreta, 2012). It follows that,

*Hypothesis 2: The greater the alignment of career interests with the opportunities in the family enterprise, the higher will be the affective commitment experienced by later generation family members currently working in the family business.*

### **Antecedents of Normative Commitment**

NC develops from the internalization of norms through socialization (Meyer et al., 1990). As such, Sharma and Irving (2005) identified family expectations and family orientation as two potential antecedents of NC.

***Family expectations.*** The effect of family norms on individuals' attitudes, values, and behaviors has been extensively studied both in the organizational behavior and family business literatures (Asakawa, 2001; Barling, Kelloway, & Bremerman, 1991). For instance, norms of equality may stipulate that all later-gen members should participate equally in the business, whereas norms of liberty and independence may encourage later-gen members to strike their own paths and not participate at all in the family enterprise (Sharma & Manikutty, 2005). Because familial norms strongly influence the socialization of family members, later-gen members subjected to strong family expectations will likely feel obligated to continue their career within their family enterprise. It follows that,

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*Hypothesis 3: The greater the perceived family expectations regarding participation in the family enterprise, the higher will be the normative commitment experienced by later generation family members currently working in the family business.*

**Family orientation.** The concept of family orientation reflects the value that an individual places on family and the extent to which values of tradition and loyalty are shared (Lumpkin, Martin, & Vaughn, 2008). Through socialization, individuals internalize the sociocultural patterns of their family (Chirico, Sirmon, Sciascia & Mazzola, 2011b; Vallejo & Langa, 2010). Family pressure and norms have greater influence on individuals with high family orientation as these individuals are likely to be heavily involved in family life, making it harder to go against time-honored customs and established roles (Sharma & Irving, 2005). It follows that,

*Hypothesis 4: The greater their family orientation, the higher will be the normative commitment experienced by later generation family members currently working in the family business.*

### **Antecedents of Continuance Commitment**

CC occurs when individuals believe there are no available alternatives and the fear of losing valued investments or specific rewards compels them toward a course of action of relevance to the target (Meyer & Allen, 1991). In the realm of family enterprise, the costs associated with leaving the family firm can be either financial or social in nature. Later-gen members may also exhibit CC when they have limited exposure to other career paths or perceive a lack of marketable skills (Sharma & Irving, 2005).

**Financial costs.** Financial returns are highly salient within business environments and may weigh heavily on later-gen members' decision to remain in their family enterprise. Later-gen members may be granted substantial financial stakes in their family's enterprise (Schulze,

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Lubatkin, Dino, & Buchholtz, 2001). The endowment effect, observed in behavioral economics research, demonstrates that people often value more highly what they already possess rather than the opportunity to acquire something else (Issacharoff, 1998; Kahneman, Knetsch, & Thaler, 1990). It follows that,

*Hypothesis 5: The greater the perceived financial costs associated with non-participation in the family enterprise, the higher will be the continuance commitment experienced by later generation family members currently working in the family business.*

**Social costs.** The influence of the family system in the business environment implies that family members may have access to significant non-pecuniary benefits through their family enterprise (Sirmon & Hitt, 2003). These benefits include belonging to social networks and enjoying long-term relationships with key stakeholders such as clients or suppliers, which can afford considerable reputational advantages (Carney, 2005; Miller & Le-Breton Miller, 2006). The social status and identity of a family member is closely linked to the family enterprise, especially if the individual bears the same name as the firm (Dyer Jr. & Whetten, 2006). Later-gen members who choose not to stay in their family enterprise forgo the opportunity to reap the benefits that may be associated with the cross-generational transfer of this social capital (Arregle, Hitt, Sirmon, & Very, 2007; Stewart, 2003). They also give up the power to exercise authority in the enterprise, and may forego satisfaction of their needs for affection and belonging along with other forms of socio-emotional wealth that may reside within the family business environment (Gomez-Mejia, Cruz, Berrone, & De Castro, 2011). It follows that,

*Hypothesis 6: The greater the perceived social costs associated with non-participation in the family enterprise, the higher will be the continuance commitment experienced by later generation family members currently working in the family business.*

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***Limited exposure to alternate career paths.*** It is natural for children of family business operators to participate in the family enterprise throughout their childhood and adolescence (Lambrecht, 2005). In this context individuals are exposed to their parents' careers within the family business, which may come to define their zone of comfort (Sharma & Irving, 2005). For many later-gen members, a career within the family business may offer the 'path of least resistance.' In contrast, career alternatives outside the known confines of the family enterprise may be associated with considerable uncertainty and risk. It follows that,

*Hypothesis 7: The more limited the exposure to career opportunities outside of the family enterprise, the higher will be the continuance commitment experienced by later generation family members currently working in the family business.*

***Perceived lack of marketable skills.*** Children who grow up participating in their family enterprise are likely to develop tacit knowledge and firm specific skill sets that may not easily transfer to other institutions or contexts (Lane & Lubatkin, 1998; Sirmon & Hitt, 2003). Over time, and in the absence of external experience, later-gen members may come to believe that their skills are not relevant outside of their family enterprise. Whether or not this perception is accurate, the belief that skills are non-transferable may have considerable bearing on the decision to continue working for the family enterprise (Habbershon & Astrachan, 1997). It follows that,

*Hypothesis 8: The greater the perceived lack of marketable skills, the higher will be the continuance commitment experienced by later generation family members currently working in the family business.*

## **BEHAVIORAL CONSEQUENCE OF COMMITMENT**

Committed individuals tend to have lower intent to leave their job and voluntary turnover, regardless of the mindset driving their commitment (Meyer et al., 2002). Such commitment may

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develop prior to entry (O'Reilly & Caldwell, 1981) and is often evident during early stages of employment (Porter, Crampon, & Smith, 1976). Even individuals with CC are expected to want to keep their job to avoid incurring in costs associated with leaving (Meyer et al., 2002). The theory presented here is premised on the notion that each of the three bases of commitment will lead later-gen members to engage in the same focal behavior – the decision to continue working in their family enterprise (Sharma & Irving, 2005). It follows that,

*Hypothesis 9: Affective, normative, and continuance commitment of later generation family members currently working in the family business will all be positively related to intention to stay in the family enterprise.*

## **METHODS**

### **Sample and Data Collection**

The nine hypotheses were tested through a three-step process. First, we conducted a pre-test of our questionnaire among 60 members of a local family business center in Canada in order to ensure that respondents would be able to understand and complete the survey. Second, we surveyed a sample of later-gen members currently working in Canadian family firms, drawing on the membership of the Canadian Association of Family Enterprise (CAFE). The distribution of survey packages was facilitated by CAFE, which identified 275 of their member organizations as meeting the study requirements; that is, enterprises in which the firm's leadership had been transitioned to a family member of second or later generation. A package with a cover letter detailing the purpose of the study, the questionnaire, instructions, and an assurance of confidentiality was sent by CAFE to all qualifying firms. Instructions indicated that the questionnaire was to be filled out by the 'Most senior later generation family member (of 2<sup>nd</sup> or higher generation)'. The survey included indicators for the antecedent variables and commitment

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bases as well as demographic variables. 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, deliverable to one member of the research team.

Additionally, all surveys were coded to facilitate anonymity in multiple mailings. For the Canadian sample, three mailings produced responses from 89 family businesses representing a total response rate of 32.3%. Of those who responded, 11 declined to participate in the study. The final sample consisted of 78 family businesses.

Given the limited number of respondents, the third step was to extend the study to another country. We selected Switzerland, which has been shown to have a comparable societal culture to Canada as indicated by the GLOBE study (Gupta & Hanges, 2004). According to this work, a comprehensive update that extends Hofstede's (1980) well-known culture classifications, Canada and Switzerland belong 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. The questionnaire package was sent to the Swiss family firms following the same procedure used for data collection in Canada. Three mailings produced 121 usable responses, representing a total response rate of 32.4%.

The Canadian and Swiss datasets were compared with regard to multiple variables (e.g. respondents' age, generation, position, and years with the firm). No statistically significant

differences were found on these demographic variables. However, we found significant differences with regard to some of the independent variables of our model such as 'limited exposure to alternate career paths' and 'perceived lack of marketable skills'. Therefore we retained a control variable for sample through all subsequent analyses.

We also compared the means of respondents and non-respondents with respect to 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. In order to mitigate the issue of common methods bias, Harman's one-factor test was performed on items included in our regression models. The results of the unrotated factor analysis showed that no single factor was dominant (the first factor explained 15.2% of the variance, and the remaining factors accounted for 57.1%), suggesting that common method bias was not a threat in our data (Podsakoff & Organ, 1986). We also followed Podsakoff, MacKenzie, Jeong-Yeon, & Podsakoff's (2003) suggestions and analyzed our data with the unmeasured latent factor method approach. We allowed all self-reported items to load both on their theoretical constructs and on an uncorrelated method factor, and compared the results of this model with our full factor measurement model without the latent method factor. The addition of the latent factor did not significantly improve the fit of the measurement model. Also, all factor loadings of the measurement model remained significant. These results further suggest that common method bias is not likely to have influenced our study's results.

## **Measures**

This study used a combination of established scales from previous studies and new scales for constructs that did not have existing measures. All variables were measured on a 5-point scale (1 = strongly disagree, 5 = strongly agree). The questionnaire is provided in the Appendix.

**Existing scales.** Where possible we employed well-established measures for our constructs. First, 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. Specifically, the term 'organization' in the original scale was replaced with 'family business'. Second, organizational identity is distinctive to organizations because it portrays the collective behavior and culture of the organization. Scholars argue it is embedded in the organization's history and values (e.g. Zellweger, Eddleston, & Kellermanns, 2010), which shape the organization's culture (Klein et al., 2005). Accordingly, identity alignment was measured through five items taken from the study of Astrachan, Klein, & Smyrnios (2002) on the family firm's culture dimension and three items from Mael & Ashforth's (1995) organizational identification scale. As indicated in the Appendix, we also developed three new items to ensure sufficient sampling of the theoretical domain (for the procedure followed to create new items, see below). Third, a six item scale developed by Misra, Ghosh, & Kanungo (1990)<sup>2</sup> was used to measure family orientation, i.e. the value later-gen members placed on family and family life. Finally, a four item scale based on Colarelli's (1984) measure of turnover intention was used to measure later-gen members' intention to remain with their family enterprise. Again, items were adapted to identify the family business as the focal unit. To eliminate problems associated with reverse scoring, all items were framed to have a common valence.

**New scales.** Where existing scales were unavailable we followed established procedures to develop new measures for our theoretical constructs (e.g., Jansen, van den Bosch, & Volberda, 2005; Pearson & Lumpkin, 2011). Similarly to Jansen et al. (2005), we reviewed existing literature and put together a list of items reflecting the theoretical definition and meaning of each

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<sup>2</sup>Although Misra et al. (1990) referred to 'family involvement', we use Lumpkin et al.'s (2008) more recent terminology of 'family orientation'.

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construct. Furthermore, as described above, we pre-tested the questionnaire, including the new scales, on a sample of 60 Canadian family firms. This resulted in minor adjustments in the wording of our new scales. First, individuals may experience commitment toward different entities, such as their career, job and organization (Morrow, 1983; Reichers, 1985; Sharma & Irving, 2005). Also, there may be potential conflicts among different commitment targets (Wiener & Vardi, 1980). We developed a six-item scale to gauge the positioning of an individual's career relative to the career that is available within the family business (career interest alignment). Second, families generally have norms and expectations regarding the attitudes and behaviors that are considered acceptable or desirable (Asakawa, 2001; Barling et al., 1991). Families with family businesses will have norms and expectations about the role that family members are expected to play in the business, including pursuing a career or taking a leadership role (Sharma and Irving, 2005). Accordingly, a five item scale was developed for this survey to assess the family expectations concerning later-gen members' role within the family business. Third, a family business provides family members with income and financial security, especially when family members are paid more than their market value (Burkart, Panunzi, & Shleifer, 2003). Furthermore, there may be an endowment effect, leading individuals to value what they already possess due to the sunk costs incurred over time (Issacharoff, 1998; Kahneman et al., 1990). In order to assess the personal financial costs that are associated with giving up work in the family business, compared to working for someone else or even selling the family business, a five-item scale was created for this study. Fourth, family business owners tend to be socially embedded in their local community (Perricone, Earle, & Taplin, 2001) and family firms enjoy relationships deriving from a respected family name (Donnelley, 1988). To account for the community-level benefits that family members enjoy from working in the family business (Sharma & Irving, 2005;

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Sharma & Manikutty, 2005) we created a four-item scale addressing the social costs associated with leaving the family firm. Fifth, individuals' occupational choices are strongly influenced by parents' employment (Barling, 1990). In family firms, individuals often feel their career is dependent on the family firm because of the rewards, privileges or pressures they receive and sometimes believe that alternative careers are not available (Sharma & Irving, 2005). This is amplified by the fact that later-gen members typically have limited experience outside of the family firm (Harris, Martinez, & Ward, 1994). Four items assessing the extent to which later-gen members were exposed to career paths outside of the family business were created for this study. Finally, leaving a business for alternative employment may be associated with exit costs because of firm-specific investments and sunk costs deriving from personal commitment to the firm (Meyer et al., 1993). Because skills are developed through learning-by-doing and apprenticeships that are provided by family members (Le Breton-Miller & Miller, 2006), later-gen individuals develop tacit and highly specific knowledge, which they may feel is not easily transferable (Dawson, 2012; Sirmon & Hitt, 2003). A four item scale assessing the extent to which later-gen members perceived that their skill set was generalizable to other potential employers was created for this study (perceived lack of marketable skills).

***Control variables.*** We controlled for nine variables that may influence the relation between our dependent and independent variables. Although there is no definitive evidence of gender differences with regard to organizational commitment (Mathieu & Zajac, 1990), there are studies that point toward women being more committed than men and vice versa (Scandura & Lankau, 1997). Therefore we controlled for respondent gender (0 for male and 1 for female). Age has been found to be positively correlated to organizational commitment and intention to stay because of expectations about future job prospects and importance of work by stage of life

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(Finegold, Mohrman, & Spreitzer, 2002). We controlled for age using six discrete categories (30 or less, 31-40, 41-50, 51-60, 61-70, and over 70 years old). In order to control for later-generation attributes, family dynamics and embeddedness in the firm (Chrisman et al., 1998), we controlled for type of relation of later-gen member with the founder (0 for blood relative and 1 for in-law) as well as position (ranging between 1 for Chair of the Board to 9 for Non-Management) and number of years in the firm.

Older non-family firms present greater turnover because these organizations tend to be more bureaucratized and are better positioned to endure turnover (Wagner, Pfeffer, & O'Reilly, 1984). Similar empirical determination is pending for family enterprises. Nevertheless, in this study, we controlled for age of the firm using five discrete categories (20 or less, 21 to 40, 41 to 60, 61 to 80, over 80 years old). We controlled for the proportion of family wealth invested in the family business using four discrete categories (< 25%; 25%-49%; 50%-74%; 75%-100%) because having greater investments may affect family members' motivation and commitment (Chen & Hsu, 2009). In the context of non-family firms, firm size has been shown to have a negative effect on organizational commitment, because as organizations become larger it is more difficult to be visible and feel engaged (Sommer, Bae, & Luthans, 1996). However, in family firms, the opposite may be true for family members as their visibility, power, and attraction to the firm may increase when the family enterprise is of a substantial size. While investigating the role of firm size on the commitment of family members is beyond the scope of this study, we controlled for firm revenue using eight discrete categories (\$100,000 or less, over \$100,000 to \$250,000, over \$250,000 to 500,000, over \$500,000 to \$1 million, over \$1 million to \$5 million, over \$5 million to \$10 million, over \$10 million to \$50 million, over \$50 million). Finally,

because we collected data in two countries, we controlled for sample (0 for Canadian and 1 for Swiss respondents).

## RESULTS

### Statistical Analyses

First, items associated with the various predictor variables were factor analyzed using varimax rotation and, as expected, a number of distinct factors emerged. However, items loaded on seven, rather than eight factors with items tapping 'limited exposure to alternate career paths' and 'perceived lack of marketable skills' loading on the same factor. Using AMOS, we verified the measurement model with a confirmatory factor analysis of all multi-item variables. Overall, good fit was indicated by a normed  $\chi^2$  of 1.136 and RMSEA of 0.035, and permissible fit was given by a CFI of 0.89 (e.g., Byrne, 2010; Hair, Black, Babin, & Anderson, 2010). As suggested by Hulland (1999), we dropped four items with extremely low loadings (lower than 0.4), as they added little explanatory power to the model and bias parameter estimates (Byrne, 2010).

Additionally, to determine whether 'limited exposure to alternate career paths' and 'perceived lack of marketable skills' should be represented as a single construct (as suggested by the factor analysis) or as two separate constructs as theorized by Sharma and Irving (2005), we compared the fit of a one-factor solution with a two-factor solution (e.g., Byrne, 2010). Since the two-factor solution provided a better fit, it was chosen for hypothesis testing.

Second, convergent validity was examined by computing the indexes of average variance extracted, which is the proportion of variance in the variable that is not due to measurement error. An average variance extracted of at least 0.50 (50 percent) provides support for convergent validity (Hair et al., 2010). All variables in our model exceeded the cutoff point. Third, we evaluated discriminant validity by comparing the squared correlation between two variables with

their respective average variance extracted. Discriminant validity is demonstrated if the average variance extracted of both variables exceeds the squared correlation (e.g., Hair et al., 2010). This condition was met for all the variables. Finally, in order to ensure the data were appropriate for our analyses, we examined the variance inflation factors (VIFs), which showed that multicollinearity was not a concern. All VIF coefficients were lower than 5 (e.g., Hamilton, 2006). We also 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 AC:  $\chi^2 = 67.37, p = .30$ ; DV NC:  $\chi^2 = 69.31, p = .24$ ; DV CC:  $\chi^2 = 104.74, p = .11$ ; DV intention to stay:  $\chi^2 = 89.19, p = .12$ ) indicated that heteroscedasticity was not a concern (e.g., Hamilton, 2006).

### **Hypothesis Testing**

Regression analysis was utilized for hypothesis testing. Table 1 presents descriptive statistics and zero-order correlations for all variables.

--Insert Table 1 about here--

Table 2 presents regression results for the nine hypotheses. Five hypotheses received strong support (H1, 2, 3, 5, and 7), and four were partially supported (H4, 6, 8, and 9). The significant relationship between identity alignment and AC ( $b = .40, p < .01$ ) supported Hypothesis 1. Hypothesis 2 was also supported, with career interest alignment being significantly related to AC ( $b = .18, p < .05$ ). Hypotheses 3 and 4 concerned the proposed antecedents of later-generation members' NC. Both family expectations and family orientation were significantly correlated with NC ( $r = .43, p < .01$  and  $r = .22, p < .01$  respectively). However, when NC was regressed on both variables, only family expectations emerged as a significant predictor ( $b = .42, p < .001$ ), perhaps owing to the variance shared by family expectations and family orientation ( $r = .38, p <$

.01). Thus, Hypothesis 3 was fully supported but Hypothesis 4 received only partial support.

With regard to Hypotheses 5-8, financial costs ( $r = .41, p < .01$ ), social costs ( $r = .20, p < .01$ ), limited exposure to alternate career paths ( $r = .49, p < .01$ ), and perceived lack of marketable skills ( $r = .44, p < .01$ ) were all significantly correlated with CC. However, when CC was regressed on these four variables, financial costs ( $b = .18, p < .001$ ) and limited exposure to alternate career paths ( $b = .28, p < .001$ ) were the only significant predictors. These results fully support Hypotheses 5 and 7 but only partially support Hypotheses 6 and 8. The last column in Table 2 reports results for Hypothesis 9. Two out of the three bases of commitment, AC ( $b = .34, p < .001$ ) and NC ( $b = .31, p < .01$ ), emerged as significant positive predictors of later-gen members' intention to stay. Thus, Hypothesis 9 was only partially supported.

--Insert Table 2 about here--

We ran two robustness checks for our results. First, we regressed each commitment basis, as well as intention to stay, on all predictors. All results were confirmed, although there were some interesting additional findings: perceived lack of marketable skills had a significant and negative effect on AC ( $b = -.23, p < .01$ ); identity alignment had a significant and positive effect on NC ( $b = .57, p < .001$ ); and NC had a significant and positive effect on CC ( $b = .28, p < .01$ ) and vice versa ( $b = .23, p < .01$ ). Second, we ran our regression analyses simultaneously in structural equation modeling (SEM) in AMOS. As expected, given the small sample size relative to the number of parameters being estimated, there were issues with model fit (Byrne, 2010; Hu & Bentler, 1995; Marsh, Hau, & Wen, 2004). However, none of the regression results of our hypothesized relationships differed substantively from those obtained through OLS regression analysis.

## DISCUSSION

Scholars have argued for the importance of continuity and long tenure of leaders in family enterprises, suggesting these factors lead to these firms' competitive advantage and longevity (Miller & Le-Breton Miller, 2005). But do all family members who have joined family firms intend to stay? And, if there is variance in intention to stay, what are the factors that are associated with that variance? In this study, we investigated the antecedents of later-gen member commitment currently working in family businesses as well as the relations of different bases of organizational commitment with intention to stay in the business (Sharma & Irving, 2005). Five antecedent variables that related significantly and positively with the expected bases of commitment are identity alignment, career interest alignment, family expectations, financial costs, and limited exposure to alternate career paths. These findings are consistent with the three-component model of commitment described in previous research (Meyer & Allen, 1991, 1997) as well as the relations hypothesized by Sharma and Irving (2005).

In addition to examining antecedent variables, we also examined relationships of the bases of commitment with the focal behavior of intention to stay with the family business. As expected, AC and NC were positively associated with intention to stay. However, contrary to our hypothesis, CC was not significantly associated. This is consistent with previous meta-analytic research (Meyer et al., 2002), which has found that AC has the strongest relationship with the focal behavior, followed by NC. CC consistently has the weakest relations of the three bases with focal behaviors.

### **Affective Commitment**

Later-gen members who derive their sense of self and identity from the business they are currently working in, and are provided with opportunities aligned with their career interests, are

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more likely to have an affective attachment to the organization. These findings are consistent with the general model of commitment proposed by Meyer and Herscovitch (2001). It is also noteworthy that, in the organizational commitment literature, AC and identification are very much linked conceptually (Riketta & Van Dick, 2009). Within a family business context, individuals who identify strongly with the family firm almost come to view the firm as an extension of themselves and their family name (Dyer Jr. & Whetten, 2006). As a result, they may develop a strong desire to maintain the firm and preserve it for future generations. Organizational identity theory, with its focus on the long-lasting and idiosyncratic basic elements of an organization – ‘who are we as an organization?’ (Albert & Whetten, 1985) – can help explain how family ownership and control can anchor the identity of a hybrid organization, such as a family firm, to the family’s set of values. Perceived lack of marketable skills was also a significant and negative predictor of AC, suggesting that later-gen members who feel their job skills are not valuable outside the family firm may end up resenting the organization, thus reducing their emotional attachment and identification with it.

### **Normative Commitment**

Parents who strongly encourage or pressure their children to take over the family business are likely to create a mindset of obligation in later-gen members. That family expectations play such a role should not be surprising given the importance that familial relationships and parental influences have in the development of organizational attitudes (e.g., Barling et al., 1991). The mindset of obligation is not necessarily negative, because individuals often derive satisfaction from conforming to the expectations and desires of those they love and respect, and to whom they are close. This rationale is supported by the results of this study in that NC was positively correlated with AC, which is in line with previous research (e.g., Meyer et al., 2002).

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Furthermore, it is not surprising that identity alignment is a predictor of both AC and NC as it has been noted that variables can contribute to different bases of commitment (Meyer & Allen, 1997; Meyer & Parfyonova, 2010) depending on how they are being perceived. In this instance, identity alignment can play a part in developing an emotional attachment to the family firm (if later-gen members feel that the enterprise provides them with support and a sense of self) and/or a sense of obligation (if they feel that such support and position within the firm should be reciprocated).

### **Continuance Commitment**

With regard to antecedents of CC, we found strong support for financial costs and limited exposure to alternative career paths. These findings confirm the importance of economic and job-related factors in the development of CC to the family business. It is possible that not being involved in the family business has minimal impact on familial relationships, thereby reducing any social costs that may be incurred. Whilst this finding may seem counterintuitive to research on the affective endowments that make up socio-emotional wealth in family firms (Gomez-Mejia et al., 2011), we interpret it as a reminder of the heterogeneity of family enterprises as evidenced by available research highlighting the diversity of goals and performances (e.g., McKenny, Short, Zachary, & Payne, 2012).

### **Bases of Commitment**

NC was found to be positively correlated both to AC and to CC ( $r = .22, p < .01$  and  $r = .42, p < .01$  respectively) and we found stronger evidence of an association between NC and CC. Although it is typical for NC to be positively related to both AC and CC, the magnitude of these correlations is usually reversed. Meyer et al.'s (2002) meta-analytic findings suggest that the correlation between AC and NC tends to be much higher than the correlation between CC and NC ( $r = .63$  vs.  $r = .18$ ). Our finding suggests that the family business environment may provide a

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unique context to examine NC. Family members are more likely than the average employee to be driven by a greater confluence of factors to stay with their family firm. In addition to being part of the emotional bond that exists between an individual and the firm, a family member experiencing high levels of NC may also feel compelled to remain committed to the family firm because the side-bets, or investments, they have made – be they financial, social, psychological, or other – are high (Jaros, Jermier, Koehler, & Sincich, 1993). Thus in some cases NC can be experienced as a negative feeling. Commitment scholars have indeed encouraged development of studies to understand simultaneous occurrence of different forms of commitment or commitment profiles (Gellatly, Meyer, & Luchak, 2006; McNally & Irving, 2010; Meyer & Herscovitch, 2001). Our results provide an indication of how these forms may co-exist in family enterprises.

### **Intention to stay**

NC and AC have a strong positive relationship with intention to stay, indicating that even when individuals experience obligation their turnover intentions are weak. The significant relation between these two commitment bases and intention to stay makes sense in light of the former being attitudes toward a target (Solinger, van Olffen, & Roe, 2008), in this case the family business, and the latter being an attitude toward a specific behavior; that is, staying in or leaving the family business. Our study also indicates high levels of different forms of commitment and intention to stay among later-gen members working in the family business (see means in Table 1). This is not surprising given the uniqueness of family firms in which attachment to the business is high (Cabrera-Suárez, De Saá-Pérez, & García-Almeida, 2001; Neubaum, Dibrell, & Craig, 2012).

### **Full and Partial Mediation**

Although the following interpretation requires some caution because it is based on a theoretically underspecified model, we explored the mediation effects of commitment bases in our model (Byrne, 2010). This analysis showed that the three commitment bases act as full mediators of the hypothesized relationships, further corroborating our results. Specifically, AC fully mediates identity alignment and career interest alignment in relation to intention to stay. NC fully mediates the impact of family expectations on intention to stay. CC fully mediates the relationships between its antecedents (financial costs, limited exposure to alternate career paths and perceived lack of marketable skills) and intention to stay. However, interestingly, this analysis reveals that, although social costs does not have a direct significant effect on CC, it has a negative direct effect on intention to stay. Apparently, the perceived social costs of later-gen members associated with non-participation in the family business have a negative direct impact on their intention to remain in the family business.

### **Limitations**

The results reported here must be viewed in consideration of the study's limitations. First, we had one respondent from each company. Our choice was dictated by the peculiarity of our study whereby a single family member often takes over the business. Second, the cross-sectional research methodology does not allow us to make causal inferences with respect to the theoretical framework. Third, the Cronbach alpha value for AC is at the lower end of acceptability. However, a Cronbach alpha of .60 has been indicated as being adequate (e.g., Wijnbenga, Postma, & Stratling, 2007) and levels approaching .60 have been reported in the literature (.59 in Parmerlee & Near, 1984; and .57 in Krueger, 1993). The lower than expected correlation between AC and NC may be the result of low reliability of the AC measure. However, the significant relationships between AC and the hypothesized antecedents suggest that these relations may be

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even more robust than indicated in our findings. Fourth, we cannot discard the possibility of self-selection bias regarding the firms involved in CAFE: for example, Chua et al. (1999) found that family firms belonging to CAFE were older and larger than non-CAFE members. Our study focused on the commitment of later-gen members working in the family firm and we do not believe this would be any different because the firm has joined an association. However, CAFE members may be more aware of the 'family business discourse' and of specific concepts related to family business management and governance. Similar considerations may apply to firms belonging to the Ticino Chamber of Commerce. Finally, when we regressed commitment bases on intention to stay, we found a strong sample impact ( $b = -.56, p < .001$ ) indicating that Swiss respondents had lower intention to stay. There are two possible explanations for this. First, although we recognize that Canada also offers new work opportunities, the Swiss region of Canton Ticino is in a particularly favorable geographical position as it is in a "strategic area located in the heart of Europe, with easy access to the major capitals of the continent" (Sadis, 2011: 10), offering alternative work opportunities for later-gen members. Second, Canadian (and U.S.) respondents have a higher tendency toward using extreme response categories in rating scales (Harzing, 2006). On the contrary, European countries tend to display lower extreme response style (Meisenberg & Williams, 2008). Indeed, 66.9% of Canadian responses for intention to stay were rated as '5', whereas Swiss responses were more evenly distributed among highest scores (31.1% of responses were '5' and 33.4% were '4').

### **Further Research**

One potential avenue for future research is to consider how the different bases of commitment may have differential effects not only on turnover, but also on extra-role behaviors, such as citizenship behaviors. For example, AC has been shown to be beneficial while CC is less

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strongly related to positive organizational outcomes (Meyer et al., 2002). Future research could also examine attitudinal and behavioral commitment by examining the 'darker side' of commitment, such as escalation of commitment leading individuals to become locked into costly courses of action after encountering increased problems or losses (Staw, 1981). This may be particularly interesting in a family firm context in which later-gen members are particularly prone to family business commitment entrapment (Chirico et al., 2011b; Salvato, Chirico, & Sharma, 2010). In addition, research on commitment has moved toward understanding the interactive effects of different bases of commitment (Meyer & Herscovitch, 2001). As noted previously, research has begun to examine commitment profiles with different combinations of AC, NC, and CC (e.g., Gellatly et al., 2006; McNally & Irving, 2010). Although it is speculative at this point, the context effect of NC may be more pronounced in family businesses where obligations are compounded by both organizational and familial ties. Finally, we found that gender was significantly related to NC, with women reporting a feeling of higher obligation. This might be interpreted as an extension of societal expectations for women to take care of family on all dimensions and may warrant further research.

### **Concluding Remarks**

This study is the first attempt to examine empirically the multi-dimensional nature of commitment in the family business context. Family enterprises are an ideal setting in which to study organizational commitment because, although organizations can put effort into supporting their employees in order to increase their commitment (Meyer et al., 2002), family members have a natural propensity for organizational commitment (Cabrera-Suárez et al., 2001; Neubaum et al., 2012). Although often cited as an important variable contributing to the effectiveness of family enterprises, we have shown that the basis of later-gen member commitment places an important

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qualification on this claim. Advancing our understanding of the different reasons why family members choose to remain with their family business for the long term also contributes to the ongoing debate of individual and firm level outcome differences among family enterprises (Gedajlovic, Carney, Chrisman, & Kellermanns, 2012). Although we found empirical evidence for several of the antecedents included in Sharma and Irving's (2005) framework, our findings also highlight the importance of identity alignment in creating feelings of obligation (and not just of desire) based commitment. Furthermore, we found evidence that intentions to stay are stronger not only when individuals have desire-based commitment, but also when commitment is based on a mindset of obligation.

These results have implications for practitioners. Reasons for later-gen members to maintain a career in the family enterprise vary significantly. Family firm owners may seek to identify and foster potential successors who are driven by a strong desire to work for the family firm. In contrast, it may be advantageous to nurture later-gen members who appear to be mostly watching over their investments to help them develop feelings of desire toward the firm. Pending further research on the matter, it may be wise for family firm owners to proceed cautiously before attempting to create a sense of obligation in family members that, despite some of the positive associations found here, may inadvertently make them feel trapped in the firm.

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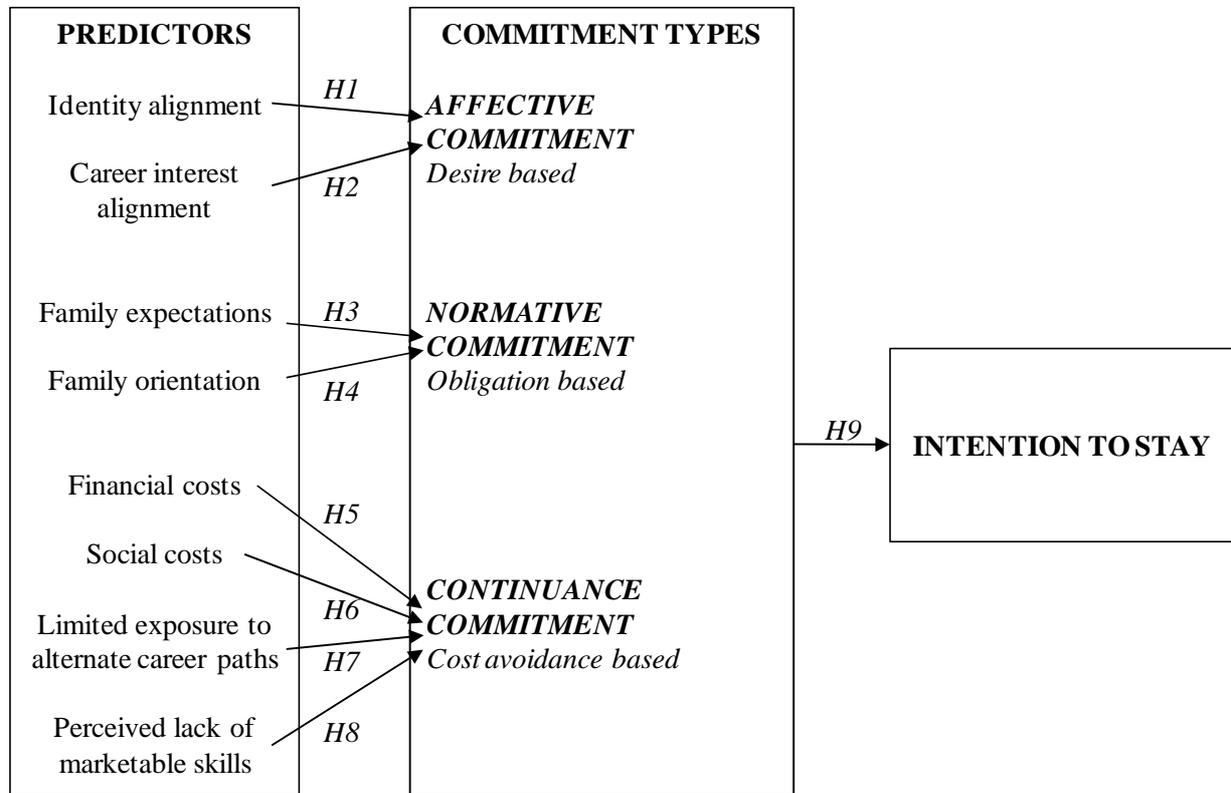
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**FIGURE 1**  
**Predictors of Later-gen Members' Commitment**



**TABLE 1: Means, Standard Deviations, and Correlations**

|                               | Mean | S.D. | 1               | 2               | 3               | 4               | 5               | 6               | 7               | 8               | 9               | 10              | 11              | 12              | 13     | 14     | 15     | 16   | 17     | 18    | 19   | 20   |
|-------------------------------|------|------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|--------|--------|--------|------|--------|-------|------|------|
| 1. AC                         | 4.37 | .65  | (0.59;<br>0.58) |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |        |        |        |      |        |       |      |      |
| 2. NC                         | 3.69 | .71  | .22**           | (0.72;<br>0.56) |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |        |        |        |      |        |       |      |      |
| 3. CC                         | 3.04 | .67  | -.01            | .42**           | (0.73;<br>0.57) |                 |                 |                 |                 |                 |                 |                 |                 |                 |        |        |        |      |        |       |      |      |
| 4. Id. Align.                 | 4.20 | .51  | .40**           | .49**           | .15*            | (0.83;<br>0.58) |                 |                 |                 |                 |                 |                 |                 |                 |        |        |        |      |        |       |      |      |
| 5. Career Int. Align.         | 3.57 | .74  | .36**           | .41**           | .24**           | .46**           | (0.75;<br>0.63) |                 |                 |                 |                 |                 |                 |                 |        |        |        |      |        |       |      |      |
| 6. Fam. Expect.               | 3.56 | .72  | .10             | .43**           | .27**           | .34**           | .40**           | (0.77;<br>0.62) |                 |                 |                 |                 |                 |                 |        |        |        |      |        |       |      |      |
| 7. Fam. Orient.               | 3.81 | .68  | .20**           | .22**           | .27**           | .25**           | .36**           | .38**           | (0.86;<br>0.71) |                 |                 |                 |                 |                 |        |        |        |      |        |       |      |      |
| 8. Fin. Costs                 | 3.15 | .94  | .02             | .26**           | .41**           | .32**           | .14*            | .17*            | .06             | (0.81;<br>0.78) |                 |                 |                 |                 |        |        |        |      |        |       |      |      |
| 9. Soc. Costs                 | 3.35 | .71  | .17*            | .35**           | .20**           | .44**           | .29**           | .38**           | .27**           | .18**           | (0.71;<br>0.62) |                 |                 |                 |        |        |        |      |        |       |      |      |
| 10. Lim. Exp. to Altern. Car. | 2.70 | .86  | -.02            | .23**           | .49**           | .13             | .20**           | .30**           | .18*            | .26**           | .19**           | (0.76;<br>0.66) |                 |                 |        |        |        |      |        |       |      |      |
| 11. Perc. Lack of Mark. Sk.   | 2.12 | .70  | -.24**          | .14             | .44**           | -.15*           | .03             | .08             | .01             | .25**           | .06             | .57**           | (0.66;<br>0.59) |                 |        |        |        |      |        |       |      |      |
| 12. Int. to Stay              | 4.00 | .85  | .34**           | .23**           | .00             | .39**           | .24**           | .11             | .10             | .16*            | .06             | -.15*           | -.23**          | (0.73;<br>0.64) |        |        |        |      |        |       |      |      |
| 13. Sample                    | .60  | .49  | -.02            | .14             | .16*            | -.27**          | .19**           | .07             | .16*            | -.21**          | .02             | .22**           | .33**           | -.29**          |        |        |        |      |        |       |      |      |
| 14. Gender                    | .21  | .41  | -.01            | .08             | -.03            | -.04            | -.16*           | -.03            | -.12            | .16*            | -.11            | -.15*           | -.13            | -.02            | -.19** |        |        |      |        |       |      |      |
| 15. Age                       | 3.11 | 1.04 | .03             | .10             | .10             | .24**           | .20**           | -.01            | .08             | .15*            | .19**           | .14             | .10             | .06             | .03    | -.19** |        |      |        |       |      |      |
| 16. Blood vs. Law             | .14  | .34  | -.02            | .01             | .03             | -.09            | .01             | -.09            | .07             | -.00            | -.02            | -.13            | -.05            | -.02            | .10    | -.06   | .12    |      |        |       |      |      |
| 17. Position                  | 3.55 | 2.20 | -.22**          | -.10            | -.05            | -.23**          | -.29**          | -.20**          | -.13            | -.00            | -.21**          | -.09            | .03             | -.17*           | .03    | .18*   | -.22** | .06  |        |       |      |      |
| 18. Years in Firm             | 20.0 | 11.9 | .06             | .17*            | .14*            | .32**           | .25**           | .12             | .06             | .20**           | .24**           | .40**           | .20**           | .01             | -.03   | -.24** | .69**  | -.05 | -.23** |       |      |      |
| 19. Age of Firm               | 2.85 | 1.44 | .03             | .07             | .10             | .22**           | .02             | .03             | -.06            | .21**           | .27**           | .11             | .04             | .07             | -.30** | .08    | .28**  | -.04 | -.11   | .46** |      |      |
| 20. Prop. of Wealth in Firm   | 2.69 | 1.08 | .01             | .00             | -.01            | .16*            | -.07            | .13             | -.02            | .05             | .05             | .10             | -.02            | .11             | -.31** | -.05   | -.01   | .03  | -.03   | .08   | .14  |      |
| 21. Firm Revenues             | 4.73 | 2.16 | .04             | -.06            | -.07            | .20**           | -1.1            | .03             | -.16*           | .25**           | .10             | -.06            | -.16*           | .16*            | -.46** | .02    | .13    | .01  | .02    | .17*  | .26* | .21* |

N = 199; \* p < .05; \*\* p < .01. Reliabilities and Average Variance Extracted are respectively listed in brackets along the diagonal.

**TABLE 2: Regression of Affective, Normative, and Continuance Commitment, and Intention to Stay on Respective Predictor Variables**

| Predictor Variables                        | Criterion Variables  |                      |                        |                   |
|--|----------------------|----------------------|------------------------|-------------------|
|  | Affective Commitment | Normative Commitment | Continuance Commitment | Intention to Stay |
| Identity Alignment                         | .39**                |                      |                        |                   |
| Career Interest Alignment                  | .18*                 |                      |                        |                   |
| Family Expectations                        |                      | .42***               |                        |                   |
| Family Orientation                         |                      | .03                  |                        |                   |
| Financial Costs                            |                      |                      | .18***                 |                   |
| Social Costs                               |                      |                      | .07                    |                   |
| Limited Exposure to Alternate Career Paths |                      |                      | .28***                 |                   |
| Perceived Lack of Marketable Skills        |                      |                      | .14                    |                   |
| Affective Commitment                       |                      |                      |                        | .34***            |
| Normative Commitment                       |                      |                      |                        | .31**             |
| Continuance Commitment                     |                      |                      |                        | -.17              |
|  |                      |                      |                        |                   |
| <b>Control Variables</b>                   |                      |                      |                        |                   |
| Sample                                     | -.00                 | .18                  | .04                    | -.56***           |
| Gender                                     | .04                  | .29*                 | .04                    | -.20              |
| Age  | -.03                 | .01                  | .02                    | .11               |
| Blood vs. Law                              | .07                  | .16                  | .17                    | .00               |
| Position                                   | -.04                 | .01                  | -.01                   | -.03              |
| Years in the Firm                          | -.01                 | .01                  | -.01                   | -.01              |
| Age of Firm                                | .00                  | -.02                 | .03                    | -.02              |
| Proportion of Wealth in Firm               | -.02                 | -.03                 | -.06                   | .03               |
| Firm Revenue                               | .00                  | -.01                 | -.01                   | .01               |
|  |                      |                      |                        |                   |
| Overall model F                            | 3.74***              | 5.46***              | 6.92***                | 4.99***           |
| Adjusted R <sup>2</sup>                    | .15                  | .22                  | .31                    | .22               |
| Standard Error                             | .61                  | .64                  | .52                    | .75               |
| Degrees of freedom                         | 173                  | 173                  | 173                    | 170               |

\* p<.05; \*\* p<.01; \*\*\* p<.001

### APPENDIX: Survey Items

| Constructs                | Items  |
|---------------------------|--|
| Affective Commitment      | <p>I feel as if my family business's problems are my own. #</p> <p>I do not feel a sense of belonging to my family business.</p> <p>I would be very happy to spend the rest of my career with my family business.</p> <p>I do not feel emotionally attached to my family business.</p> <p>My family business has great personal meaning for me.</p>  |
| Normative Commitment      | <p>I do not feel any obligation to pursue a career with my family business.</p> <p>Even if it were to my advantage, I do not feel it would be right to leave my family business now.</p> <p>My family business deserves my loyalty.</p> <p>I would feel guilty if I did not pursue a career with my family business now.</p> <p>I would pursue a career with my family business because I have a sense of obligation to my family.</p> <p>I owe a great deal to my family business.</p>  |
| Continuance Commitment    | <p>At this time, pursuing a career in my family business is a matter of necessity.</p> <p>Too much of my life would be disrupted if I decided I did not want to pursue a career with my family business now.</p> <p>It would be costly for me to leave my family business now.</p> <p>I feel that I have too few options to consider a career outside my family business.</p> <p>One of the few negative consequences of leaving my family business would be the scarcity of available resources.</p> <p>It would be very hard for me to leave my family business now, even if I wanted to.</p> <p>It would be very hard for me not to pursue a career with my family business now, even if I wanted to.</p> <p>It would be costly for me to pursue a career outside my family business now.</p> <p>If I had not already put so much of myself into my family business, I might consider working elsewhere.</p>                          |
| Identity Alignment        | <p>I support the family business in discussions with friends, employees and other family members.</p> <p>I find that my values are compatible with those of the family business.</p> <p>I am proud to tell others that I am a part of the family business.</p> <p>I really care about the fate of the family business.</p> <p>Deciding to be involved with the family business has a positive influence on my life.</p> <p>The family business is an important center of activity in the lives of my family members.*</p> <p>Most of my friends and associates identify me with my family's business.*</p> <p>Our family has been associated with this business for a long time.*</p> <p>When someone criticizes the family business I take it as a personal insult.</p> <p>When I talk about the family business I usually say 'we' not 'they'.</p> <p>When someone praises the family business I take it as a personal compliment.</p> |
| Career Interest Alignment | <p>Working in the family business allows me to contribute to its success through my personal expertise.*</p> <p>Pursuing a career in our family business is all I have ever considered.*</p> <p>I'm not sure I'd find as good a career outside the family business.* #</p> <p>I have always wanted to have a career in this business.*</p> <p>I have long aspired to the type of career that is available in my family's business.*</p> <p>The family business offers me the chance to do what I've always wanted to do.*</p>  |
| Family Expectations       | <p>My family feels positively about my working in our family business.*</p> <p>My family would be disappointed if I did not pursue a career in the family business.*</p> <p>My family expects me to pursue a career in the family business.*</p> <p>My family would want me to play a significant role in the family business.*</p> <p>Irrespective of my goals, my family expects me to play a leadership role in the family business.*</p>   |

|  |   |
|--|---|
| Family Orientation                         | The most important thing that happens in life involves the family.<br>People should get involved in the family.<br>The family should be a large part of one's life.<br>The family should be considered central to life.<br>An individual's life goals should be mainly family oriented.<br>Life is worth living when people get totally absorbed in family life.  |
| Financial Costs                            | I would be less wealthy working somewhere other than in our family business.*<br>Working for the family business provides me with greater financial security than I could find working elsewhere.* #<br>Selling the business to an outsider would not get us what this business is really worth.*<br>Pursuing a career in the family business would provide financial security.* #<br>The family has invested too much money and work in our business, to hand it over to an outsider.* |
| Social Costs                               | My place in the community is defined by my family's business.*<br>Keeping the business in the family will ensure that the many community/business relationships that have developed over the years will not be lost.*<br>The family business has built a great reputation in the community.*<br>We have a certain status in the community, which must be upheld through the family business.*   |
| Limited Exposure to Alternate Career Paths | Most of my work experience has been with our family business.*<br>If I did not pursue a career in the family business, I do not know what else I would do.*<br>I know little about alternative career paths outside the family business.*<br>I have had limited opportunities to explore career paths outside the family business.*   |
| Perceived Lack of Marketable Skills        | I don't believe my current skill set would allow me to be successful outside the family business.*<br>I feel that I have skills that are marketable outside the family business.*<br>If I had some other skills, maybe I could be successful outside the family business.*<br>My current skill set would allow me to succeed in many work settings outside the family business.*  |
| Intention to Stay                          | If I have my own way, I will be working for the family business one year from now.<br>If I have my own way, I will be working for the family business five years from now.<br>I am not planning to search for a new job in another organization during the next 12 months.<br>I rarely think of quitting my job in the family business.   |

\* Denotes new scale created and pre-tested for this study

# Item dropped due to low loading (Hulland, 1999: 198)