

Linkages between high-performance work practices and family-centered goals: Implications for financial performance in family firms

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Linkages between high-performance work practices and family-centered goals:

Implications for financial performance in family firms

Abstract

Purpose: This study explores what impact high-performance work practices –from the ability-motivation-opportunity framework– might have on financial performance among family firms and examines the mediating role played by family-centered goals. Design: The empirical approach is based on data collected from a sample of 339 Spanish small and medium-sized family enterprises operating in the industry and service sectors. To test our hypotheses, we apply a path analysis modeling tool to estimate both indirect and direct effects in mediator models.

Findings: Our results indicate that the ability-motivation-opportunity framework has a significant impact on financial performance through the lens of family-centered goals. In addition, family businesses' keen concern to preserve family wealth influences the effectiveness of high-performance work practices, making firms more socioemotionally oriented at the expense of economic impact.

Originality: By examining the mediating effect of family-centered goals, this paper advances and extends socioemotional wealth theory in the context of human resource management by considering the relationships between human resource practices and firm performance as a mixed gamble approach.

Research implications: This paper underscores the importance of integrating family aspirations into strategic human resource management design, emphasizing the significance of socioemotional wealth preservation.

Practical implications: The findings offer practical insights for family managers, family owners, and human resource practitioners, suggesting the need to align human resource practices with family goals and to strategically balance socioemotional and financial wealth considerations. Family owners in key management positions must skillfully manage human resource strategies to harmonize family and firm goals.

Keywords

Ability-motivation-opportunity framework; high-performance work practices; family firms; family-centered goals; firm financial performance.

Linkages between high-performance work practices and family-centered goals: Implications for human resource management and financial performance in entrepreneurial family firms

1. - Introduction

Many studies on human resource management (HRM) have shown the key contribution that high-performance work practices (HPWP) make to organizational effectiveness (Boon *et al.*, 2019; Combs *et al.*, 2006; Heffernan and Dundon, 2016; Jiang *et al.*, 2012, 2017; Kehoe and Wright, 2013; Wright *et al.*, 2005). Among such practices, the ability-motivation-opportunity (AMO) model (Appelbaum *et al.*, 2000) –one of the soundest frameworks to analyze the HPWP-performance link– reflects the strategic relevance of HPWP, where specific HR practices foster employee performance and lead to the realization of organizational goals and outcomes (Nolan and Garavan, 2016; Sánchez-Marín *et al.*, 2022; Saridakis *et al.*, 2017).

Despite major theoretical and empirical progress, the HPWP-performance link remains controversial in contexts such as family businesses (Rondi *et al.*, 2022), where the impact of HPWP on the firm's financial performance tends to differ, given the emphasis that such businesses place on pursuing family goals and on preserving socioemotional wealth (SEW) (Barnett & Kellermanns, 2006; Cruz *et al.*, 2011; Madison *et al.*, 2018). The affective aspect involved in the relationships between owners and employees (Cruz *et al.*, 2010; Sánchez-Marín *et al.*, 2020) –together with the different treatment given to family and non-family employees (Daspit *et al.*, 2018)– can limit the formalization of HR practices among family businesses and, in turn, the implementation of HPWP (Michiels *et al.*, 2022; Sánchez-Marín *et al.*, 2019). Family firms generally adopt fewer HPWP, opting rather for HR practices that are geared towards strengthening

personal and family ties and towards enhancing family-business identity and social status (Binz Astrachan *et al.*, 2021; Carmon *et al.*, 2010; Rondi *et al.*, 2022).

There is, however, no consensus in HRM literature on family firms regarding the effectiveness of HPWP. Some studies provide evidence that the widespread reluctance to adopt HPWP in family firms leads them to return inferior financial performance (Dekker *et al.*, 2015; Madison *et al.*, 2018; Sánchez-Marín *et al.*, 2019). Fewer HPWP facilitate “parental altruism” (Kidwell *et al.*, 2018) and asymmetric treatment of nonfamily and family employees (Daspit *et al.*, 2018), leading to negative organizational outcomes. Yet, more recent developments point out that the financial performance effects of implementing HPWP in family firms can exert a positive influence when driven by family-centered goals (Michiels *et al.*, 2022). Studies have found relationships between HPWP and family wealth preservation orientation to be a mixed gamble (Hernandez-Linares *et al.*, 2023; Peláez-León and Sánchez-Marín, 2022, 2023). Family businesses can obtain superior performance by implementing HPWP in an environment of high preservation of family wealth, accentuating some potential combinations between economically- and family-driven HR practices, which results in higher firm performance.

These mixed findings regarding HPWP effectiveness in family firms can be explained –from the perspective of socioemotional wealth (SEW) theory (Gomez-Mejia *et al.*, 2007)– by the role played by family-centered goals (i.e., the desire to preserve family wealth through family control, family social status and reputation as well as family-business identity) (Berrone *et al.*, 2010; Gomez-Mejia *et al.*, 2007, 2011). Since strategic decision-making in family firms is fully affected by their desire to preserve family wealth, they tend to link their HR practices to family needs (Michiels *et al.*, 2022), whilst also encouraging the search for an overall balance between non-financial and

financial objectives to contribute to the firm's survival (Debicki *et al.*, 2017; Miller *et al.*, 2014). HPWP effectiveness may thus be indirectly influenced by strategic choices, with family idiosyncrasies playing a prominent role at this point (Chrisman and Patel, 2012; Gomez-Mejia *et al.*, 2011; Peláez-León and Sánchez-Marín, 2022, 2023). In this context, the AMO model of HPWP provides an appropriate framework in which to understand HR practices-firm performance relationships in family businesses. First, it offers a comprehensive and integrated view of HPWP by considering multiple factors that influence employees and firm performance –beyond individual abilities or motivation but also considering the opportunities provided by the organization– (Boon *et al.*, 2018; Boxall *et al.*, 2016; Jiang *et al.*, 2012). Second, it emphasizes the alignment of employees' abilities, motivation, and opportunities with the organization's overall (financial and family) goals, allowing those employee behaviors that enhance the firm's financial performance to be identified (Firfiray *et al.*, 2018; Kehoe and Wright, 2013).

Considering the above, we expect HPWP effectiveness –represented under the AMO-oriented HR practices framework– to be fully affected or intermediated by the orientation of these goals. Bearing this in mind, our paper seeks to shed light on what influence HPWP might have on firm financial performance in family firms from the viewpoint of the (mediating) role played by family-centered goals. To empirically address this issue, this study focuses on a sample of 339 Spanish small and medium-sized family enterprises (SMEs) and pursues a twofold objective. First, we look at what direct impact AMO-oriented HR practices have on firms' financial performance. Second, our study examines the mediating effect of family-centered goals on the AMO model-financial performance link.

We thus seek to contribute to HRM- and family firm-related literature in three main ways. First, this study adds fresh evidence about the importance of using HPWP to

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2
3 achieve better performance (Boxall *et al.*, 2016; Jiang *et al.*, 2012) by examining both the
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5 individual effect of each AMO dimension as well as their joint impact. Second, we
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7 provide some insights into the indirect effects displayed by family-centered goals in the
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9 effectiveness of HRM on family SMEs, offering a better understanding of this central
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11 issue and looking beyond merely considering their moderating or direct impact on
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13 financial performance (Debicki *et al.*, 2017; Michiels *et al.*, 2022). This may shed light
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15 on the “black box” related to the AMO model-performance linkage (Boon *et al.*, 2018;
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17 Purcell *et al.*, 2003). Third, this study marks a step forward by offering further
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19 understanding of SEW theory (Gomez-Mejia *et al.*, 2007, 2018) in the context of HRM
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21 and how it helps to explain how family firm owners’ non-economic motivations may
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23 shape strategic HR choices (Hernandez-Linares *et al.*, 2023; Peláez-León and Sánchez-
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25 Marín, 2022). Specifically, by highlighting how family aspirations and needs account for
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27 variance when adopting effective HR practices, our research shows that family firms tend
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29 to prioritize an economically-driven, high-performance design of motivation-related
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31 practices (compensation and performance) whereas abilities and opportunities-related
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33 practices (selection, training, and participation) are often implemented with a focus on
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35 meeting the family’s socioemotional needs. Thus, we advance SEW research in the
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37 context of HRM by considering the relationships between HPWP and firm performance
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39 as a mixed gamble approach (Firfiray *et al.*, 2018; Peláez-León and Sánchez-Marín, 2023)
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41 through the lens of family-centered goals.
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The paper is structured as follows. After this introduction, the second section contains the theoretical foundations and hypotheses regarding AMO-oriented HR practices, financial performance, and the pursuit of family-centered goals. The methodological approach is then described in the third section by describing the sample, data, variables, and analysis. The fourth section shows the main results obtained after performing the pertinent analyses. Finally, conclusions and discussions are stated in the last section.

2.- Theoretical framework and hypotheses development

2.1.- AMO-oriented HR practices and firm financial performance

HRM plays a key role in identifying and managing the skills and abilities of employees vis-à-vis orienting their behaviors toward the firm's desired outcomes (Jiang *et al.*, 2012, 2017; Saridakis *et al.*, 2017). HRM literature has long recognized the importance of implementing formalized –or professional-oriented– HR practices to impact firm performance (Posthuma *et al.*, 2013; Subramony, 2009). Research has particularly focused on how a specific set of HR practices –generally referred to as “high-performance work practices”– contributes to organizational effectiveness (Combs *et al.*, 2006; Heffernan and Dundon, 2016; Kehoe and Wright, 2013; Wright *et al.*, 2005). These HPWP are concerned with improving “the knowledge, skills, and abilities of a firm's current and potential employees” (Huselid, 1995, p. 635) and are characterized by selective recruiting and hiring practices, extensive training and merit-based promotions, standardized performance appraisal processes, incentive-based compensation, and formal employee participation mechanisms (Daspit *et al.*, 2018; Jiang *et al.*, 2017; Tsao *et al.*, 2009).

There is strong empirical evidence to show that implementing HPWP has a positive influence on individual and collective (firm-level) performance (Kehoe and Wright, 2013; Wright *et al.*, 2005). These mutually reinforcing HR practices create an environment of high organizational commitment, enhancing innovation and creativity, while improving employee satisfaction and interaction with colleagues (Chang, 2012; Chiang *et al.*, 2015). In addition, HPWP are linked to several individual and collective benefits (Delaney and Godard, 2001; Fleetwood and Hesketh, 2008). There is abundant evidence showing how such HR practices are linked to higher “productive work behaviors”, better firm financial performance, and lower absenteeism and turnover intentions (Combs *et al.*, 2006; Kehoe and Wright, 2013; Wright *et al.*, 2005).

Given such a context, analysis of HPWP through the AMO model proves useful (Firfiray *et al.*, 2018; Lozano-Reina and Sánchez-Marín, 2019; Obeidat *et al.*, 2016; Sánchez-Marín *et al.*, 2022). Originally proposed by Appelbaum *et al.* (2000), the AMO framework of HRM reflects the strategic relevance of HPWP in an articulated manner by focusing on particular HR practices that nurture discretionary behavior among employees in an effort to achieve organizational goals (Boxall *et al.*, 2016; Jiang *et al.*, 2012). It also provides an integrated picture of HPWP by taking into account a wide range of variables that affect employee and firm performance, including opportunities provided by the company as well as individual abilities or motivation (Jiang *et al.*, 2012; Kehoe and Wright, 2013). Moreover, in the context of family firms, it allows for an examination of the global effect of employees' skills, motivation, and opportunities on the organization's financial as well as non-financial (family) goals (Firfiray *et al.*, 2018).

In this framework, HR practices are oriented towards underlining the ability (A), motivation (M), and opportunity (O) of employees to enhance their productivity and proactiveness (Appelbaum *et al.*, 2000; Jiang *et al.*, 2012). While ability and motivation

consider employees' cognitive and individual characteristics (i.e., skills, knowledge, and willingness), the opportunity dimension deals with the work environment. Taken further, AMO-oriented HR practices involve assisting employees in enhancing performance, fostering engagement, boosting creativity, increasing motivation, and engendering proactivity. Scholars maintain that adopting high performance HR practices (AMO model) leads to superior firm outcomes (Sikora and Ferris, 2014).

AMO-oriented HR practices tend to shape the relationship between HRM and employee performance in addition to favorably impacting firm financial performance (Jiang *et al.*, 2012; Subramony, 2009). By undertaking rigorous selection and recruitment as well as extensive training, ability-enhancing HR practices are implemented to ensure there are properly skilled employees. For its part, motivation-enhancing HR practices are designed to enhance employees' motivation, including competitive benefits and compensation, job security, career development, and formal performance assessments. Opportunity-enhancing HR practices are established to empower employees to use their knowledge, skills, and attitudes to reach business goals (Firfiray *et al.*, 2018).

According to this framework, employees tend to perform better since they are able to do so (i.e., accurate skills and abilities), have the motivation to do so (i.e., appropriate compensation and incentives), and have the job design that supports their requirements to be able to express themselves (i.e., opportunity to participate). Organizations under the AMO model of HR practices are thus able to translate these HPWP into higher firm performance rates (Nolan and Garavan, 2016; Sánchez-Marín *et al.*, 2022; Saridakis *et al.*, 2017) through the mutual gains approach, based on opportunities and shared benefits for two interdependent parties (employees and firm) who have competing interests. Specifically, companies consider employees to be valuable assets and seek to promote their well-being through these HPWP. In turn, employees respond positively, which is

reflected in higher firm performance rates (Guest, 2017; Rondi *et al.*, 2022). In this way, these interdependent parties strive to attain the most effective means of reaching their individual interests which ultimately favor higher firm financial performance.

Considering the above arguments, the first hypothesis states that AMO-oriented HR practices –either as a whole system (H1) or as independent dimensions (H1a, H1b, and H1c)– lead to enhanced firm financial performance.

H1: AMO-oriented HR practices have a positive effect on firm financial performance.

H1a: Ability-enhancing HR practices have a positive effect on firm financial performance.

H1b: Motivation-enhancing HR practices have a positive effect on firm financial performance.

H1c: Opportunity-enhancing HR practices have a positive effect on firm financial performance.

2.2. Human resource practices in family firms

Family firms –defined as a company in which a family is involved in its management and/or governance with transgenerational intent (Chua *et al.*, 1999)– are globally present across major industries and competitive environments, and represent a substantial part of economic activity worldwide (De Massis *et al.*, 2018). Despite the importance of the topic, there is a scarcity of research examining HR practices in a family firm context. From the seminal paper of Lansberg (1983), subsequent research has consistently pointed out that, in spite of their recognized benefits, family firms (especially, family SMEs) implement less formalized HR practices than nonfamily firms (De Kok *et al.*, 2006; Michiels *et al.*, 2022; Reid and Adams, 2001; Sánchez-Marín *et al.*,

2019; Tsao *et al.*, 2009). In addition, family firms favor family over nonfamily employees through their own HR practices design and implementation –as a manifestation of bifurcation bias (Daspit *et al.*, 2018; Madison *et al.*, 2018).

Most studies in this research stream have explained the low formalization of HR practices in family firms from an agency approach –based on controlling employees’ behaviors so that their goals align with those of the organization (Chua *et al.*, 2009; Lubatkin *et al.*, 2005; Schulze *et al.*, 2001, 2003). Family business adoption of less formalized HR practices is based on the existence of kinship relationships or altruism that reduce potential conflicts of interest, encouraging commitment and ‘self-alignment’ of employees’ interests, which can limit differences in goals and moral hazard (Eddleston and Kellermanns, 2007; Lubatkin *et al.*, 2005; Michiels *et al.*, 2022). Family firms therefore tend to exhibit control mechanisms through HR practices that are based on monitoring emotional, affective, and trust-related aspects of the employees who belong to the family (Cruz *et al.*, 2010). Such control mechanisms differ from those used for non-family employees, which are mostly based on rational and instrumentally economic HR practices (Daspit *et al.*, 2018; Madison *et al.*, 2018; Sánchez-Marín *et al.*, 2020).

In this regard, to operationalize this affective monitoring in terms of specific HR practices, family businesses tend to use relaxed criteria for employee recruitment and selection, which are usually based on what fits in with the firm’s values and culture (Dyer and Mortensen, 2006). Greater emphasis is placed on long-term informal training activities (Kotey and Folker, 2007), on establishing more seniority-based appraisal and pay systems (Anderson and Reeb, 2003; Carrasco-Hernandez and Sanchez-Marin, 2007), and/or on implementing casual employee participation mechanisms.

The predominant affective orientation in the relationships between owners and employees in family firms (Cruz *et al.*, 2010; Sánchez-Marín *et al.*, 2020) –together with

the decoupling of family and nonfamily employee treatment (Daspit *et al.*, 2018)– can restrict the formalization of HR practices and, in turn, the implementation of HPWP (Michiels *et al.*, 2022; Sánchez-Marín *et al.*, 2019). Indeed, most studies agree that widely adopting informal –or less high-performance oriented– HR practices in family firms leads them to inferior financial performance for several reasons (Dekker *et al.*, 2015; Hernandez-Linares *et al.*, 2023; Peláez-León and Sánchez-Marín, 2022; Sánchez-Marín *et al.*, 2019).

First, family firms with a formalized (high-performance oriented) HR system can attract talented candidates and thereby improve employee retention and motivation as a signal of external legitimacy linked to management professionalization (Carlson *et al.*, 2006; Dekker *et al.*, 2015; De Kok *et al.*, 2006). Second, HPWP reduce perceptions of nepotism and bifurcation bias, thereby increasing equitable treatment of (nonfamily and family) employees and making the firm more attractive and motivating for them (Barnett and Kellermanns, 2006; Daspit *et al.*, 2018; Madison *et al.*, 2018). Third, HPWP may mitigate potential agency problems related to adverse selection and moral hazard, by improving the likelihood that family and nonfamily employees will contribute together to the firm’s objectives (Chua *et al.*, 2009; Lubatkin *et al.*, 2005; Schulze *et al.*, 2001, 2003).

Furthermore, recent studies examining the effectiveness of HPWP in family firms agree when highlighting the strong influence of family-centered goals (Hernandez-Linares *et al.*, 2023; Michiels *et al.*, 2022; Peláez-León and Sánchez-Marín, 2022, 2023). Given that implementing HR practices is a specific manifestation of family influence (Barnett and Kellermanns, 2006; Cruz *et al.*, 2011; Hedberg and Luchak, 2018), researchers have recently begun to expressly introduce family intentions (and goals) in SEW preservation to explain HPWP effectiveness. In the following section, we present

the notion of family-centered goals to explain its mediation effect on the relationships between HPWP and firm financial performance in the family firm context.

2.3.- *The mediating role of family-centered goals*

The question of whether family idiosyncrasies are favorable or detrimental to organizational effectiveness is still unclear (Habbershon *et al.*, 2003; O'Boyle *et al.*, 2012; Wagner *et al.*, 2015). The debate focuses on looking at how the owning family may influence this effectiveness through the importance they attach to preserving their family wealth (Gomez-Mejia *et al.*, 2011).

The SEW theoretical approach (Berrone *et al.*, 2010; Gomez-Mejia *et al.*, 2007) can help to explain how a unique bundle of familial obligations and motivations that shape family SMEs' decision-making –prioritizing family-centered goals– may influence HR practices and firm performance (Cruz *et al.*, 2011; Firfiray *et al.*, 2018). Family-centered goals can be defined as “a subset of objectives that family members as the dominant coalition of the family business may especially strive for to secure and maintain the family's socio-emotional wealth” (Michiels *et al.*, 2022, p. 5). These non-financial motivations include goals such as those geared towards enhancing family social status, family harmony, family reputation, and the family-firm identity link (Miller *et al.*, 2014; Swab *et al.*, 2020). Family-centered goals can thus be understood as the shared perception held by family members regarding a business that is controlled and founded by the family. In other words, it is an intangible asset that helps preserve family-oriented affective endowments (Chrisman *et al.*, 2012), and plays a key role in the performance and long-term success of family firms.

With family wealth preservation in mind, family firms generally prioritize non-financial family goals over financial ones in their strategic decision-making (Kotlar and

De Massis, 2013; Miller and Le Breton-Miller, 2014). Most studies see this intervention of family-centered goals as making HR practices more socioemotionally oriented at the expense of the firm's financial performance. Two main reasons may explain why family-centered goals will shape the company's HRM and thus influence financial performance.

First, there is the issue of nepotism, which is commonly associated with highly family-oriented goals and wealth preservation. It involves a family owner/manager giving preferential treatment to employees who tend to veer towards the family's preferences – usually family employees – and granting them positions based on kinship ties rather than abilities or merits (Firfiray *et al.*, 2018). These family firms tend to prefer an affective HR practices environment, characterized by care, concern, and longevity, and feeling “part of the family” (Rondi *et al.*, 2022). In this context, implementing AMO-oriented HR practices might be seen to frustrate the search for family control and connectivity within the business and possibly endanger family wealth (Binz Astrachan *et al.*, 2021; Jaskiewicz *et al.*, 2013).

Second, there is the bifurcation bias effect, which is defined as the asymmetric treatment of nonfamily and family employees within a family business (Verbeke and Kano, 2012). This is often manifested through unequal HR practices that exacerbate procedural injustice and dissatisfaction among nonfamily employees (Daspit *et al.*, 2018). Whereas family employees are mostly treated by the emotional-affective framework of HR practices, nonfamily employees are subject to the rational-economic mindset, which is primarily instrumentalized through HPWP (Cruz *et al.*, 2010; Sánchez-Marín *et al.*, 2020). Although these HPWP might mitigate the negative effect of lax treatment of nonfamily employees, the asymmetry involved in implementing HR practices makes the firm less attractive to potentially talented nonfamily employees and in terms of retention and motivation policies (Barnett and Kellermanns, 2006; Hiebl and Li, 2020; Tabor *et al.*,

2017). Bifurcation bias thereby triggers a net negative effect, in both individual and collective (firm financial) performance (Madison *et al.*, 2018).

Although firm financial performance can suffer when pursuing disproportionate family objectives, striking a balance between family motives and business objectives may result in significant positive financial outcomes (Debicki *et al.*, 2017). Miller & Le Breton-Miller (2014, p. 714) maintain that “care for reputation in the community and thus solicitous treatment of stakeholders may create loyal partners who can help enhance financial performance”. Similarly, Berrone *et al.* (2010) find that companies that protect their family wealth display better firm (environmental) performance than their peers.

In this regard, recent studies report the relationships between HPWP and family wealth preservation orientation to be a mixed gamble (Firfiray *et al.*, 2018; Hernandez-Linares *et al.*, 2023; Peláez-León and Sánchez-Marín, 2022, 2023). Firfiray *et al.* (2018) argue that given the potential for both negative and positive outcomes of nepotism, family owners should weigh up the overall potential gains and losses of HR practices associated with nepotism in both socioemotional and financial terms. Peláez-León & Sánchez-Marín (2022) point out that when faced with high uncertainty environments, family firms have strong incentives to adopt economically-driven HR decisions to avoid the loss of their family wealth, and can obtain financial gains that in turn help to improve their family wealth. Hernandez-Linares *et al.* (2021) show that family firms may obtain higher firm performance by implementing HPWP when the preservation of family wealth is low and vice versa, thereby triggering an inverse relationship –or substitution effect– between economically driven HR practices and family-centered goals in terms of firm performance.

Considering the above, since family-centered goals shape all the decision-making and strategic behaviors of family firms –including those related to HR practices–

(Chrisman *et al.*, 2012; Williams Jr *et al.*, 2018), they are expected to fully mediate in the HPWP orientations-firm performance relationship. In other words, AMO-oriented HR practices impact family firm financial performance through the lens of family-centered goal priorities, which intervenes in HPWP effectiveness (Firfiray *et al.*, 2018; Madison *et al.*, 2018). Based on these arguments, the second hypothesis states that the pursuit of family-centered goals mediates the influence of AMO-oriented HR practices –both as a whole system (H2) and as independent dimensions (H2a, H2b, and H2c)– and firm financial performance.

H2: Family-centered goals mediate the relationship between AMO-oriented HR practices and firm financial performance.

H2a: Family-centered goals mediate the relationship between ability-enhancing HR practices and firm financial performance.

H2b: Family-centered goals mediate the relationship between motivation-enhancing HR practices and firm financial performance.

H2c: Family-centered goals mediate the relationship between opportunity-enhancing HR practices and firm financial performance.

3.- Methodology

3.1.- Data and sample

We use two data sources to collect key information for the empirical research. First, we use a primary data source based on a questionnaire addressed to HR managers –through a telephone survey carried out between March and June 2016– to obtain information about AMO-oriented HR practices and family-centered goals. Second, we use the SABI (*Sistema de Análisis de Balances Ibéricos*) database, which allows us to

obtain data on the economic-financial variables that include firm financial performance, firm size, firm age, and industry, among others.

The population for our study comprises Spanish SMEs (i.e., those with between four and 500 employees) that operate in the industrial or service sectors. Large companies are excluded since they have greater access to resources, which might distort the analysis of the HRM-performance relationship. Moreover –and in contrast to large firms– SMEs are more likely to experience significant trade-offs in their preferences for non-economic and economic aims, which are more strongly influenced by the family (Memili *et al.*, 2013; Peláez-León and Sánchez-Marín, 2022). Of the initial 3,920 SMEs identified, 508 answered the questionnaire correctly, representing a response rate of 12.96%. After merging our primary data source with the secondary data source (SABI) –in addition to removing extreme values and observations that omit any relevant data– the final sample comprised 339 Spanish family SMEs.

3.2.- Variables measurement

AMO-oriented HR practices (AMO). We originally used an 18-item scale to measure the degree of orientation of HR practices towards the AMO model (Appelbaum *et al.*, 2000) in its three recognized dimensions: *abilities*, *motivation*, and *opportunities*. This AMO scale design is based on Jiang *et al.*'s (2012) proposal and the subsequent empirical developments of Peláez-León & Sánchez-Marín (2022) and Sánchez-Marín *et al.* (2022). After refining the process (see detailed explanation in section 3.3), our scale is finally composed of 13 items. Specifically, four items are used to measure abilities policies (ABILITIES), five items to measure motivation policies (MOTIVATION), while there are four items related to opportunities policies (OPPORTUNITIES), as shown in Table 1. Each item in the questionnaire was designed using a 1-5 Likert scale, where

participants indicated their level of agreement with each HR practice implemented in the firm over the past three years. The scale ranges from (1) –completely disagree– to (5) –completely agree. The score of these 13 items was then averaged and their means were used to obtain individual (for each dimension) and general measures for the AMO-oriented HR model.

Insert Table 1 about here

Firm financial performance (PERFORMANCE). Financial performance is often used as a measure to analyze HPWP effectiveness because it provides a tangible and quantifiable outcome that is directly linked to firm success (Jiang *et al.*, 2012; Subramony, 2009). By assessing HPWP effectiveness through financial performance, organizations ensure that HR practices and strategies are aligned with broader business objectives such as profitability, revenue growth, and shareholder value (Boon *et al.*, 2019; Huselid, 1995). In addition, HPWP which can effectively attract, develop, and retain talent can lead to increased productivity, reduced turnover costs, and improved customer satisfaction, which thereby ultimately contributes to improved financial performance (Kehoe and Wright, 2013; Wright *et al.*, 2005). From among the range of firm financial measures, we use return on assets (ROA), a well-known and widely recognized measure for gauging HR effectiveness. This accounting variable has been used extensively for business performance in research focusing on both non-family firms (Mazzi, 2011) and family firms (Wagner *et al.*, 2015). This measure has been preferred over other measures such as return on sales (ROS) or return on equity (ROE) because of its advantages. In this vein, Dekker *et al.* (2015, p. 525) argue that ROS “has the disadvantage that if sales decrease by the same percentage as profit, then ROS would stay equal”. As regards ROE, this is also less appropriate since businesses have different degrees of total assets financed

by equity. Based on previous evidence from different fields of HRM and family firm literature, we thus considered ROA to be an appropriate measure of firm financial performance that can accurately represent final HPWP effectiveness. We operationalize it as the logarithm of net income divided by average total assets for year t .

Family-centered goals (FCG). Considering that family-centered goals reflect the importance attached by the family firm to preserving family wealth (Gomez-Mejia *et al.*, 2007; Michiels *et al.*, 2022), we measure these goals based on a combination of the SEW-importance (SEWi) scale (Debicki *et al.*, 2016) and the FIBER scale (Berrone *et al.*, 2012). As shown in Table 1, the resulting scale –already empirically validated by Belda-Ruiz *et al.* (2022) and Peláez-León and Sánchez-Marín (2022)– is made up of nine items that operationalize the importance that family firms attach to goals geared towards preserving family wealth. Each item has been formulated on a 1-5 Likert scale that shows the level of (dis)agreement with the importance of family goals for family firms over the last three years, ranging from (1) completely disagree to (5) completely agree. The score of these nine items was then averaged, and their means were used to obtain a general measure of the importance of family-centered goals.

Control variables. We use the six control variables shown below: (1) Sector, measured using a dichotomous variable that equals 1 when the firm belongs to the service sector, and 0 when the firm belongs to the industry sector; (2) Size, measured as the logarithm of the number of employees in the company for year t ; (3) Seniority, which refers to years in the firm, differentiating four different categories; between 0 and 10 years (value 1), over 10 years and less than 30 years (value 2), over 30 years and less than 50 years (value 3), and over 50 years (value 0); (4) HR Manager, which is measured with a dummy variable that equals 1 when there is an HR manager within the company, and 0 when there is not; (5) CEO Education, which is measured using a dummy variable to

distinguish between the university and non-university CEO education. This variable takes the value 0 if the CEO only has basic secondary education studies, the value 1 when she/he has university studies, and the value 2 if she/he has upper secondary studies; and (6) CEO Gender, which is measured with a dichotomous variable that equals 1 when the CEO is female, and 0 otherwise.

3.3.- Reliability and validity of measures

Table 2 shows the results associated with the reliability and validity of our primary measures; namely, HR practices and family-centered goals. As regards the AMO-oriented HR practices scale, we perform an exploratory factor analysis (EFA) and find five items that present a reduced factor loading (specifically, two related to motivation policy and three related to the ability dimension –listed in Table 1 with an asterisk). We removed them because they did not pass the suggested minimum value of 0.50 for the factor loadings (Hair *et al.*, 2006). After removing these five items, our new EFA shows a good fit. Moreover, in the case of the family-centered goals scale, all nine items present a good factor loading in a single factor –as expected– such that all of them are used for the subsequent analyses.

After refining, the confirmatory factor analysis (CFA) results show significant *lambda* parameters, indicating that each of the items loaded on its corresponding factor (for AMO-oriented HR practices, all lambda parameters are above 0.65, and for the family-centered goal scale, all lambda parameters are above 0.7). As regards the consistency of our factors, results show adequate values of average variance extracted, Cronbach’s alpha, and composite reliability (Bagozzi and Yi, 1988). In this way, the convergent validity of all our scales is validated based on the value of each of the items (the minimum should be greater than 0.5). For its part, discriminant validity is also

validated by estimating the confidence interval for each pair of factors and finding that the value 1 is not contained. The results demonstrate the validity, internal consistency, and multidimensionality of our scales.

Insert Table 2 about here

3.4.- Statistical analyses

To test our hypotheses, we performed a process analysis using PROCESS version 4.1 for SPSS 28, which is defined as a path analysis modeling tool for estimating both indirect and direct effects in mediator models (Hayes, 2018). Specifically, the model tested in this paper is made up of a predictor variable (AMO-oriented HR practices) that has both a direct effect and an indirect effect on the outcome variable. Specifically, AMO-oriented HR practices have a direct effect on firm financial performance and an indirect effect through the pursuit of family-centered goals (see Figures 1-2). In addition, we include several covariates such as sector, firm size, firm seniority, HR manager, manager education, and manager gender.

We use a bootstrapping method to test our model (Hayes, 2018). This is a useful practice in mediation analysis as it allows an empirical representation of confidence intervals (CI) to be built and thus “better respect the irregularity of the sampling distribution of ab —the indirect effect—and, as a result, yield inferences that are more likely to be accurate than the one based in the normal theory approach” (Hayes, 2018, p. 98). Based on Hayes (2018), we specifically used 5000 bootstraps, since this method typically offers greater statistical power compared to conventional approaches.

4.- Results

Table 3 shows the basic statistics. As regards the orientation of HR practices towards the AMO model –at an aggregate level– the average (3.788) shows a medium HPWP development level in our sample of family SMEs. This mean is complemented by the values obtained in the 25th percentile (3.267) and the 75th percentile (4.317). As for firm financial performance, the overall average is 5.257 for ROA. As regards family-centered goals, the average value is 3.998, showing a high propensity towards the pursuit of family-centered goals among family SMEs in our sample. This mean is also complemented by the values obtained in the 25th percentile (3.556) and the 75th percentile (4.667). As for the control variables, the service sector is the most represented; companies employ between five and 500 workers and these have been with the firm for between 10 and 30 years; less than half of our companies have an HR director; and, finally, most managers are male and have a university education. In addition, the correlation among the variables is appropriate and stands at the expected levels, with condition indexes below 30 and VIF values below 5, which suggests an absence of multicollinearity issues (Hair *et al.*, 2006).

Tables 4 and 5 show the regression coefficients for testing Hypotheses 1 and 2. Specifically, Table 4 jointly considers the impact of three dimensions of AMO-oriented HR practices as a whole system, while Table 5 individually analyzes the impact of each of these dimensions (i.e., abilities, motivation, and opportunities). As regards Table 4, results indicate that the AMO model has both a direct and an indirect effect on firm financial performance. The direct effect is positive and significant ($b = 0.0107$, $p < 0.10$), which shows the importance of orienting HR policies towards the AMO model due to its positive influence on firm financial performance, thereby supporting our Hypothesis 1. Beyond this direct effect, the influence of the AMO model on financial performance is also indirect, since family-centered goals play a mediating role. To test the significance

of this indirect effect, we verify that the CI does not contain the value 0 (Hayes, 2018), thereby indicating a significant and negative ($b = -0.0066$, 95% CI $[-0.0117; -0.0023]$) indirect effect, and so supporting our Hypothesis 2. In sum, there is a partial mediating effect of family-centered goals, since both the direct and indirect effects of the AMO-performance link are significant. Figure 1 also shows a path diagram of our hypothesized mediation model by including estimated coefficients.

Table 5 shows the regression coefficients after retesting our mediation model to individually consider the impact of each dimension (i.e., abilities, motivation, and opportunities). The direct effect is only positive and significant in the case of motivation ($b = 0.0121$, $p < 0.01$), while it is not significant as regards abilities ($b = 0.0044$, n.s.) and opportunities ($b = 0.0036$, n.s.) –thereby supporting our Hypothesis 1b and rejecting our Hypotheses 1a and 1c. Moreover, all AMO dimensions have an indirect effect on firm financial performance through family-centered goals, thus supporting our Hypotheses 2a, 2b, and 2c. These indirect effects are significant and negative as regards abilities ($b = -0.0028$, 95% CI $[-0.0055; -0.0008]$), motivation ($b = -0.0049$, 95% CI $[-0.0085; -0.0020]$), and opportunities ($b = -0.0045$, 95% CI $[-0.0085; -0.0011]$) –since none of the CI contain the value 0 (Hayes, 2018). In sum, while there is a partial mediating effect of family-centered goals in the case of motivation, the mediation effect is total as regards abilities and opportunities –since in these two dimensions only the indirect effect proves to be significant. Figure 2 also shows a path diagram of our hypothesized mediation model by including estimated coefficients.

Finally, as regards the impact of control variables, we evidence, on the one hand, a negative impact of HR managers in the pursuit of family-centered goals –both in the general AMO model as well as in the different AMO dimensions. In other words, these HR managers tend to prioritize financial performance over family goals, probably due to

their external professionalization. On the other hand, the sector has a positive impact on firm financial performance in all regressions, which implies that firms in the service sector (compared to companies in the industrial sector) display superior financial performance. Moreover, we find a weaker impact (only in the general AMO model and in the opportunity dimension) of CEO gender on family-centered goals, i.e., female CEOs prefer to pursue financial goals over family needs.

Insert Figures 1 and 2 about here

Insert Tables 3, 4, and 5 about here

5.- Discussion of findings

Our results evidence that family SMEs are able to implement HPWP practices – and particularly AMO-oriented HR practices– to achieve better financial outcomes (Peláez-León and Sánchez-Marín, 2022), thereby providing further support to the effectiveness of HPWP used as an economically driven monitoring mechanism in a family firm context (Hernandez-Linares *et al.*, 2023; Madison *et al.*, 2018). Specifically, the results provide evidence that AMO’s motivation dimension exerts a direct (and indeed the greatest) influence on firm financial performance, whereas the abilities and opportunities dimensions have only significant indirect effects through the mediation of family-centered goals. These findings indicate the tendency among family firms to standardize the implementation of motivation-related HR practices, given their positive effects on performance (compensation and performance appraisal). For their part, abilities-related HR practices (including recruitment, selection, and training) and opportunities-related HR practices (based on employee participation and work environment), as these HR practices orientation is more related to –and embedded in– the

organizational (familial) culture and values, are designed and implemented preferentially through the lens of the family's socioemotional needs.

More interestingly –and considering the above– our research also evidences a significant mediating effect of family-centered goals on the relationship between HPWP and firm financial performance, shedding light on one of the main factors influencing the effectiveness of HR practices among family firms (Michiels *et al.*, 2022; Sánchez-Marín *et al.*, 2019). This mediating influence is substantial, albeit with certain differences. The partial mediating effect of family-centered goals in the relationship between the whole AMO framework of HR practices and firm financial performance becomes total when individual AMO-related HR practices that represent –respectively– the abilities and opportunities dimensions are considered. Regardless of these variations, the mediation effect reflects family SME prevalence for pursuing family goals. Implementing HPWP in these particular business contexts of high family wealth preservation eventually undermines the positive effect of AMO-related HR practices on firm financial performance (Sánchez-Marín *et al.*, 2019). In other words, excessive prioritization of family aspirations and needs in family SMEs results in inefficient levels of employees' abilities, motivation, and opportunities. This triggers nepotistic, biased, and asymmetric HR decisions which restrict talent management and limit the added value of human capital (Daspit *et al.*, 2018; Madison *et al.*, 2018).

In addition, our results reinforce the notion that HPWP effectiveness is intermediated by –and through the lens of– family goal priorities (Firfiray *et al.*, 2018). This mediating role of family-centered goals can thus be seen as a specific indicator of the family's strong influence (Barnett and Kellermanns, 2006; Cruz *et al.*, 2011; Hedberg and Luchak, 2018) on both the implementation and effectiveness of HR practices. This evidences that, in the necessary process of reconciliation and balance between family

objectives and economic objectives (Debicki *et al.*, 2017; Miller and Le Breton-Miller, 2014), family SMEs are more strongly geared towards preserving their socioemotional goals and needs, with the subsequent decline in their HR practice effectiveness.

5.1.- Scholarly contributions and practical implications

This paper extends and complements the existing literature in both family firms and HRM fields. We academically contribute by adopting an advanced theoretical position from the SEW approach (Berrone *et al.*, 2012; Gomez-Mejia *et al.*, 2007) that offers a more nuanced approach to understanding family firm mannerisms within the frame of HPWP and financial performance relationship (Debicki *et al.*, 2017; Jiang *et al.*, 2012) while accounting for family-centered goals (Michiels *et al.*, 2022). Specifically, our research highlights the mixed gamble approach in HPWP-firm performance relationships (Firfiray *et al.*, 2018; Peláez-León and Sánchez-Marín, 2023), which are balanced (mediated) by family-centered goals. Family firms thus weigh up the overall potential gains and losses of HPWP and adapt their design depending on the specific socioemotional and financial needs. This not only supports but also qualifies the idea that SEW is central to decision-making in family firms in terms of taking a more aligned and contextualized approach when it comes to the HR and financial performance relationship (Gomez-Mejia *et al.*, 2018; Peláez-León and Sánchez-Marín, 2023).

More specifically, this paper contributes in various and significant ways. First, it explores the impact of the AMO model of HR practices –considering both the individual effect of its three dimensions and their joint impact– on firm financial performance,

providing evidence in the particular and idiosyncratic context of family firms (Chrisman *et al.*, 2012). This confirms the HR literature which affirms the relevance of implementing HPWS to achieve better organizational outcomes (Boxall *et al.*, 2016; Jiang *et al.*, 2012). Second, our study sheds light on the “black box” related to the AMO model-performance link (Boon *et al.*, 2018; Purcell *et al.*, 2003), showing how family-centered goals tend to influence the positive effect that AMO-oriented HR practices often have on financial performance. By adding fresh evidence to this mediating role, this paper highlights the prominent role of family aspirations and needs in the design and implementation of HR practices (Debicki *et al.*, 2017; Michiels *et al.*, 2022). Third, this study furthers current research on SEW theory by showing how the economic and noneconomic motivations of family firm owners may shape strategic business choices (Gomez-Mejia *et al.*, 2007, 2018), with the preservation of socioemotional wealth emerging as the principal utility when adopting strategic HR practices (Hernandez-Linares *et al.*, 2023; Peláez-León and Sánchez-Marín, 2022). In sum, this paper adds new knowledge to the literature regarding the need to balance and integrate family objectives in strategic HRM design and implementation to fully understand family SME performance. By clarifying how family-centered goals account for variance when implementing effective HR practices, this research contributes to the advancement of SEW research by highlighting its significance as a vital framework for HRM, extending beyond purely economic considerations.

In addition, our findings have significant practical implications for owning families, managers, and practitioners when they are considering adopting HPWP in family businesses. First, family managers –who find both nonfinancial and financial aspirations to implement HPWP (Peláez-León and Sánchez-Marín, 2023)– should be aware of the need to integrate family motivations and requirements when implementing effective HPWP in family firms. Although the AMO framework helps to implement effective HR practices, caution must be exercised within family SMEs due to their specificities and features. For instance, it is vital to align HPWP initiatives with the shared vision of the family members because this alignment helps to ensure that the introduction of HPWP is congruent with the long-term objectives and values of the family as well as the business itself. In this sense, an inclusive approach to decision-making –where the family’s voice is heard– is often beneficial and can promote both firm performance and the preservation of family wealth.

Second, family managers should raise awareness amongst the other family members about the benefits and relevance of HPWP, and then identify the key family objectives to guide the business towards achieving these goals whilst ensuring compatibility with HR outcomes. Particularly important in this context is overcoming the “fears” that exist within family SMEs –especially in the minds of family owners– towards

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3 implementing HPWP, and increasing family member awareness of their potential
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7 benefits. In order to achieve a clear understanding of HPWP, family managers need to
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10 identify and correctly manage employees' skills, knowledge, and attitudes to strategically
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13 serve both family goals and financial returns. Decision-makers in family businesses
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16 should subsequently balance and assess said HR strategy and practice choices
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19 meticulously, considering that both nonfinancial and financial goals should lead to
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22 harmonious and compatible family and firm strategic ends and purposes.

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24 Third, family firms face a unique dynamic where SEW (such as preserving family
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27 dynamics, vision, and wealth) is as significant as financial wealth, and they should
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30 remember that adopting HPWP must be approached bearing this balance in mind. At this
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33 point, it is necessary to highlight that implementing HPWP may enhance financial
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36 performance and efficiency. Moreover, SEW preservation may be favored by
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39 improvements in business performance (Martin and Gomez-Mejia, 2016; Sánchez-Marín
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42 *et al.*, 2023). The owning family emphasis on the long-term preservation of the business
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45 and its SEW might thus create compelling motivations for implementing HR policies
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48 aimed at attaining high performance. Nevertheless, HPWP may also entail certain costs
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51 in terms of family traditions or dynamics. The challenge of HR managers and family
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54 leaders in these cases is precisely to try to cushion such costs.
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3 Lastly, HR advisors and consultants also play a crucial role in guiding family
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5 businesses (specifically, family SMEs) through the process of adopting HPWP. They
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7 should possess the expertise required to navigate the delicate balance between preserving
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9 family harmony and promoting business performance. Moreover, they can assist in
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11 customizing HPWP strategies to meet the specific needs and goals of each family
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13 business. In sum, integrating HPWP in family organizations is not just a matter of
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15 adopting best practices but also a journey that involves the family's unique dynamics,
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17 vision, and wealth considerations. By taking these factors into account, owning families,
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19 HR managers, and practitioners can optimize the potential benefits of HPWP while
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21 preserving the socioemotional and financial well-being of the family and the firm.
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32 **5.2.- Limitations and lines of future research**

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34 Together with our contributions, we must also be aware of some limitations in our
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36 research, which provide interesting possibilities for future research. First, our study
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38 considers a holistic approach to family firms regarding how AMO-oriented HR practices
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40 impact their financial performance. Future studies should enrich this examination by
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42 incorporating additional family firm heterogeneities (Chrisman *et al.*, 2012) that include,
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44 for example, how variations in family ownership, family involvement in
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46 management/governance, or family generational stage may affect the mediating role
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48 played by family-centered goals in HPWP effectiveness. Second, this research considers
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50 employees in family firms as a homogeneous workforce. Considering the potentially
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divergent treatment of nonfamily and family employees in HR practices (Daspit *et al.*, 2018), future research should introduce and analyze the bifurcation bias effect in the implementation and effectiveness of HPWP. Third, our research primarily examines the perception of the primary individual responsible for the HRM function. Further research should be conducted to explore this effect more directly, considering how –from different levels of analysis (employees, supervisors, and managers)– HPWP effectiveness is perceived (Jiang *et al.*, 2017). Fourth, when examining HPWP effectiveness, this study does not consider the “reverse logic” of financial goals (Peláez-León and Sánchez-Marín, 2022). Future studies should investigate the reciprocal effects of HPWP effectiveness, considering a mix of nonfinancial and financial effects that may be influenced by AMO-oriented HR practices. And fifth, our paper is exclusively focused on a cross-sectional sample of Spanish SMEs. Future studies should undertake longitudinal or cross-country studies to more accurately assess how institutional contexts, family aspirations, and needs influence the relationships between HPWP and family-centered goals. Despite these limitations, this paper heralds an important step forward in HR and family firm literature by studying the effectiveness of the AMO model of HR practices, and by helping to understand the significant role of family firm idiosyncrasies.

6.- Conclusions

Family-centered goals in family firms have an intricate and strong influence on family firms' decision-making and significantly affect HPWP effectiveness (Firfiray *et al.*, 2018; Hernandez-Linares *et al.*, 2023; Peláez-León and Sánchez-Marín, 2022). To shed light on the black box concerns regarding the HPWP-performance link (Boon *et al.*, 2018; Jiang *et al.*, 2012) in family businesses –and responding to calls to determine how family aspirations and needs operate in their strategic choices (Chrisman *et al.*, 2012; Williams Jr *et al.*, 2018)– this paper examines the impact of AMO-oriented HR practices on the financial performance of family SMEs and examines the mediating role of family-centered goals in this relationship. Using a sample of 339 Spanish family firms, our results generally confirm the effectiveness of HPWP in the form of AMO-oriented HR practices and the significant mediating effect of family-centered goals. Specifically, AMO motivation HR practices positively and directly influence firm financial performance whereas abilities and opportunities HR practices indirectly impact financial performance through the lens of family-centered goals. Family SMEs' prevailing concern to preserve family wealth has a negative net influence on the effectiveness of HPWP, thereby making HR practices more socioemotionally oriented at the expense of their financial impact. By adopting a SEW perspective to examine the mediating effect of family-centered goals, this paper shows how seeking to preserve family needs among family SMEs strongly influences the strategic choices and effectiveness of HR practices.

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TABLES

Table 1. Original items for the measurement scales for AMO-oriented HR practices and family-centered goals

AMO-oriented HR practices	Reference articles
Ability dimension	
Continuous training programs are available	
Enough time and money are invested in training	
Training programs are offered to achieve high quality at work	
Extensive training is offered –not limited to just skills training	
The most suitable person is selected (*)	
Selection is based on general traits and abilities to fulfill various roles (*)	
Selection is based on the specific requirements of the job (*)	
Motivation dimension	
Performance evaluation with quantifiable objectives and results	Appelbaum <i>et al.</i> (2000); Jiang <i>et al.</i> (2012); Peláez-León and Sánchez-Marín (2022); and Sánchez-Marín <i>et al.</i> (2022)
Performance evaluation from multiple sources	
Feedback to employees from their performance evaluation	
Compensation based on performance	
Incentives based on the results achieved	
Equity in compensation designs (*)	
Clear communication of available career plans (*)	
Opportunity dimension	
Suggestions on improvements at work are encouraged	
Opportunities to participate in decision making	
Balance between work and family life	
Work schedules adapted to personal situations	
Family-centered goals	References
Maintaining family unity	
Preserving family dynasty and legacy in the business	
Maintaining family values	Belda-Ruiz <i>et al.</i> (2022); Berrone <i>et al.</i> (2012); Debicki <i>et al.</i> (2016); and Peláez-León and Sánchez-Marín (2022)
Maintaining family reputation	
Recognition of the family by the community	
Accumulation and conservation of beneficial social relationships between family and business	
Enhancing family harmony through the company	
Considering the needs of the family in business decisions	
Happiness of family members outside the company	

(*) These items were removed from the final scale, due to non-compliance with the factorial loading criteria, as explained in section 3.3 of the article.

Table 2. Reliability and validity of measures

AMO-oriented HR practices	Dimensionality and validity ^a		Reliability ^b
Ability dimension			
Continuous training programs are available	$\lambda_{\text{dimension}} = 0.861$ $\lambda_{\text{model}} = 0.816$	KMO=0.837 $\chi^2=1346.031^{***}$ $\sigma^2=78.479$	$\alpha=0.908$ $\rho_c=0.936$
Enough time and money are invested in training	$\lambda_{\text{dimension}} = 0.904$ $\lambda_{\text{model}} = 0.860$		
Training programs are offered to achieve high quality at work	$\lambda_{\text{dimension}} = 0.899$ $\lambda_{\text{model}} = 0.854$		
Extensive training is offered –not limited to just skills training	$\lambda_{\text{dimension}} = 0.878$ $\lambda_{\text{model}} = 0.778$		
Motivation dimension			
Performance evaluation with quantifiable objectives and results	$\lambda_{\text{dimension}} = 0.839$ $\lambda_{\text{model}} = 0.775$	KMO=0.827 $\chi^2=1099.701^{***}$ $\sigma^2=63.268$	$\alpha=0.849$ $\rho_c=0.902$
Performance evaluation from multiple sources	$\lambda_{\text{dimension}} = 0.790$ $\lambda_{\text{model}} = 0.699$		
Feedback to employees from their performance evaluation	$\lambda_{\text{dimension}} = 0.834$ $\lambda_{\text{model}} = 0.749$		
Compensation based on performance	$\lambda_{\text{dimension}} = 0.784$ $\lambda_{\text{model}} = 0.776$		
Incentives based on the results achieved	$\lambda_{\text{dimension}} = 0.725$ $\lambda_{\text{model}} = 0.737$		
Opportunity dimension			
Suggestions on improvements at work are encouraged	$\lambda_{\text{dimension}} = 0.783$ $\lambda_{\text{model}} = 0.656$	KMO=0.761 $\chi^2=791.604^{***}$ $\sigma^2=66.269$	$\alpha=0.829$ $\rho_c=0.877$
Opportunities to participate in decision making	$\lambda_{\text{dimension}} = 0.801$ $\lambda_{\text{model}} = 0.727$		
Balance between work and family life	$\lambda_{\text{dimension}} = 0.875$ $\lambda_{\text{model}} = 0.838$		
Work schedules adapted to personal situations	$\lambda_{\text{dimension}} = 0.793$ $\lambda_{\text{model}} = 0.808$		
General fit		KMO=0.898 $\chi^2=3725.549^{***}$ $\sigma^2=69.652$	$\alpha=0.902$ $\rho_c=0.967$
Family-centered goals			
Maintaining family unity	$\lambda = 0.732$	KMO=0.918 $\chi^2=2851.576^{***}$ $\sigma^2=71.423$	$\alpha=0.913$ $\rho_c=0.930$
Preserving family dynasty and legacy in the business	$\lambda = 0.723$		
Maintaining family values	$\lambda = 0.856$		
Maintaining family reputation	$\lambda = 0.849$		
Recognition of the family by the community	$\lambda = 0.837$		
Accumulation and conservation of beneficial social relationships between family and business	$\lambda = 0.750$		
Enhancing family harmony through the company	$\lambda = 0.782$		
Considering the needs of the family in business decisions	$\lambda = 0.709$		
Happiness of family members outside the company	$\lambda = 0.709$		

^a Dimensionality and validity are measured through confirmatory factor analysis (CFA). In this way –in addition to testing the values of KMO and the Bartlett test (χ^2)– *lambda* parameters (λ) are reported. In particular, as regards AMO-oriented HR practices, we report the *lambda* parameters linked to each individual dimension ($\lambda_{\text{dimension}}$) as well as the *lambda* parameters linked to the general AMO-oriented HR system (λ_{model}). Moreover, all the items of each factor are grouped into this specific component, and the values of average variance extracted (σ^2) are shown.

^b Reliability is measured through Cronbach's alpha (α) and composite reliability (ρ_c), which are mainly based on the average inter-element correlation, and which assume that items measure the same construct and are highly correlated.

Table 3. Descriptive statistics and correlations

Variables	Mean	SD	Min	Max	Correlations								
					(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
(1) AMO	3.788	0.783	1.250	5.000	1.000								
(2) Performance	0.053	0.072	-0.374	0.319	0.051	1.000							
(3) Family-centered goals	3.998	0.865	1.000	5.000	0.344***	-0.128**	1.000						
(4) Sector	0.710	0.454	0.000	1.000	0.109**	0.096*	0.044	1.000					
(5) Size	4.476	0.587	0.690	6.560	-0.026	0.067	-0.001	0.002	1.000				
(6) Seniority	2.110	0.8110	0.000	3.000	-0.035	-0.055	0.071	0.005	0.015	1.000			
(7) HR Manager	0.480	0.500	0.000	1.000	0.047	0.046	-0.064	-0.062	0.029	0.056	1.000		
(8) CEO Education	1.140	0.601	0.000	2.000	-0.108**	0.048	-0.089**	-0.080*	-0.117**	-0.050	-0.055	1.000	
(9) CEO Gender	0.120	0.321	0.000	1.000	0.054	-0.069	-0.043	0.043	-0.063	-0.017	-0.066	0.040	1.000

p-value: *p<0.10; **p<0.05; ***p<0.01

Table 4. Impact of AMO-oriented HR practices on firm financial performance: Mediating role of family-centered goals

	Family-centered goals (M)		Firm financial performance (Y)	
	Coeff.	95% CI	Coeff. (SE)	95% CI
<i>Independent variable (I)</i>				
AMO	0.4456*** (0.0579)	[0.3318; 0.5595]	0.0107* (0.0056)	[0.0003; 0.0218]
<i>Mediating variable (M)</i>				
Family-centered goals	-	-	-0.0148*** (0.0049)	[-0.0244; -0.0051]
<i>Control variables</i>				
Sector	0.0511 (0.1025)	[-0.1505; 0.2528]	0.0204** (0.0092)	[0.0024; 0.0385]
Size	0.0040 (0.0758)	[-0.1452; 0.1531]	0.0095 (0.0068)	[-0.0039; 0.0229]
Seniority	0.0841 (0.0539)	[-0.0221; 0.1902]	-0.0045 (0.0048)	[-0.0140; 0.0050]
HR Manager	-0.1898** (0.0906)	[-0.3592; -0.0027]	0.0071 (0.0082)	[-0.0090; 0.0231]
CEO Education	-0.0072 (0.0766)	[-0.1579; 0.1434]	0.0085 (0.0069)	[-0.0050; 0.0220]
CEO Gender	-0.2242* (0.1351)	[-0.4899; 0.0416]	-0.0179 (0.0121)	[-0.0418; 0.0060]
Constant	2.1703*** (0.4569)	[1.2715; 3.0690]	0.0123 (0.0423)	[-0.0708; 0.0955]
Model F	F(7, 331) = 9.6357***		F(8, 330) = 2.5523**	
R	0.4114		0.2414	

p-value: *p<0.10; **p<0.05; ***p<0.01

Table 5. Impact of AMO dimensions on firm financial performance: Mediating role of family-centered goals

	Family-centered goals (M)		Firm financial performance (Y)		Family-centered goals (M)		Firm financial performance (Y)		Family-centered goals (M)		Firm financial performance (Y)	
	Coeff.	95% CI	Coeff.	Coeff.	Coeff.	Coeff.	Coeff. (SE)	95% CI	Coeff.	Coeff.	Coeff. (SE)	95% CI
<i>Independent variables (X)</i>												
Abilities	0.2303*** (0.0497)	[0.1326; 0.3280]	0.0044 (0.0044)	[-0.0042; 0.0130]								
Motivation					0.3110*** (0.0473)	[0.2180; 0.4040]	0.0121*** (0.0044)	[0.0035; 0.0207]				
Opportunities									0.3605*** (0.0493)	[0.2636; 0.4574]	0.0036 (0.0047)	[0.0057; 0.0129]
<i>Mediating variable (M)</i>												
Family-centered goals	-	-	-0.0123*** (0.0047)	[-0.0215; -0.0030]	-	-	-0.0156*** (0.0048)	[-0.0250; -0.0062]	-	-	-0.0125*** (0.0049)	[-0.0221; -0.0028]
<i>Control variables</i>												
Sector	0.0755 (0.1081)	[-0.1370; 0.2881]	0.0210** (0.0092)	[0.0028; 0.0392]	0.0864 (0.1044)	[-0.1189; 0.2917]	0.0207** (0.0091)	[0.0028; 0.0386]	0.0809 (0.1030)	[-0.1217; 0.2835]	0.0216** (0.0092)	[0.0035; 0.0397]
Size	-0.0298 (0.0797)	[-0.1867; 0.1270]	0.0088 (0.0068)	[-0.0046; 0.0222]	-0.0062 (0.0774)	[-0.1584; 0.1461]	0.0095 (0.0067)	[-0.0038; 0.0228]	0.0334 (0.0767)	[-0.1175; 0.1843]	0.0095 (0.0069)	[-0.0040; 0.0229]
Seniority	0.0829 (0.0568)	[-0.0290; 0.1947]	-0.0048 (0.0049)	[-0.0144; 0.0048]	0.0646 (0.0550)	[-0.0437; 0.1728]	-0.0049 (0.0048)	[-0.0144; 0.0045]	0.0833 (0.0543)	[-0.0236; 0.1902]	-0.0049 (0.0049)	[-0.0145; 0.0046]
HR Manager	-0.1577* (0.0956)	[-0.3457; -0.0303]	0.0081 (0.0082)	[-0.0080; 0.0243]	-0.1407 (0.0921)	[-0.3219; -0.0405]	0.0073 (0.0081)	[-0.0085; 0.0231]	-0.1562* (0.0910)	[-0.3352; -0.0228]	0.0087 (0.0082)	[-0.0074; 0.0247]
CEO Education	-0.0518 (0.0802)	[-0.2097; 0.1060]	0.0075 (0.0069)	[-0.0060; 0.0210]	-0.0185 (0.0782)	[-0.1723; 0.1354]	0.0092 (0.0068)	[-0.0042; 0.0226]	-0.0300 (0.0769)	[-0.1812; 0.1212]	0.0073 (0.0069)	[-0.0062; 0.0208]
CEO Gender	-0.1804 (0.1420)	[-0.4597; 0.0989]	-0.0164 (0.0122)	[-0.0403; 0.0075]	-0.1925 (0.1378)	[-0.4635; 0.0786]	-0.0178 (0.0120)	[-0.0414; 0.0059]	-0.2478* (0.1364)	[-0.5161; -0.0204]	-0.0169 (0.0122)	[-0.0410; 0.0072]
Constant	3.1307*** (0.4512)	[2.2430; 4.0184]	0.0297 (0.0413)	[-0.0514; 0.1109]	2.7486*** (0.4417)	[1.8798; 3.6147]	0.0112 (0.0407)	[-0.0688; 0.0912]	2.3538*** (0.4530)	[1.4627; 3.2449]	0.0307 (0.0421)	[-0.0520; 0.1135]
Model F	F(7, 331) = 4.1201***		F(8, 330) = 2.2080**		F(7, 331) = 7.2993***		F(8, 330) = 3.0787***		F(7, 331) = 8.7946***		F(8, 330) = 2.1503**	
R	0.2831		0.2254		0.3657		0.2635		0.3960		0.2226	

p-value: *p<0.10; **p<0.05; ***p<0.01

FIGURES

Figure 1. Path diagram of the hypothesized mediation model: AMO-oriented HR practices

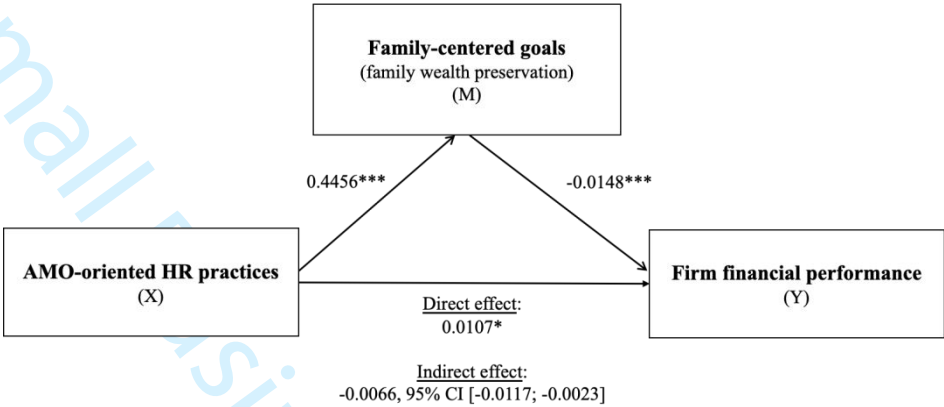


Figure 2. Path diagram of the hypothesized mediation model: Ability-Motivation-Opportunity dimensions

