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Linking Socioemotional Wealth,
Human Resource Management, and Performance in Family Firms

Preservación de la Riqueza Socioemocional,
Gestión de Recursos Humanos y Desempeño en las Empresas Familiares

D. Juan David Peláez León

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TESIS DOCTORAL

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SUMMARY IN SPANISH (Resumen en Español)

Las empresas en un mercado cada vez más global y competitivo buscan mejorar su ventaja competitiva utilizando todos sus recursos disponibles. Como las personas son consideradas parte fundamental de este propósito, la gestión de recursos humanos (RRHH) cumple por lo tanto un papel estratégico para contribuir en la competitividad de cualquier empresa. Existe cuantiosa evidencia en la literatura que reconoce la obtención de resultados más positivos cuando las empresas gestionan de manera efectiva sus RRHH. Las empresas, por ejemplo, pueden alcanzar mejores actitudes y comportamientos de los empleados en pro de los objetivos organizacionales, mayor satisfacción del cliente, innovación y flexibilidad y entre otros importantes resultados que mejoran su competitividad.

A pesar de los amplios antecedentes e investigaciones en gestión de RRHH, esta área apenas empieza a recibir mayor atención en el contexto de las empresas familiares. Tres motivos han guiado una exploración más profunda en este campo. En primer lugar, el protagonismo que tienen las empresas familiares en la economía actual[1] y la relevancia de la gestión de RRHH para la sostenibilidad y competitividad de las empresas ha conseguido que diferentes académicos se hayan interesado por comprender cómo la gestión de RRHH contribuye a la supervivencia y al éxito de este tipo de empresas. En segundo lugar, existe un creciente interés por la profesionalización de las empresas familiares. Esto incluye el conjunto de prácticas orientadas en gestión de RRHH. De allí que diferentes académicos hayan comenzado a prestar mayor atención en la profesionalización de estas prácticas y en su impacto en el desempeño de la empresa. Y, en tercer lugar, las características únicas de las empresas familiares han motivado a diferentes académicos a tratar de comprender cómo

[1] La contribución de las empresas familiares a la economía ha sido notable a lo largo de la historia. En la actualidad, dependiendo de la definición utilizada, la literatura señala que cerca del 80% de las empresas de todo el mundo son de propiedad o gestión familiar.

la familia, sus objetivos y su participación en la empresa pueden afectar sus prácticas de gestión. Esto ha resultado en un interés por comprender cómo la participación de la familia propietaria afecta la manera en que las empresas familiares gestionan sus RRHH.

Además de las motivaciones previamente mencionadas, el aumento de los estudios enfocados en esta área también presenta varios desafíos. Primero, la heterogeneidad de las empresas familiares requiere una mayor comprensión. A pesar de que existe evidencia sobre el menor desarrollo y formalización de políticas de RRHH en empresas familiares comparado con empresas no familiares, diversos estudios en la literatura sugieren que las empresas de familia no son un grupo homogéneo en cuanto al diseño de sus políticas de RRHH. Las empresas familiares incluso pueden llegar a implementar políticas de RRHH más formalizadas y profesionalizadas según la implicación de la familia propietaria en la empresa. Sin embargo, menos atención se ha puesto, al menos desde un punto de vista empírico, sobre cómo la dimensión familiar puede influir en las decisiones enmarcadas en esta área y, a su vez, en el desempeño de la empresa. Segundo, existe una importante división en la literatura entre las investigaciones centradas en el campo de la empresa familiar y aquellas enfocadas en el campo de gestión de RRHH. Como estas dos áreas de conocimiento surgieron de diferentes tradiciones y motivaciones, una comprensión fragmentada aún existe, por lo que una mejor conexión entre estas dos áreas se requiere. Y tercero, aún falta una visión global y detallada sobre la gestión de RRHH enmarcada en el contexto de la empresa familiar. A pesar de que este tema está adquiriendo cada vez más interés dentro de la literatura de empresas familiares, hasta ahora no hay una comprensión exhaustiva de la investigación que se ha realizado en este campo. No se sabe, por ejemplo, qué tipo de investigación ha dominado el interés de académicos cuando exploran cuestiones en gestión de RRHH en este tipo de empresas, cuáles factores influyen en este tipo de gestión y cuáles son sus resultados.

Teniendo en cuenta las motivaciones y desafíos enunciados, dos propósitos principales guían la elaboración de esta Tesis. Primero, proporcionar una revisión de los hallazgos teóricos y empíricos sobre la gestión de RRHH en el contexto de la empresa familiar. Y segundo, analizar como los objetivos no financieros de la familia propietaria pueden afectar el uso de políticas de RRHH de alto rendimiento y, a su vez, influir en los resultados financieros de la empresa. Con el objetivo de abordar ambos propósitos, esta Tesis se estructura en tres capítulos.

El capítulo 1 responde al primer propósito enunciado, ofreciendo una revisión sistemática de los estudios desarrollados sobre gestión de RRHH en empresas familiares, publicados antes de 2015 en fuentes académicas especializadas y catalogadas de alto impacto. Tres objetivos específicos son abordados en esta revisión. Primero, explorar cómo se ha conceptualizado y estudiado la gestión de RRHH en el contexto de la empresa familiar. Segundo, identificar los determinantes y resultados que han sido vinculados a la gestión de RRHH en este tipo de empresas. Y, tercero, identificar las principales limitaciones de estos estudios con el fin de proporcionar ideas para futuras investigaciones.

Los resultados obtenidos en este primer capítulo sugieren que diferentes definiciones sobre gestión de RRHH pueden ser utilizadas al igual que diferentes enfoques teóricos y metodológicos para comprender este campo en las empresas. Curiosamente, muchos de los estudios sobre empresa familiar analizados en esta revisión han carecido de una clara definición y de un marco teórico. También se identificó un gran interés de investigación enfocado a niveles gerenciales en lugar de posiciones no gerenciales, así como el análisis de prácticas individuales de RRHH en lugar de un conjunto de políticas/prácticas, donde la retribución ha obtenido una posición clave en el interés de investigadores. Esto podría explicar porque la teoría de agencia ha sido el marco teórico más utilizado en los estudios que integran esta revisión, ya que ofrece un ajuste adecuado para explicar cuestiones de retribución en el contexto gerencial. No obstante, sigue existiendo el clamor de diversos académicos por considerar futuras estudios basadas en marcos teóricos construidos a partir de la naturaleza especial de las empresas familiares. De allí que estudios utilizando marcos teóricos como el enfoque ampliado de agencia, el marco de sesgo de bifurcación y el enfoque de riqueza socioemocional (SEW, por sus siglas en inglés) empiecen a emerger.

Por otra parte, la investigación en gestión de RRHH en este tipo de empresas se ha centrado más en un enfoque macro (es decir, el diseño y la ejecución de políticas y su impacto en el rendimiento de unidades de negocio y/o empresas) que en un enfoque micro (es decir, el impacto de las políticas/prácticas de gestión de RRHH en el rendimiento de empleados y/o pequeños grupos), así como en explorar más la implementación de las prácticas de RRHH en lugar de considerar aquellas recibidas o percibidas por los empleados. Con respecto al enfoque macro, los factores que determinan las políticas de RRHH han reflejado un mayor interés en los estudios analizados a diferencia de los resultados vinculados a su implementación. Sobre estos determinantes, múltiples fuentes han sido usadas para explicar las decisiones en gestión de RRHH teniendo en cuenta las diferentes características de las empresas familiares. Los factores más estudiados han sido los determinantes asociados a características del gobierno familia-empresa, y características del propietario/gerente. En el caso de los estudios que han analizado el efecto directo de las políticas/prácticas de RRHH sobre diferentes resultados, los estudios muestran que los resultados a nivel organizacional, particularmente económicos, son los que han recibido mayor interés en el contexto de la empresa familiar. Otro aspecto importante es el interés por analizar la gestión de RRHH como mediador en las relaciones entre determinantes internos (principalmente de superposición empresarial-familiar) y múltiples resultados. Sin embargo, este interés en su mayoría ha sido a nivel conceptual.

Los Capítulos 2 y 3 brindan apoyo empírico para el segundo propósito de esta Tesis. Ambos capítulos permiten ampliar parte de las brechas identificadas en la revisión sistemática de literatura, especialmente, tras ser elaborados bajo el enfoque SEW. Este enfoque, propio de la idiosincrasia de la empresa familiar, responde a los vacíos teóricos y empíricos existentes proporcionando una mejor alternativa para analizar el efecto de la dimensión familiar sobre las políticas de gestión de RRHH en contextos de alto riesgo.

Considerado como marco teórico clave para comprender el comportamiento y la toma de decisiones en las empresas familiares, el enfoque SEW, integrado con elementos de diversas teorías comportamentales, sostiene que las decisiones en la empresa familiar son moldeadas por dotaciones acumuladas, las cuales generalmente consisten en aspectos no financieros que reúnen las diversas necesidades emocionales de la familia propietaria. Por ejemplo, el deseo de mantener el control del negocio y de prolongarlo a las generaciones futuras, el bienestar de la familia, o los vínculos sociales construidos con sus grupos de interés son objetivos claves de la familia, los cuales hacen parte de su riqueza vinculada a la empresa. Una pérdida de esa riqueza implica perdida de intimidad, reducción de status y el fracaso de las expectativas de la familia. Por tanto, si esta dotación llegase a verse bajo amenaza, por ejemplo, cuando la empresa familiar se enfrenta a un claro deterioro financiero, la familia propietaria encontrará mayor incentivo para tomar decisiones basadas en criterios económicos (como la implementación de politicas de RRHH orientadas en desempeño), con el fin de evitar que la empresa falle y, por tanto, haya una pérdida total de su SEW.

Bajo el enfoque teórico del SEW, el Capítulo 2 abarca dos objetivos específicos. Primero, determinar cómo (y en qué medida) la preservación del SEW, en condiciones de alto riezgo para la empresa familiar, afecta la implementación de políticas de RRHH orientadas bajo un sistema de alto desempeño. En segundo lugar, evidenciar cómo (y en qué medida) esa relación es moderada por la participación de la familia propietaria en la gestión y por su etapa generacional. Utilizando una metodología de regresión jerárquica múltiple con una muestra de 236 empresas familiares privadas y medianas que operan en condiciones de alto riesgo, los resultados sugieren que las empresas familiares pueden implementar un sistema de políticas de RRHH de alto rendimiento como mecanismo para preservar su SEW en contextos de alto riezgo. Además, el efecto positivo que ejerce la importancia de preservar el SEW en el uso de un sistema de RRHH de alto desempeño se incrementa con una mayor participación de los miembros de la familia en la gestión de la empresa, así como con la presencia del director ejecutivo (CEO por sus siglas en inglés) miembro de la familia propietaria. Curiosamente, los resultado obtenidos señalan que la influencia más fuerte en la relación entre SEW y un sistema de politicas de RRHH de alto desempeño se presenta en las empresas familiares de segunda generación y no en las de primera generación.

Siguiendo el diseño de las políticas de RRHH bajo el enfoque SEW, el tercer Capítulo tiene como objetivo principal analizar el efecto mediador que pueden ejercer las diferentes políticas de RRHH de alto desempeño entre la preservación del SEW y los resultados financieros de la empresa familiar. En este estudio se analiza el efecto directo que ejerce la importancia por preservar el SEW sobre el uso de políticas de RRHH agrupadas desde la perspectiva del modelo AMO (*Abilities-Motivation-Opportunities* por sus siglas en inglés). Además, se analiza desde una perspectiva teórica múltiple el efecto de estas políticas sobre los resultados financieros de la empresa familiar.

A través de una estimación realizada con ecuaciones estructurales para una muestra transversal de 196 empresas familiares privadas y medianas en condiciones de alto riesgo, los resultados obtenidos en este capítulo sugieren que el efecto dde la preservación del SEW sobre los resultados financieros está completamente mediada por dos políticas estratégicas en gestión de RRHH: políticas centradas en formación y en la dimensión motivacional (retribución basada en desempeño). Curiosamente, las políticas de RRHH orientadas en selección y la dimensión de oportunidades mostraron una mediación negativa pero no significativa en la relación SEW-desempeño financiero de la empresa familiar.

En definitiva, el desarrollo y los resultados argumentados en los tres capítulos que constituyen esta Tesis doctoral ofrecen un valioso aporte a la literatura de empresa familiar y de gestión de RRHH. En primer lugar, ofrece una detallada y exhaustiva imagen de lo que conocemos hasta ahora sobre la gestión de RRHH en empresas familiares, haciendo énfasis en los principales determinantes que influyen en la orientación de las políticas de RRHH y cómo dicha orientación afecta en los diversos indicadores de resultados empresariales. En segundo lugar, desde los ensayos empíricos presentados, este trabajo no solo contribuye en la comprensión de la gestión de RRHH en empresas familiares bajo condiciones de mayor riesgo, sino también al debate sobre la heterogeneidad de este tipo de empresas y a la vinculación del enfoque SEW como principal marco teórico. En tercer lugar, la revisión de literatura realizada, junto con los dos estudios empíricos presentados, permiten destacar los principales vacíos que aún quedan por abordar y, como consecuencia, permiten resaltar las vías de investigación más importantes que quedan abiertas de cara al futuro. Por último, desde un punto de vista más práctico, los resultados obtenidos pueden ayudar a profesionales y directivos de empresas familiares a identificar los principales desafíos a los que deben hacer frente en la toma de decisiones relativas en la gestión de su personal. Todo conocimiento derivado de cómo gestionar adecuadamente su capital humano puede contribuir al alcance y sostenimiento de sus ventajas competitivas, siempre y cuando, logren entender y contribuir a un mejor desarrollo del funcionamiento y de las necesidades tanto de la empresa como de la familia propietaria.

INTRODUCTION

Organizations are increasingly embedded in a global and competitive market. They seek to compete using all their available resources, amongst which human resources have become in one of the most valuable. Human resource management (HRM) thus plays a strategic role in organizations to enhance their competitiveness. Research findings recognize that when organizations are able to effectively manage their human resources, organizational results can be more positive. In particular, studies have found that HRM issues are linked to positive employee attitudes and behaviors, higher customers satisfaction, firm innovation and flexibility, firm profitability, and other important employees and organizational outcomes that enhance the competitiveness of a firm.

Despite the extensive background and research available on general HRM issues, this area is just starting to receive major attention in the context of family firms. There are three motives that have guided a deeper exploration on this topic. First, given the important role that family firms play in the economy, and the relevance of HRM for the sustainability and competitiveness of a firm, family business scholars have been interested in understanding how HRM contributes to the survival and success of family firms. Second, as interest in the professionalization of family business has grown, the professionalization of HRM practices has taken a central role. Thus, many scholars have started to pay close attention to the professionalization of HRM practices and how this affects competitiveness. And third, the unique characteristics of family firms has lead scholar to try to understand how family, its idiosyncratic goals and its involvement in the firm affects their management practices. This has resulted in an interest for understanding how family involvement affects the way family firms manage their human resources.

The increase of research in this area has also brought several challenges. First, there is a need to better understand the heterogeneity of family businesses. Even though there is some evidence that shows that family firms differ from nonfamily firms in their HRM, little is known regarding the differences among family firms in HRM issues. Second, there is a significant division in the literature between investigations primarily focused on the family business field and on those mainly centered on the HRM field. This has led to a fragmented understanding of the area. Given that these two fields emerged from different traditions and motivations, a better connection between them is required. And third, a comprehensive overview of this topic is still lacking. Even though this topic is increasingly gaining interest within family firm literature, we do not have a comprehensive understanding of HRM research in family firms so far. We do not know, for example, what kind of research has dominated the interest of scholars when they explore HRM issues in family firms, what factors influencing HRM in this context and what are their derived outcomes. And even more specifically, less attention has received, at least from an empirical point of view, how the goals of the owning family might influence HRM choices and in turn the firm performance.

Considering the above gaps, two main purposes guide this dissertation. First, to provide a comprehensive overview of the theoretical and empirical findings about HRM in the context of family business. And second, to analyze whether and how non-financial goals of the owning family might affect the use of high-performance HR policies and in turn influence firm financial results. Thus, the present dissertation is structured in three chapters with the aim of addressing both purposes.

Chapter 1 serves the first purpose providing a systematic literature review of 87 academic sources published before 2015. In this review, three specific aims are addressed. First, to explore how HRM has been conceptualized and studied in the family business context. Second, to identify the predictors and outcomes that have been linked to HRM in family firms. And, third, to highlight the gaps in our understanding and provide insights for future research.

Chapter 2 and 3 provide empirical support for the second purpose of this dissertation. By extending specific gaps identified in the first Chapter, the two empirical studies are designed following the Socioemotional Wealth (SEW) approach. This approach, considered as key theoretical framework of the family firm, assumes that decisions in family firms tend to avoid losses of accumulated endowments, which usually consist of non-financial aspects that bring together the diverse emotional needs of the owning family.

Chapter 2 extends previous work using the SEW approach to analyze whether and how the importance of preserving SEW might favor the adoption of high-performance work systems (HPWS) in private family firms when they are facing higher risk conditions. As the decisions made by family firms are sensitive to declining performance, family firms might have an incentive to make economically driven decisions if the firm faces clear financial deterioration. It is thus expected that family firms will implement more performance-oriented choices -like HPWS- to avoid the firm fails and, thus, a total loss of their SEW. In addition, this study examines how (and to what extent) the relationship of SEW preservation to HPWS is moderated by the extent of the involvement of the owning family in management and its generational stage. Hence, this work not only contribute to the understanding of HRM in family firms in higher risk conditions but also to the debate about family firm heterogeneity. Using a hierarchical multiple regression methodology with a sample of 236 medium-sized and private family firms that operate in high-risk conditions, this chapter provides evidence about how and under which circumstances (i.e., high-risk contexts, family involvement in management, and family generational stage) the importance given to non-financial goals of the owning family – in terms of SEW preservation – frame decisions about the use of HPWS.

Extending chapter 2, Chapter 3 is oriented to analyze how HRM mediate the relationship between the importance of preserving SEW and financial performance in family business. Using a structural equation modeling methodology with a cross-sectional sample of 196 medium-sized and private family firms in high-risk conditions, this work address the interest to understand whether and how the importance given to non-financial family goals affect business performance. There is an interest in the literature and practice to understand how family firms could maximize their financial performance. Although several contributions have been presented, evidence remains inconclusive. This relationship has resulted complex because in family firms co-exists nonfinancial goals linked to the expectation and emotional needs of the owning family that might or not interfere with financial purposes. Evident signs driven at the firm level of analysis showing how non-financial family goals influence decision-making behaviors in several organizational areas that compromise firms' financial performance. Thus, we focus on those HR policies oriented to enhance high performance as a strategic choice that might mediate the effect of SEW preservation on firm performance.

Finally, this dissertation concludes with a summary of the main findings obtained, their implications for theory and practice, and future lines of research.

CHAPTER 1*

UNDERSTANDING HRM IN FAMILY FIRMS: PRESENTING A COMPREHENSIVE FRAMEWORK AND OUTLINING FUTURE RESEARCH

* An earlier version of this chapter was presented at the following international conferences: the IFERA 2016 annual conference (Colombia, 2016), and the IFERA 2017 annual conference (Croatia, 2017). Also, this chapter was presented at the seminar "*Human Resource Management in the context of family firms: Understanding previous research and providing insights for the future*" held at Family Enterprise Center, Stetson University (United States) (October 2016). This chapter is currently under evaluation for the 3rd special review issue of Family Business Review, co-authored with Dr. Gregorio Sánchez Marín and Dra. Isabel C. Botero.

1.1 INTRODUCTION

Human resource management (HRM) is a field of knowledge that has captured the interest of professionals and scholars in the business field (Bhattacharya, Gibson, & Doty, 2005). Initially, HRM focused on ensuring that employees had the ability and motivation to achieve organizational goals and meet the day-to-day organizational needs (Lengnick-Hall, Lengnick-Hall, Andrade, & Drake, 2009). However, since the increased globalization of markets, the intensification of competition and the advent of theoretical views emphasizing the meaningful contribution of human resources (Allen & Wright, 2008; Barney, 1991), its focus is now oriented towards the strategic nature of human resource management and the contributions that employees have on sustainable organizational performance (Jackson, Schuler, & Jiang, 2014; Lengnick-Hall et al., 2009).

Despite the extensive background and research available on general HRM issues, this area is still in a growth stage in the context of family firms (Hoon, Hack, & Kellermanns, 2017). Family firms are a unique form of organization in which a family or a group of families exercise substantial influence in the business strategic and operational choices (Chua, Chrisman, & Sharma, 1999). This influence creates a unique context that affects the management of human resources given the existent overlap between the goals and norms that operate in the family and those that operate in business (Astrachan & Kolenko, 1994; Barnett & Kellermanns, 2006; Cruz, et al., 2011; De Kok, Uhlaner, & Thurik, 2006; Lansberg, 1983).

The uniqueness, complexity, and economic relevance of family firms[2], together with the need to help these kind of firms gain competitive advantage through a more effective and professionalized management of their human resources (Astrachan & Kolenko, 1994; Dekker, Lybaert, Steijvers, & Depaire, 2015; C.-W. Tsao, Chen, & Wang, 2016), have motivated several scholars to start a deeper exploration on this topic. However, although HRM is increasingly gaining interest within family firm literature, only three reviews have offered a partial picture about specific aspects of HRM in the context of family firms (Botero & Litchfield, 2013; Cruz et al., 2011; Gnan & Songini, 2013). Therefore, there still is a limited understanding about what we know regarding the management of human resources within family firms. More specifically, we do not know how HRM has been conceptualized and studied in the family business context, for instance, which HR approaches (i.e. macro vs. micro) have dominated the family firm field, which HR policies/practices are prevalent in this context, how these policies/practices have been explored, and which theoretical frameworks have been used when studying HRM issues in family business. Similarly, we have a limited knowledge about which have been the determinants explored that influence the design, adoption or perception of HR policies and practices in family firms as well as their outcomes analyzed.

Whit this in mind, the purpose of this article is to provide a comprehensive overview of the theoretical and empirical findings about HRM in the context of family firms. Four specific questions guided our review: (1) how has HRM been conceptualized in

[2] The meaningful contribution of family firms goes from the ancient civilizations and economies until the present (Bird et al., 2002). Nowadays, depending on the definition that is used, researchers estimate that close to 80% of all firms around the world are family owned, operated, or managed (Gómez-Mejía et al., 2011; Sharma, Melin, & Nordqvist, 2014).

the family business context? (2) How has HRM been studied in this context? (3) What do we know so far about factors influencing HRM in family firms? And, (4) What are their derived outcomes? To address these questions, we adopt a systematic review of literature based on 87 published research in high impact indexed sources before 2015.

This article provides important contributions in the fields of human resources and family firms since, to the best of our knowledge, no systematic literature review provides a detailed and comprehensive picture of what we know so far about the management of human resources in this kind of firms. As some scholars have claimed, a comprehensive theoretical model of HRM in family firms is still missing (Bannò & Sgobbi, 2016), and more contextualized research is needed in the HRM field (Lengnick-Hall, Lengnick-Hall, Andrade, & Drake, 2009). Thus, this review addresses both needs. More specifically, we first analyze the HRM definitions and previous focus of studies to identify macro and micro issues related to HRM in the family business field, the HR policies/practices prevalent in this context as well as the main theoretical frameworks used. Second, we identify and group the main factors influencing HRM and their derived outcomes in family businesses using an integrative framework. Thus, our findings might help to attract enthusiastic students and more seasoned scholars in both HRM and family firm fields to explore numerous research possibilities and to be more engaged with the context of family business. On the practical side, this paper can help family business practitioners identify and manage relevant constraints and challenges that they can face their decision-making about HRM issues.

The following sections present the scope of this review, the main characteristics of the articles reviewed, the findings in each of the four research questions, a discussion section to guide future research in this area, and a general conclusion.

1.2 METHODOLOGY

1.2.1 Scope of the review and coding of information

To obtain a comprehensive understanding of what we know about HRM in family firms, we built a database of articles and book chapters that have explored this area of research. There were three processes followed. First, we consulted databases from business and social sciences to identify the publications by using a Boolean search of specific terms in title of publication, abstract and keywords (See appendix A for description of databases and terms). Second, we applied the same search strategy in relevant journals in the fields of family firm and HRM (See appendix A). Finally, we also examined three prior reviews about HRM in family firms (Botero & Litchfield, 2013; Cruz et al., 2011; Gnan & Songini, 2013).

Initially, the search identified 946 publications relevant to the area. We removed sources if they met one of the following conditions: (1) Publications were outside of the quality threshold defined (*JCR and/or SJR),* (2) Publications were written in other language distinct to English, (3) Publications that did not include HRM issues in family firms as an important part of their analysis, (4) Publications that discussed HRM issues without any reference to HR practices or policies, (5) Publications that discussed HR practices that were not oriented to managers or employees (e.g., director compensation), (6) Opinion pieces,

(7) publications from fields without a clear relationship to HRM (i.e., learning, general education, health issues, family issues), and (8) Publications that discussed HR issues but exclusively focused on succession area. This left 121 publications in the sample. Two of the authors read and evaluated the contents of these publications to determine the relevance and appropriateness of each source given the topic of review. After their checked, 87 publications emerged as the basis for this review (see the appendix B for the list of publications included).

Once publications were identified, we used a five-step process to code the information. First, we identified the general information about each source. This include publication year, author, journal, journal classification based on Journal Citation Report (JCR) and SCImago Journal Rank (SJR), type of study (i.e. conceptual, empirical, descriptive), research purpose/goal, sample of analysis (for empirical studies), origin of the information (country), general results, limitations and future researches suggested. Second, to identify how HRM has been conceptualized and studied in the family business context, we coded the HRM definition used (if any), the type of HRM approach employed in each study (i.e., macro and/or micro), the HRM policies/practices analysed (i.e., a set of practices or single ones), how they were examined (i.e., implemented, potentially implemented, or perceived by employees), the focus of research (i.e., manager/non-manager, family/non-family member), and the theoretical frameworks used. Fourth, to identify the predictors that influence the practice and execution of HRM in family firms, we coded external predictors to the firm and internal predictors (i.e., business dimension, family dimension, intersection between business and family dimension). And fifth, to identify the outcomes that have been linked to HRM in family firms, we coded both the type of outcome (i.e., close or distant HR results) and the level of analysis (i.e., firm level, group level, or individual level). To ensure consistency in the coding information, two authors independently coded each article, and then coding was discussed until agreement was achieved.

1.3 RESULTS

1.3.1 Background of research

The study of HRM in the context of family firms is a relatively young field of research. The first two articles in this area were published before 1990 (W. G. Dyer, 1989; Lansberg, 1983). However, starting in 2000, scholars have increased the attention given to human resource issues in family firms with over 91% of the sources (N = 79) published after this year, and 14% of the publications (N = 12) appearing in 2015 (see appendix B).

Studies in this field have been primarily quantitative in nature (N = 45; 52%), followed by descriptive (N=27; 31%), conceptual/theoretical pieces (N = 13; 15%) and qualitative research (N = 2; 2%). Studies that used a quantitative approach rely on data from primary (e.g. primarily surveys; N = 31), secondary (e.g., primarily databases; N = 28), or multiple sources (N = 13). The primary respondents in this research have been those holding key positions within the firm (i.e., CEO, owner, or president; N = 19).

Regarding geographic focus, researches are equally distributed among Asia (N = 25), Europe (N = 24), and North America (N = 23). From these areas, the countries with more publications related to this topic were United States (N = 21), United Kingdom (N=8), Taiwan (N = 7), China (N = 6), and France and Spain with four publications each. Africa (N = 3), Oceania (N = 3), and South America (N = 1) are underrepresented, providing only seven studies. Most research is focused on a single country (N = 70), and only six publications are focused on multiple countries.

The 87 publications come from 52 different journals. Twenty three percent of these journals are indexed in the highest category by Journal Citation Report (JCR); while 54% of the journals are indexed in the highest category by SCImago Journal Rank (SJR). The journals with the most publications related with HRM research in the family firm context are: *Family Business Review* (N = 11), *Entrepreneurship: Theory and Practice* (N = 6), *Journal of Small Business Management* (N = 6), *Journal of Business Research* (N = 5), and *International Journal of Human Resource Management* (N = 5).

1.3.2 Definition of HRM in the context of family firms

Concerning the conceptual HRM definition adopted in family firms' research, only 26% of studies presented an explicit definition of HRM (N= 23), among which the great majority adopted a strategic point of view (N=21). In the most of these studies HRM is thus defined as a complex set of policies, practices and processes strategically important for family firms. It helps to attract, develop and maintain a talented, energetic and commitment workforce (Cruz et al., 2011; De Kok, Uhlaner, & Thurik, 2006; Kim & Gao, 2010; Zientara, 2017) which contribute to create, support and sustain competitive advantage (Astrachan & Kolenko, 1994; Hassan, 2014; Kidwell, Hoy, & Ibarreche, 2012; Rutherford, Buller, & McMullen, 2003; C.-W. Tsao, Chen, et al., 2016). Specifically, scholars pointed out the strategic HRM contribution is materialized by means improving organizational performance (Colot, Dupont, & Volral, 2009; Ezzedeen, Hyde, & Laurin, 2006; Kidwell & Fish, 2007; Kidwell et al., 2012), by helping to achieve organization's strategic goals

(Carlson, Upton, & Seaman, 2006; Cruz et al., 2011; De Kok et al., 2006; Kidwell & Fish, 2007; Mustafa, 2015; Reid, Morrow, Kelly, & McCartan, 2002; C.-W. Tsao, Chen, Lin, & Hyde, 2009), by reinforcing other HR practices (Harris, Reid, & McAdam, 2004; Kidwell & Fish, 2007), or by supporting the articulation between external factors and implemented HR practices (Harris et al., 2004).

1.3.3 HRM domains in the context of family firms

Regarding how HRM has been studied, two are the most notably focus in the literature. The first one, macro or strategic HRM approach, reflects "a more organizationally focused examination of HRM" (Wright & Boswell, 2002, p. 248). It is centered, on one hand, on the design and execution of HR strategies (policies and practices) and, on the other hand, on measuring the impact of multiple or individual HR policies/practices on the performance of business units and/or companies (Lengnick-Hall et al., 2009). The second one, micro HRM approach, reflects "a more functionally oriented view of HRM" (Wright & Boswell, 2002, p. 248). It is mainly focused on exploring how individual or multiple HR policies and practices can increase the performance of employees and/or small groups in organizations (Lengnick-Hall et al., 2009). As Table 1 illustrates, macro approach is the mostly HRM focus adopted in the context of family firms (N = 79; 91%), while only two single studies have followed a micro HRM approach (N= 2; 2%). Since micro HRM approach is an underexplored area in family firms, it is not surprising that very few studies have adopted both macro and micro approaches at the same time (N = 6; 7%).

Table 1.
Characterization of HRM research in the context of family firms

Focus of research	HR policies/ practices[a]	HRM configurations[b]	HRM implementation[c]	Type of employee[d]	Theoretical framework[e]
79 Macro / SHRM 2 Micro/ functional HRM 6 Macro and Micro	62 Compensation 27 Training and development 17 Selection 16 Performance management 12 Recruitment 10 Employee involvement 9 Job design 4 Other HR issues	50 Individual HR policy (24 analyze several HR practices and 18 analyze one single HR practice) 21 Bundle of linked HR policies (7 analyze HRM systems and 5 analyze several HR practices) 13 Bundle of unlinked HR policies (8 analyze several HR practices) 10 Other specification	67 Implemented 10 Potentially implemented 3 Perceived/ received by employees 10 Other specifications	31 Managers (without family tie specified) 27 Non-family managers 26 Family managers 15 Family workers (without job position specified) 13 Non-family workers (without job position specified) 9 Non-managers (without family tie specified) 2 Other specification 26 None specified	38 Agency theory 10 Resource-based view 7 Socioemotional wealth 5 Institutional theory 6 Stewardship theory 7 Psychological perspectives 2 Social capital theory 2 Social exchange theory 1 Transaction cost theory 5 Other theoretical perspectives 34 None specified

Note. [a]Some studies analyzed multiple HR policies/practices. [b]Some studies included multiple HRM configuration. [c]Some studies included more than two manners for conceptualizing the HR policies/practices analyzed. [d] Some studies include more than two types of employees in their analysis. [e]Some studies included more than two theoretical frameworks

Regarding the specific HR policies/practices analyzed (see table 1), compensation has received much more attention by researchers in family firms (N = 62). More specifically, issues related to the determinants and/or effects of total compensation (N = 27), long/short-term incentive compensation (N = 27) and pay-for-performance sensitivity (N= 23) have dominated the investigation on this topic. Other HR policy/practices with a moderate interest by researchers in family firms have been staffing (N = 29), training and development (N = 27), and performance management (N = 16). Staffing have included studies on both recruitment (N = 12) and selection (N = 17) policies/practices. Training and development has been mainly explored through the analysis of both training programs formalization (N = 10) and investments (N = 6). Concerning performance management, their formalization degree and extensive use has been, in overall terms, the main issue explored (N = 13). Lastly, employee involvement (N = 10) and job design (N = 9) are the HR policies/practices that have received less attention in the context of family firms.

It is also important to note how researchers have focused the configuration of the HR policies/practices in their studies. In HRM literature, scholars have distinguished HR practices, policies and systems as three different levels of abstraction of HRM function (e.g., Lepak, Liao, Chung, & Harden, 2006). As table 1 shows, the mostly of HRM studies in family business have adopted a level of HR practices (N = 55) rather than HR policies (N = 22) or a HR systems scale (N = 7). In this vein, another notable characteristic consists on identifying how HR policies/practices have been grouped (Wright & Boswell, 2002). As table 1 illustrates, the mostly way adopted by scholars to group HR policies/practices in the context of family firms have been the individual-based HR policies/practices (N = 50), followed by the bundle of linked (N = 21) and non-linked (N= 13) HR policies/practices.

Other relevant aspects to understand how HRM has been studied in family firms is to identify how HR policies/practices have been analyzed and what is the target employee. As table 1 shows, most of studies analyze – principally from a macro HR approach –how HR policies/practices have been implemented (N = 67), while a minority have explored their intended/potential implementation (N = 10) or the employees' perception about HR policies/practices (N = 4). Regarding the target employee, managerial level has been the most studied category of employee (N = 51) and, within the publications identified, scholars have similarly considered family managers (N = 26), non-family managers (N = 27), and managers without a clear family tie (N = 31). Some studies have focused their interest on both family members (N = 15) and non-family members (N = 13) without specifying a clear job-position. While scholars have clearly explored differences between family and non-family managers, it is surprising the lack of research focusing on the heterogeneity of non-managerial level: only ten studies have considered non-managerial employees (see table 1) and none of them without specifying a clear family tie. In addition, it also stands out the number of HRM studies in family business without any specification about what type of employee was involved (N = 24).

Finally, several theoretical lenses have been applied to study HRM in the context of family firms. As table 1 shows, most papers have clearly defined theoretical basis (N = 53; 61%), while the third part of publications lacks a distinguishable framework (N = 34; 39%). Of the former, twenty-eight papers have used one single theory while twenty-five publications have employed multiple theories to explain and understand HR issues in family firms. Regarding the main theoretical frameworks, shows in table 2, agency theory has been the most employed for researching HRM in family firms (N = 38), basically due to its proper fit to explain compensation issues in the context of managerial behavior. In that regard, stewardship theory has been also used as an alternative framework to explain compensation topics in a few cases (N = 6). Another relevant framework used has been the resource-based view (RBV) (N = 8) –as well as the familiness view (N=1) as a specific extension of RBV–. Socioemotional wealth (SEW) has been also considered a relevant framework in the recent research in HRM in family firms (N = 7), followed by several psychological perspectives (e.g. organizational justice theory, psychological contract theory) employed to explain some topics regarding employees' attitudes and perceptions (N = 7). Lastly, institutional theory, which has been used to explain contextual pressures influencing HRM (N = 5), and some specific theories such as social exchange theory (N = 2), social capital perspectives (N = 2), transaction cost theory (N = 1), have also been considered to argue different HRM issues in family firms.

Table 2.
Theoretical approaches in HRM research in family firms

Theory	Target	References
Agency theory	(1) To explain the design of workforce compensation (principally executives) in both family and non-family firms since the assumptions of (1.1) Central agency problems, (1.2) Traditional agency problems, and (1.3) Extended agency problems.	(1.1) e.g., Amoako-Adu et al. (2011); Chen et al. (2014); Cheng et al. (2015); Croci et al. (2012); Jaskiewicz; Block, Combs et al. (2017); Le Breton-Miller & Miller (2006); Ramaswamy et al. (2000); Tang (2014). (1.2) e.g., Gallego & Larrain (2012); Jaskiewicz, Block, Miller et al. (2017); Michiels et al. (2013); McConaughy (2000) (1.3) e.g., Combs et al. (2010); Gómez-Mejia et al. (2003); Michiels et al. (2013); Schultze et al. (2001)
	(2) To argue the degree of adoption of professional, formal or flexible HR practices in family firms.	(2) Gulbrandsen (2005); de Kok et al. (2006); Dekker et al. (2015); Tsao C-W et al. (2015).
Resource-based view theory	(1). To argue why HR policies/practices may positively contribute on firm performance.	(1) Ezzedeen et al. (2006); Nuñez-Cacho & Grande Torraleja (2013); Tsao et al. (2009); Tsao C-W et al (2015).
	(2). To explain the use or the degree of adoption of professional HR policies/practices.	(2) de Kok et al. (2006); Kim & Gao (2010).
	(3). To argue, from "familiness", how the presence of the family in the business system might affect the fairness of HR practices.	(3) Barnett & Kellermanns (2006).
Socioemotional wealth (SEW)	To study how non-financial goals of the owning family might influence the decision to implement different HR policies/practices.	Cruz et al. (2011); Gómez-Mejia et al. (2011); Memili et al. (2013); Jaskiewicz, Block, Miller et al. (2017)

Table 2. *(continued)*

Theory	Target	References
Psychological perspectives	To explain some consequences obtained by HR practices in family firms, for instance: (1) *Organizational justice theory*: to explain how employees may form justice perceptions about HR practices received (2) *Psychological contract theory*: to argue the effect of HR practices on employee's attitudes and behaviors. (3) *Equity theory and social comparison theory:* to argue the effects of pay dispersion in management teams (4) *Cognitive evaluation theory*: To justify the less proportion of variable pay used by family firms.	(1) Barnett & Kellermanns (2006) (2) Tsao C-W et al. (2015) (3) Ensley et al. (2007); Jaskiewicz, Block, Miller et al. (2017). (4) Chen et al. (2014)
Stewardship theory	To explain the design of employee compensation (principally executives) in family firms.	Chrisman et al. (2014); Chrisman et al. (2007).
Institutional theory	To argue why and how certain HR policies/practices are implemented or changed to respond to demands generated by different institutional pressures.	Chang (2012); Kidwell et al. (2012); Kim & Gao (2010); Thach & Kidwell (2009).
Others	(1) *Social Capital theory:* To argue how characteristics of CEO's ties (i.e. relationships with agents external to the firm, location and structural positions) might influence on CEO's compensation. (2) S*ocial Exchange theory:* To explain the effect of HR practices on employee's attitudes and behaviors via employee's fairness perception (3) *Transaction cost theory:* to argue the decision to hire managers in the context of family firms.	(1) Young & Tsai (2008). (2) Barnett & Kellermanns (2006); Cruz et al. (2011). (3) Chrisman et al. (2014).

1.3.4 Factors determining HRM in family firms

As we have identified, family firms tend to configure their HRM to elicit and reinforce outcomes required by the demands of both organization's external (i.e. institutional context) and internal environment (clustered into business, family, and business-family overlap). However, a greater interest has been paid to the internal dimensions so far. A summary of determining external and internal factors, together with outcomes identified–which are analyzed in next section–, are incorporated into the model presented in figure 1.

External determinants. Scarce publications in the context of family firms have explored institutional context (i.e. national culture, economic conditions, legal framework, labor market) as an exclusive determinant of HR practices/policies. Only two studies provide information about how national culture, specifically from Asiatic continent, might help to understand how employees interpret and respond to the organization's reward structure (e.g. individual vs. group rewards; Mustafa, 2015) and how it together government's policies might influence the family-owners' decisions to implement recruitment and selections policies and practices for family employees (Kopnina, 2005).

Internal determinants. Fifty-four publications[3] provided information about determinants clustered into three dimensions including business, family, and business-family overlap. Regarding *business dimension,* twenty-one academic publications provide information about these determinants which we have classified into three factors:

[3] Please note that the number of total publications does not represent the sum of publications from each individual dimension. It is because one study may incorporate in its analysis more than two determinants from different dimensions.

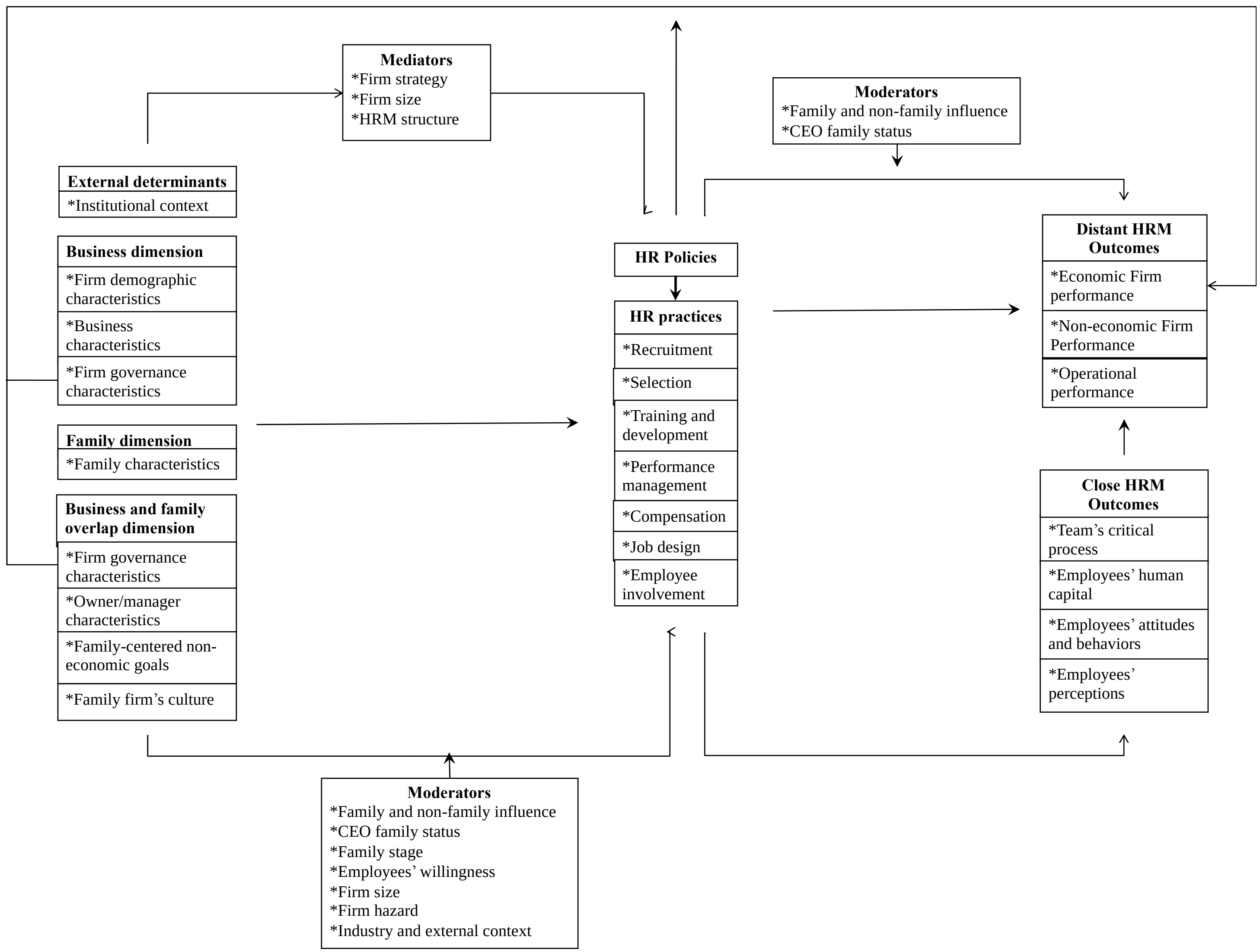

Figure 1: Synthesis of determinants and outcomes of HRM in family firms.

firm demographic characteristics (N= 11), business characteristics (N= 8), and firm governance characteristics (N= 5).First, concerning *firm demographic characteristics*, firm size has been the main determinant studied (N= 7), followed by firm life cycle or firm growth (N= 3), firm location (N= 2), HRM structure (N=1) and type of industry (N= 1). Scholars suggest the usage of more individual o bundle of formal/professional HR practices when family firms increase their size (Birdthistle, 2006; Kidwell & Fish, 2007; Kidwell et al., 2012; Kim & Gao, 2010; Kotey & Folker, 2007; Reid & Harris, 2002; Van der Merwe, 2009), achieve a higher stage of business development (W. G. Dyer, 1989; León-Guerrero, McCann III, & Haley, 1998; Rutherford et al., 2003), have a minimal structure to support HR activities (Reid & Harris, 2002), or when they are in regions where institutional, cultural or legal development facilitate its adoption (Thach & Kidwell, 2009). Only one studied explored how training investment in family firms was more muted on certain industrial sectors (Reid & Harris, 2002).

Second, regarding *business characteristics*, firm strategy and past economic firm performance have been the main determinant studied, each one present in four studies, followed by firm risk (N= 1). Scholars have identified how HR practices might offer support to family firms depending the firm strategy. In overall terms, HR practices might be designed to diffuse the firm strategy adopted within the organization (e.g., total quality; Ngin & Chong, 1997), but when scholars focus their analysis on individual HR practices, the evidence suggest that these practices does not imply the same support for all strategies. For example, total CEO pay might be positively related with R&D investments (Gómez-Mejía, Larraza-kintana, & Makri, 2003) and it is not related with firm diversification (Veliyath & Ramaswamy, 2000), while the importance to adopt formal training was strongly related with a prospector strategy rather than other firm strategies (McCann III, Leon-Guerrero, & Haley, 2001). Concerning past economic firm performance, scholars have mainly argued its positive effect on family and non-family executive compensation (M. Cheng, Lin, & Wei, 2015; S. Cheng & Firth, 2006; Michiels, Voordeckers, Lybaert, & Steijvers, 2013) as well as its positive effect on family and non-family firms' training investment (Matlay, 2002). Regarding business risk, just one study has explored how systematic and unsystematic risk might have a direct positive effect on family CEO's compensation (Gómez-Mejía et al., 2003).

And third, *firm governance characteristics* encompass non-family actors' ownership (i.e. institutions, non-family members; N= 4) and board independence (N=3) as two determinants mainly analyzed. More specifically, scholars have obtained mixed results about how the level and composition of executive compensation is influenced by the stock ownership of institutional investors (positive effect: Croci, Gonenc, & Ozkan, 2012; negative effect: Gómez-Mejía et al., 2003), by the stock ownership of the non-executive directors (without significative evidence: S. Cheng & Firth, 2006; Ramaswamy, Veliyath, & Gomes, 2000) and by the independence of the board (without significative evidence: S. Cheng & Firth, 2006; Ramaswamy et al., 2000; positive effect and curvilinear relationship: Veliyath & Ramaswamy, 2000).

Six publications provide information about the *family dimension*, which only include those characteristics associate to the owning-family that might influence decisions concerning HR issues, as shows figure 1. Family stage/generation has been the main determinant used (N=5), followed to a lesser extent by family social capital (N=2), and family members' demographic characteristics (N=1). Concerning family-owned generation, scholars have argued how the passing of family generations is more strongly related to the use of formal HR practices (especially formal training) for family employees rather than for non-family employees (León-Guerrero et al., 1998). It has also been related positively to the decisions to hire family managers (Cromie, Stephenson, & Monteith, 1995) and to adopt specific staffing policies when family firms decide to internationalize their business (Bannò & Sgobbi, 2016), but negatively to the less use of market rate as criteria to pay family manager (Cromie et al., 1995) and to the presence of TMT pay dispersion (Jaskiewicz, Block, Miller, & Combs, 2017). Concerning family social capital, familial/kinship contacts and the social network tend to favor the existence of informal practices in family firms (e.g., informal recruitment practices: Ram & Holliday, 1993) or, in other words, they might reduce the need to adopt high performance HR policies (Kidwell et al., 2012). Finally, Van der Merwe (2009) explored difference between the perceptions of male and female family employees regarding management performance and compensation of family employees, but the results did not show significant differences.

Lastly, *family and business overlap* dimension combines those unique characteristics where the family owner and the business are mutually linked. Given the uniqueness of the family business, it is not surprising that this dimension has been the most frequently analyzed as determinant of HR policies/practices (N= 43 publications). As show figure 1, four factors were defined under this dimension: firm governance characteristics (N= 32), owner/manager characteristics (N= 12), family-centered non-economic goals (N=3), and family firm's culture (N = 3). First, concerning *firm governance characteristics*, type of firm (i.e. family vs. non-family firms) has been the main determinant studied (N= 20), followed by the stock ownership of the family (N= 8), and the involvement of family-owned members in the firm's management and/or board (N=4). The usage of type of firm as main determinants is due to the scholars' intention to explore differences between family and non-family firms. The results obtained in this line have been mixed and even contradictory. While several studies have suggested that family firms tend to hire less professional managers (Gatfield & Youseff, 2001), to give less emphasis on formal training and development (Kotey & Folker, 2007; Pérez De Lema & Duréndez, 2007; Reid & Harris, 2002), and, in overall terms, to use less formal HR policies and practices than their counterparts (Cromie et al., 1995; De Kok et al., 2006; Kidwell et al., 2012; Reid et al., 2002), family firms might show a mix approach from individual HR issues such as HR flexible practices (Gulbrandsen, 2005), training activities (Matlay, 2002), and most notably from compensation issues. On this latter issue, despite family firms tend to show lowest pay level for all their employees (Carrasco-Hernández & Sánchez-Marín, 2007), including at non-executive level (Bassanini, Breda, Caroli, & Rebérioux, 2013), scholars have obtained contradictory results when they examined executive compensation. In this vein, some scholars have noted that family firms offer higher incentive-based compensation or variable pay than non-family firms (Carrasco-Hernández & Sánchez-Marín, 2007; Y.-L. Chen & Chen, 2015), while others noted the opposite (C.-J. Chen, Hsu, & Chen, 2014; Pereira & Esperança, 2008; Speckbacher & Wentges, 2012) or none significant difference (Cohen & Lauterbach, 2008). Similarly, scholars also suggested that family firms offer lower CEO cash and total pay than non-family firms (Croci et al., 2012) while other scholars have noted the opposite (Gallego & Larrain, 2012; Hassen, 2014). Concerning the stock ownership of the family, scholars have mainly used this determinant to analyze the level and structure of executive pay. They have noted that an increase in the ownership of a controlling family owner reduce the level of executive compensation (M. Cheng et al., 2015; Gómez-Mejía et al., 2003;

Ramaswamy et al., 2000; Veliyath & Ramaswamy, 2000), but at same time, it strengthens executive pay-for-performance sensitivity (M. Cheng et al., 2015) and increases to Non-CEOs TMT pay dispersion (Jaskiewicz, Block, Miller, et al., 2017). Mixed results have been obtained when family ownership is related with equity-based incentive compensation (Amoako-Adu, Baulkaran, & Smith, 2011; Jaskiewicz, Block, Combs, & Miller, 2017; Young Baek & Fazio, 2015). Lastly, scholars have suggested that the participation of family members in the managerial team favor the adoption of staffing abroad policies (Bannò & Sgobbi, 2016) and the investment on manager training and development (Loan-Clarke, Boocock, Smith, & Whittaker, 1999), but reduce the propensity to give some incentives to non-family managers (Memili, Misra, Chang, & Chrisman, 2013).

Second, regarding *owner/manager characteristics*, the most of studies have explored differences between family and non-family managers. In this vein, results have suggested that family managers hold higher positions in family firms, have more decisions rights and are assigned more job responsibilities than nonfamily managers (Cai, Li, Park, & Zhou, 2013). Most notably has been the differences obtained on executive compensation. Some studies have suggested that family-member CEOs receive more cash, bonuses and stock options than non-family CEOs (Cai et al., 2013; Combs, Penney, Crook, & Short, 2010) and than family CEOs compensation tend to be less sensitive to CEO social capital than nonfamily CEOs compensation (Young & Tsai, 2008). Contradictory results have been presented when scholars have explored total compensation (Amoako-Adu et al., 2011; Berrone, Makri, & Gómez-Mejía, 2008; Gómez-Mejía et al., 2003; McConaughy, 2000) and incentive-based performance (Berrone et al., 2008; Cai et al., 2013; Y.-L. Chen & Chen, 2015; McConaughy, 2000).

Lastly, while the remaining studies suggested significant and negative relationships between executive compensation with the presence of the founder in the firm (Gallego & Larrain, 2012), and the average dividends received by the CEO and executive directors (S. Cheng & Firth, 2006; Young Baek & Fazio, 2015), other studies found non-significance effects of CEO demographic characteristics (i.e., tenure, education, and age) and CEO duality (i.e. when CEO serves as chairman of the board) on CEO pay (Ramaswamy et al., 2000; Veliyath & Ramaswamy, 2000).

Third, three publications have incorporated *family-centered non-economic goals* to explain how affective utilities that the owning family link to the business might directly influence on HRM decisions. Two of them conceptually suggest the adoption of more informal HR policies and practice based on the importance to preserve socioemotional wealth (Cruz et al., 2011; Gómez-Mejía, Cruz, & Berrone, 2011) while one empirically explain how the intention to involve next family generations in the business reduce the propensity to providing incentives packages to compensate non-family managers (Memili et al., 2013).

Lastly, fourth, three publications have incorporated characteristics linked to *family firm's culture* to explain how values and principles inherent to organizational culture (e.g., communitarian, loyalty) help to understand the design and implementation of HR practices in family firms (Chang, 2012; W. G. Dyer, 1989; Gatfield & Youseff, 2001).

1.3.5 Mediators and moderators in the relationship between determinants and HRM

We identify several studies that analyzed trough mediators (N = 4 publications) and moderators (N= 17 publications) the relationships between determinants and HR policies/practices in family firms. Concerning *mediators*, Lansberg (1983) argued how the growing of family business increase the conflict between family and business interests and consequently affect the effectiveness of HRM. Chang (2012) identified how institutional context and the presence of owner-family influence the management style and consequently HRM strategy. Similarly, Matlay (2002) observed how firm strategy mediate the relationship between firm size and training programs orientation. Lastly, De Kok and colleagues (2006) noted that family firms have less organizational complexity -in terms of firm size and HRM structure- than non-family firms which consequently reduce the likely to use professional HR practices

Regarding *moderators*, the extent of family influence through ownership and/or control has been the main factor analyzed particularly into executive compensation (N= 8). Thus, while Michiels and colleagues (2013) evidenced that ownership dispersion negatively moderate the relationship between past firm performance and CEO's compensation, other scholars have noted how the stock ownership of family positively moderate that relationship (Y.-L. Chen & Chen, 2015; M. Cheng et al., 2015). Opposite results, however, have been presented when variable pay for family CEO is examined (Y.-L. Chen & Chen, 2015) or when the increase of ownership is identified from other family members (M. Cheng et al., 2015). Also, scholars have noted how the stock ownership of the institutional investors partially counterbalance the negative effect of family-control on CEO compensation (Croci et al., 2012) and how the stock ownership of family positively and significantly moderate the relationships between R&D investment and non-family CEO compensation (S. Tsao, Lin, & Chen, 2015), between the stock ownership of the CEO and CEO cash compensation (Cheung, Stouraitis, & Wong, 2005), and between owner CEO status and CEO compensation (Chourou, 2010).

Similarly, the extend of family ownership together with the presence of institutional investors were mentioned by Cruz and colleagues (2011) as two characteristics that might condition the effect of the importance of the owning family to preserve its SEW on the decision to adopt informal HR policies and practices in family firms.

Industry and institutional context (e.g., economic conditions, legal framework) have also been used by scholars as moderators that help to explain differences on HR issues between family and non-family firms. In this vein, scholars noted that both executive and non-executive remuneration in family firms was lower than non-family firms after face institutional changes (Jaafar & James, 2014; Tang, 2014) as well as executive variable compensation was lower than non-family firms in high-growth industry (C.-J. Chen et al., 2014). Continuing with industry as moderator, Cai et al. (2013) found non-significant evidence industry in which family firm operate reduce the effect of CEO family status on managers' job assignments and compensation. It is noteworthy that CEO family status has also been used as a moderator by scholars that analyzed executive compensation. On one hand, Young Baek & Fazio (2015) suggested the negative relationship between a CEO's dividend income and equity-based incentive compensation is positively moderated by having a family CEO, but on the other hand, Croci and colleagues (2012) noted that the interaction between family CEO and institutional investors didn't show a significant effect on CEO compensation. Furthermore, together CEO family status, one study suggest that generational stage moderate the relationship between firm performance and CEO compensation in such a way that firm performance only influence CEO's compensation significantly in the controlling-owner stage and much more for nonfamily CEOs than for family CEOs (Michiels et al., 2013).

Lastly, firm hazard, firm size and employee's willingness have also been considered as moderators in the relationships between determinants and HR policies/practices in family firms. Two studies have conceptually proposed how the effect of SEW preservation on the decision to adopt a different set of HR policies and practices might be reduced when increase firm performance hazard (Cruz et al., 2011; Gómez-Mejía et al., 2011). On other hand, by using firm size as moderator, Speckbacher & Wentges (2012) did not obtain significant evidence that this characteristic moderates the impact of family involvement on the use of incentives-based objective performance. Finally, the willingness of both family and non-family members to belong to a family firm has been proposed as a potential moderator in the relationship between firm growth (and family firm's culture) and the professionalization of management teams (i.e., executive training and hiring non-family managers) (W. G. Dyer, 1989).

1.3.6 Outcomes associated with HRM in family firms

As figure 1 shows scholars have explored multiple outcomes linked to HR policies and practices in the context of family firms. Because these outcomes follow a multidimensional nature (Jackson et al., 2014), we based our process of coding on Dyer and Reeves (1995) and Jiang and colleagues (2013) to categorize HRM outcomes according to the scope of HR policies/practices (i.e., close and distant results) and the level of analysis (i.e., organizational, group, or individual level). On one hand, thirteen publications have directly analyzed *distant HR results*, all of them from the organizational level, where economic firm performance is the main result discussed (N= 12 publications). As antecedents of economic firm performance, scholars have suggested that family firms with a given HRM system (e.g., high performance work system) might enjoy positive outcomes (Dekker et al., 2015; El-chaarani, 2013; Kidwell & Fish, 2007; Kidwell et al., 2012). Same results are suggested when scholars have analyzed individual HR practices such as the importance placed on recruitment (Carlson et al., 2006), training and development (Carlson et al., 2006; Chang, 2012; Núñez-Cacho Utrilla & Grande Torraleja, 2013), performance appraisal (Carlson et al., 2006; Chrisman, Chua, Kellermanns, & Chang, 2007), compensation (Carlson et al., 2006; Chang, 2012; Chrisman et al., 2007; Schulze, Lubatkin, Dino, & Buchholtz, 2001), employee involvement and job design (Chang, 2012). Conversely, it is interesting to note that Schulze et al. (2001) do not find any performance effect when family manager's compensation is examined, while other studies even report negative effects of executive compensation when family CEO pay is excessive in absolute terms (Barak, Cohen, & Lauterbach, 2011; Hassen, 2014) or in relative terms in the context of top manager's compensation (Jaskiewicz, Block, Miller, et al., 2017). Concerning non-economic firm performance, only Ezzedeen et al. (2006) describe how the use of formal high work performance HR practices might contribute to family firm's success in terms of public awards that the firm won. On the other hand, three publications have directly considered *closed HR results*, all of them at individual level of analysis. The first one showed how HR practices implemented in a family corporation are not totally recognized by its employees (Chang, 2012). The second one described how employees' perceptions about current compensation have mix effects on employees' attitudes – i.e., a positive effect on wellbeing and commitment, a negative effect on turnover intention- (Hu & Schaufeli, 2011). And the third one analyzed how the extrinsic rewards that receive non-family employees influence positively on their job satisfaction and affective commitment (Farrington, Venter, & Sharp, 2014).

1.3.7 Mediators and moderators in the relationship between HRM and outcomes

We have identified some studies that used mediators and moderators to explain different paths and conditions through which HR policies and practices might affect the performance in family firms. Regarding *mediators*, we only identified the study of Ensley et al. (2007) which suggested that pay dispersion in management teams creates negative consequences on team members' behaviors (i.e. critical team process) prejudicing, in turn, economic firm performance. Concerning *moderators*, we identify three studies. First, Lippi and Schivardi (2014) find that family involvement conditions the effectiveness of the selection process of executives, prejudicing operational performance (i.e. firm productivity). Second, Berrone et al. (2008) conceptually argued how the stock ownership of institutional investors might moderate the negative relationship between family CEO variable pay and operational firm performance (i.e. innovation efforts provided by high-technology family firms). And third, Tsao, Newman and colleagues (2016) noted how the negative effect of HR entrenchment –as a specific orientation of HR practices– on economic firm performance increase either by the presence of a family CEO or by the higher proportion of family members on the board.

1.3.8 HRM as mediator and moderator in the relationship between determinants and outcomes

We also identified studies that used HRM as mediator (N= 12 publications) and moderator (N= 3 publications) between determinants and outcomes. Regarding *HRM as moderator*, some studies argue how the effect of family ownership on economic firm performance is positively conditioned by the extent of implementation of high performance work practices (C.-W. Tsao et al., 2009) and, more specifically, by higher incentives offered to non-family CEO (Jaskiewicz, Block, Combs, et al., 2017). Conversely, some literature also found non-significant effects of the use of HRM control system in the relationship between the involvement of non-family members on board and economic firm performance (Dekker et al., 2015).

Concerning studies that used *HRM as mediator*, we classify them according to the group of outcomes analyzed: distant HR outcomes (N= 6), closed HR outcomes (N= 3), and both type of results in a full path of relationships (N= 4). Regarding *distant HR outcomes*, most studies are focused at organizational level and on economic firm performance. Tsao, Chen and Wang (2016), for example, found a full mediating effect of the use of high performance work systems (HPWSs) in the relationship between family/non-family influence and economic firm performance. Harris and colleagues (2004), by using type of firm as main determinant, noted that family firms use less professional HR practices and lower levels of communication with employees (i.e. involvement practices) than non-family firms, and which was negatively related to economic firm performance. Also using type of firm as determinant, Colot et al. (2009) noted a negative effect of the training rate on turnover in both family-owned and non-family firms, and a negative effect of compensation on turnover of only non-family firms. Gómez-Mejía et al. (2011) conceptually argued how the importance to preserve SEW might influence HRM choices such as the usage of more informal HR policies, the decision to hire both family and non-family managers, and to offer lower compensation to family CEO, which in turn might negatively affect financial performance. Similarly, Chrisman et al. (2014) explained how family-centered noneconomic goals, together with firm strategy, might favor the decision to hire family managers in order to increase the ability to achieve their economic and noneconomic goals, while Block (2011) proposed an optimal compensation model for nonfamily managers that help to family firms achieve short-term and long-term performance.

Regarding *closed HR outcomes*, all publications analyzed results at individual level. Two studies conceptually explained how the importance to preserve SEW (Cruz et al., 2011) and the level of family influence (Barnett & Kellermanns, 2006) might affect the implementation of HR practices in family firms and consequently the employee's justice perception. Also from a conceptual contribution, Chrisman et al. (2014) explained how the presence of family-centered noneconomic goals might explain the lower offer of compensation to non-family managers, which in turn attenuate the ability to attract high-quality non-family managers.

Lastly, a full path of relationship is described in four publications, mostly conceptual. Le Breton-Miller and Miller (2006) suggested that longer CEO tenure, higher family ownership and the intention to involve next generations might favor a long-term investment strategy, which would be accompanied by intensive training and long-term employee compensation that, in turn, would help family firms to increase organizational knowledge and achieve competitive advantage. Chua et al. (2009) pointed out that, depending on the type of firm (family vs. non-family), there will be differences in the usage of executive management performance and compensation. These differences may create negative consequences on non-family manager's attitudes (i.e. commitment) and behaviors (i.e. effort and opportunism), leading to inferior performance in professional family firms. More recently, Zientara (2017) argued that family-centered noneconomic goals might negatively influence the internal corporate social responsibility (CSR) policy, specially through the implementation of unfair HR practices to non-family employees, leading to negative employee's attitudes and behaviors which, in turn, could prejudice economic firm performance and increase the likelihood of loss SEW. Finally, Mustafa (2015) describes how firm strategy (e.g. corporate entrepreneurship) might favor the use of family's culture-oriented HR practices (i.e., training and development, compensation, and employee involvement), which influence (offering partial support) the development of entrepreneurial knowledge and skills oriented towards innovation results.

1.4 DISCUSSION AND DIRECTIONS FOR FUTURE RESEARCH

This article reviews the literature on HRM in family firms over the past 32 years (1983 – 2015). Eighty-seven publications were identified and reviewed to provide an understanding, on one hand, about how HRM have been defined and studied in the context of family firms and, on the other hand, regarding which have been the determinants and outcomes explored in this context. The following sections discuss our findings, the gaps in our understanding of the topic, and provide directions for future research.

1.4.1 Defining HRM in family firms – future directions

In the context of family business, scholars either define HRM from a strategic point of view or simply do not define HRM at all. In fact, the most studies identified in this review have not been concerned to clearly define this construct. This lack of definitional might induce the following two problems. First, it could be problematic with the reliability and validity of empirical research (Lepak et al., 2006). As we identified in this review, scholars can find different attributes to define and study HRM function from different levels of abstraction (i.e. practices, policies or systems), orientation (i.e., implemented, perceived or potentially to be implemented) and analysis (i.e. individual, group or organizational level). While these attributes might represent certain advantages to different approaches to collecting data on HRM, scholars could also find problematic the operationalization approach when adjusting theory and measures. Therefore, providing a clear definition of HRM together with strong theory driven arguments would help academics to identify the key elements that compose the HRM function and it would guide them about how could measure these elements according to their research problem, level of analysis, referent group of employees and even to define who should serve as key informant for research (Lepak et al., 2006).

The second issue about the absence of an explicit HRM definition is related with the likelihood that researchers prolong a fragmented knowledge about this topic in the context of family firms. As we identified in this review -and discuss next-, HRM research in family business have been more focused on exploring individual HR practices, internal determinants from business-family overlap dimension, and outcomes at the organizational level. While this stream of research is valuable to understand HRM in family business, it is prone that future family business scholars continue their efforts under these dominant research lines. If scholars only look at the current HRM studies focused on family firms, being unaware of the conceptual development achieved in the HR literature, a potential mismatch between HRM in family firms and HRM general research would occur. Rather, an explicit HRM definition –from a more comprehensive view- can provide scholars additional key elements that have been currently less explored (e.g. multiple linked HR practices, external determinants, and outcomes at the group and individual level) and which would help to reduce our fragmented knowledge about HRM in family firms.

Thus, considering the above, scholars need to be clearer in articulating how HRM is defined in future research and make sure that the conceptual definition is reflected both in the theoretical framework and in the measurement of the construct.

1.4.2 Studying HRM in family firms – future directions

In addition to the definition of HRM, we identify five considerations when scholars study HRM in family firms. First, our review indicates that this topic has been more focused on a macro than on micro approach. Thus, on one hand, a gap in our understanding is the limited knowledge that we have about how individual or multiple HR policies and practices affect the performance of employees and/or small groups in family firms. On the other hand, digging deeper into the macro approach, we identified how the factors that condition or determine HRM in family firms represent a prevalent issue (51 publications) over what outcomes are linked to its implementation (8 publications), remaining 18 studying both considerations. Therefore, our knowledge about how the design of HRM in family firms might influence on the firm outcomes still need more evidences and discussion. Putting together the above gaps, a great challenge is to obtain a better understanding of macro issues (i.e., the performance of business units and/or companies) build upon a rich context of micro research (i.e., the performance of employees and/or small groups in organizations) as some HR scholars suggest (e.g., Jiang et al., 2013; Lengnick-Hall et al., 2009; Wright & Boswell, 2002). We detail about these issues next.

As a second consideration, in terms of HRM operationalization, most investigations have studied HR practices as the main level of abstraction and have distinguished their implementation as main configuration. From this we could encourage two suggestions for future researches. First, we understand that level of abstraction matches with the study of individual HR practices that have predominated in the context of family business. However, if we keep in mind that macro HRM has been the most approach applied in family firms' research, we would encourage scholars consider the recent suggestions provided from HR literature which recommend analyzing HR systems or bundles of linked HR policies/practices rather than individual practices (Jackson et al., 2014; Jiang et al., 2013). The base of this suggestion is because employees are exposed to multiple practices simultaneously that influence more on their performance than individual practices in isolation (Lepak et al., 2006). Second, we noted that scholars in family firms still follow the classic line of HRM research by exploring implemented HR policies/practices rather than intended or perceived. Considering that implemented HR system, policies or practices may not fully correspond with what is perceived by employees (Den Hartog, Boon, Verburg, & Croon, 2013), a good opportunity to put the field of family firm at the forefront of HR research is explore the use of multilevel approach, combining implemented policies/practices and employees' perceptions such as some scholars have recently encouraged in HR literature (e.g., Den Hartog et al., 2013; Jiang et al., 2013).

The third consideration recognize what HR policies/practices are prevalent in family firm research. Knowing that individual HR practices has been more explored than a bundle of HR policies/practices, we noted that compensation has obtained a key position in the mind of researchers, following by staffing and training. Less attention, however, has received job design an employee involvement within HR policies/practices identified. Although we encourage future studies to focus on a bundle of HR policies or practices rather than individual HR practices, scholars could find in the differences between family and non-family firms, as well as among family firms, in terms of employee involvement and job design a future HR topic to explore since it has almost been unexplored.

As a fourth consideration, regarding the preferred target employee, we noted a major research interest on managerial rather than non-managerial levels. Even though few studies have helped to reduce the scarce research about HR issues from non-managerial employees in family firms (Bassanini et al., 2013), our knowledge is largely limited to conceptual treatises or to empirical applications but reduced to individual practices as compensation (e.g., Carrasco-Hernández and Sánchez-Marín, 2007). Furthermore, there are no studies that distinguish family and non-family members, which it is surprising since family duality is inherent to the nature of these kind of firms. Therefore, as different HR practices might be used in various levels of an organization -i.e. managerial vs. non-managerial level- (e.g., Takeuchi, Chen, & Lepak, 2009; C.-W. Tsao et al., 2009), future research should have a greater inclusion of non-managerial employees (Bassanini et al., 2013) as well as distinguish family ties in this category of employee to help us understand the complexity that faces the management of HR in family business.

Finally, our fifth consideration corresponds to the theoretical frameworks identified in this review. First, it is understandable that agency theory is the main theoretical framework for researching HRM in family firms when compensation is the main HR practice analyzed. This framework, however, shows inconsistencies in some family contexts (De Kok et al., 2006; Schulze, Lubatkin, & Dino, 2003), which suggests exploring other more contextualized frameworks (e.g., prospect theory, neo-institutional theory) for explaining family firm compensation practices (e.g., Chrisman et al., 2007).

From a more general HR view, it is desirable the design of future research with consistent theoretical frameworks to the special nature of family firms (Berrone, Cruz, & Gómez-Mejía, 2012) and their own research needs (Bird, Welsch, Astrachan, & Pistrui, 2002; Sharma, 2004). In that vein, we would expect an increase on works build from a more family firm-idiosyncratic theoretical basis such as the extended agency approach (Schulze et al., 2001), the bifurcation bias framework (Verbeke & Kano, 2012), familiness (Habbershon, Williams, & MacMillan, 2003), socioemotional wealth approach (Gómez-Mejía, Haynes, Núñez-Nickel, Jacobson, & Moyano-Fuentes, 2007) which may better fit the peculiarities to investigate HRM in family firms.

1.4.3 Determinants for HRM in family firms – future directions

Two main conclusion we could identify from this section. First, determinants for HRM in family firms have been explained from multiple sources considering the heterogeneous characteristics of family firms. And second, we currently might know more about how family firms tend to configure their HRM according to the demands of organization's internal environment (clustered into business, family, and business-family overlap) than external ones (i.e. institutional context), which is understandable when much have been researched about the overlap between family and business.

Focusing on external determinants, although scholars assume that institutional context might influence the design of HR practices in family firms (e.g., Berrone et al., 2008; Chang 2012; Croci et al, 2012; Gatfielf & Youseff, 2001; Gulbrandsen, 2005; Ramaswamy et al., 2000; Thach & Kidwell, 2009), we do not know empirically so much -with some exceptions regarding compensation policies (Jaafar & James, 201; Tang, 2014)- about how these factors really favor or constraint HRM. Accordingly, we suggest two considerations for future researches. First, scholars should deep whether institutional context limit or favor family firms' choices to invest in and implement formal HR policies and practices (e.g., Birdthislte, 2006; Block, 2011; Kidwell et al., 2012; Kopnina, 2015). And second, exploring institutional changes (e.g., new constraints policies, tax laws, market turbulence) could be also an attractive way to expand our knowledge about how they might condition the relationship between internal factors and individual/multiple HR practices.

Concerning internal determinants, we identified three dimensions from which scholars have focused their attention to explain HRM configuration in family firms: business, family, and business-family overlap. Regarding *business dimension*, we have identified several opportunities to expand our limited knowledge about business, firm demographic and firm governance characteristics. Concerning business characteristics, we suggest three insights for future research. First, as recently some scholars have shown interest by corporate social responsibility (CSR) as a strategical orientation, it could be a good opportunity to empirically explore connection with HRM in family firms (Ezzeden et al., 2006; Zientara, 2015). Second, past economic firm performance has been used into executive compensation and training issues (e.g., M. Cheng et al., 2015; Matlay, 2002; Michiels et al., 2013), but scarcely expanded toward other individual or multiple HR policies/practices that might be highly influenced by this determinant. And third, since we noted that firm risk has practically been unaddressed so far in the literature as determinant of HRM in family firms, we encourage future studies to involve this important determinant in their analysis. Regarding *firm demographic characteristics* into business dimension, we suggest two main directions. First, we found that firm size, firm growth, HRM structure and firm location are key demographic characteristics that help us to understand why a family firm might increase the use of formal HR practices (e.g., Kim & Gao, 2010; Rutheford et al., 2003; Reid & Harris, 2002; Thach & Kidwell, 2009). However, since these factors are used in isolation to explain the adoption of HR practices, future research designs might emerge considering those determinants as whole to explain why, how and at what extent family firms use less complex and more informal HR practices than non-family firms (e.g., Cruz et al., 2011; Sánchez-Marín, Meroño-Cerdán, & Carrasco-Hernández, 2017). And second, despite most studies use industry as a control variable on the adoption of formal HR practices (Kim & Gao, 2010), few empirical evidences have deepened inside the sectors' idiosyncrasies (Astrachan et al., 1994; Berrone et al., 2008), which suggest future research to study industry-specific HRM practices between family firms. Lastly, concerning *firm governance characteristics*, we noted that non-family actors' ownership has only been used as determinant of compensation practices. Thus, scholars could enrich our knowledge about HRM analyzing the role that might play foreign and institutional investors, as well as outsiders (e.g., independent directors, advisory boards, or family business consultants) on the design or implementation of other individual HR practices or multiple ones (Croci et al., 2012).

Concerning *family dimension* as an internal determinant, future research could find notable contributions since it has been understudied. In this vein, we suggest two possibilities of research. On one hand, as we noted that family stage might determine the design of HR practices such as training, selection, and compensation (Bannò & Sgobbi, 2016; Cromie et al., 1995; Jaskiewicz, Block, Miller et al., 2017; León-Guerrero et al., 1998), we suggest exploring family generation into multiple HR practices as well as individual ones that have been not explored yet (e.g., performance management, employee involvement or job design). Similarly, since HR peculiarities varied across organizational development stages (Rutherford et al., 2003), we wonder whether certain HR policies and practices might find a specific priority in each family stage. On the other hand, we encourage future studies explore whether family firms' social capital might determine the design of HR practices (Young & Tsai, 2008) or substitute the usage of formal HR approach (Kidwell et al., 2012).

Concerning *business-family overlap dimension,* we recognized this dimension meets mostly factors explored as determinants of HRM in family firms (i.e. firm governance characteristics into family-business overlap, and owner/manager characteristics). Regarding *firm governance characteristics*, on the one hand, we noted a clear line of research where studies have shown significant results about the less use of formal HR practices in family firms than non-family firms. However, since significant mixed results were identified into training and compensation issues (e.g., Y.-L. Chen & Chen, 2015; C.-J. Chen et al., 2014; Croci et al., 2012; Gallego & Larrain, 2012; Matlay, 2002), we encourage future studies that help to explain why these contradictions emerge from these practices and whether similar considerations could be obtained from other HR practices. On the other hand, we noted that scholars have exclusively explored the effect of stock ownership of the family-owned firms on executive compensation (e.g., Gómez-Mejía et al., 2003; Jaskiewicz, Block, Combs et al., 2017; M. Cheng et al., 2015). Future research could extend the use of this factor on multiple HR practices and/or individual ones. Concerning *owner/manager characteristics*, we identified that the presence or absence of family ties (e.g. whether manager is a family member or not) could be an important determinant in the development of HRM policies and practices in a family firm. As it has mostly been explored in compensation issues, we encourage, on one side, more studies that extend the role of family status as determinant factor of other HR policies and practices. On the other side, since we noted mixed results when scholars examined the differences between family and non-family CEO on specific compensation practices -e.g., total pay, incentive-based performance- (e.g., Berrone et al., 2008; McConaughy, 2000), it would be interested that future studies deep to explain through other factors why these contradictions emerge from these practices. Furthermore, apart from family status, future studies could explore some personnel owner/manager characteristics like founders' values influences (Kidwell, Hoy & Ibarreche, 2012).

Regarding *family-centered noneconomic goals*, although interesting proposals have emerged to discuss how this category influences the design and decisions of HRM, future studies could consider this to provide empirically evidences. For example, we do not know how the importance to preserve SEW (or any of its dimension) affect the decision to implement individual or bundle of HR policies/practices and whether other characteristics from family, business or business-family overlap condition this effect (Cruz et al., 2011; Gómez-Mejía et al., 2011; Jaskiewicz, Block, Combs et al., 2017). Also, as we mentioned previously, scholars could explore how family owners frame other strategic decisions (e.g., firm strategies) with SEW as a reference point and how it might affect HRM choices (Gómez-Mejía et al., 2011; Zientara, 2015). And lastly, regarding *family firm's culture*, scholars should increase theoretical and empirical research to explain how this dimension might influence on the implementation of HR policies and practices (Cruz et al., 2011; Dyer, 1989; Ram & Holliday, 1989).

Finally, we also identified in both conceptual and empirical studies how different characteristics might condition –moderate and/or mediate- the relationships between some determinants and HRM design in family firms (e.g., De Kok et al., 2006;

M. Cheng et al., 2015; Cruz et al., 2011; Gómez-Mejía et al., 2011; Michiels et al., 2013). Since we identified a massive use of moderators (and some mediators) into executive compensation, we encourage exploring additional contingency variables – especially mediators- that could affect determinant effects, first, on multiple HR practices, and second, on other subjects rather than executives.

1.4.4 Outcomes associated to HRM in family firms – future directions

From this section, when scholars have exclusively examined the direct effect of HR policies and practices on different results in the context of family firms, we noted that distant HR outcomes has received greater interest than closed ones. Furthermore, we found scarce empirical and conceptual contributions about moderators and mediators when both types of outcomes are analyzed. Considering the major interest by scholars to analyze determinants factors of HRM in family firms, we call for more studies that examine the causal process of how HRM affect key outcomes in this type of organizations. To do that, we suggest some paths to be considered to explore outcomes linked to HRM.

Concerning *HRM distant outcomes*, we noted that scholars have mainly analyzed direct results at the organizational level, mostly related to economic firm performance and without almost any consideration regarding moderators in this relationship. We thus propose three directions for future research. First, despite most evidence in this review support the positive effect of individual and bundle of formal HR practices on economic firm performance, we encourage to explore why some specific HR practices could have negative performance consequences (Barak et al., 2011; Hassen, 2014; Jaskiewicz, Block, Miller et al., 2017). We wonder, indeed, whether these negative results could be restricted by the presence of other HR practices or by contingent factors –both external and/or internal- that need to be explored (Carlson et al., 2006; Berrone et al., 2008; Nuñez-Cacho & Grande Torraleja, 2013; Pereira & Esperança, 2008). Second, as non-economic and operational results have been underexplored, scholars could analyze how these results might be affected by HRM configurations in family firms and how they could interact. For example, scholars could focus on how HR practices/policies implemented affect the achievement of operational results in family firms (Berrone et al., 2008) or how they might contribute with firm's reputation (Jaskiewicz, Block, Combs et al., 2017; Memili et al., 2013). Then, these results could be extended to explain their impacts on economic firm performance. And third, focused at individual level, scholars recognized that HR practices (e.g., training investment) might be related with employees' outcomes such as productivity and turnover (Reid & Harris, 2002). However, since there are not still studies that explore the effect of individual or multiple HR practices on either individual employees' or team's performance in the context of family firms, we encourage scholars to deep inside these issues in future studies.

Research focused on *closed HR results* is far too scarce. The few studies identified in this review have been at individual level and just one exploring closed HR outcomes at group level. Furthermore, none research has included moderators in the relationships explored between HR policies/practices and closed HRM outcomes. Considering that context, we suggest three broad options for future research. First, regarding the direct effects of HRM on closed HR outcomes, we suggest multiple alternatives of research based on the level of analysis. At organizational level, for example, we identified the call from scholars for studying how the use of informal training contributes (or constraint) firm-specific knowledge (Kotey & Folker, 2007) and, also, how family firms contribute with organizational flexibility trough the adoption of specific (e.g., flexible job design) or multiple HR practices (Gulbrandsen, 2005). At group and individual level, surprisingly there are not empirical studies yet when early conceptual contributions have already expressed differences in employees' attitudes and behaviors in both family and nonfamily employees (e.g., Lansberg, 1989). Thus, scholars could design future research that help us to understand how HR practices implemented might develop or deteriorate value employees' skills, attitudes and behaviors for family firms. Second, scholars could also consider what contingent factors serve as moderators in the relationship between HR policies/practices and closed HR outcomes. At group level, for example, Ensley et al. (2007) call for understanding what role might play family generation on the effect of pay dispersion on team dynamics. Also, at individual level, it could be interested know how interpersonal relationships and personal circumstances of family and nonfamily employees might affect the relationship between HRM policies/practices and employee's attitudes (Farrington et al., 2014). And third, as we mentioned in previous sections, a value challenge is to connect macro and micro research interests. In this vein, strategic HRM scholars have reached agreement that employee outcomes serve as one of the important mediators of the relationship between HR policies/practices and distant HR outcomes (e.g., Jiang et al., 2013). For example, it would be interesting to explain how individual or multiple HR practices favor or limit family firms to attract qualified people (managers' and non-managers' abilities) or to develop value employees' skills, attitudes and behaviors. Then, scholars could examine whether the above considerations influence individual performance and organizational outcomes -i.e., economic, non-economic, and operational- (e.g., Chua et al., 2009; Colot et al., 2009; Tsao C-W. et al., 2015). Also, it is interesting to explore how HRM orientation in family firms contribute to achieve motivated employees to create tacit knowledge and preserve it within the firm (Le Breton-Miller & Miller, 2006). Scholars could explore if this organizational knowledge really contribute –and how it does- to achieve competitive advantage. For any specific research option in the context of the above guidelines, we suggest scholars to consider a multilevel methodological framework in order to facilitate the examination of the mediating mechanism between HRM and outcomes at different level of analysis (Jian et al., 2013).

1.4.5 HRM as mediator and moderator – future directions

We noted a greater interest to analyze HRM as a mediator in the relationships between internal determinants (mostly from business-family overlap) and multiple HR outcomes in family firms. However, this line of research has practically come from conceptual contributions. Conversely to the mediating role of HRM, scarce interest has been presented to understand the moderating role that HRM could play between internal/external factors and multiple HR outcomes in family firms. Knowing this, we provide two broad suggestions for future research. On one hand, regarding *HRM as moderator*, we suggest to scholars interesting in exploring what and how internal or external characteristics contribute or constraint the success of family firms to take into account the contingent role that HR policies and practices might have in these relationships. On the other hand, *concerning HRM as mediator*, scholars could have three alternatives if they decide to explore whether, how and why HRM might be a success factor in the context of family firms when it is firstly affected by other factors. First, scholars could study HRM as mediator in the relationship between determinants and distant HR outcomes. For example, there is not empirical analysis that link the mediating role of HR policies/practices in the relationship between family dimension (e.g., family culture, family social capital) and distant HR outcomes. There is also not enough evidence on whether HR policies/practice mediate the relationship between different characteristics of business-family overlap dimension (e.g., type of firm, the stock ownership of the family, family-centered non-economic goals) and distant HR outcomes. Second, future research could be designed to analyze the mediating role of HRM in the relationship between determinants and closed HR outcomes. Besides there is not in-depth analysis that link the mediating role of HR policies/practices in the relationship between business strategy and closed HR outcomes, we do not know whether family and business-family overlap dimension favor or constraint the making-decisions regarding HR policies/practices and, in turn, attenuate the ability to attract high-quality managers and non-managers. And third, scholars could explain a full path of relationships where the effect of HRM on closed HR outcomes is a mediator between determinants (internal or external) and distant HR outcomes. In this vein, multiple value options both conceptual and empirical could be developed. We only suggest in this line of research the need to assume multiple challenges as theoretical (e.g., the use of multiple theoretical frameworks) as methodological (e.g., multilevel research design, multiple sources of information) given the complexity of these relationships.

1.4.6 Methodological considerations

As the last point in this review, we identify some important methodological issues to be considered for future research about HRM in family firms. First, it is extremely important for scholars to contemplate HRM definitions. As we mentioned previously, the conceptual definition is essential to define the measurement of the construct and to support the choice of the theoretical framework. Second, because narrow or wide family firm definition have been used, scholars should be cautious to interpret the statistical data obtained (e.g., Matlay, 2002; Michiels et al., 2013) according to their (clear) definition of family firm. Third, the use of convenience sample, small-sized sample analyzed, one single respondent and the design of cross-sectional studies have been significant constraints identified by numerous scholars in this review. Therefore, scholars are encouraged to utilize larger samples (e.g., Amann, Jaussaud, & Martinez, 2012; Chourou, 2010; Kim & Gao, 2010), to explore privately held family firms sample (e.g., Jaskiewicz, Block, Miller et al., 2017), to use multiple sources of objective and perceptual data (e.g., Farrington et al., 2014; Memili et al., 2013; Tsao C-W, Chen, et al., 2015), to design cross-country researches (e.g., Bannó & Sgobbi, 2016; Michiels et al., 2013) and/or longitudinal research (e.g., Astrachan et al., 1994; Chrisman et al., 2007; Reid et al., 2002). And Fourth, despite most scholars suggest advancing in quantitative research, we consider do not leave qualitative studies behind. It is very important, for example, to carry out in-depth interviews with owners or HR managers to determine how HR practices vary in family firms rather than focusing only on the presence of certain practices (Kidwell, Hoy & Ibarreche, 2012). In this vein, the use of a clear methodological perspective to interpret official and informal discourses from subjects that are studied would help to enrich this field of research (Kopnina, 2015).

1.6 LIMITATIONS

Despite our effort to identify the publications included in this review and to provide a comprehensive picture about HRM in family firms, the current review also has several limitations. First, our literature search may not have captured all the sources that address the subject of this review since we only included sources published in

English language under JCR - SJR threshold. Second, despite we only considered publications until 2015, relevant works have been published in subsequent years (see, for example, recent works available in *the HR in family firms' special issue* published in Human Resource Management Review in 2018). And third, although we opted to exclude succession issues because it is not directly linked to HRM (Cruz et al., 2011), it could be an important aspect for strategic HRM in family firms (Welsch, 1993). In this vein, scholars could explore how family firms encompasses both strategic and operational decisions to attract, retain, develop and enhance the quality of the next generation of leaders in order to achieve their goals.

1.7 CONCLUDING REMARKS

This paper provides an extensive review of what we know so far about HRM research in family firms and how we could usefully develop this topic over the coming years. As HRM is increasingly gaining interest within family firm literature, we provide in a timely fashion, first, a more comprehensive picture about how scholars have explicitly defined and studied HRM in the context of family firms, and second, some insights about ideas and guidelines for future research. We hope that it will spur more interest in a field that offer an immense value on both academics and practical sides. For academics, the analysis of HRM in the context of family business can provide numerous research possibilities and to be more engaged to explain the complexity and the success in management in family firms. For practitioners, a better understanding of HRM help to identify and manage relevant constraints and challenges that they can face their decision-making about HRM issues in the special context of family business.

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APPENDIX

Appendix A – criteria for inclusion

Characteristics	Inclusion criteria
Publication medium	Scientific, peer-reviewed full papers and research chapter book series with high impact index (i.e., publications included by Journal Citation Report - JCR and/or SCImago Journal Rank – SJR).
Language	English
Period	Until 2015
Research design	Empirical or conceptual
Content	Individual or multiple HRM policies or practices in family firms that were included as important part of the research problem and analysis. These policies/practices must be oriented to managers or employees.
Source	Databases: Business Source Premier-EBSCO, EconLit-EBSCO, Emerald Fulltext, Science Direct-Elsevier, Scopus-Elsevier, Web of Science-ISI, Wiley Online Library, Sage Journals, ProQuest, and PsycINFO-EBSCO. For family firms, we searched in the following journals: Family business review, Journal of family business strategy, Journal of family business management, Journal of family and economic issues, Entrepreneurship theory and practice, Entrepreneurship & regional development, Strategic entrepreneurship journal, Journal of business venturing, Journal of small business management, International small business journal, Small business economics. For HRM, we reviewed the following journals: Human resource management, Human resource management review, Human resource management journal, The international journal of human resource management, Research in personnel and human resources management, Asia pacific journal of human resource, Personnel review, Employee relations.
Method	Boolean search in title of publication, abstract and keywords For family firm, we used the following 32 keywords: ("family managed" OR "family firm" OR "family firms" OR "family business" OR "family businesses" OR "family-owned" OR "Family enterprise" OR "family enterprises" OR "family organization" OR "family organizations" OR "family company" OR "family companies" OR "work-family business" OR "work-family businesses" OR "work-family firm" OR "work-family firms" OR "work-family enterprise" OR "work-family enterprises" OR "work-family organization" OR "work-family organizations" OR "work-family company" OR "work-family companies" OR "family-controlled firm" OR "family-controlled firms" OR "family-controlled business" OR "family-controlled businesses" OR "family-controlled enterprise" OR "family-controlled enterprises" OR "family-controlled company" OR "family-controlled companies" OR "family-controlled organization" OR "family-controlled organizations") For HRM, we used the following 50 keywords: ("human resource" OR "human resources" OR "people management" OR "personnel practices" OR "personnel management" OR "talent management" OR "HR practice" OR "HR practices" OR "HR policy" OR "HR policies" OR "HR system" OR "HR systems" OR "SHRM" OR "HR management" OR "HRM" OR "high performance work system" OR "HPWS" OR "performance work practices" OR "involvement work system" OR "involvement work practices" OR "commitment work system" OR "commitment work practices" OR "AMO model" OR "ability-enhancing practices" OR "staffing" OR "recruitment" OR "hiring" OR "selection" OR "training" OR "motivation-enhancing practices" OR "employee appraisal performance" OR "employee performance review" OR "employee performance evaluation" OR "compensation" OR "retribution" OR "employee benefits" OR "pay reward" OR "performance-related pay" OR "merit-related pay" OR "merit pay" OR "employee development plan" OR "employee development practices" OR "employee promotion" OR "opportunity-enhancing practices" OR "employee involvement" OR "employee participation" OR "employee empowerment" OR "job descriptions" OR "job analysis" OR "job flexibility")

Appendix B – List of publications about HRM in family business before 2015

YEAR	AUTHORS	TYPE OF STUDY	MACRO/MICRO APPROACH	FOCUS OF RESEARCH	HR POLICIES/PRACTICES
1983	Lansberg	Conceptual	Macro	(Determinants → HRM)	Selection, training, appraisal performance, compensation
1989	Dyer	Conceptual	Macro	(Determinants → HRM) (Determinants → HRM)/*moderator	Selection, training
1993	Ram & Holliday	Descriptive	Macro	(Determinants → HRM)	Recruitment
1994	Astrachan & Kolenko	Descriptive	Macro	(HRM --- outcomes)	Selection, training, Appraisal performance, compensation, job design
1995	Cromie et al.	Descriptive	Macro	(Determinants → HRM)	Recruitment, selection, training, appraisal performance, Compensation, employee involvement
1997	Ngin & Chong	Descriptive	Macro	(Determinants → HRM)	Recruitment, training, compensation, employee involvement
1998	León-Guerrero et al.	Descriptive	Macro	(Determinants → HRM)	Training, appraisal performance, compensation, job design
1999	Loan-Clarke et al.	Quantitative	Macro	(Determinants → HRM)	Training
2000	McConaughy	Quantitative	Macro	(Determinants → HRM)	Compensation
2000	Ramaswamy et al.	Quantitative	Macro	(Determinants → HRM)	Compensation
2000	Veliyath & Ramaswamy	Quantitative	Macro	(Determinants → HRM)	Compensation
2001	Gatfield & Youseff	Descriptive	Macro	(Determinants → HRM)	Recruitment, selection, compensation, job design
2001	McCann III et al.	Descriptive	Macro	(Determinants → HRM)	Training, appraisal performance, compensation, job design
2001	Schulze et al.	Quantitative	Macro	(HRM → outcomes)	Compensation
2002	Matlay	Descriptive	Macro	(Determinants → HRM)	Training
2002	Reid & Harris	Quantitative	Macro	(Determinants → HRM)	Training
2002	Reid et al.	Quantitative	Macro	(Determinants → HRM)	Recruitment, selection, training, appraisal performance, compensation
2003	Gómez-Mejía et al.	Quantitative	Macro	(Determinants → HRM)	Compensation
2003	Rutherford et al.	Quantitative	Macro	(Determinants → HRM)	Recruitment, training, compensation
2004	Harris et al.	Quantitative	Macro	(Determinants → HRM → outcomes)	Employee involvement
2005	Cheung et al.	Descriptive	Macro	(Determinants → HRM)/*moderator	Compensation
2005	Gulbrandse	Descriptive	Macro	(Determinants → HRM)	Selection, training, job design
2005	Kopnina	Qualitative	Macro	(Determinants → HRM)	Recruitment, selection
2006	Barnett & Kellermanns	Conceptual	Macro / Micro	(Determinants → HRM → outcomes)	Other HR issue
2006	Birdthistle	Descriptive	Macro	(Determinants → HRM)	Training
2006	Carlson et al.	Quantitative	Macro	(HRM → outcomes)	Recruitment, training, appraisal performance, compensation
2006	S. Cheng & Firth	Quantitative	Macro	(Determinants → HRM)	Compensation
2006	De Kok et al.	Quantitative	Macro	(Determinants → HRM) (Determinants → HRM)/mediator	Professional HRM system
2006	Ezzedeen et al.	Descriptive	Macro	(HRM → outcomes)	Selection, training, compensation, employee involvement
2006	Le Breton-Miller & Miller	Conceptual	Macro	(Determinants → HRM → outcomes)	Training, compensation
2007	Carrasco-Hernández & Sánchez-Marín	Quantitative	Macro	(Determinants → HRM)	Compensation
2007	Chrisman et al.	Quantitative	Macro	(HRM → outcomes)	Appraisal performance, compensation

Appendix B – (continued)

YEAR	AUTHORS	TYPE OF STUDY	MACRO/MICRO APPROACH	FOCUS OF RESEARCH	HR POLICIES/PRACTICES
2007	Ensley et al.	Quantitative	Macro / Micro	(HRM→ outcomes)	Compensation
2007	Kidwell & Fish	Descriptive	Macro	(Determinants → HRM --- outcomes)	Training, appraisal performance, compensation, employee involvement
2007	Kotey & Folker	Quantitative	Macro	(Determinants → HRM)	Training
2007	Pérez De Lema & Duréndez	Descriptive	Macro	(Determinants → HRM)	Training
2008	Berrone et al.	Conceptual	Macro	(Determinants → HRM) (HRM → outcomes)/*moderator	Appraisal performance, compensation
2008	Cohen & Lauterbach	Descriptive	Macro	(Determinants → HRM)	Compensation
2008	Pereira & Esperança	Descriptive	Macro	(Determinants → HRM)	Compensation
2008	Young & Tsai	Quantitative	Macro	(Determinants → HRM)	Compensation
2009	Chua et al.	Conceptual	Macro / Micro	(Determinants → HRM → outcomes)	Appraisal performance, compensation
2009	Colot et al.	Quantitative	Macro	(Determinants → HRM → outcomes)	Training, compensation
2009	Thach & Kidwell	Descriptive	Macro	(Determinants → HRM)	Training, appraisal performance, compensation, employee involvement
2009	C.-W. Tsao et al.	Quantitative	Macro	HRM as moderator	High-performance HRM system
2009	Van der Merwe	Descriptive	Macro	(Determinants → HRM)	Appraisal performance, compensation
2010	Chourou	Descriptive	Macro	(Determinants → HRM)/*moderator	Compensation
2010	Combs et al.	Quantitative	Macro	(Determinants → HRM)	Compensation
2010	Kim & Gao	Quantitative	Macro	(Determinants → HRM)	Recruitment, selection, training, appraisal performance, compensation, job design
2011	Amoako-Adu et al.	Quantitative	Macro	(Determinants → HRM)	Compensation
2011	Barak et al.	Quantitative	Macro	(HRM → outcomes)	Compensation
2011	Block	Conceptual	Macro	(Determinants → HRM → outcomes)	Compensation
2011	Cruz et al.	Conceptual	Macro / Micro	(Determinants → HRM) (Determinants → HRM)/*moderator (Determinants → HRM → outcomes)	Recruitment, selection, training, appraisal performance, compensation, employee involvement
2011	Gómez-Mejía et al.	Conceptual	Macro	(Determinants → HRM) (Determinants → HRM)/*moderator (Determinants → HRM → outcomes)	Recruitment, selection, training, appraisal performance, compensation, employee involvement
2011	Hu & Schaufeli	Descriptive	Micro	(HRM → outcomes)	Compensation
2011	Pi	Conceptual	Macro	(Determinants → HRM)	Compensation
2012	Amann et al.	Descriptive	Macro	(Determinants → HRM)	Other HR issue
2012	Chang	Qualitative	Macro	(Determinants → HRM) (Determinants → HRM)/mediator (HRM → outcomes)	Selection, training, compensation, job design, employee involvement + Seniority/paternalistic-based HR system + High-performance HRM system
2012	Croci et al.	Quantitative	Macro	(Determinants → HRM) (Determinants → HRM)/*moderator	Compensation
2012	Gallego & Larrain	Quantitative	Macro	(Determinants → HRM)	Compensation
2012	Kidwell et al.	Conceptual	Macro	(factors → HRM) (HRM → outcomes)	High-performance HRM system
2012	Speckbacher & Wentges	Quantitative	Macro	(Determinants → HRM) (Determinants → HRM)/*moderator	Compensation
2013	Bassanini et al.	Descriptive	Macro	(Determinants → HRM)	Compensation

Appendix B – (continued)

YEAR	AUTHORS	TYPE OF STUDY	MACRO/MICRO APPROACH	FOCUS OF RESEARCH	HR POLICIES/PRACTICES
2013	Cai et al.	Quantitative	Macro	(Determinants → HRM) (Determinants → HRM)/*moderator	Compensation, job design
2013	El-chaarani	Descriptive	Macro	(HRM → outcomes)	Professional HRM system
2013	Memili et al.	Quantitative	Macro	(Determinants → HRM)	Compensation
2013	Michiels et al.	Quantitative	Macro	(Determinants → HRM) (Determinants → HRM)/*moderator	Compensation
2013	Núñez-Cacho et al.	Quantitative	Macro	(HRM → outcomes)	Training
2014	C.-J. Chen et al.	Quantitative	Macro	(Determinants → HRM) (Determinants → HRM)/*moderator	Compensation
2014	Chrisman et al.	Conceptual	Macro	(factors → HRM → outcomes)	Selection, compensation
2014	Farrington et al.	Quantitative	Micro	(HRM → outcomes)	Compensation
2014	Hassan	Descriptive	Macro	Only HRM	Recruitment, selection
2014	Hassen	Quantitative	Macro	(factors → HRM) (HRM → outcomes)	Compensation
2014	Jaafar & James	Descriptive	Macro	(Determinants → HRM)/*moderator	Compensation
2014	Lippi & Schivardi	Descriptive	Macro	(HRM → outcomes)/*moderator	Selection
2014	Tang	Quantitative	Macro	(Determinants → HRM)/*moderator	Compensation
2015	Y.-L. Chen & Chen	Quantitative	Macro	(Determinants → HRM) (Determinants → HRM)/*moderator	Compensation
2015	M. Cheng et al.	Quantitative	Macro	(Determinants → HRM) (Determinants → HRM)/*moderator	Compensation
2015	Dekker et al.	Quantitative	Macro	(Determinants → HRM) HRM as moderator	Control HRM system
2015	Young Baek & Fazio	Quantitative	Macro	(Determinants → HRM) (Determinants → HRM)/*moderator	Compensation
2015	Mustafa	Descriptive	Macro / Micro	(Determinants → HRM) (Determinants → HRM → outcomes)	Training, compensation, job design employee involvement
2015	S. Tsao et al.	Quantitative	Macro	(Determinants → HRM)/*moderator	Compensation
2016[1]	C.-W. Tsao et al.	Quantitative	Macro	(Determinants → HRM)/*moderator	Other HR issue
2016[1]	C.-W. Tsao, Chen, & Wang	Quantitative	Macro	(Determinants → HRM → outcomes)	High-performance HRM system
2016[1]	Bannó & Sgobbi	Quantitative	Macro	(Determinants → HRM)	Selection
2017[1]	Jaskiewicz, Block, Miller & Combs	Quantitative	Macro	(factors → HRM) (HRM → outcomes)	Compensation
2017[1]	Jaskiewicz, Block, Combs & Miller	Quantitative	Macro	(Determinants → HRM) HRM as moderator	Compensation
2017[1]	Zientara	Conceptual	Macro / Micro	(Determinants → HRM → outcomes)	Other HR issue

Note. [1]*Articles published on-line first in 2015.*

CHAPTER 2[*]

SOCIOEMOTIONAL WEALTH AND HIGH-PERFORMANCE WORK SYSTEMS IN FAMILY FIRMS: EVIDENCE FROM HIGH-RISK CONTEXTS

[*] An earlier version of this chapter was presented at the 1st Doctoral workshop held at the Escuela Internacional de Doctorado, Universidad de Murcia (Spain) (April 2015). The current version will be presented at the XXVIII ACEDE conference (Spain) (June 2018). This chapter is currently under evaluation in Journal of Family Business Strategy, co-authored with Dr. Gregorio Sánchez Marín.

2.1. INTRODUCTION

In the family business field, human resource management (HRM) has received growing attention in recent years. Three are the reasons that have mainly guided this interest. First, the important contribution of family firms around the world (Bird, Welsch, Astrachan, & Pistrui, 2002). Second, the recognition of human resources as a critical factor that can help family firms to gain competitive advantage and guarantee their survival (Lansberg & Astrachan, 1994; Tsao, Chen, & Wang, 2016). And third, the lack of understanding about the complex and problematic context of managing employees in family firms (Astrachan & Kolenko, 1994; Cromie, Stephenson, & Monteith, 1995; Cruz, Firfiray, & Gómez-Mejía, 2011; Lansberg, 1983).

Motivated by these reasons, some scholars have started to explore the effective use of HR in the context of family businesses (e.g., Pittino, Visintin, Lenger, & Sternad, 2016; Tsao, Chen, Lin, & Hyde, 2009; Tsao, Chen, et al., 2016). This deals with the adoption of formal policies and practices oriented toward the achievement of high performance. In strategic HRM literature, these policies and practices are commonly defined in a high-performance work system (HPWS), which describes a set of best HR policies oriented to support business operations and enhance employee and firm performance (e.g., Jiang, Lepak, Han, et al., 2012; Lepak, Liao, Chung, & Harden, 2006). Family and non-family firms adopt different policies in this area (e.g., Cromie et al., 1995; De Kok, Uhlaner, & Thurik, 2006; Kidwell, Hoy, & Ibarreche, 2012; Reid, Morrow, Kelly, & McCartan, 2002). Scholars have widely noted that family businesses use less formal HR orientation (De Kok et al., 2006; Pittino et al., 2016; Sánchez-Marín, Meroño-Cerdán, & Carrasco-Hernández, 2017) which has led to the suggestion that family businesses need to implement a formalized set of policies to build a better work environment and create, support and sustain competitive advantage (e.g., Kidwell et al., 2012; Tsao, Chen, et al., 2016). However, theoretical and empirical gaps still exist when scholars suggest the adoption of this kind of policy.

On one hand, the best formal HR policies may be unrealistic and unattainable for the informal modus operandi that characterizes family firms (e.g., Aldrich & Langton, 1997; De Kok et al., 2006; Reid et al., 2002), where the owning family may value a more informal HR approach to preserve its non-financial wealth (i.e. the emotional return and value linked to the firm) (Cruz et al., 2011; Gómez-Mejía, Cruz, & Berrone, 2011) as well as differentiating between family and non-family employees (Barnett & Kellermanns, 2006; Verbeke & Kano, 2012). On the other hand, a particular effect of the presence of the owning family has been noted (e.g., De Kok et al., 2006; León-Guerrero, McCann III, & Haley, 1998; Reid et al., 2002), favoring the adoption of formal HR policies even beyond the effect of firm's growth (e.g., Kidwell et al., 2012; Kim & Gao, 2010; Kotey & Folker, 2007).

Given the ambiguous result, there is a need for further examination of the idiosyncratic context of family firms, where apparently unique criteria influence decision makers' preferences for specific HR policies. In this study, we rely on the SEW perspective (Gómez-Mejía, Haynes, Núñez-Nickel, Jacobson, & Moyano-Fuentes, 2007) to test whether the importance of preserving SEW affects the decision to implement an HPWS. SEW consists of non-financial endowments linked to the firm that bring together the well-being, affective needs and goals of the owning family (Berrone, Cruz, & Gómez-Mejía, 2012; Debicki, Kellermanns, Chrisman, Pearson, & Spencer, 2016; Gómez-Mejía et al., 2007). The SEW approach assumes that decisions in family firms are intended to avoid losses of this accumulated endowment, which helps explain decision making and firm behavior in family firms (Dawson & Mussolino, 2014; Debicki et al., 2016), including the decisions concerning HR policies and practices (Cruz et al., 2011; Gómez-Mejía et al., 2011).

The SEW framework in HR choices is extremely important because it helps us to understand whether - and why - some family firms can adopt an HPWS. Family firms might favor the use of more informal HR policies to preserve their SEW (Cruz et al., 2011). However, this might change if family firms face an economic situation where results are worse than expected to the extent that it could endanger the business' sustainability, the owning family's economic status, and, ultimately, its SEW (Chrisman & Patel, 2012; Gómez-Mejía et al., 2011). It is thus expected that family firms will implement more performance-oriented HR policies (i.e., HPWS) to reverse the situation that threatens the economic and socioemotional endowment of the business and the family.

Although the SEW approach is a key theoretical framework for family firms (Schulze & Kellermanns, 2015; Sharma, Melin, & Nordqvist, 2014), there has been little empirical analysis of HRM under this framework, especially considering the decision to implement an HPWS when firm performance is poor. Therefore, this study analyzes the effect of the importance attached to preserve SEW on HPWS in family firms in higher risk conditions. As family firms cannot be treated as a homogeneous group (Michiels, Voordeckers, Lybaert, & Steijvers, 2013), this study also examines how (and to what extent) the relationship of SEW preservation to HPWS is moderated by the extent of the involvement of the owning family in management and its generational stage. To this end, data were collected from 236 medium-sized and private family firms in Spain, a country where family firms play a key role in the economy, since family businesses account for close to 90% of commercial companies and provide 70% of employment in the private sector (Casillas, Lopez, Meroño-Cerdan, Pons, & Baiges, 2015).

This study makes several contributions to research fields of family business and HRM. First, we contribute to the literature on HRM and family businesses by providing evidence about how and under which circumstances (i.e., high-risk contexts, family involvement in management, and family generational stage) the importance given to non-financial goals of the owning family – in terms of SEW preservation – frame decisions about the use of HPWS. We not only contribute to the understanding of HRM in family firms but also to the debate about family firm heterogeneity. Second, we provide further research to validate the SEW approach (Berrone et al., 2012; Schulze & Kellermanns, 2015), including the use and measurement of SEW preservation as a holistic construct rather than using proxies for its operationalization (Berrone et al., 2012; Dawson & Mussolino, 2014; Debicki et al., 2016) and the study of the relationship between SEW and HRM under various contingencies circumstances (Cruz et al., 2011; Gómez-Mejía et al., 2011; Hedberg & Luchak, 2018; Jaskiewicz, Block, Combs, & Miller, 2017). Third, we explain the use of a system of HR policies rather than individual practices for non-manager employees in family firms. While family businesses have focused attention on managerial positions (e.g., Chrisman, Memili, & Misra, 2014), those focused on non-manager employees are largely limited to conceptual treatises or to empirical studies of compensation issues (Memili, Misra, Chang, & Chrisman, 2013). Finally, our results have important practical implications for the owning family, HR managers, and scholars regarding the decision to implement HPWS in family firms.

The article is structured as follows. In the next section, we develop our hypothesis about the effect of SEW preservation on the use of HPWS. We then develop our hypotheses about the moderating effects in the above relationship. The hypothesis section is followed by our methodology and results. Lastly, we conclude with a discussion of implications and limitations of the study.

2.2. THEORETICAL BACKGROUND AND HYPOTHESIS

2.2.1 SEW preservation

The SEW preservation approach is a general extension of the behavioral agency model (BAM) (Wiseman & Gómez-Mejía, 1998) to explain decision making in family firms. Combining elements of prospect (Kahneman & Tversky, 1979) and behavioral theory of the firm (Cyert & March, 1963), BAM originally held that the decision-maker (i.e., CEO) in the firm will prefer to prevent losses of their accumulated endowment[4] rather than to seek economic profits, which makes the CEO more reluctant to take risks (Gómez-Mejia, Neacsu, & Martin, 2017; Wiseman & Gómez-Mejía, 1998). In more recent contributions (Martin, Gómez-Mejía, & Wiseman, 2013), BAM proposes that the decision-maker balances the fear of losing current endowment wealth with the prospect of enhancing the value of their future wealth by taking more risks. This dynamic reflects the logic that the vast majority of strategic decisions can shift depending on the reference point used to compare anticipated outcomes (Gomez-Mejia et al., 2017).

In family firms, socioemotional wealth is the main endowment that a family has invested in the firm from its controlling position (Gómez-Mejía et al., 2011, 2007). It is assumed to be the predominant reference point in decision-making in this kind of

[4] Accumulated endowment is understood as everything that the person believes is important to their well-being, which already is accumulated and can be accounted for (Gómez-Mejía et al., 2007).

business (Berrone et al., 2012; Berrone, Cruz, Gómez-Mejía, & Larraza-Kintana, 2010; Gómez-Mejía et al., 2011, 2007). Defined as “the array of non-financial benefits specifically associated with the well-being and affective needs of family members that are derived from operating a business enterprise” (Debicki, Randolph, & Sobczak, 2017, p. 85), SEW includes non-financial aspects such as the desire to maintain control of the business and to prolong it for future generations, the social bonds built with their stakeholders, the emotional attachment of family members, the close and strong identification of the family members with the company and the importance of meeting family members’ needs (Berrone et al., 2012; Debicki et al., 2016).

Based on BAM logic, the main decision-maker in private family firms (i.e., the owning family) has dual SEW and economic reference points when framing contexts of gains and/or losses (Gómez-Mejia et al., 2017). When the family business is faced with the dilemma of deciding between financial gain and SEW, numerous studies find that the owning family may prefer to protect the latter, making its decision at the expense of financial rewards (e.g., Chrisman & Patel, 2012; Gómez-Mejía et al., 2007; Jaskiewicz, Block, Miller, & Combs, 2017; Memili et al., 2013; Miller, Le Breton-Miller, & Lester, 2013). However, when family firms face clear financial deterioration, the owning family might have an incentive to make economically driven decisions to avoid the failure of the firm and, thus, to avoid a total loss of their SEW (Gómez-Mejía et al., 2011; Gómez-Mejia et al., 2017; Patel & Chrisman, 2014; Stockmans, Lybaert, & Voordeckers, 2010). As the risk increases, the owning family is increasingly exposed to losing everything (i.e., the family’s standard of living, patrimony, and SEW) if the firm does not survive (Gómez-Mejía et al., 2011).

2.2.2 Effects of SEW preservation on HPWS

HPWS is one of the HR system that has received the most attention in the literature (e.g., Lepak et al., 2006; Posthuma, Campion, Masimova, & Campion, 2013). This system is defined as a coordinated bundle of high-performance policies that guide the choice of formal HR practices and create synergistic effects between them to enhance organizational performance (Posthuma et al., 2013). Although several policies have been attributed to this system (Lepak et al., 2006), it is typically characterized by policies of selective recruitment and selection, significant delegation of authority to low-level employees ("empowerment"), extensive training and development of these employees, reliance on pay for performance, broadly defined job responsibilities, and employee participation in aspects of organizational decision making (Tsao et al., 2009). A more representative and current framework to conceptualize this kind of system is the ability-motivation-opportunity (AMO) model (Appelbaum, Bailey, Berg, & Kallenberg, 2000; Jiang, Takeuchi, & Lepak, 2013; Lepak et al., 2006). AMO model classifies HPWPs around three categories (i.e., *abilities-, motivation-, and opportunities-enhancing policies*), oriented toward obtaining and influencing employee's knowledge, skills, and abilities (KSAs), influencing employees' motivation and effort, and promoting the contribution of employees. These three dimensions, combined synergistically, help to enhance employee performance and raise organizational performance (Jiang, Lepak, Hu, & Baer, 2012; Subramony, 2009).

In the context of family businesses, some scholars have suggested the use of HPWS to motivate and retain a valuable workforce that helps to improve firm performance in order to ensure its survival (e.g., Tsao et al., 2009; Tsao, Chen, et al., 2016). There are, however, several studies that challenge this advice pointing out that private family firms are less willing to adopt this kind of formal policies than non-family firms (Cruz et al., 2011; De Kok et al., 2006; Kidwell et al., 2012; Pittino et al., 2016). As the implementation of HR policies and practices in private family business constitute a concrete manifestation of family influence (Barnett & Kellermanns, 2006; Hedberg & Luchak, 2018), there are two reasons why family firms might use HPWSs less (Kidwell et al., 2012). First, this system of policies may involve HR practices of low emotional value, which can create barriers between owners and non-family employees. Second, this system may threaten existing bonds between owners and family, undermining non-financial family goals (i.e., the owning family's SEW) such as preserving good relationships with family members, providing family members with jobs or maintaining a patriarchal culture with non-family employees. Both reasons could explain why some family firms might limit HR strategies that put a high value on economic indicators and prefer (including less use of HPWS) the use of more informal HR policies to preserve their non-financial family goals (Cruz et al., 2011; Gómez-Mejía et al., 2011).

Nevertheless, the choice to reject an HPWS could change if family firms face an economic situation where their results are lower than expected. Even though the economic benefits are given less priority than the potential loss of socioemotional wealth (Memili et al., 2013), choices based on financial rewards could find place if a firm's financial deterioration endangers the business' sustainability, the owning family's economic status and its SEW (e.g., Chrisman & Patel, 2012; Gómez-Mejía et al., 2011). Because the owning family has probably consolidated a large amount of their personal wealth in a single business (Cruz, Larraza-Kintana, Garcés-Galdeano, & Berrone, 2014) and the value of socioemotional wealth is "anchored at a deep psychological level among family owners whose identity is inextricably tied to the organization" (Berrone et al., 2010, p. 87), their financial and socioemotional capital are linked to the destiny of the business, which means the family loses everything if the firm does not survive (Cruz et al., 2014; Gómez-Mejía et al., 2011).

In this high-risk context, family firms would try to reverse the situation that simultaneously threatens the economic and socioemotional endowment of the company and the family (Gómez-Mejía et al., 2014, 2011; Gómez-Mejia et al., 2017). Therefore, when firm performance is poor, it is expected that the owning family will see its SEW compromised by an increase in the risk of further economic deterioration, and thus have more incentive to implement performance-oriented HR policies based on formal, rational, objective and systematic criteria as a way to achieve better business results and ultimately avoiding the loss of SEW. This reasoning has been evidenced in private family firms with poor business performance where they made different, more economically oriented decisions, in R&D investments (Patel & Chrisman, 2014), earnings management (Stockmans et al., 2010), and other strategic choices (Gómez-Mejía et al., 2007).

The above considerations prompt us to adopt a contingent approach, and suggest that appropriate HR policies in private family firms depend more on contextual conditions than universal criteria (Delery & Doty, 1996). The importance given to recuperating financial viability avoiding a total loss of SEW, might encourage family firms to use more performance-oriented HR policies (i.e., HPWS). If family owners decide to reject or postpone the implementation of this kind of policy, they are likely to have difficulty attracting, retaining, motivating and developing valuable human capital to help them obtain benefits in terms of firm performance (e.g., Sánchez-Marín et al., 2017). Several scholars argue that the informality which is associated with nepotism, familial altruism, and unfair treatment might still harm the business' economic performance (Kotey & Folker, 2007; Schulze, Lubatkin, Dino, & Buchholtz, 2001), thereby risking a loss of SEW.

In summary, it is expected that, in high-risk conditions, the importance of preserving family SEW will increase the likelihood that privately held family firms will adopt an HPWS. Thus, we propose the following hypothesis:

H1: in private family firms, in high-risk conditions, the importance given to preserving SEW has a positive effect on the use of HPWS.

2.2.3 Moderating effects of family involvement in management and family generation

As noted above, family firms are more likely to adopt an HPWS as a means to preserve socioemotional wealth when business performance is poor. Under this context, then we explain how the importance of SEW is conditioned by two characteristics that accentuate the heterogeneity of family firms (Cruz et al., 2011; Gómez-Mejía et al., 2011): the involvement of the owning family in management and its generational stage.

Family involvement in management is defined as a state in which a family has a substantial managerial presence in a firm and, thus, sufficient discretion to affect the firm's strategic action without exercising unilateral control (Chua, Chrisman, & Sharma, 1999; Kidwell et al., 2012). Family involvement in management signifies a greater influence over strategic decision-making and day-to-day operations of the business than ownership alone (Tsao, Newman, Chen, & Wang, 2016). Thus, when a family has a strong role in the business, either as CEO or with higher participation in the top management team, the likelihood of family members develop their affective endowment or SEW will be stronger (Dawson & Mussolino, 2014).

Since SEW embraces a variety of affective needs derived from the controlling position of the owning family (Gómez-Mejía et al., 2007), it is expected that more importance will be given to preserving this wealth when the family exercises more discretionary power (Berrone et al., 2012). The importance of preserving non-financial goals will increase with the higher presence of the owning family in the management of the firm (Jaskiewicz, Block, Combs, et al., 2017; Memili et al., 2013). Similarly, if the CEO belong to the owning family, he or she might pay further attention to preserving socioemotional wealth goals in the management of firm (Jaskiewicz, Block, Combs, et al., 2017).

As the importance of preserving SEW could help the adoption of an HPWS, the presence of a family CEO may play an important role in the use and implementation of formal HR policies and practices (Reid et al., 2002; Steijvers, Lybaert, & Dekker, 2017). Even though some researchers suggest that a family CEO will have difficulty practicing HRM objectively, especially with family members (Reid et al., 2002), recent contributions suggest family firms do not need to pass control to a non-family CEO in order to run the family firm in a formalized and/or professional manner (i.e., the use of more formal HR practices) (Steijvers et al., 2017).

Based on Steijvers et al.'s results (2017), we argue that family firms in higher risk conditions and with a family CEO could find it easier to adopt an HPWS and give the corresponding support when this system is introduced, than family firms managed by a non-family CEO. A family CEO enjoys higher levels of goal alignment and intentional trust with the owning family (Steijvers et al., 2017). This might put the family CEO in a better position to implement a formal HR system. Furthermore, although non-family CEOs might be well trained and experienced in introducing formal and performance-oriented systems, a family CEO will be more suited when it comes to making hard decisions for managing family employees in a formal manner, because the family could trust his/her judgement as being in the best interests of the family (Steijvers et al., 2017). Also, a family CEO has tacit knowledge and a valued role linked to the idiosyncratic context of the family that is usually lacking in an outside CEO (Steijvers et al., 2017). Because a family CEO has generally grown up in the firm, they are aware of the importance of the family's values and the role of the overall family within the firm. Furthermore, maintaining the presence of family members in the CEO position is a desirable goal if the owning family wishes to protect its SEW (e.g., Berrone et al., 2012; Gómez-Mejía et al, 2011), giving family CEO an advantage to establish formal HR policies before ceding control to an outside CEO.

Based on the above arguments, we hypothesize that the positive effect of SEW preservation on the decision to implement an HPWS in family firms will be more pronounced if family involvement in management is greater (i.e., more members of the owning family in management positions and the presence of a family CEO). Thus, we propose the following hypothesis:

H2a: in private family firms, in high-risk conditions, the positive effect of SEW on the use of HPWS will be greater with more members of the owning family in the management team.

H2b: in private family firms, in high-risk conditions, the positive effect of SEW on the use of HPWS will be greater in firms with a family CEO.

The importance of SEW as a point of reference can also be conditioned by *family generational stage*. Generational involvement is a clear source of heterogeneity among family firms arising from structure and management changes as the family firm progresses from one generation to the next (Kidwell, Eddleston, & Kellermanns, 2018). There are different generational stages in family businesses (Cruz & Nordqvist, 2012; Gómez-Mejía et al., 2007; Sonfield et al., 2005): the first stage refers to founding-family-controlled and managed firms; the second stage refers to ownership and management by extended family and, finally, the third or later stages are characterized by ownership by extended family and professionally managed firms. The generation in control is a central component of a family firm's life cycle and creates important changes in the family firm's resources, attributes, and structure (e.g., Beck, Janssens, Debruyne, & Lommelen, 2011; Cannella, Jones, & Withers, 2015).

Several aspects, such as the emotional attachment to the firm and self-identification, are likely to evolve with the generational stage. The emphasis on preserving SEW and adopting formal HR policies can also vary across the family life cycle in the firm (e.g., Jaskiewicz, Block, Combs, et al., 2017; Miller & Le Breton-Miller, 2014; Reid & Adam, 2001; Steijvers et al., 2017). The evidence suggests that preserving the accumulated endowment is stronger in the generational stage where family influence is also strong (generally in the first generation), while in the later stages, the levels of preservation tend to decrease considerably, and, in turn, financial considerations become more important as a frame of reference (Gómez-Mejía et al., 2011). Scholars have noted how decisions that offer a competitive alternative to the firm but weaken family ties and socioemotional goals are increased across generations (e.g., Bammens, Voordeckers, & Van Gils, 2008; Gómez-Mejía et al., 2007; Jaskiewicz, Block, Miller, et al., 2017).

Regarding the adoption of an HPWS, contradictory results have emerged in the literature. Some scholars suggest that family firms managed by first generation family CEOs could have more formal HR practices (Steijvers et al., 2017). However, given the increased business and family complexity when the firm grows (Lansberg, 1983), most scholars have argued how the passing of family generations is more strongly related to the use of formal HR practices (e.g., Bannò & Sgobbi, 2016; León-Guerrero et al., 1998; Reid & Adam, 2001).

Considering the above, we note that both first and later generations could introduce the use of an HPWS in family firms, but the likelihood increases with generational renewal. Instead, the importance of preserving SEW can be higher in first generation, because later-generations of family owners are more interested in classic performance considerations. Therefore, in high-risk circumstances, where the economic and socioemotional endowment of the business and the family are threatened, we hypothesize that all generations could influence positively the effect of SEW preservation on an HPWS, but only the first generation might experience a higher effect due to its higher feeling to protect SEW than family firms in later generations. Considering these arguments, we propose that:

H3 in private family firms, in high-risk conditions, the positive effect of SEW on the use of an HPWS will be greater in firms in the first generational stage.

2.3. METHODOLOGY

2.3.1 Sample and data collection

The population of family firms was identified from an extensive database created by *The Family Business Firms Institute* in Spain (Casillas et al., 2015), which used information from Spanish SABI (Iberian Balance Sheets Analysis System) database. In this database, a firm was considered a family firm if the family is involved in the governance/management of the firm (i.e., at least one family members is present in the board of directors or in the management team) and also if the family has a level of participation in the ownership structure (i.e., either one family member holds at least 5% of ownership or several members of the same family hold at least 20%).

Together with this selection criterion, we used three exclusion criteria to delimit our sample (i.e., removing firms with incomplete information, firms in special economic situations and firms listing in stock market). These criteria have been applied by scholars in similar studies (e.g., Cabrera-Suárez, Déniz-Déniz, & Martín-Santana, 2014). Then, we selected those family firms in higher risk conditions. To identify these firms, we obtained a high-risk indicator by calculating the “referent-target achievement” proxy (Gómez-Mejía et al., 2007). This proxy captures the comparison between the focal firm’s average performance and the average performance of competitors in the same years (Gómez-Mejía et al., 2014, 2007). The average performance was firstly calculated through return on assets (ROA) ratio, estimated as the yearly net income (in thousands of Euros) divided by total assets (in thousands of Euros) for the year. Then, an average was calculated for the three years before our study (i.e., 2013, 2014 and 2015). As the indicator of higher risk, we select those firms that exhibited lower average ROA than the industry-median-adjusted average ROA (Gómez-Mejía et al., 2014).

Lastly, we focus on medium-sized family firms for two reasons. Large firms have much greater access to resources than small and medium-sized firms (Sánchez-Marín et al., 2017), which could distort the analysis of their HR systems. Medium-sized firms often have a clear definition of a set of HR policies in contrast to small and micro-sized firms. Medium-sized firms tend to experience substantial trade-offs in their preferences for economic and non-economic goals (Memili et al., 2013) and they may receive stronger family influence than large companies with complex organizational structures (Kraiczy, Hack, & Kellermanns, 2015).

The above procedure permitted us to obtain a population of 1,870 medium-sized family firms considered to be in high-risk conditions. Information was obtained using two sources. First, we consulted SABI database to obtain firm ownership information, financial data and some control variables that will be mentioned in the next section. And second, we developed a questionnaire to collect data on the required variables that could not be obtained from any commercial database, including the measures of SEW, family involvement, and generational stage. For the design of this questionnaire, we adopted the procedures[5] followed by Takeuchi and colleagues (2007) for survey translations across different languages.

To collect data, a stratified random sample was used, with stratification variables comprising the sector of economic activity and firm age. Of 1,870 initial firms, 253 firms were contacted by telephone between March and June 2016. All family firms

[5] This procedure involved four steps. First, the primary researcher created the English version of the questionnaire and translated into Spanish. Second, the secondary researcher, a faculty member specialized in human resource management and family business in Spain (and who is proficient in English), improved the translation through an iterative process where any concerns about discrepancies between the English and Spanish versions were detected and addressed. Third, to validate the translation, we present the survey to other two faculty members to test its readability and ease of comprehension. And fourth, once this process was done, extra care was taken and communicated by the hired research company to ensure that the selected items were phrased to be familiar and meaningful for the Spanish.

were previously checked by asking the HR manager or, in his or her absence, the CEO of the firm, if he/she thinks of his/her firm as a family firm. Subsequently, the dataset was reviewed for incomplete answers obtained in the variables analyzed, for extreme cases on hazard performance values, and for responses where the same value was entered for both SEW and HRM scales across the whole survey. These procedures yielded a final sample size of 236 firms (sample error 5.96% and 95% confidence level for p = q = .5), resulting in an effective response rate of 12.62% of total population. Given that data on privately held family firms are generally difficult to obtain (Cruz et al., 2011), and our response rate is even higher than other studies that conducted surveys in these firms (e.g., Madison, Daspit, Turner, & Kellermanns, 2018), this can be considered a good response rate (Michiels, 2017; Pittino et al., 2016).

Because our data were cross-sectional and collected via surveys, we took several steps to alleviate concerns about common method bias and nonresponse bias. Regarding common method bias, we took four steps to alleviate this concern. First, we collected our variables from two sources (Podsakoff, MacKenzie, Lee, & Podsakoff, 2003). The SABI database was used to collect firm risk information, and the survey to collect data about SEW, HPWS, family involvement in management, and family stage. Second, to alleviate social desirability in data collected, respondents were aware that the survey was for research purposes only and that all responses would be strictly confidential (Liang, Wang, & Cui, 2014). Third, we used Harman's one-factor test to check for potential bias, and a CFA as a more sophisticated test (Podsakoff et al., 2003). The results of the unrotated factor analysis of all survey items showed that no single factor was dominant (the variance explained was 37.50%), and the one-factor model for all survey items yielded a poor data fit (CFI = .545, NNFI = .500, IFI = .549 RMSEA =

.145 with the 90% confidence interval values of .137 and .152, and normed S-B$\chi 2$ = 5.942). Both results suggest that common method bias is not a serious threat in our study.

Although the sample selection was totally random, we follow Blanco-Mazagatos et al., (2018) to assess the potential for nonresponse bias in two ways. First, based on independent T-tests, we found no differences between family firms included in the sample and those excluded in either firm risk ($p > 0.10$) or size ($p > 0.10$). And second, we found no significant differences between the early and late respondents using an independent samples t-test to compare our main variables (the t-tests with cut-off points at 10 percent, 20 percent, and 30 percent yield similar results). Both procedures suggest that response bias is not a problem in our study.

2.3.2 Measures

HPWS. To measure HPWS, we adapted two scales used in the Jiang and colleagues' study (2017) to build one scale composed by 18 items. These items involved six typical HR policies (i.e., selection, training, appraisal performance, compensation, flexible job design, and employee participation) composing an HPWS (Lepak et al., 2006; Posthuma et al., 2013) and which are included in all three components corresponding to the AMO model of HRM (Appelbaum et al., 2000; Jiang, Lepak, Han, et al., 2012; Jiang et al., 2017). The AMO model classified HPWPs around three categories. First, *abilities-enhancing policies*, oriented toward obtaining and influencing employee's knowledge, skills, and abilities (KSAs) through selective staffing and extensive training. Second, *motivation-enhancing policies*, oriented to influence employee's motivation and effort through compensation-based performance and formal appraisal policies. And third, *opportunities-enhancing policies* that promote the contribution of employees via participation in decision making and flexible work design. Each item was scored on a five-point Likert-type scale ranging from "1" (disagree) to "5" (agree) to indicate the extent which each HR policy was offered to core employees (non-manager level) for the last 3 years.

As several scholars argue that different HR practices are used in various levels of an organization to manage different types of employees (Lepak & Snell, 2002; Tsao et al., 2009), HR managers, or, in his or her absence, the CEO of the firm, were asked for HR policies applied to core service or production full-time employees and only to regular permanent employees (non-contract or temporary workers were excluded), excluding managers or supervisors. There were four reasons for this choice. First, focusing on a specific group of employees (as opposed to all employees in the firm) may improve the accuracy and reliability of HPWS program measures (e.g., Arthur, Herdman, & Yang, 2016; Gardner, Wright, & Moynihan, 2011). Second, studies in family firms have paid little attention to non-manager levels (Bassanini, Breda, Caroli, & Rebérioux, 2013). Third, core service or production full-time employees are considered key jobs in any firm, since they are most directly involved with the firm's primary product or service (Delaney & Huselid, 1996). And fourth, we could control the proportion of these selected employees who were family or non-family members. This differentiation is key in family firm literature since recent contributions have highlighted the existence of bifurcated HR practices due to the unequal treatment of family and non-family employees (e.g., Jennings, Dempsey, & James, 2018; Verbeke & Kano, 2012).

To evaluate the dimensionality of our scale, we perform, in a first step, an exploratory factor analysis (EFA) on all items included to measure HPWS. Of the 18 items asked, two were deleted one at a time because they did not load onto any of the factors obtained. The remaining items converged into four factors with eigenvalues above 1 (see Table 1). Based on the qualitative assessment of the content of the items under each factor, the first factor was labelled as *motivation-enhancing policies* (items 1, 2, 3, 4 and 5), the second factor as *training policies* (items 6, 7, 8 and 9), the third factor as *opportunity-enhancing policies* (items 10, 11, 12 and 13), and the fourth factor as *selection policies* (items 14, 15 and 16).

Table 1.
Exploratory factor analysis for HPWS

Items	Factors			
	1	2	3	4
1. The firm has assessed employee's performance based on objective and quantifiable results	.791			
2. The firm has assessed employee's performance based on multiple sources	.731			
3. The firm has given feedback to employees based on their performance appraisals	.736			
4. The firm has paid employees based on their performance	.779			
5. The firm has provided incentives based on the results achieved	.719			
6. The firm has provided continued training programs.		.847		
7. The firm has invested considerable time and money in training		.862		
8. The firm has implemented training programs to achieve high quality of work		.866		
9. The firm has provided comprehensive training, not limited to skill training		.798		
10. The firm has encouraged employees to make suggestions improving the work			.568	
11. The firm has asked employees to participate in work-related decisions			.686	
12. The firm has cared about work-life balance of employees			.814	
13. The firm has considered employee off-work situations when making schedules			.825	
14. The firm has made a great effort to select the right person				.753
15. The firm has selected according to general traits and abilities to complete diverse functions.				.824
16. The firm has selected according to specialties required of the job				.808
Eigenvalue	7.300	1.853	1.432	1.045
% of variance	45.624	11.580	8.949	6.532
Cumulative variance explained				72.685

Notes: Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization. Factor loadings higher than .50 shown. Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy = .899. Barlett's test of sphericity: χ^2 = 2339.300 (*df* = 120, *p* < .000).

In a second step, we performed a confirmatory factor analysis (CFA) on the overall HPWS scale, including all items for all four factors resulting from the previous EFA. Using EQS software (version 6.2) and robust maximum likelihood (ML) estimation, we tested the four factors of HPWS as intecorrelated latent variables. We focus on the following indexes as indications of the measurement model's acceptability in terms of fit: the comparative fit index (CFI), the Bentler-Bonett non-normed fit index (NNFI), the Bollen's incremental fit index (IFI), the root means square error of approximation (RMSEA) and normed Satorra-Bentler chi-square (S-Bχ2) (i.e., the ratio between S-Bχ2 and the degree of freedom). To show good fit, the recommended minimum value for CFI, NFI and IFI is .90, while RMSEA lower than .08 (Hu & Bentler, 1999) and a normed χ2 lower than 3 (Bagozzi & Yi, 1988). The fit indices corresponding to this CFA show acceptable levels of fit (CFI = .962, NNFI = .954, IFI = .963 RMSEA = .051 with the 90% confidence interval values of .036 and .065, and normed S-Bχ2 = 1.616), thus confirming the proposed dimensionality.

To test whether HPWS can be conceptualized in terms of the four factors identified (motivation-enhancing policies, training policies, opportunity-enhancing policies, and selection policies), we performed a CFA including HPWS as a second-order latent factor underlying the first-order latent variables corresponding to the HPWS dimensions. The existence of a higher-order factor (HPWS) between the set of policies associated with HPWS is argued by several scholars as evidence of an internal fit among the HPWS dimensions (e.g., Beltrán-Martín, Roca-Puig, Escrig-Tena, & Bou-Llusar, 2008; Jiang, Lepak, Han, et al., 2012). Although this model essentially has the same factor structure as the previous model with HPWS as intecorrelated latent variables, the second-order factor is hypothesized as accounting for all variance and covariance related to the first-order factors (Bentler, 2006). The fit indices corresponding to this CFA show a good fit resulted in a S-Bχ2 statistic of 161.5027 (*df* = 100, normed S-Bχ2 = 1.615, *p* = .0001) and other fit indices (CFI = .962, NNFI = .954, IFI = .962 RMSEA = .051 with the 90% confidence interval values of .036 and .065).

Lastly, we examined the reliability and the convergent and discriminant validities of our HPWS scale. The values obtained for Cronbach's Alpha (.916), reliability coefficient RHO (.945) and composed reliability (CR) for second-order factor (.970) as well as for four first-order factors shown in Table 2 provide support for reliability (Fornell & Larcker, 1981; Hair, Black, Babin, Anderson, & Tatham, 2006). The average variance extracted (AVE) for second-order factor (.621) as well as for four first-order factors shown in Table 2 exceed the cutoff criteria of .50 (Hair et al., 2006), which supports convergent validity. And the discriminant validity is verified following the Fornell-Larcker procedure and comparing our second-order factor model with an alternative model (Fornell & Larcker, 1981; Hair et al., 2006). As shown in Table 2, the discriminant validity is satisfactory since the AVE of each first-order factor is higher than the squared interconstruct correlations. Furthermore, the results of the CFA suggest that our model fits the data significantly better than the one-factor model where all 16 items are combined (CFI = .659, NNFI = .606, IFI = .662 RMSEA = .150 with the 90% confidence interval values of .138 and .160, and normed S-Bχ2 = 6.257). Since the results confirm the reliability and validity of our HPWS scale, one index was built with the weighted average of items to be used in the hypothesis test.

Table 2.
Composite reliability and Fornell-Larcker test for discriminant validity for HPWS

Construct	CR	1	2	3	4
1. Motivation-enhancing policies	.865	(.560)			
2. Training policies	.918	.260	(.736)		
3. Opportunities-enhancing policies	.836	.419	.324	(.562)	
4. Selection policies	.866	.354	.273	.441	(.684)

Notes: Diagonal values between brackets are AVEs and off-diagonal values are squared interconstruct correlations.

SEW. To examine how SEW preservation influence the use of HPWS, we follow the work by Debicki and colleagues (2016, 2017) which considers the influence of SEW on decision-making and firm behavior as a function of its importance to family members in terms of its preservation and acquisition. While SEW is recognized as stock or an endowment in a family firm (e.g., Berrone et al., 2012), Debicki et al. (2017) explain that "this endowment is best represented by the importance of the potential benefits it offers to family business owners and that the preferences for specific benefits (i.e., their importance) are likely to vary across family firms" (Debicki et al., 2017, p. 85). Therefore, to measure the importance of preserving SEW, we developed a 13-item scale based on the SEW-importance (SEWi) scale (Debicki et al., 2016), the last three dimensions of FIBER scale (i.e., binding social ties; emotional attachment; and renewal of family bonds) (Berrone, Cruz, & Gómez-Mejía, 2012) and the Cabrera-Suárez et al.'s items (2014). On a five-point Likert-type scale ranging from "1" (not important) to "5" (very important), respondents[6] answered all 13 items based on his/her understanding and personal experience about the importance of each item for the owning family over the last three years.

[6] Although SEW preservation is a goal characteristically form family owners, HR managers or CEOs are appropriate informants independently that they are family members or no. Because they are knowledgeable of the firm's business strategy (e.g. Delery & Doty, 1996) and your jobs are inclined to have contact whit the family and firm's logic, they thus may know more closely the owning family's goals.

To refine and determine the dimensional character of the SEW scale proposed in this study, we performed an EFA, and then, we performed a CFA with the factors obtained from the EFA. In the EFA, two factors emerged with eigenvalues above 1 (see Table 3).

Table 3.
Exploratory factor analysis for SEW

Items	Factors	
	1	2
1. Maintaining the unity of the family.	.622	
2. Transferring the business to the next generation of the family.	.842	
3. Preserving the family dynasty in the business.	.894	
4. Preserving the family values.	.779	
5. Upholding the family reputation.	.758	
6. Treating non-family employees as part of the family.		.651
7. Enhancing family harmony through operating the business.		.810
8. Considering the owning family needs in the business decisions.		.731
9. Ensuring the happiness of the members of the owning family outside the business.		.803
Eigenvalue	5.231	1.071
% of variance	58.122	11.896
Cumulative variance explained		70.018

Notes: Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization. Factor loadings higher than .50 shown. Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy = .879. Barlett's test of sphericity: χ^2 = 1375.846 (df = 36, p < .000).

These factors were obtained after several iterations and removal of items that did not pass the necessary factor loadings or showing high cross-loadings. Based on the qualitative assessment of the content of the items under each factor, the first factor was labelled *family continuity* (items 1, 2, 3, 4 and 5) and the second as *family enrichment* (items 6, 7, 8 and 9).

Next, we performed a CFA with the two factors resulting from the previous EFA. We test, first, the two factors as intecorrelated latent variables. The initial CFA only shows acceptable levels of fit in CFI and IFI values (CFI = .902, NNFI = .864, IFI = .903 RMSEA = .106 with the 90% confidence interval values of .084 and .129, and normed S-Bχ2 = 3.659), which suggested a re-specification of the model (Binz

Astrachan, Patel, & Wanzenried, 2014; Byrne, 2006). Thus, we conducted two simultaneous processes. A systematic process of examining the loadings of each item and the proportion of variance accounted for by its related factor was followed (Hair et al., 2006). As result, only item 6 was removed. We also used the Lagrange Multiplier Test (LM Test) to identify whether there were misspecified parameters in the model (Bentler, 2006; Byrne, 2006). The LM test indicated the need to include the covariance between error terms associated with two items of *family continuity* factor (i.e., Item 2 and Item 3). This result suggests that the unique variances of both items overlap because these items might be worded similarly or have similar meanings (Byrne, 2006), which indicates one of them should be removed (Hair et al., 2006). Due to their high and significant correlation (.586, $p < .001$), and after a qualitative assessment, we decided to maintain only Item 3. After removing Items 2 and 6, the CFA exhibited good fit, resulting in a S-Bχ2 statistic of 18.9447 ($df = 13$, normed S-Bχ2 = 1.457, $p = .1248$) and other fit indices (CFI = .988, NNFI = .981, IFI = .989 RMSEA = .044 with the 90% confidence interval values of .000 and .084).

In a second step, we tested a second-order factor model by hypothesizing that SEW can be conceptualized in terms of the two factors identified (family continuity and family welfare). Because these two dimensions have a high and significant correlation (0.756, $p < 0.001$), both dimensions may be indicators of the same underlying construct, say SEW. Furthermore, this result is in accordance with conceptual definition of SEW. SEW is a multidimensional construct that includes the motivations and goals that a family derives from its controlling position in a firm (e.g., Berrone et al., 2012, Debicki et al., 2016; Gómez-Mejía et al., 2007, 2011). As this model exhibits only two first-order factors, the higher order structure is under-identified (i.e., the model has more parameters than data, and cannot be uniquely estimated) unless an appropriate restriction is placed on at least one parameter in this upper level of the model (Bentler, 2006; Byrne, 2006). Therefore, as Byrne (2006) suggests, we constrain the two variances of the disturbance terms associated with each first-order factor. This condition establishes a model with a well identified higher order structure. The fit indices corresponding to this CFA show a good fit resulted in a S-Bχ2 statistic of 18.9453 (df = 13, normed S-Bχ2 = 1.457, p = .1248) and other fit indices (CFI = .988, NNFI = .981, IFI = .989, RMSEA = .044 with the 90% confidence interval values of .000 and .084).

Lastly, we examined the reliability and the convergent and discriminant validities of our SEW scale. First, the values obtained for Cronbach's Alpha (.906), reliability coefficient RHO (.926) and CR for second-order factor (.953) as well as for two first-order factors (.904 and .844 for the first and second factor respectively) provide support for reliability (Fornell & Larcker, 1981; Hair et al., 2006). Second, the AVE value for second-order factor (.6962) as well as for two first-order factors (.704 and .645 for the first and second factor respectively) exceed the cutoff criteria of .50 (Hair et al., 2006), which supports convergent validity. And third, the discriminant validity is satisfactory since the AVE of each first-order factor (.839 and .803 for the first and second factor respectively) is higher than the squared interconstruct correlation among these two factors (.756) (Fornell & Larcker, 1981), and our second-order factor model fits the data significantly better than one-factor model where all seven items are combined (CFI = .847, NNFI = .771, IFI = .827 RMSEA = .154 with the 90% confidence interval values of .125 and .184, and normed S-Bχ2 = 6.58). The results support the reliability and validity of our SEW scale, and so one index was built with the weighted average of items to be used in subsequent hypothesis test.

Family involvement in management. In this study, we adopted two variables for measuring family involvement in management (Hoffman, Jaskiewicz, Wulf, & Combs, 2017; Steijvers et al., 2017). First, we asked respondents to disclose the total number of top managers and the number of these managers who were family members. We then calculated the percentage of members of the owning family in top management positions (i.e., family in MT). Second, we asked respondents about the presence of a family CEO, and we operationalized this answer in a dummy variable (1 = CEO is a member of the owning family, 0 = otherwise).

Family generation. Drawing on previous research (Michiels et al., 2013; Steijvers et al., 2017), we asked respondents about the generation of the owning family heading the firm, and then, we operationalized this answer in three dummy variables: *first generation* (1= first family generation, 0 = otherwise), *second generation* (1= second family generation, 0 = otherwise), and *later generations* (1= third and later family generations, 0 = otherwise).

Control variables. In line with the literature, we controlled for industry, firm age, firm size, family ownership, HR specialization, CEO's education level and family core employees owing to their possible influence on the adoption of an HPWS in family firms. The first three variables were obtained from the SABI database, while the others were obtained from the survey. *Firm industry* was measured through a dummy variable that allowed us to differentiate family firms belonging to industry (=0) and services (=1). *Firm size* was measured using the natural logarithm of total assets (e.g., Jaskiewicz, Block, Combs, et al., 2017; Lepak & Snell, 2002), and *firm age* as the natural logarithm of the number of years since the firm was founded (Jaskiewicz, Block, Combs, et al., 2017). *Family ownership* was calculated as the proportion of ownership held by members of the owning family (Tsao, Chen, et al., 2016). *HR specialization* was measured through one dichotomous variable indicating whether the firm has an HR manager(= 1) or not (= 0) (De Kok et al., 2006). *CEO's education level* was operationalized through one dichotomous variable indicating whether CEOs have received university level education (= 1) or they have a non-university degree (= 0) (Steijvers et al., 2017). Finally, following arguments based on agency theory aligned with altruism problems and the intention to align interest between managers and employees (e.g., Barnett & Kellermanns, 2006; Jennings et al., 2018; Steijvers et al., 2017), we believe the use of an HPWS could be conditioned by the number of family employees who benefit from these practices. We measure *Family core employees* as the proportion of family – non-managerial - core employees.

2.4 RESULTS

The firms in the sample included 170 family firms in the service sector (72% of the sample) and 66 in the industry sector (28% of the sample) according to the data obtained from the SABI database. The average age of the family firms in the database is approximately 29 years old, and they have an average of 95 employees and asset size of €11,755,173. The percentages of family ownership and management are 96% and 71%, respectively, while the CEO position is held by a family member in 83% of cases. Regarding family generation stage, 39% of family firms in our study are in the first generation, 48.7% second generation, 10.6% third generation and 1.7% fourth generation. On average, 49% of family firms in our sample have an HR manager. Table 4 shows the means, standard deviations and correlations for each of the variables under analysis.

Table 4.

Descriptive statistics and correlations

Variables	Mean	S.D.	1	2	3	4	5	6	7	8	9	10	11	12	13
1. HPWS	3.734	.738	_												
2. SEW	3.892	.914	.413***	_											
3. Family in MT[a] (%)	.714	.321	.108†	.219***	_										
4. Family CEO[b]	.830	.376	.079	.047	.296***	_									
5. First generation[c]	.390	.489	.050	-.134*	-.172**	-.056	_								
6. Second generation[d]	.487	.501	-.063	.102	.151*	.011	-.779***	_							
7. Later generations[e]	.123	.329	.021	.044	.025	.066	-.299***	-.365***	_						
8. Firm industry[f]	.720	.450	.150*	.049	.088	.096	.111†	. -.129*	.032	_					
9. Firm size[g]	8.661	1.315	-.085	.011	-.226***	-.159*	-.180**	.070	.161*	-.314***	_				
10. Firm age[h]	3.255	.482	.001	.092	.026	.042	-.438***	.204**	.340***	-.222***	.457***	_			
11. Family ownership (%)	.959	.120	.054	.117†	.068	.107†	.070	.006	-.113†	-.018	-.034	-.076	_		
12. HR manager[i]	.490	.501	.066	-.101	-.243***	-.075	-.056	.008	.071	.008	.176**	.029	-.074	_	
13. CEO's education[j]	.640	.482	.065	-.103	-.209**	-.225***	-.045	.016	.042	-.079	.183**	.154*	-.071	.075	_
14. Family core employees (%)	.057	.150	.004	.084	.102	.094	-.100	.115†	-.026	.081	-.033	.052	.043	-.021	-.134**

Notes: n=236. Variables HPWS and SEW derive from averaging the corresponding scale items. [a]MT: management team. [b]Dummy variable: 1= Family CEO; 0= Non-family CEO. [c]Dummy variable: 1= first family generation; 0= otherwise. [d]Dummy variable: 1= second family generation; 0= otherwise. [e]Dummy variable: 1= third and later family generations; 0= otherwise. [f]Dummy variable: 1= services; 0= industry. [g]The natural logarithm of total assets. [h]The natural logarithm of years. [i]Dummy variable: 1= family firm has an HR manager; 0= family firm has not an HR manager. [j]Dummy variable: 1= CEO with university degree; 0= CEO without university degree. † $p<.10$ * $p < .05$ ** $p < .01$ *** $p < .001$ (two-tailed).

We used hierarchical regression analyses to test the hypothesized effect of SEW preservation on the use of an HPWS as well as the moderating effects of family involvement in management and family generational stage. To minimize the effects of multicollinearity, each of the independent (i.e., SEW) and moderating variables (i.e., family in MT) were mean-centered before they were used in regression analyses (Aiken & West, 1991). In addition, multicollinearity issues were tested by assessing the correlation matrix and the variance inflation factor (VIF). The absolute correlation between the explanatory variables (largest absolute value .779) and the VIF values (largest VIF.1.48) are below the critical values of .80 and 10 respectively (Hair et al., 2006). In this case, multicollinearity is not a significant concern.

Table 5 shows the results of the hypothesis tests for Hypotheses H1 and H2a. Model 1 includes the control variables and shows that firm industry is significant (B = .142, $p \leq .05$), indicating that private family firms in the service sector have higher levels of HPWS. Model 2 adds the main independent variable, SEW (B = .432, $p \leq .001$), and demonstrates support for Hypothesis 1 that the importance of preserving SEW has a positive effect on the use of an HPWS in private family firms in high-risk conditions. Models 3a and 3b incorporate the percentage of members of the owning family in top management positions (i.e., family in MT) as a moderator in the relationship between SEW and HPWS. The significant improvement of the R-squared (ΔR^2 = .027, $p \leq .01$) indicates that the inclusion of the interaction term enhances the explanatory power of our model. Furthermore, the interaction term is significant and positive (B = .170, $p \leq .01$), providing support for Hypothesis 2a. Therefore, in private family firms in high-risk conditions, the positive effect of SEW preservation on the use of an HPWS is increased by the presence of members of the owning family in top management positions.

Table 5.
Hierarchical regression analyses for testing hypothesis H1 and H2a

	High Performance Work System (HPWS)			
Variables	M1	M2	M3a	M3b
Control variables				
Firm industry	.142* (.113)	.111† (.103)	.109† (.103)	.107† (.101)
Firm size	-.097 (.043)	-.105 (.039)	-.095 (.040)	-.087 (.039)
Firm age	.067 (.113)	.014 (.103)	.007 (.104)	-.001 (.103)
Family ownership	.070 (.401)	.021 (.365)	.020 (.366)	.018 (.360)
HR manager	.079 (.098)	.118† (.089)	.126* (.090)	.126* (.089)
CEO's education	.082 (.102)	.124* (.093)	.130* (.094)	.134* (.093)
Family core employees	-.005 (.324)	-.027 (.293)	-.029 (.294)	-.044 (.291)
Main effects				
SEW		.432*** (.049)	.425*** (.049)	.453*** (.049)
Family in MT[a]			.043 (.148)	.063 (.147)
Interaction terms				
SEW x family in MT[a]				.170** (.137)
Adjusted R^2	.014	.193	.191	.217
R^2	.044	.221	.222	.250
ΔR^2		.177***	.002	.027**
F-value	1.491	8.045***	7.182***	7.496***

Notes: Standardized regression coefficients shown (standard errors in parentheses). *n=236.* [a] MT: management team. † $p \leq .10$ * $p \leq .05$ ** $p \leq .01$ *** $p \leq .001$

In order to include the interaction effects of CEO status and family generation, Table 6 shows the results of Models 4 and 5 respectively. As we have dummies as moderators and given that the direct effect of the moderator is not as relevant as the coefficient of the interaction terms to test moderating effects (Baron & Kenny, 1986), we follow the partition approach explained by Yip and Zang (2007) and used recently in family firm research (e.g., Schepers, Voordeckers, Steijvers, & Laveren, 2014; Steijvers et al., 2017) to estimate and interpret the interaction effects with dummies variables. In this approach, the estimation of the main effect coefficient must be dropped and the multiplicative terms between the independent variable and the full set of dummy variables must be included. Therefore, to test Hypothesis H2b, the effect of the independent variable (i.e., SEW) on the dependent variable (i.e., HPWS) is partitioned for family CEO and non-family CEO. Results in Model 5 suggest that in high-risk conditions, private family firms managed either by family CEO or non-family CEO, the effect of SEW on the use of HPWS is positive and significant. Moreover, this effect is significantly stronger in those firm with a family CEO (B = .387, $p \leq .001$) than with a non-family CEO (B = .193, $p \leq .01$). As these B-values are significantly different from each other (F = 23,030, $p \leq .001$), confirmed by the ANCOVA (analysis of covariance) test (Andrade & Estévez-Pérez, 2014; Rogosa, 1980), Hypothesis H2b is supported.

Table 6.
Hierarchical regression analyses for testing hypothesis H2b and H3.

	High Performance Work System (HPWS)		
Variables	M1	M4	M5
Control variables			
Firm industry	.142* (.113)	.111† (.103)	.108† (.103)
Firm size	-.097 (.043)	-.105 (.039)	-.110 (.040)
Firm age	.067 (.113)	.013 (.104)	.017 (.104)
Family ownership	.070 (.401)	.021 (.373)	.016 (.373)
HR manager	.079 (.098)	.118† (.089)	.119† (.089)
CEO's education	.082 (.102)	.124* (.093)	.123* (.093)
Family core employees	-.005 (.324)	-.027 (.295)	-.031 (.295)
Interaction terms			
SEW x family CEO		.387*** (.054)	
SEW x non-family CEO		.193** (.112)	
SEW x first generation			.241*** (.072)
SEW x second generation			.328*** (.073)
SEW x later generations			.158*(.148)
Adjusted R^2	.014	.190	.190
R^2	.044	.221	.225
ΔR^2		.177***	.181***
F-value	1.491	7.120***	6.527***

Notes: Standardized regression coefficients shown (standard errors in parentheses). *n=236.* [a] MT: management team. † $p \leq .10$ * $p \leq .05$ ** $p \leq .01$ *** $p \leq .001$

We performed the same partition approach to test Hypothesis H3. In this case, the effect of the independent variable (SEW) is partitioned for three dummies variables:

first family generation, second family generation, and third and later family generations. Results in Model 6 suggest that in high-risk conditions, private family firms show a positive and significant effect of SEW on the use of an HPWS, regardless the family generation controlling the firm. However, the results indicate that this effect is significantly stronger for first generation (B = .241, $p \leq .001$) than for third and later generations (B = .158, $p \leq .05$) and, contrary to our expectations, this effect is significantly stronger for second generation (B = .328, $p \leq .001$) than for the first generation. As the B-value for the first family generation is significantly different from all others (F = 26,030, $p \leq .001$), Hypothesis H3 is partially supported.

Lastly, as expected for some control variables, the presence of an HR manager and CEOs with a high educational level (i.e., university degree) have a significant and positive effect on the use of an HPWS in private family firms in high-risk conditions. Conversely, firm size, firm age, proportion of family ownership, and proportion of family core employees do not have a significant effect.

2.5 DISCUSSION AND CONCLUSIONS

The purpose of this study is to examine how the importance given to non-financial goals of the owning family – in terms of SEW preservation – frame decisions about the use of an HPWS in family firms. We adopt SEW as a theoretical construct to focus on explaining variation in HRM policies across family firms, rather than identifying differences between family and non-family firms (Hedberg & Luchak, 2018). Based on our sample of 236 medium-sized and private family business, we found that family firms might use an HPWS as a mechanism to preserve their SEW when the firm faces high-risk conditions. These findings generally support the BAM's assumptions about how the owning family might balance the fear of losing current endowment wealth (i.e., SEW) with the prospect of enhancing the value of their future wealth (i.e., business performance) by taking actions that favor both firm and family in hazardous conditions, in this case a more professional HRM system (i.e., HPWS).

We also extend and integrate previous theoretical work about the relationship between SEW and HRM in a range of contingent circumstances (Cruz et al., 2011; Gómez-Mejía et al., 2011; Hedberg & Luchak, 2018; Jaskiewicz, Block, Combs, et al., 2017), which helps to explain the heterogeneity of family firms claimed in the literature (e.g., Chua, Chrisman, Steier, & Rau, 2012; Jaskiewicz, Block, Miller, et al., 2017; Michiels et al., 2013). We contribute to this effort by presenting, to the best of our knowledge, one of the first empirical study that explores the effect of SEW preservation in the decision to implement an HPWS in family firms with poor performance, analyzing the role of family involvement in management and generational stage as sources of heterogeneity.

In this vein, our results indicate that a higher level of participation of family members in management as well as the presence of a family CEO effectively increase the positive effect of SEW preservation on the use of an HPWS in family firms in high-risk circumstances. This supports previous work on the discretionary power of the owning family, and the greater importance given to preserving SEW and its influence on HR policy decisions (e.g., Combs, Penney, Crook, & Short, 2010; Gómez-Mejía et al., 2011), and we also support the most recent idea that family firms with a family CEO does not imply less use of professional/formal HR practices (Steijvers et al., 2017). Our findings also suggest that a family CEO can even be better than a non-family CEO at running a family firm in a professional manner (i.e., as the use of an HPWS) when the firm faces higher risk, especially when the family CEO has a university education.

We also analyze the role of family generational stage as a source of heterogeneity (Kidwell et al., 2018). The results corroborate the idea that, in high-risk conditions, first-generation family firms may find the importance of preserving its socioemotional endowment as a stronger incentive to implement an HPWS in comparison with family firms in third and later generations. Interestingly, the strongest influence on the relationship between SEW and HPWS is presented in second-generation family firms. This can be explained based on the "growing up" of the second-generation family members in the firm, which makes them aware of the importance of the family's values in order to accommodate the needs of the family and the role of its members in the firm. As the founding family of the firm may have more influence over the second generation than subsequent generations (Sonfield et al., 2005), this "first generation shadow" may influence the strategic behavior of succeeding generations of family managers, and the wish to protect family values and non-financial goals could be equally strong in the second generation. This tacit knowledge, which may be lacking in later generations, means that members of second generation support the family in the firm – in high-risk circumstances – when formal HR practices and control systems must be introduced. Moreover, as some scholars have noted, the second generation may find it easier to accept HPWPs than the first generation (Blanco-Mazagatos et al., 2018; Pittino et al., 2016).

Overall, these findings contribute to the literature on HRM and family business fields by providing clear evidence and a major understanding about the idiosyncratic context of family firms and their unique characteristics that influence decision makers' preferences about what HR policies to adopt. By clarifying how the involvement of family in management and its generational stage account for variance in the importance of preserving socioemotional endowment in family firms in high-risk conditions, this study advances the research line concerned SEW approach as a framework of HRM choices beyond only economic considerations.

Furthermore, this paper offers additional contributions in this research field. First, from a methodological viewpoint, we treat SEW preservation and HPWS as multidimensional and holistic measures to address the current claims in the literature. We used a measure holistic construct rather than using proxies for its operationalization. In addition, we contribute to the SEW approach with empirical evidence, in response to recent calls to measure this construct directly (Berrone et al., 2012; Debicki et al., 2016; Gómez-Mejía et al., 2011). Similarly, to measure HPWS we follow an approach advocated by several authors in the literature, that a valid measure needs to include all three components corresponding to the ability-motivation-opportunity (AMO) framework of HRM (e.g., Gardner et al., 2011; Jiang, Lepak, Han, et al., 2012). Clearly, the use of validated measures, as in this study, and the interactions between them, make it possible to compare empirical results and helps strengthen the family business field (Pearson & Lumpkin, 2011) and HRM field (Lengnick-Hall, Lengnick-Hall, Andrade, & Drake, 2009).

Second, we focus our work in those HPWSs implemented for non-manager core employees. Since HRM research in family businesses has given most attention to managerial positions (e.g., Chrisman et al., 2014), our knowledge of HR policies for non-manager employees in family firms is largely limited to conceptual treatises or restricted to compensation issues (Memili et al., 2013). This article seeks to fill this gap in the context of family businesses, by looking at HPWSs for core non-manager employees, who are most directly involved with the firm's primary product or service (Delaney & Huselid, 1996).

And finally, this work provides important implications for practitioners. Our findings suggest that private family firms can find both financial and non-financial motivations to adopt an HPWS, especially when the owning family is more involved in management. In higher risk circumstances, these motivations are complementary. The greater concern of the owning family for the extended preservation of their firm and their socioemotional endowment provide strong incentives to adopt HR policies oriented toward the achievement of high performance. Therefore, HR decision-makers, advisors, and scholars, should be aware that the trade-offs between economic and non-economic goals are very important, and their understanding will assist to them in determining and providing interventions or advises aimed at improving the functioning of family firms.

In addition to emphasizing our contributions, we must also acknowledge the limitations of our study. Generalizing the findings of this study must be done with care, as the findings from this study are based on a cross-sectional sample of medium-sized and private family firms in Spain. Future research could extend the geographical area or the sample size to improve the evidence of the importance of financial and non-financial goals in HRM decision making. Longitudinal studies that incorporate different levels of SEW (i.e., high and low), firm risk (i.e., high and low) and several HR systems (i.e., high-performance, commitment-oriented, control-oriented) would complement the findings of this research. As our study focuses on the perception of the main person responsible for the HRM function, two important research opportunities emerge. First, recent contributions in family firms have noted different treatments of family and non-family employees in HR practices (e.g., Daspit, Madison, Barnett, & Long, 2018; Jennings et al., 2018). We tried to include this issue by controlling for the percentage of family core employees, but further research should be conducted to explore, for example, the perception of these practices and whether different perceptions increase or diminish when family firms face high-risk conditions. And finally, we do not whether the use of an HPWS really contributes to improving firm performance in family firms when it has been deployed to protect SEW in higher risk conditions. We would expect a positive result to be obtained, but further empirical evidence analyzing these relationships is needed.

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CHAPTER 3*

SOCIOEMOTIONAL WEALTH AND FINANCIAL PERFORMANCE IN FAMILY FIRMS: THE MEDIATING ROLE OF HUMAN RESOURCE MANAGEMENT

*An earlier version of this chapter was presented at the seminar "*Gestión de recursos humanos en la empresa familiar: un análisis desde el enfoque socioemotional wealth*" held at Faculty of Business Administration, Universidad del Valle (Colombia) (September 2015). The current version will be presented at the 4th Doctoral workshop held at the Escuela Internacional de Doctorado, Universidad de Murcia (Spain) (Mayo 2018). A version of this chapter will be submitted to The International Journal of Human Resource Management.

3.1 INTRODUCTION

As part of the family firm research, a growing number of studies have attempted to understand whether and how the presence of the family in management and ownership affects business performance. Many mixed results can be found in the literature. While some scholars have suggested that there is no significant evidence to support a direct effect of the firm ownership held by a family on firm performance (e.g., Tsao, Chen, Lin, & Hyde, 2009), other scholars have found negative results when firms are controlled by family members (e.g., Pérez-Gónzalez, 2006). On the other hand, there is strong evidence suggesting a positive association between being a family firm and obtaining better business results (e.g., Anderson & Reeb, 2003; Lee, 2006; Sciascia & Mazzola, 2008; Wagner, Block, Miller, Schwens, & Xi, 2015). This has encouraged researchers to study why family businesses have performance advantages over other family firms as well as many non-family businesses. But the evidence is inconclusive as to why, how, and in what direction specific family variables affect business performance (Basco, 2014).

Beyond the ambiguous nature of firm performance (M. Wright & Kellermanns, 2011), scholars focus on understanding the intricacies and determinants of firm performance in the context of family businesses (Debicki, Randolph, & Sobczak, 2017). The concept of socioemotional wealth (SEW) has emerged to identify the unique set of non-financial goals and familial needs closely linked to the firm that may guide the strategic choices in family firms (e.g., Berrone, Cruz, & Gómez-Mejía, 2012; Gómez-Mejía, Haynes, Núñez-Nickel, Jacobson, & Moyano-Fuentes, 2007), which may help to explain how these decisions affect business performance (Gómez-Mejía, Cruz, & Berrone, 2011).

There is also an open debate among family business researchers about how preserving SEW might affect business performance. Recent contributions highlight the importance of non-financial family goals (i.e., SEW) that directly affect firm performance (Debicki et al., 2017), while other scholars suggest that this effect is due to the influence SEW exerts on strategic decisions (Gómez-Mejía et al., 2011, 2007). Several studies suggest that the owning family may prefer to protect their SEW, making decision at the expense of financial rewards, explaining poorer business results (e.g., Chrisman & Patel, 2012; Gómez-Mejía et al., 2007; Jaskiewicz, Block, Miller, & Combs, 2017; Memili, Misra, Chang, & Chrisman, 2013; Miller, Le Breton-Miller, & Lester, 2013). However, when the family business is faced with choosing between financial gain and SEW preservation, the owning family might have an incentive to make economically driven decisions if the firm faces clear financial danger. In this circumstance, the family will avoid the failure of the firm and the total loss of their SEW (Gómez-Mejía et al., 2011; Gómez-Mejia, Neacsu, & Martin, 2017; Patel & Chrisman, 2014; Stockmans, Lybaert, & Voordeckers, 2010), and thus better results could be obtained.

Our study integrates these research topics by focusing on the strategic decision that involves the use of high performance work policies (HPWPs) in family firms when they face a high-risk condition (e.g., firms with lower performance than their competitors). Three main reasons motivated our choice. First, like any firm, family firms face various pressures from a global business environment that is increasingly competitive and volatile. This environment has forced firms to develop and to implement strategies that ensure their survival in the market. As HRM is considered a strategic function that contributes value through employee and organizational outcomes

(Jackson, Schuler, & Jiang, 2014; K. Jiang, Takeuchi, & Lepak, 2013), we focus on the use of performance-oriented HR policies (i.e., HPWPs) because there have been few studies of them in the literature on family firms (e.g., Botero & Litchfield, 2013; Madison, Daspit, Turner, & Kellermanns, 2018), and they can help family firms to secure competitive advantage (Kim & Gao, 2010).

Second, studying the implementation of HPWPs in family firms in high risk conditions might clarify the effect of family influence on a firm's financial performance. The evidence suggests that the effect of SEW preservation may be positive or negative for the financial performance of the firm (e.g., Berrone, Cruz, Gómez-Mejía, & Larraza-Kintana, 2010; Debicki et al., 2017; Gómez-Mejía et al., 2007). As the effect will depend of the mechanisms or managerial decisions that are adopted by this kind of firms (Gómez-Mejía et al., 2011), the decision to use HPWPs will provide a better understanding of family firm performance (Tsao et al., 2009). Furthermore, when family firms confront unambiguous financial challenges (i.e., high-risk situations), the owning family might have an incentive to make economically driven decisions to avoid failure and, thus, to avoid a total loss of their SEW (Gómez-Mejía et al., 2011; Gómez-Mejia et al., 2017; Patel & Chrisman, 2014; Stockmans et al., 2010). It is expected that family firms will implement HPWPs avoid situations that simultaneously threatens the economic and socioemotional wealth of the business and the family.

Third, and lastly, there is evidence that HPWPs have a positive influence on firm performance (Buller & McEvoy, 2012; Lengnick-Hall, Lengnick-Hall, Andrade, & Drake, 2009), even in family firms (Dekker, Lybaert, Steijvers, & Depaire, 2015; El-chaarani, 2013; Kidwell & Fish, 2007; Kidwell, Hoy, & Ibarreche, 2012). But there is no empirical evidence that preserving SEW influences the use of HPWPs (Cruz, Firfiray, & Gómez-Mejía, 2011; Gómez-Mejía et al., 2011), and much less is known about how HPWPs mediate the relationship between family influence – in terms of SEW goals - and business performance (Gómez-Mejía et al., 2011; Tsao, Chen, & Wang, 2016).

The purpose of our study is to test empirically whether HRM, through the use of HPWPs, acts as a mediator in the relationship between preserving SEW and financial performance in family firms in high-risk conditions. We test our hypotheses using a structural equation modeling methodology with a cross-sectional sample of 196 medium-sized and private family firms. This makes three distinctive contributions to the body of research on family businesses and HRM. From a theoretical point of view, we contribute to the literature on family firms by examining how the importance of preserving SEW may affect structures and management policies for employees that might improve financial performance. In this vein, we extend empirical exploration of SEW and its impact on financial performance (Berrone et al., 2012; Debicki et al., 2017) as well as the mediating role that HRM choices play in that relationship (Gómez-Mejía et al., 2011). As such, we contribute not only to understanding HRM motivations but also add to the debate on family firm heterogeneity (Chua, Chrisman, Steier, & Rau, 2012). We also contribute to the HRM literature by adopting an alternative theoretical position which offers a broader research framework for family firms. From a methodological point of view, we use current, multidimensional measures of both SEW and HPWPs to overcome the criticism of measures previously used (e.g., K. Jiang, Lepak, Han, et al., 2012; Miller & Le Breton-Miller, 2014). The use of proxies (i.e., family ownership and control) to represent SEW, and the study of HRM reduced to only one HR policy. From a practical point of view, our results contribute to a better understanding of the peculiarities of family firms that may influence their HR choices and financial performance.

The article is structured as follows. First, we describe the relationship between the SEW preservation and financial performance in family businesses. Then we develop our hypotheses about the mediating role that three HPWPs may play in the relationship when family firms face high-risk conditions. Second, we describe the methodology used to test our hypotheses and the results obtained. And third, we discuss the results and their implications, as well as the limitations of our study and potential future lines of research.

3.2. THEORETICAL BACKGROUND AND HYPOTHESES

3.2.1 SEW preservation and the financial performance of family firms

Among the theoretical approaches built in the field of family firms to understand how family dimension influences on the business, the SEW approach has shown substantial progress in the literature (D. S. Jiang, Kellermanns, Munyon, & Morris, 2017). Its legitimacy, rigor, and distinction make it possible to discuss the range of issues about the decisions and risk preferences of family firms (Berrone et al., 2012; D. S. Jiang et al., 2017). The approach is an extension of the behavioral agency model (BAM) (Martin, Gómez-Mejía, & Wiseman, 2013; Wiseman & Gómez-Mejía, 1998), which combines elements of prospect and agency theory to argue that decision makers are driven either by the desire to avoid losses of their accumulated endowment[7] (i.e.,

[7] Accumulated wealth is understood as everything that a person believes is important to their well-being, which already is accumulated and can be accounted for (Gómez-Mejía et al., 2007).

risk-averse) or by the prospect of enhancing the value of their future wealth (i.e., risk-seeking) (Gómez-Mejia et al., 2017; D. S. Jiang et al., 2017).

According to the SEW approach, the main reference point for decision-making is aversion to loss of the main endowment of the owning family (Gómez-Mejía et al., 2011, 2007). This is called SEW (Berrone et al., 2012; Gómez-Mejía et al., 2007), and includes various non-financial, social and emotional benefits that the owning family has invested in the firm (D. S. Jiang et al., 2017), such as the ability to exercise family influence and to pass it to future generations, the social bonds built with stakeholders, the emotional attachment of the family members, the close and strong identification of family members with the company, and the importance of meeting family members' needs (Berrone et al., 2012; Debicki, Kellermanns, Chrisman, Pearson, & Spencer, 2016).

The owning family, as the main decision-maker, will assess risk on the basis of choices or situations at hand (Gómez-Mejia et al., 2017; Minichilli, Nordqvist, Corbetta, & Amore, 2014), so the effect of SEW-preserving decisions have been mixed. When the owning family faces a choice between economic benefits and its SEW, much research suggests the owning family will prefer to protect the latter (e.g., Chrisman & Patel, 2012; Gómez-Mejía et al., 2007; Jaskiewicz, Block, Miller, et al., 2017; Memili et al., 2013; Miller et al., 2013), avoiding damage to SEW and accepting low performance or endangering the firm's financial well-being.

In this situation, the importance given to SEW has been negatively related to some beneficial opportunities, such as joining cooperatives (Gómez-Mejía et al., 2007), investing in R&D (Gómez-Mejía et al., 2014), or making social provision for internal stakeholders (Cruz, Larraza-Kintana, Garcés-Galdeano, & Berrone, 2014). Similarly, the desire to guarantee security and benefits for family members - called *family enrichment* by Debicki et al., (2017) - could have negative consequences for firm performance. There are situations of asymmetric altruism (Schulze, Lubatkin, & Dino, 2003; Schulze, Lubatkin, Dino, & Buchholtz, 2001), nepotism (Lansberg, 1983), and entrenchment of family executives (Miller & Le Breton-Miller, 2014), which might make it harder to attract qualified personnel (Dawson, 2012; Gómez-Mejía, Nuñez-Nickel, & Gutierrez, 2001), and relatives may occupy positions for which they are not the most competent (Dyer, 2006). The above decisions involve a business risk and a threat to performance.

However, the decisions made by family firms are sensitive to declining performance (Cruz et al., 2014). When family firms have clear evidence that they face financial decline, the owning family might have the incentive to make economically driven decisions to avoid the firm failure fails and, thus, a total loss of their SEW (Gómez-Mejía et al., 2011; Gómez-Mejia et al., 2017; Patel & Chrisman, 2014; Stockmans et al., 2010). As the danger increases, the owning family is increasingly exposed to total loss (i.e., the family's standard of living, patrimony, and SEW) if the firm does not survive (Cruz et al., 2014; Gómez-Mejía et al., 2011). Therefore, elements of SEW - such as maintenance of binding social ties within the firm, the perpetuation of the family dynasty, and the importance of meeting the family members' affective needs – require that the owning family recover the competitive capacity of the firm in the long term in order to survive (Gómez-Mejia et al., 2017).

The above reasoning has been found in family firms with poor business performance and led to economically oriented decisions, such as managing earnings (Stockmans et al., 2010), boosting R&D investments despite this implies dependence on experts from outside the family circle (Gómez-Mejía et al., 2014; Patel & Chrisman, 2014), joining a cooperative although it gives power to an external party (Gómez-Mejía et al., 2007), or engaging in greater diversification despite it dilutes family influence (Gómez-Mejía, Makri, & Larraza-Kintana, 2010).

As we can note, the mixed results found in the SEW preservation - financial performance relationship are due to the mediating role of multiple choices involved in that relationship. The performance implications of these choices cannot be determined in isolation because they vary depending on the organizational context (i.e., high-risk conditions) as well as other factors not mentioned here but described in the literature, such as the institutional context (e.g., Cruz et al., 2014; Naldi, Cennamo, Corbetta, & Gómez-Mejía, 2013), the level of participation and generational stage of the owning family in both ownership and management (Gómez-Mejía et al., 2011), and the presence of non-family members in governance structures (Schulze & Kellermanns, 2015).

Extending previous work (Gómez-Mejía et al., 2011), we argue there is no significant direct effect of preserving SEW on financial results, but that this relationship is completely mediated by strategic choices. Even though recent works have suggested the opposite, using subjective performance measures (Debicki et al., 2017), our assumption is consistent with the mixed results in literature and with the notion that it is not the SEW goals that affect firm performance but the decision-making that is driven by those goals (Gómez-Mejía et al., 2011). In this research, we focus on HR policies designed to enhance high performance at a strategic level that might mediate the effect of SEW preservation on firm performance (Gómez-Mejía et al., 2011). We focus on family firms in high-risk contexts to clarify the conditions in which it is expected that family firms will implement performance-oriented HR policies. As family firms in high-risk conditions will need to improve performance urgently, they will need modern and effective HR practices in practical time and budget constraints (Tsao et al., 2016).

3.2.2 HPWPs as mediator in the relationship between SEW and financial performance

To explore the use of HPWPs in family firms, we use the HR policies identified in the AMO (Abilities-Motivation-Opportunities) model (e.g., Appelbaum, Bailey, Berg, & Kallenberg, 2000; K. Jiang, Lepak, Han, et al., 2012). In this model, HR policies guide programs, processes, and techniques that enhance firm performance through the employees' contribution (P. M. Wright & Boswell, 2002). Enhancing firm performance implies that employees have proper knowledge, skills and abilities to discharge their responsibilities (A), as well as needing to be motivated (M), and have opportunities (O) to do their jobs in the interest of the organization. Following the AMO framework, HPWPs are grouped in three categories (K. Jiang, Lepak, Han, et al., 2012). First, *ability HR policies* oriented to improve employees' knowledge, skills and abilities (KSA) by selection and extensive training. Second, *motivation HR policies* grouped to influence employee motivation at work through performance appraisal and compensation-based performance. And, third, *opportunities HR policies* combine job design and employee involvement, to design work in ways that allow employees to apply their KSAs to contribute to the organization.

In the next section, we argue that preserving SEW might favor the adoption of each set of HPWPs in family firms in high-risk conditions and how these choices might improve financial performance.

Ability HR policy for SEW preservation

Family firms that face high risk and wish to preserve SEW could favor the adoption of *ability HR policies*. The use of more formal and specific job criteria to select employees could reduce nepotism and adverse selection that can arise the use of more informal and subjective criteria (Dyer, 2006), so that the most suitable candidates are selected on clear economic criteria (Cromie, Stephenson, & Monteith, 1995; Ram & Holliday, 1993). Although training in family firms use to be more informal, the use of formal methods is more reactive than proactive (Matlay, 2002). In fact, scholars have found that training in family firms increases during critical stages (Kotey & Folker, 2007). Moreover, family firms are more likely to use mentoring relationships to pass on tacit knowledge, such as tricks of the trade, specific knowledge about the company, and valuable advice about the industry in which it operates (Gómez-Mejía et al., 2011). Greater investment in family members strengthens emotional links with the business and contributes, to better performance across generations (Cruz et al., 2011; Gómez-Mejía et al., 2011).

Because selection and training policies oriented to enhance high firm performance can be adopted in family firms in high-risk conditions to preserve SEW, these firms could improve their financial results as there is evidence that these policies help family firms to perform better (Astrachan & Kolenko, 1994; Carlson, Upton, & Seaman, 2006; Dekker et al., 2015; Kotey & Folker, 2007; León-Guerrero, McCann III, & Haley, 1998; Tsao et al., 2009). This relationship makes sense from human capital and resource-based perspectives. The first perspective emphasizes that human capital - composed of employees' skills, knowledge, and abilities - is a central driver of organizational performance when the return on investment in human capital exceeds labor costs (Becker, 1962; Ployhart & Moliterno, 2011). Through selection and extensive training, firms can increase their human capital and improve performance (Cabello-Medina, López-Cabrales, & Valle-Cabrera, 2011; Takeuchi, Lepak, Wang, & Takeuchi, 2007). As Youndt and colleagues (2004) argued, employees with high levels of knowledge and skills can generate new ideas and techniques that can be embodied in production equipment and processes, not only reducing organizational costs, but also increasing product reliability and customer satisfaction. The higher the level of employees' knowledge, skills, and abilities, the more potential human capital the firm has to improve its performance (K. Jiang et al., 2013).

The resource-based view provides additional insights as to why human capital can be a key asset for organizations. Human capital helps firms to obtain better performance and, thus, competitive advantage if the knowledge, skills and abilities are rare, valuable, inimitable, and non-substitutable (Barney, 1991; K. Jiang et al., 2013). Firms may use ability HR policies to create both valuable generic and organization-specific human capital, which in turns drives high operational and financial performance (e.g., K. Jiang, Lepak, Hu, & Baer, 2012; Lado & Wilson, 1994; Snell & Dean, 1992).

As the achievement of firm competitive advantage is conditioned by the development of a human capital pool that has higher levels of knowledge, skills, and abilities, family firms could achieve this superior pool by ability HR policies. Even though evidence suggests these policies tend to be more structured and standardized when family businesses grow or they are large-sized firms (Chang, 2012; Kim & Gao, 2010; Kotey & Folker, 2007; Matlay, 2002), the importance of preserving family SEW may explain the likelihood of adopting HPWPs in the abilities domain in response to a high-risk situation. Thus, we propose the following hypothesis (and sub-hypotheses):

H1: the relationship between the importance given to preserving SEW and firm financial performance is fully mediated by the use of ability HR policies.

H1a: the importance given to preserving SEW has a positive effect on the use of ability HR policies.

H1b: The use of ability HR policies has a positive effect on firm financial performance.

Motivation HR policy under SEW preservation

The preserving SEW might also favor the decision to use *motivation HR policies* in family firms when they face high-risk conditions. If SEW preservation, coupled with the wish to recover from lower firm performance, is the main framework for defining the compensation policy, it is expected that family firms will use objective criteria to define wage levels, and link the payment of employees to results. Although the literature suggest that the owning family could be reluctant to act against a relative who does not perform well for fear of damaging family relationships (Cruz et al., 2011), and treat family and non-family employees differently (e.g., Daspit, Madison, Barnett, & Long, 2018; Verbeke & Kano, 2012), the opposite is expected when the firm finds itself in financial difficulties. A lack of a performance appraisal system can be detrimental to the business (De Kok, Uhlaner, & Thurik, 2006).

In contrast, a compensation system based on performance could encourage family employees to increase their contribution to the business because they will be economically rewarded according to their abilities and contributions, and not their family status (Blanco-Mazagatos, de Quevedo-Puente, & Delgado-García, 2018). Furthermore, these policies will increase the contribution of non-family employees. They will feel incentivized to maintain or even increase their contribution to the organization if the achievement of family goals (i.e., to preserve SEW) do not harm labor relations and their effort is fairly rewarded (Blanco-Mazagatos et al., 2018).

As motivation HR policies can be adopted in family firms with high levels of SEW preservation and business risk, these policies could increase the potential to achieve better performance. As some scholars suggest, the use of performance-based compensation and competitive retribution may help family firms to perform better (Chang, 2012; León-Guerrero et al., 1998; Tsao et al., 2009). These policies help to attract and maintain valuable generic and organization-specific human capital, which in turn drives operational and financial performance (Donate, Peña, & de Pablo, 2016; K. Jiang, Lepak, Hu, et al., 2012; Takeuchi et al., 2007). This policy domain helps to motivate employees rather than improving their abilities at work (K. Jiang, Lepak, Han, et al., 2012). From a behavioral perspective, scholars suggest that the use of motivation HR policies enhances the intrinsic and extrinsic motivation of employees, which can further lead to desired work behaviors and discretionary efforts contributing to operational outcomes (K. Jiang, Lepak, Hu, et al., 2012; K. Jiang et al., 2013).

Even though family firms might offer formal variable pay schemes as well as undertake formal appraisal and feedback on a more regular basis when the firm grows (Kim & Gao, 2010), the higher importance given to preserving SEW will increase the likelihood of adopting motivation HR policies in family firms in high-risk conditions and, in turn, enhance firm financial performance. Thus, we propose the following hypotheses:

H2: the relationship between the importance given to preserving SEW and firm financial performance is fully mediated by the use of motivation HR policies.

H2a: the importance given to preserving SEW has a positive effect on the use of motivation HR policies.

H2b: the use of motivation HR policies has a positive effect on firm financial performance.

Opportunity HR policies and SEW preservation

Following the preservation of SEW as main frame of reference in family firms, the use of opportunities HR policies could also find a favorable environment in high-risk conditions. Given the different treatment that non-family employees can experience within family firms (e.g., Barnett & Kellermanns, 2006; Verbeke & Kano, 2012), the literature suggests that the owning family could see a decline in the practice of empowerment, autonomy and participation of non-family employees (Zientara, 2017) and their access to key information from the company (Cruz et al., 2011). As non-family employees are part of the company, but not the family system, their participation may be a threat to the culture of the family business if they challenge the way business is carried out (Cruz et al., 2011). However, if the firm fails to involve its employees in organizational decision-making (through participation and empowerment) or to release their creativity (through autonomy and a supportive organizational climate), it is likely to see its competitiveness decrease (Zientara, 2017). Hence, it is expected that family firms might encourage the participation of all employees to allow them openly to express their opinions, reducing the ambiguity of their role and conflicts to an optimal level (Cruz et al., 2011). Family firms might also maintain greater flexibility in jobs, especially for people with close ties to the owning family, such as family members who often benefit from flexible working hours to the care for their children (Dawson, 2012).

Because opportunity HR policies could be encouraged in family firms with high levels of SEW preservation –and specially with higher risk levels-, these firms could improve their financial results. Studies suggest that the flexibility of HR practices such as team-based job designs, a flexible workforce, quality improvement practices, and employee empowerment increase the likelihood to obtain a better firm performance (Chang, 2012). If these HR policies are highly developed in family firms, they provide a supportive environment that encourages the attachment and engagement of employees with the organizational goals (Kehoe & Wright, 2013). Employees would have opportunities to keep knowledge updated and to improve their abilities and skills for carrying out specific company tasks (Cabello-Medina et al., 2011; Donate et al., 2016). Increasing valuable knowledge, skills and abilities (i.e., human capital) and enhancing employee's motivation can drive high operational and financial performance. Therefore, it is expected that giving importance to preserving SEW increases the likelihood of adopting HR opportunities policies in family firms in high-risk conditions and, in turn, enhance the firm's financial performance. Thus, we propose the following hypotheses:

H3: the relationship between the importance given to preserving SEW and firm financial performance is fully mediated by the use of opportunities HR policies.

H3a: the importance given to preserving SEW has a positive effect on the use of opportunities HR policies.

H3b: the use of opportunities HR policies has a positive effect on firm financial performance.

3.3 METHODOLOGY

3.3.1 Sample and data collection

The fieldwork for this research took place from March to June 2016 on a sample of Spanish medium-sized and private family firms that faced high-risk conditions. The total population was selected from an extensive database created by *The Family Business Firms Institute* in Spain (Casillas, Lopez, Meroño-Cerdan, Pons, & Baiges, 2015), which used information from the Spanish SABI (Iberian Balance Sheets Analysis System) database. In this database, a firm is considered a family firm if the family is involved in the governance/management of the firm (i.e., at least one family members is present on the board of directors or in the management team) and also if the family has a specific level of ownership (i.e., either one family member owns at least 5% of the company or several members of the same family own at least 20%).

From this database, we selected all unlisted family firms with full general data (i.e., name, address, sector of activity, date of foundation, legal form, financial information and number of employees) and those firms that were not affected by special situations (i.e., bankruptcy proceedings, winding up, liquidation or period of inactivity). We also restricted our sample to family firms in the industry and service sector (i.e., firms belonged to financial, insurance, public, construction, and primary sector were all excluded). All these criteria have been applied by scholars in similar studies (e.g., Cabrera-Suárez, Déniz-Déniz, & Martín-Santana, 2014; Diéguez-Soto, López-Delgado, & Rojo-Ramírez, 2015). Then, we selected only medium-sized family firms (i.e., firms with more than 50 employees but fewer than 250). There were two reasons for this decision. First, large firms have much greater access to resources than small and medium-sized firms (Sánchez-Marín, Meroño-Cerdán, & Carrasco-Hernández, 2017), which could distort the analysis about the use of HPWPs and their relationship with firm financial performance. Medium-sized firms often have clearly defined HR policies in contrast to small and micro-sized firms. And second, medium-sized firms tend to experience substantial trade-offs in their preferences for economic and non-economic goals (Memili et al., 2013) and they might be more strongly influenced by the family than large companies with complex organizational structures (Kraiczy, Hack, & Kellermanns, 2015). Lastly, we focus on those family firms in higher risk conditions. To identify these firms, we obtained a high-risk indicator by calculating the "referent-target achievement" proxy (Gómez-Mejía et al., 2007). This proxy captures the comparison between the focal firm's average performance and the average performance of its competitors in the same years (Gómez-Mejía et al., 2014, 2007). The average performance was first calculated using return on assets (ROA), estimated as the yearly net income (in thousands of Euros) divided by total assets (in thousands of Euros) for the same year. Then, an average was calculated for the three years before our study (i.e., 2013, 2014 and 2015). As the indicator of higher risk, we select those firms that had lower average ROA than the industry-median-adjusted average ROA (Gómez-Mejía et al., 2014).

The selection procedure identified a population of 1,870 medium-sized, private family firms that were considered to be in high-risk conditions. Information was obtained using two sources. First, we consulted SABI database to obtain objective financial data and some organizational characteristics (e.g., sector, firm age, firm size). And second, we developed a questionnaire to collect data on the required variables that could not be obtained from any commercial database, including the measures of SEW, HPWPs, and other organizational and individual characteristics. For the design of this questionnaire, we adopted the procedures followed by Takeuchi and colleagues (2007) for translating questionnaires between different languages (i.e, English to Spanish and back to English) [8].

To collect data, we gave the questionnaire to a professional research firm to conduct the survey by telephone with the HR manager or, in his or her absence, the CEO of the firm. A stratified random sample was used, using sector of economic activity and firm age as stratification variables. Of the 1,870 firms, 253 firms were contacted by telephone, resulting in an effective response rate of 12.62% of the total population. This rate can be considered good, since data on privately held family firms are generally difficult to obtain (Cruz et al., 2011). A lower response rate has even been thought acceptable in similar studies focused on this kind of firms (e.g., Cruz, Gómez-Mejía, & Becerra, 2010; Madison et al., 2018; Michiels, 2017; Vandekerkhof, Steijvers, Hendriks, & Voordeckers, 2015). All firms contacted were perceived as a family firm by the respondents.

In order to measure our dependent variable of firm financial performance, we used the SABI database to collect financial information for the last year available after the survey data collection (i.e., at year end 2016). These procedures yielded a sample size of 208 firms. Subsequently, the dataset was reviewed for missing values in the main variables analyzed, for extreme cases of financial performance data, and for responses where the same value was entered for both SEW and HPWPs scales across the whole survey, and these cases were excluded. These procedures yielded a final sample size of 196 firms (sample error 6.6% and 95% confidence level for $p = q = .50$).

[8] This procedure involved four steps. First, the primary researcher created the English version of the questionnaire and translated it into Spanish. Second, the secondary researcher, a faculty member specializing in human resource management and family businesses in Spain (and who is proficient in English), improved the translation through an iterative process where any concerns about discrepancies between the English and Spanish versions were detected and addressed. Third, to validate the translation, we presented the survey to two other faculty members to test its readability and ease of comprehension. And fourth, extra care was taken and communicated by the hired research company to ensure that the selected items were phrased in a way that was familiar and meaningful in Spanish.

Response bias. Although the sample selection was totally random, we follow Blanco-Mazagatos et al. (2018) to assess potential non-response bias in our study. First, based on an independent t-tests, we found no differences between family firms included in the sample and those excluded on the grounds of either firm risk ($p > .10$) or size ($p > .10$). And second, we found no significant differences between the early and late respondents using an independent samples t-test to compare our main variables (the t-tests with cut-off points at 10 percent, 20 percent, and 30 percent yielded similar results). Both procedures suggest that response bias is not a problem in our study.

3.3.2 Measures

SEW. To measure the importance of SEW in private family firms, we use a 13-item scale based on the SEW-importance (SEWi) scale (Debicki et al., 2016), the last three dimensions of FIBER scale (i.e., binding social ties; emotional attachment; and renewal of family bonds) (Berrone, Cruz, & Gómez-Mejía, 2012), and the scale used by Cabrera-Suárez et al. (2014). Although SEW is recognized by some scholars as a stock of non-financial goals in a family firm (e.g., Berrone et al., 2012), we follow Debicki and colleagues' conceptualization (2016, 2017) which considers that this stock is best represented by the importance of the potential benefits it offers to family business owners. All items were scored on a five-point Likert-type scale ranging from "1" (not important) to "5" (very important) by the main person responsible for the HR function. They answered based on their understanding and personal experience of the importance of each item for the owning family in the last 3 years. Although SEW preservation is a goal characteristic of family owners, HR managers or CEOs are appropriate informants whether or not they are members of the owning family, because they are knowledgeable about the firm's business strategy (e.g. Delery & Doty, 1996) and their jobs bring them into contact with the family and the firm's logic, so they understand the owning family's goals.

HPWPs. We measure the use of HPWPs adapting the two scales used by Jiang and colleagues (2017). From these scales, 18-items were chosen to represent six typical performance-oriented HR policies (Lepak, Liao, Chung, & Harden, 2006; Posthuma, Campion, Masimova, & Campion, 2013), two each for the three factors in the ability-motivation-opportunity (AMO) model of HRM (e.g., Appelbaum et al., 2000; K. Jiang, Lepak, Han, et al., 2012; K. Jiang et al., 2017; Subramony, 2009): a*bility HR policies* (3-items for selection policy and 4-items for training policy), *motivation HR policies* (3-items for compensation-based performance policy, 3-items for formal appraisal policy, and 1-item for career planning), and *opportunities HR policies* (2-items for employee involvement policy and 2-items for job design policy). All items were scored on a five-point Likert-type scale ranging from "1" (totally disagree) to "5" (totally agree). The respondents indicated the extent which each HR policy was offered for the last 3 years. As the use of HR practices for employees vary with respect to job position (Tsui, Pearce, Porter, & Tripoli, 1997), a general assessment of the HPWPs for the whole workforce would not be appropriate (Lepak & Snell, 2002). The accuracy and reliability of the HPWPs measures is improved by focusing on a specific group of employees (Beltrán-Martín, Roca-Puig, Escrig-Tena, & Bou-Llusar, 2008). Therefore, respondents were asked to assess HPWPs applied to core service or production full-time employees, excluding managers or supervisors. We focus on core employees because they are very important for any firm since they are most directly involved with the firm's primary product or service (Delaney & Huselid, 1996). We focus on non-manager employees as these have attracted little attention from researchers in family firms (Dawson, 2012).

Firm financial performance. We use ROA (return on total assets) to measure firm financial performance. This accounting variable has been widely used in family firm research (Amit & Villalonga, 2014; Wagner et al., 2015) and has been preferred over other measures such as return on sales (ROS) or return on equity (ROE) (Dekker et al., 2015). We calculate ROA as the yearly net income divided by average total assets for the year. Information was obtained from end-of-year financial statements in 2016 collected from the SABI database. In order to reduce the skewness (Hair, Black, Babin, Anderson, & Tatham, 2006), we calculate the natural logarithm for ROA. Before that, we added 1 to all ROA values to avoid problems with negative values in the logarithmic transformation (Cruz et al., 2014).

Control variables. We used a largely overlapping set of control variables that have been used in prior studies to safeguard the analysis against their potential effects on both the use of HPWPs and firm's financial performance. We collected these variables into five groups: industry, firm characteristics, HR specialization, family governance characteristics, and CEO's characteristics. The first two groups were obtained from the SABI database, while the others were obtained from the survey. *Industry* was measured through a dummy variable that allowed us to differentiate family firms belonging to services (=2) and industry (=1) (Beltrán-Martín et al., 2008). For firm characteristics, we measured *firm size* using the natural logarithm of total assets, and *firm age* as the natural logarithm of the number of years since the firm was founded (Jaskiewicz, Block, Combs, & Miller, 2017). *HR specialization* was measured through one dichotomous variable depending on whether the firm has an HR manager (=2) or not (=1) (De Kok et al., 2006). Family governance characteristics include two variables (Blanco-Mazagatos et al., 2018; Steijvers, Lybaert, & Dekker, 2017): f*amily in* *management team* which was calculated by the percentage of members of the owning family in top management positions, and *family generation* which was measured through an ordinal scale ranging from “1” (the first generation) to “4” (the fourth and later generations) to identify the family generation controlling the firm. Finally, CEO’s characteristics include two variables (Steijvers et al., 2017). The *CEO family status* which was measured through one dichotomous variable depending on whether the CEO is a member of the owning family (=2) or not (=1), and the *CEO’s education level* which was operationalized through one dichotomous variable depending on whether the CEO had received university level education (=2) or not (=1).

3.4 RESULTS

3.4.1 Descriptive statistics

Table 1 shows the means and standard deviations of all the variables included in our analyses, and the correlations between them. The demographic profile of the firms studied indicate that most of them are more than 29 years old, have an average number of 99 employees and asset size of €12,141,801 according to the data obtained in the SABI database. It also indicates that 69.4% of the sample belongs to the service sector and 30.6% to the industrial sector. The data collected from the survey shows that the percentages of family ownership and management are 96% and 70.6%, respectively, while the CEO position is held by a family member in 82% of cases. 38.3% of family firms in our study are controlled by the first generation, 48.5% the second generation, 11.2% the third generation and 2% the fourth or later generation. 48.5% of family firms in our sample have an HR manager. These characteristics are comparable with values reported in the literature for family SMEs (e.g., Michiels, 2017; Sánchez-Marín et al., 2017).

Table 4.
Descriptive statistics and correlations

Variables	Mean	S.D.	1	2	3	4	5	6	7	8	9	10	11	12	13
1. ROA[a]	.016	.033	_												
2. Selection HR policy	4.063	.778	-.021	_											
3. Training HR policy	3.714	.986	.107	.525***	_										
4. Motivation HR policy	3.551	1.032	.144*	.606***	.477***	_									
5. Opportunities HR policy	3.690	.923	-.014	.608***	.583***	.500***	_								
6. SEW preservation	3.929	.889	.059	.352***	.276***	.351***	.338***	_							
7. Industry[b]	1.69	.462	.102	.085	.153*	.104	.104	.035	_						
8. Firm size[c]	8.671	1.304	.054	-.051	-.016	-.006	-.190**	.043	-.307***	_					
9. Firm age[d]	3.269	.497	-.027	-.008	.081	.019	-.048	.052	-.214**	.511***	_				
10. HR especialization[e]	1.48	.501	.064	.035	.098	.030	.008	-.028	.024	.193**	.073	_			
11. Family in MT[f]	.706	.316	-.022	-.003	.060	.164*	.152*	.151*	.077	-.251***	.002	-.199**	_		
12. Family generation	1.77	.726	.030	.018	.049	-.012	-.069	.073	-.027	.228**	.475***	.124*	.091	_	
13. CEO's family status[g]	1.82	.384	-.022	.046	.024	.087	.230**	.032	.124†	-.159*	.016	-.054	.308***	.055	_
14. CEO's education[h]	1.61	.488	-.032	.131†	.051	.072	-.015	-.092	-.074	.186**	.130†	.059	-.212**	.051	-.262***

Notes: n=196. Variables selection HR policy, training HR policy, motivation HR policy, opportunities HR policy, SEW preservation, and family generation derive from averaging the corresponding scale items. [a] ROA: The natural logarithm of return on assets at the end of 2016. [b] dummy variable: 2= services; 1= industry. [c] the natural logarithm of total assets at the end of 2015. [d] the natural logarithm of years. [e] dummy variable: 2= family firm has an HR manager; 1= family firm has not an HR manager. [f] MT: management team. [g] dummy variable: 2= Family CEO; 1= Non-family CEO. [h] Dummy variable: 2= CEO with university degree; 1= CEO without university degree. † $p<.10$ * $p < .05$ ** $p < .01$ *** $p < .001$ (two-tailed)

3.4.2 Analytic procedures

We conducted our analyses with Structural Equation Modeling (SEM) and maximum likelihood robust (MLR) estimation using the statistical program EQS 6.2 for Windows. This analysis technique is appropriate because the proposed theoretical model includes latent variables (endogenous and exogenous) can be analyzed in a series of regressions where the dependent variable (endogenous) for one regression (HPWPs for our case), is also the independent variable (exogenous) for another (Hair et al., 2006). In addition, robust estimation automatically computes fit valid indexes, “despite violation of the normality assumption underlying the estimation model” (Byrne, 2006, p. 138).

The logic for our use of SEM is also supported by the presumed baseline model of complete mediation (James, Mulaik, & Brett, 2006). Two approaches have been used to test full mediation models: the Baron and Kenny approach (Baron & Kenny, 1986) and the SEM approach (James & Brett, 1984). The Baron and Kenny approach requires that the relationship between the initial variable (i.e., SEW) and the outcome variable (i.e., firm financial performance) be significant. Once the mediator is taken account, the effect of the initial variable on the outcome variable should reduce to non-significance if there is complete mediation. If not, there is a partial mediation that could be complementary or competitive (Zhao, Lynch JR., & Chen, 2010). SEM, on the other hand, is “a confirmatory approach in which the model being tested represents the hypothesized relationship among an initial variable, a mediator, and an outcome variable, and those relationships are tested simultaneously” (Schneider, Ehrhart, Mayer, Saltz, & Niles-Jolly, 2005, p. 1023). In a hypothetical complete mediation, a path from the initial variable to the mediator and a path from the mediator to the outcome variable should be tested, but not with one from the initial variable to the outcome variable (James et al., 2006).

Although SEM analysis has been used by several researchers who follow Baron and Kenny's logic (e.g., Beltrán-Martín et al., 2008; Sánchez-Marín et al., 2017), the baseline model of this logic is more suitable for partial mediation than testing for complete mediation (James et al., 2006). This is because the direct path from the initial variable to the outcome variable that bypasses the mediator need not be considered when determining whether there is a mediated relationship (e.g., James et al., 2006; Zhao et al., 2010). Imposing the prerequisite that the relationship between the initial variable and the outcome variable be significant can cause researchers to overlook meaningful mediating processes (Aguinis, Edwards, & Bradley, 2017).

In our hypothetical model, it is not necessary to control for the effect of the initial variable (i.e., SEW) on the outcome variable (i.e., firm financial performance) because this relationship is not expected. Consequently, an SEM approach to test complete mediation is more suitable for our study (Aguinis et al., 2017; James et al., 2006). To start with, we estimate the measurement models corresponding to our scales to analyze their dimensionality, that is, the relationships between latent and observed variables (Beltrán-Martín et al., 2008). We estimate a set of exploratory factor analyses (EFAs) and confirmatory factor analyses (CFAs) to test the proposed structure of SEW preservation and HPWPs scales. To assess and validate the models obtained from the CFAs, the recommended minimum value for five indexes obtained from a robust estimation were considered. For the comparative fit index (CFI), the Bentler-Bonett non-normed fit index (NNFI), and the Bollen's incremental fit index (IFI), values above .90 indicate appropriate fit (Hu & Bentler, 1999). For the root means square error of approximation (RMSEA), values below .06 suggest good fit, and values as high as .08 reasonable fit (Byrne, 2006; Hu & Bentler, 1999). For a normed Chi-square (χ^2) (i.e., the ratio between χ^2 and the degree of freedom), values below 3 are acceptable (Bagozzi & Yi, 1988). We operate here with Satorra-Bentler chi-square (S-Bχ2) due to the non-normality of the variables (Byrne, 2006). Then, we evaluate the reliability and the validity of these scales. Following this, we assess for potential common method bias in our study, and then we test the structural model corresponding to the causal relationships between our latent variables. The same criteria used for assessing the CFAs are used to assess model fit (i.e., NNFI, CFI, IFI, RMSEA, and a normed χ^2). Lastly, the significance of the mediated effects are tested using the Sobel test (MacKinnon, Warsi, & Dwyer, 1995; Sobel, 1982). This test assesses whether a mediator carries the influence of an independent variable to a dependent variable (Brinkerink & Bammens, 2017; Cabrera-Suárez et al., 2014). Calculations for the Sobel test were made using an interactive tool reported in similar studies (Brinkerink & Bammens, 2017).

3.4.3 Measurement model

Dimensionality of the SEW preservation scale.

We first performed an EFA to refine and determine the dimensional character of the SEW scale. Two factors emerged from the EFA with eigenvalues above 1 (see Table 2). They were obtained after several iterations and removal of items that did not pass the recommended minimum value of .50 for the factor loadings and the proportion of common variance for each item (i.e., communality) (Hair et al., 2006). Based on the qualitative assessment of the content of the items under each factor, the first factor was labelled *family continuity* and the second as *family enrichment*.

Table 2.
Exploratory factor analysis for SEW

Items	Factors	
	1	2
FC1. Maintaining the unity of the family.	.689	
FC2. Transferring the business to the next generation of the family.	.828	
FC3. Preserving the family dynasty in the business.	.903	
FC4. Preserving the family values.	.818	
FC5. Upholding the family reputation.	.798	
FE1. Treating non-family employees as part of the family.		.769
FE2. Enhancing family harmony through operating the business.		.775
FE3. Considering the owning family needs in the business decisions.		.604
FE4. Ensuring the happiness of the members of the owning family outside the business.		.745
Eigenvalue	5.347	1.030
% of variance	59.406	11.450
Cumulative variance explained		70.855

Notes: Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization. Factor loadings higher than .50 shown. Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy = .890. Barlett's test of sphericity: χ^2 = 1180.218 (df = 36, p < .000).

Next, we performed a CFA with the two factors resulting from the previous EFA. We test, first, the two factors as intecorrelated latent variables. The initial CFA only shows acceptable levels of fit in CFI, IFI, and normed χ^2 values (CFI = .922, NNFI = .892, IFI = .923 RMSEA = .095 with the 90% confidence interval values of .069 and .121, and normed S-Bχ2 = 2.769), which suggest a re-specification of the model (Binz Astrachan, Patel, & Wanzenried, 2014; Byrne, 2006). Thus, we conducted two simultaneous processes. A systematic process of examining the loadings of each item and the proportion of variance accounted for by its related factor was followed (Hair et al., 2006). As result, only Item 6 was removed. We also used the Lagrange Multiplier Test (LM Test) to identify whether there were misspecified parameters in the model (Bentler, 2006; Byrne, 2006). The LM test indicated the need to include the covariance between error terms associated with two items of the *family continuity* factor (i.e., Item 2 and Item 3). This result suggests that the unique variances of the two items overlap because these items might be worded similarly or have similar meanings (Byrne, 2006), which indicates one of them should be removed (Hair et al., 2006). Due to their high and significant correlation (.515, $p < .001$), and after a qualitative assessment, we decided to retain only Item 3. After removing Items 2 and 6, the CFA exhibited good fit (see Table 3).

Table 3.
Fit Indexes obtained from the CFAs performed for SEW and HPWPs

Model	S-B[a] X^2	*df*	*P*	Normed X^2	NNFI[b]	CFI[c]	IFI[d]	RMSEA[e]	90% Confidence Interval of RMSEA
SEW scale (correlated two first-order factors)	18.3106	13	.146	1.408	.980	.988	.988	.046	(.000, .090)
SEW scale (second-order factor)	18.3109	13	.147	1.408	.980	.988	.988	.046	(.000, .090)

Notes: a. Satorra-Bentler chi square (S-Bχ2) b. Bentler-Bonnet Non-normed Fit Index (NNFI). c. Comparative Fit Index (CFI). d. Bollen's Incremental Fit Index (IFI). e. Root Mean Square Error of Aproximation (RMSEA).

In a second step, we tested a second-order factor model by hypothesizing that SEW can be conceptualized in terms of the two factors identified (family continuity and family welfare). Because these two dimensions have a high and significant correlation (.767, $p <$ .001), both dimensions may be indicators of the same underlying construct, for example SEW. This result is in accordance with conceptual definition of SEW as a multidimensional construct that includes the motivations and goals that a family derives from its controlling position in a firm (e.g., Berrone et al., 2012; Debicki et al., 2016; Gómez-Mejía et al., 2011, 2007). As this model has only two first-order factors, the higher order structure is under-identified (i.e., the model has more parameters than data, and cannot be uniquely estimated) unless an appropriate restriction is placed on at least one parameter in this upper level of the model (Bentler, 2006; Byrne, 2006). As Byrne (2006) suggests, we constrain the two variances of the disturbance terms associated with each first-order factor[9]. This condition establishes a model with a well identified higher order structure. The fit indexees corresponding to this CFA show a good fit (see Table 3).

Dimensionality of the HPWPs scale

For the HPWPs scale, we first verified the unidimensional nature of each group of HR policies by estimating three single-factor EFAs. For the motivation, and opportunities HR scales, one factor emerged for each group with a variance explained of 59.8% and 67% respectively, and with item loadings ranged from .667 to .886. Hence, the unidimensionality of these scales is confirmed. However, our analysis did not support the unidimensionality of the abilities HR scale. The EFA showed that the items load on two different factors (see Table 4): the first factor represents the *training HR policy* and the second the *selection HR policy*.

[9] The constraint was only established for the procedure explained in this section. This constraint was not necessary to assess the reliability and the validity of the measurement model or the assessment of the structural model.

Table 4.
Exploratory factor analysis for abilities HR policy

Items	Factors	
	1	2
T1. The firm has provided continued training programs.	.864	
T2. The firm has invested considerable time and money in training	.893	
T3. The firm has implemented training programs to achieve high quality of work	.893	
T4. The firm has provided comprehensive training, not limited to skill training	.822	
S1. The firm has made a great effort to select the right person		.844
S2. The firm has selected according to general traits and abilities to complete diverse functions.		.873
S3. The firm has selected according to specialties required of the job		.854
Eigenvalue	4.347	1.307
% of variance	62.094	18.665
Cumulative variance explained		80.759

Notes: Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization. Factor loadings higher than .50 shown. Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy = .854. Barlett's test of sphericity: χ^2 = 968.560 (*df* = 21, *p* < .000).

In a second step, we estimate a CFA with the four factors obtained in each single-factor EFA. An initial CFA model was estimated correlating four latent variables corresponding to each HPWP. As the fit indexes corresponding to this CFA were much too low for a well-fitting model (CFI = .896, NNFI = .876, IFI = .897 RMSEA = .082 with the 90% confidence interval values of .070 and .194, and normed S-Bχ2 = 2.323), we re-specified the model. In view of the results obtained from the LM tests, two items from motivation policies should also load onto opportunities HR policy (i.e., the firm has guaranteed fairness in compensation/rewards; the firm has clearly communicated the available career plans). As a cross-loading effect from these item is not conceptually justified, we removed them from our model. After removing these two items, the CFA exhibited good fit (CFI = .937, NNFI = .954, IFI = .938 RMSEA = .068 with the 90% confidence interval values of .053 and .082, and a normed S-Bχ2 = 1.898), confirming the proposed dimensionality.

Reliability and validity of the measurement model

Once the proposed dimensionality for SEW and HPWPs scales was confirmed, we estimate a CFA to evaluate the fit of the measurement model, and the reliability and validity of the factors that constitute the model (Binz Astrachan et al., 2014). The measurement model containing all 23 items shown in Table 4 has good fit results (CFI = .951, NNFI = .942, IFI = .952 RMSEA = .050 with the 90% confidence interval values of .038 and .061, and a normed S-B$\chi 2$ = 1.489). Reliability of the measures was calculated using composite reliability (CR) (Bagozzi & Yi, 1988). As shown in Table 5, the values for CR exceed the cutoff criterion of .70 (Fornell & Larcker, 1981; Hair et al., 2006), which indicates good reliability and internal consistency of the measures. Validity of the measures was evaluated through convergent and discriminant validity. Convergent validity is the extent to which the individual items of a factor share variance between them (Hair et al., 2006). It was assessed examining the factor loadings computed in the CFA, and the values obtained for average variance extracted (AVE). As shown in Table 5 and Table 6, all values exceed the cut-off of .50 (Hair et al., 2006). All items are positively and significantly related to its underlying construct (all $p < .001$). These results support convergent validity (Bagozzi & Yi, 1988).

Table 5.
Summary of measurement model

Factors and items	Loadings[a]
Family continuity (SEW)	CR[b] = .915
FC1. Maintaining the unity of the family.	.740
FC3. Preserving the family dynasty in the business.	.841
FC4. Preserving the family values.	.938
FC5. Upholding the family reputation.	.890
Family enrichment (SEW)	CR = .915
FE2. Enhancing family harmony through operating the business.	.824
FE3. Considering the owning family needs in the business decisions.	.711
FE4. Ensuring the happiness of the members of the owning family outside the business.	.848
Selection HR policy (HPWP)	CR = .872
SP1. The firm has made a great effort to select the right person	.786
SP2. The firm has selected according to general traits and abilities to complete diverse functions.	.907
SP3. The firm has selected according to specialties required of the job	.804
Training HR policy (HPWP)	CR = .925
TP1. The firm has provided continued training programs.	.847
TP2. The firm has invested considerable time and money in training	.879
TP3. The firm has implemented training programs to achieve high quality of work	.897
TP4. The firm has provided comprehensive training, not limited to skill training	.852
Motivation HR policies (HPWP)	CR = .881
MP1. The firm has assessed employee's performance based on objective and quantifiable results	.827
MP2. The firm has assessed employee's performance based on multiple sources	.789
MP3. The firm has given feedback to employees based on their performance appraisals	.847
MP4. The firm has paid employees based on their performance	.742
MP6. The firm has provided incentives based on the results achieved	.652
Opportunities HR policies (HPWP)	CR = .836
OP1. The firm has encouraged employees to make suggestions improving the work	.811
OP2. The firm has asked employees to participate in work-related decisions	.686
OP3. The firm has cared about work-life balance of employees	.815
OP4. The firm has considered employee off-work situations when making schedules	.675

Notes: a. Standardized regression weights (loadings) are reported. b. Composite reliability (CR)

Discriminant validity assesses whether the constructs are unidimensional (Hair et al., 2006). We test this type of validity following the Fornell-Larcker procedure (Fornell & Larcker, 1981). As shown in Table 6, the discriminant validity is satisfactory since the AVE of each first-order factor is higher than the squared inter-construct correlation (Bagozzi & Yi, 1988).

Table 6.
Fornell-Larcker test for discriminant validity

Constructs	FC	FE	SP	TP	MP	OP
FC. Family continuity (SEW)	(.732)					
FE. Family enrichment (SEW)	.588	(.634)				
SP. Selection HR policy (HPWP)	.118	.136	(.696)			
TP. Training HR policy (HPWP)	.064	.106	.332	(.755)		
MP. Motivation HR policies (HPWP)	.127	.150	.447	.288	(.560)	
OP. Opportunities HR policies (HPWP)	.108	.178	.527	.445	.397	(.562)

Notes: Diagonal values between brackets are AVEs and off-diagonal values are squared inter-construct correlations.

Common method bias. Before testing the structural model, we assessed potential common method bias. We took four steps to alleviate this concern. First, we collected our variables from two sources (Podsakoff, MacKenzie, Lee, & Podsakoff, 2003). The SABI database was used to collect firm risk information, and some control variables (i.e., industry, and firm characteristics), and the survey was used to collect data about SEW and HPWPs scales, and some control variables (i.e., HR specialization, family governance characteristics, and CEO characteristics). Second, to reduce social desirability bias in data collected, respondents were aware that the survey was for research purposes only and that all responses would be strictly confidential (Liang, Wang, & Cui, 2014). Third, we used Harman's one-factor test to check for potential bias (Podsakoff & Organ, 1986), and a CFA as a more sophisticated test (Podsakoff et al., 2003). The results of the unrotated factor analysis of all survey items showed that no single factor was dominant (the explained variance was 39.516%), and the one-factor model for all survey items yielded a poor data fit (CFI = .526, NNFI = .479, IFI = .531 RMSEA = .151 with the 90% confidence interval values of .142 and .158, and normed S-B$\chi 2$ = 5.423). Both results suggest that common method bias is not a serious threat in our study.

3.4.4 Structural model

The structural model is used to estimate the path coefficients and to assess the validity of causal structures among latent variables. The results of the proposed model show a good fit (CFI = .917, NNFI = .906, IFI = .918 RMSEA = .062 with the 90% confidence interval values of .052 and .072, and normed S-Bχ2 = 1.751). An overview of the results can be found in Table 7 and Figure 1.

Table 7.

Structural model results: SEW, HPWPs, and financial firm performance

Hypotheses paths	Standardized coefficients	Z-test statistics	Standard errors
H1a: SEW → selection HR policy	.829	8.149	.070
H1a: SEW → training HR policy	.711	8.831	.074
H2a: SEW → motivation HR policy	.766	9.408	.081
H3a: SEW → Opportunities HR policy	.864	8.999	.082
H1b: selection HR policy → financial firm performance	-.166	-1.386	.006
H1b: training HR policy → financial firm performance	.171	1.974	.003
H2b: motivation HR policy → financial firm performance	.274	2.435	.004
H3b: opportunities HR policy → financial firm performance	-.166	-1.307	.005

Notes: n=196. Model fit (S-Bχ2 = 425.4419 [*df* = 243], p < .001; CFI = .917, NNFI = .906, IFI = .918 RMSEA = .062 with the 90% confidence interval values of .052 and .072). Fit indexes, Z-test statistics and standard errors were estimated with maximum likelihood robust (MLR) method. *SEW* is a second-order factor reflected by two first-order factors: *family continuity* and *family enrichment*. The paths from the second-order factor to the two first-order factors are significant and with acceptable loadings for family continuity (.465, *p* < .001) and family enrichment (*.527*, p < .001).

In line with the hypothesized relationship between SEW preservation and the use of HPWPs in family firms facing high-risk conditions, our results confirm that the importance given to preserving SEW influences positively and significantly the use of abilities HR policies such as selection HR policy (B = .829, p < .001), and training HR policies (B = .711, p < .001), thus supporting H1a. Furthermore, our results indicate that the importance of preserving SEW influences positively and significantly the use of motivation HR policies (B = .766, p < .001), and opportunities HR policies (B = .864, p < .001). Therefore, hypotheses H2a and H3a are both supported.

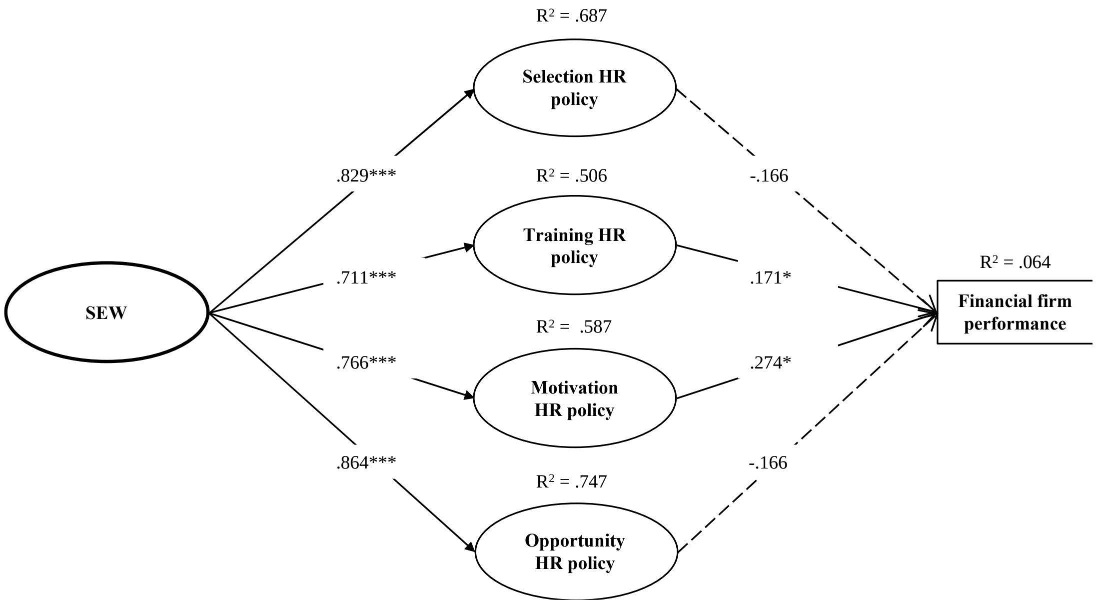

Figure 1: Structural model results: SEW, HPWPs, and financial firm performance. The solid arrows represent a significant effect, and the dashed arrows a non-significant effect. * p < .05 ** p < .01 *** p < .001

Our results show a positive and significant effect for training HR policy on firm financial performance (B = .171, p < .05). However, contrary our expectations, a negative but not significant relationship was found for selection HR policy (B = -.166, p > .10), so H1b is only partially supported. In line with our prediction in H2b, our results support a positive and significant relationship between the use of motivation HR policies and a firm's financial performance (B = .274, p < .05). Finally, and contrary our expectations, a negative but not significant relationship was found between the use of opportunities HR policies and firm financial performance (B = -.166, p >.10). Therefore, H3b was not supported.

In order to test the nature of the individual mediation effects hypothesized in H1, H2, and H3, we applied the Sobel test to assess whether each group of HPWPs carries the influence of the importance of preserving SEW to firm financial performance. As shown in Table 8, our results indicate a significant and positive mediation for training HR policy (B

= .121, *p* =.051). But, contrary to our expectations, a negative but not significant mediation is found for selection HR policy (*B* = -.138, *p* > .10). Therefore, H1 is partially supported. In line with our prediction in H2, our results support a positive and significant mediation between the use of motivation HR policies and firm financial performance (*B* = .210, *p* < .05). Finally, a negative but not significant mediation was found between the use of opportunities HR policies and firm financial performance (*B* = -.143, *p* >.10). H3b was thus not supported.

Table 8.
Results for the mediation effects: SEW, HPWPs, and financial firm performance

Hypotheses paths	Indirect effects	Z-test Statistics	*P-values*
H1: SEW → selection HR policy → financial firm performance	-.138	-1.316	.188
H1: SEW → training HR policy → financial firm performance	.121	1.951	.051
H2: SEW → motivation HR policy → financial firm performance	.210	2.188	.027
H3: SEW → opportunities HR policy → financial firm performance	-.143	-1.189	.234

Notes: n=196. The coefficients of the indirect effects are calculated as the product of the path standardized coefficient between (a) SEW and each HPWPs and (b) each HPWPs and firm financial performance. Z-test statistics and p-values were estimated with the Sobel test (two-tailed test).

In relation to the control variables, we estimate five different structural models for each proposed group of control variables: industry, firm characteristics (i.e., firm size, and firm age), HR specialization, family governance characteristics (i.e., family in management team, and family generation), and CEO's characteristics (i.e., CEO's family status, and CEO's education level). These models were estimated because of the limitations of computing one structural model including all the control variables at the same time. As shown Table 9, all models have a reasonably good fit and are significantly different from the model without control variables. Although effect sizes differ slightly, the results and significance levels for all hypotheses (not reported) remain stable. This result supports the robustness of the initial model (Cabrera-Suárez et al., 2014).

Table 9.
Fit indexes and structural model comparison

Structural models (control variables)	S-B[a] X^2	*df*	*P*	Normed X^2	NNFI[b]	CFI[c]	IFI[d]	RMSEA[e]	Chi-square Difference[f]
Model A (without control variables)	425.4419	243	.000	1.751	.906	.917	.918	.062	-
Model B (Industry)	453.8097	262	.000	1.732	.903	.915	.916	.061	$X^2(19) = 28.368$ $P < .10$
Model C (Firm size, and firm age)	525.5115	282	.000	1.863	.881	.897	.899	.067	$X^2(39) = 100.069$ $P < .001$
Model D (HR specialization)	453.8135	262	.000	1.732	.903	.915	.916	.061	$X^2(19) = 28.372$ $P < .10$
Model E (Family in MT, and Family generation)	480.5313	282	.000	1.704	.901	.914	.916	.060	$X^2(39) = 55.089$ $P < .01$
Model F (CEO's family status, and CEO's education)	502.0992	282	.000	1.780	.891	.906	.907	.063	$X^2(39) = 76.657$ $P < .001$

Notes: a. Satorra-Bentler chi square (S-B$\chi 2$) b. Bentler-Bonnet Non-normed Fit Index (NNFI). c. Comparative Fit Index (CFI). d. Bollen's Incremental Fit Index (IFI). e. Root Mean Square Error of Aproximation (RMSEA). f. Chi-square difference was calculated for each model from the model run without control variables (Model A).

We observe that only the variable family in management team affects firm financial performance significantly and negatively (*B* = -.131, p < .05). For the HPWPs, only CEO's education level affects the use of selection HR policy significantly and positively (*B* = .224, p < .01), while industry (*B* = .143, p < .05), and the presence of an HR manager (*B* = .122, p < .10) affect the use of training HR policy significantly and positively. We also observe that only the CEO's education level affects the use of motivation HR policy significantly and positively (B = .153, p < .05). Finally, CEO's education level (B = .120, p < .10) and CEO's family status (B = .288, p < .001) both affect the use of opportunities HR policies significantly and positively, while firm size affects it negatively (B = -.258, p < .001).

3.4.5 Robustness and post hoc tests

Confirming a full mediation model. In order to confirm that our model is indeed a full mediation model, we specify the direct effect (no mediation) of preserving SEW on firm financial performance as well as a partial mediation model to formally test the consequences of omitting the direct effect (Aguinis et al., 2017). In a first step, we estimate a direct path from the second-order factor representing SEW to each factor of HPWPs and firm financial performance, with no path from HPWPs to firm financial performance. This model has a good fit (S-Bχ2 = 434.2292 [df = 246], p < .001; CFI = .914, NNFI = .904, IFI = .916, RMSEA = .063 with the 90% confidence interval values of .053 and .072, and normed S-Bχ2 = 1.765) and differed significantly from the full mediation model (ΔS-Bχ2 = 8.7873[df = 3], p < .05). The results of this model showed a positive but not significant effect of preserving SEW on financial firm performance (B = .074, p > .10). Furthermore, as we hypothesized, positive and significant relationships were obtained between the importance of preserving SEW and each factor of HPWPs: selection HR policy (B = .826, p < .001), training HR policy (B = .711, p < .001), motivation HR policy (B = .767, p < .001), and opportunities HR policies (B = .864, p < .001).

In a second step, we estimate a partial mediation model to calculate paths from the second-order factor representing the importance of preserving SEW to each factor of HPWPs, and from each factor of HPWPs to firm financial performance, but including a direct effect from SEW to financial firm performance. The results indicate that although this model has good fit (S-Bχ2 = 427.9042 [*df* = 242], $p < .001$; CFI = .915, NNFI = .904, IFI = .917, RMSEA = .063 with the 90% confidence interval values of .053 and .072, and normed S-Bχ2 = 1.768), it did not differ significantly from the full mediation model (ΔS-Bχ2 = 2.4623[*df* = 1], $p > .10$). Furthermore, a positive but not significant effect of preserving SEW on firm financial performance was found ($B = .522$, $p > .10$).

According to the results obtained, testing a direct effect and a partial mediation model provide us with valuable information about the significance of a full mediation baseline for the effect of preserving SEW on firm financial performance.

Other measure for firm financial performance. In family businesses, studies report that family firms do best when their performance is assessed by ROA (Wagner et al., 2015). To ensure the robustness of our results, we test the same structural model using the natural logarithm of ROE (return on equity) to measure firm financial performance. This ratio was calculated by dividing the yearly net income by the average shareholder equity. Information was obtained from end-of-year financial statements in 2016 from the SABI database. As Table 10 shows, this model has good fit, and the results and significance levels for all hypotheses remain stable, although some effect sizes differ slightly.

Table 10.
Structural model results: SEW, HPWPs, and financial firm performance (ROE)

Hypotheses paths	Standardized coefficients	Z-test statistics	Standard errors
H1a: SEW → selection HR policy	.829***	8.131	.071
H1b: Selection HR policy → financial firm performance	-.132	-1.148	.019
Indirect effect			
H1: SEW → selection HR policy → financial firm performance	-.109	-1.095	.011
H1a: SEW → training HR policy	.711***	8.816	.074
H1b: training HR policy → financial firm performance	.196*	2.042	.012
Indirect effect			
H1: SEW → training HR policy → financial firm performance	.139†	1.951	.008
H2a: SEW → motivation HR policy	.765***	9.409	.081
H2b: motivation HR policy → financial firm performance	.198*	2.237	.010
Indirect effect			
H2: SEW → motivation HR policy → financial firm performance	.151*	2.142	.008
H3a: SEW → Opportunities HR policy	.867***	9.052	.081
H3b: Opportunities HR policy → financial firm performance	-.190	-1.465	.017
Indirect effect			
H3: SEW → opportunities HR policy → financial firm performance	-.165	-1.452	.013

Notes: n=196. Model fit (S-Bχ2 = 426.1409 [*df* = 243], p < .001; CFI = .917, NNFI = .906, IFI = .918 RMSEA = .062 with the 90% confidence interval values of .052 and .072). *SEW* is a second-order factor reflected by two first-order factors: *family continuity* and *family enrichment*. The paths from the second-order factor to the two first-order factors are significant and with acceptable loadings for family continuity (.465, *p* < .001) and family enrichment (*.527*, p < .001). Fit indexes, Z-test statistics and standard errors for main effects were estimated with maximum likelihood robust (MLR) method. Z-test statistics and p-values for indirect effects were estimated with the Sobel test. † p<.10 * p < .05 ** p < .01 *** p < .001

3.5 DISCUSSION AND CONCLUSIONS

In this study, we examine how the use of four sets of HPWPs (i.e., selection, training, motivation, and opportunities policies) mediate the relationship between the importance of preserving SEW and financial performance in family firms, particularly when they face high-risk conditions. Based on a sample of medium-sized and private family firms in Spain, our analysis confirmed that the importance given to preserving SEW stimulates the use of HPWPs when family firms show clear evidence of being confronted by financial decline (i.e., a high-risk situation). However, in order to improve their financial results to avoid the failure of the firm and thus the loss of their SEW, only those HR policies that focus on training and motivation (performance-related compensation, and performance appraisal) made a significant and positive contribution to firm financial performance.

This work extends and complements existing literature in both family firm and HRM fields. We contribute to the HRM literature by adopting an alternative theoretical position which offers a broader research framework for the family firm context. As HR scholars claim, more contextualized research is needed in the HRM field (e.g., Lengnick-Hall et al., 2009). We also contribute to the family business field by examining how the preserving SEW can distinguish structures and management choices - for employees - that impact firm financial performance. We build on previous works that promote an empirical exploration of the SEW construct and its impact on financial performance (Berrone et al., 2012; Debicki et al., 2017), as well the mediating role that HRM choices play in that relationship (Gómez-Mejía et al., 2011). Our results are consistent with findings from recent literature focusing on private family SMEs (e.g., González-Cruz & Cruz-Ros, 2016). In high-risk contexts, the influence of non-financial goals (i.e., SEW) on financial results is completely mediated by strategic HRM choices in family firms. This confirms that the effect of the family dimension on business performance is contingent on firm and family complexity.

Interestingly, only HR policies that focus on extensive training and motivational dimensions play a key role in the relationship between SEW preservation and financial performance in high-risk contexts. Our findings extend some viewpoints about the use of formal training policies (Matlay, 2002; Stewart & Hitt, 2012) and formal compensation in family firms (e.g., Blanco-Mazagatos et al., 2018). Family firms seem particularly likely to favor formal training and motivation HR policies as a way to help a family business to attain economic objectives, as well as preserving family goals when the firm is facing high-risk situations.

Contrary to our expectations, selection and opportunities HR policies had no significant mediation effect in the relationship between SEW and firm financial performance in family businesses. Although our findings show that the importance of preserving SEW favors the use of selection and opportunities HR policies in high-risk conditions, these policies seems to be less effective for family firms in these conditions. A possible explanation of our findings, in line with the bifurcation bias approach (e.g., Daspit et al., 2018; Jennings, Dempsey, & James, 2018; Verbeke & Kano, 2012), could be that the prevalence of non-economic goals (i.e., SEW) may lead certain inevitable level of biased treatment from selection and opportunities HR practices offered to employees in family businesses, even if they face financial decline. Hence, the presence or absence of bifurcation bias may not be absolute, but rather a matter of degree (Verbeke & Kano, 2012), and it could be affecting the effectiveness of these policies.

Another possible explanation is that selection HR policy could specify employees' skills and knowledge needed for a job, but still be given lower priority than criteria based on person-organization compatibility. Family businesses may sacrifice formal selection methods by using an informal approach where the family ties and the recommendations of relatives or friends play a fundamental role (Astrachan & Kolenko, 1994; Chang, 2012; Cruz et al., 2011). Although we are not able to test this hypothesis, family firms could find it a more reasonable approach, because it is difficult to remedy incompatibility with the main values of the firm after selection and it could be dangerous to the SEW endowment of the family (Cruz et al., 2011; Gómez-Mejía et al., 2011). Furthermore, lack of skill due to poor selection can be remedied with on-the-job training (Cruz et al., 2011), which explains the greater significance of training HR policies.

Our study also makes important methodological contributions since we use current and multidimensional measures of both SEW and HPWPs. For SEW preservation, previous research has been widely criticized for using proxies (i.e., family ownership and control) that do not properly represent the SEW construct (Miller & Le Breton-Miller, 2014). In previous studies, these proxies have not been shown to be significant determinants of the adoption of HPWPs for both managers and non-manager employees in family firms (Tsao, Chen, et al., 2015). Thus, we use a direct measure of this construct in our analysis. Concerning HPWPs, we analyze the effects of SEW on three set of HPWPs described in the AMO model (K. Jiang, Lepak, Han, et al., 2012; K. Jiang et al., 2013). This model has captured the interest of researchers in recent years in an effort to integrate HRM coherently into organizational performance (e.g., Gardner, Wright, & Moynihan, 2011; K. Jiang, Lepak, Hu, et al., 2012; K. Jiang et al., 2013; Obeidat, Mitchell, & Bray, 2016; Subramony, 2009). Unlike HR configurations based on a systems approach and individual HR policies in isolation (K. Jiang, Lepak, Han, et al., 2012), this model recognizes synergy between each HR policy at a lower level, since they are grouped into distinct but related categories (Obeidat et al., 2016), which makes it possible to analyze specific effects that the preservation of SEW has on each group of policies and leads to a better understanding of the impact each category has on firm performance (e.g., K. Jiang, Lepak, Hu, et al., 2012; Kehoe & Wright, 2013; Subramony, 2009).

From a practical point of view, our results contribute to a better understanding of the peculiarities of family firms that may influence HRM and family firm financial performance. This paper can help practitioners to understand the contextual tensions between financial and non-financial goals in HRM choices, in which, as shown in our study, family firms may not prioritize only financial performance. We acknowledge that family firms often adopt non-financial reference points in making important decisions to face situations that threaten both family SEW and firm survival (Gómez-Mejía et al., 2011; Minichilli et al., 2014). Managers in family firms should be more aware of the benefits of the family's non-financial goals in HRM decisions and find sustainable ways to balance economic and non-economic goals.

Finally, this study is not without limitations, which, in turn, may provide fruitful lines for future research. First, this work does not difference between family and non-family employees in the study of the effectiveness of HRM policies. Future research could use the bifurcation bias framework (e.g., Madison et al., 2018; Verbeke & Kano, 2012), to explain potential asymmetric treatment in the HRM of family and non-family employees in family firms and the consequences in terms of firm performance using different methodological approaches, possibly taking into account employee perceptions of HR policies and including a multilevel approach. Second, this study does not address the reverse logic of financial objectives in the study of HRM policies and their effectiveness. According to some authors (Chua et al., 2015; Miller & Le Breton-Miller, 2014), future research should explore the bidirectional effects of HRM effectiveness, taking into consideration the mixture of financial and non-financial consequences that can be influenced by the design of HR policies. And third, although our research considers some institutional logics, such us industry dynamism, that can influence SEW and its effects on HRM policies (Miller & Le Breton-Miller, 2014), we encourage future studies to consider, more explicitly, the characteristics of the institutional environment – from the perspective of coercive, normative, and mimetic pressures – in order to better understand the relationship between the adoption of HPWPs by the owning family and firm performance (Naldi et al., 2013).

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CONCLUSIONS

4.1 MOTIVATION AND GOALS

In the last three decades, despite the increasing number of studies devoted to the analysis of human resource management (HRM) in family firms, contradictory results have been found. Scholars have considered HRM to be an important factor in family firm's success, pointing out the need to implement a formalized set of high-performance HR practices that can help to achieve advantage and thus a superior performance for this type of business. However, researchers have also suggested that family firms seem to use a mix of formal and informal HR approaches, or even that the achievement of "best formal HR practices" may be unrealistic and unattainable for the "informal modus operandi" of family firms.

Considering the lack knowledge of the HRM function in family firms, this doctoral Dissertation aims to increase understanding through a systematic review and two empirical studies with the specific purposes of (1) providing a comprehensive overview of the theoretical and empirical findings about HRM in the context of family businesses, (2) analyzing whether and how non-financial goals of the owning family might affect the use of high-performance HR policies, and (3) analyzing whether and how the use of these policies could mediate the relationship between non-financial goals of the owning family and firm financial performance.

Chapter 1 was specifically developed to fulfill the first purpose. This Chapter presents a systematic review to provide a better understanding of how HRM has been studied and defined in the context of family businesses, the different policies and practices that have prevailed when scholars have studied HRM in family firms, as well the predictors and outcomes that have been linked to HR policies and practices in this kind of business. Some gaps identified in the first chapter paved the way for the two empirical studies presented in Chapters 2 and 3. Both empirical studies were focused on the importance of preserving SEW as a non-financial goal of the owning family that frames the decision-making in family firms. This dominant idea was adopted to consider SEW as one significant determinant of HRM choices in private family businesses that had not been analyzed empirically so far. Especially, this approach linked to HRM had not been used in contexts where family businesses face financial decline, where the HRM choices are analyzed for non-managerial positions, and where family businesses are treated as a heterogeneous category of organization. The results of this Dissertation not only further our understanding of the human resource management in family businesses from an academic point of view, but also provide important contributions for practitioners. In this concluding section is summarized the main results obtained in the three chapters, their implications for theory and practice, and discuss avenues for future research.

4.2 MAIN RESULTS OBTAINED

The systematic literature review developed in Chapter 1 provides clarity before giving general assumptions as to how family firms manage their HR. In this review, findings indicate different definitions of HRM have been used, as well different methodological approaches and different theories, to understand the HRM context. Most studies in this review have not been concerned to define the HRM construct clearly, while many publications do not use a theoretical framework. Results also show that HRM research in family firms has been a major research interest on managerial rather than non-managerial levels, as well for exploring individual HR practices rather than a bundle of HR policies/practices, where compensation has obtained a key position in the mind of researchers. This could explain why agency theory has been the theoretical framework employed in most research into HRM in family firms since it offers an explanation of compensation issues in the context of managerial behavior. Some scholars argue that future research should be based on theoretical frameworks built to incorporate the special nature of family firms, such as the extended agency approach, the bifurcation bias framework, and the socioemotional wealth approach.

This review also indicate HRM has been more focused on a macro (i.e., the design and execution of HRM choices and their impact on the performance of business units and/or companies) than on a micro approach (i.e., the impact of HRM choices on the performance of employees and/or small groups in organizations). Moreover, this topic has been focused on exploring the implementation of HR practices rather than the HR practices as perceived by employees. Concerning the macro approach, results note how the factors that condition or determine HRM choices in family firms are a prevalent issue in the agenda of researchers more than outcomes linked to their implementation. Determinants of HRM choices have been explained from multiple perspectives considering the heterogeneous characteristics of family firms, giving more attention to firm governance characteristics and owner/manager characteristics. When scholars have examined the direct effect of HRM choices on different outcomes, the results at the organizational level have received more attention in the context of family firms, mostly related to firms' economic performance. Unlike focusing HRM as moderator in the relationship determinants-performance in the family business, researchers have given greater interest to analyze HRM as a mediator in the relationship, specially between internal determinants (mostly from business-family overlap) and multiple HR outcomes. This interest has mostly reported from conceptual contributions.

Some specific results obtained in this systematic review encouraged the design of the two empirical studies presented in the second and third chapters. First, HRM must be defined before analyzing their relevance for family firms, so a set of high-performance work policies were adopted from a relevant model in the HRM literature (i.e., the AMO model). Second, HR policies were focused on non-managerial employees in family firms, as this is an area that has been missing from previous studies. Third, and very important, both empirical designs have addressed the claims for using consistent theoretical frameworks for the special nature of family firms as well as the involvement of family concerns (i.e., the importance of preserving SEW) as determinants that explain HRM choices. In this vein, the SEW approach was chosen as the best approach to analyze the use of multiple HR policies in family firms. Given the theoretical assumptions of this approach, the concept of firm risk was incorporated into HRM research in the context of family firms, which had not been addressed in the literature. Fourth, the involvement of the family in management and its generational stage were included as two main characteristics that moderate the relationships between SEW preservation and HRM design in family firms. Fifth, and last, the causal process of how HRM affects key outcomes in family businesses was examined, as well as the mediating role that HRM choices play in the relationship between SEW preservation and firm performance. This concern was developed in Chapter 3.

Chapter 2 aimed to analyze (1) the effect of the importance given to non-financial goals of the owning family – in terms of SEW preservation – on the use of an HPWSs when family firms face high-risk circumstances, and (2) the role of family involvement in management and generational stage in this relationship. Based on a sample of 236 medium-sized and private family business, results indicated family firms might use a high-performance work system (HPWS) as a mechanism to preserve their SEW in that context. These findings generally support the BAM's assumptions about how the owning family might balance the fear of losing current wealth (i.e., SEW) with the prospect of enhancing the value of their future wealth (i.e., business performance) by taking actions that favor both firm and family in hazardous conditions, in this case a more professional HRM system (i.e., HPWS). Results also suggested that a higher level of participation of family members in management and a family CEO effectively increase the positive effect of SEW preservation on the use of HPWSs in family firms in high-risk circumstances. Contrary to expectations, the strongest influence on the relationship between SEW and HPWS is found in second-generation family firms, not first-generation.

Finally, Chapter 3 aimed to examined how the use of four sets of high-performance work policies (HPWPs) (i.e., selection, training, motivation, and opportunities policies) mediate the relationship between preserving SEW and financial performance in family firms, particularly when they face high-risk conditions. First, results indicated that the influence of non-financial goals in family firms (i.e., SEW) has on financial results is completely mediated by some strategic HRM choices. Even though a positive and significant effect of the importance given to preserve SEW on the use of HPWPs was supported, only HR policies focused on training and motivational dimensions play a role in the relationship between SEW preservation and financial performance in high-risk contexts. Contrary to expectations, selection and opportunities HR policies had no significant mediation in this relationship in family businesses.

4.3 ACADEMIC CONTRIBUTIONS

Overall, this Dissertation contributes to the literature on HRM and family business fields by providing a major understanding of HRM in the idiosyncratic context of family firms. While theoretical and empirical implications were described in detail in each chapter, in this section, four main academic contributions are discussed.

The first contribution comes from providing a detailed and comprehensive review of what is known about the management of human resources in family firms. The study of HRM in the context of family firms is a relatively young, but growing, field of research (since 2000 scholars have significantly increased the attention given to this topic). Because this field is of increasing interest to scholars, one implication to advise scholars of the need to articulate the definition and measure of the HRM construct in the theoretical framework used. In the context of family businesses, scholars either define HRM from a strategic point of view or simply do not define HRM at all. In fact, most studies identified in this review were not concerned to define this construct clearly. This lack of definition might lead to the following two problems. First, it could be problematic for the reliability and validity of empirical research. Scholars can find different attributes to define and study HRM from different levels of abstraction (i.e. practices, policies or systems), orientation (i.e., implemented, perceived or potentially to be implemented) and analysis (i.e. individual, group or organizational level). While these attributes might represent certain advantages to different approaches to collecting data on HRM, scholars could also find problems in the operationalization when adjusting theory and measures. Providing a clear definition of HRM together with strong theory driven arguments would help academics to identify the key elements that compose the HRM function and would guide them in measuring these elements according to their research problem, level of analysis, reference group of employees and even to define who should serve as key informants for research.

The second contribution derives from the absence of an explicit definition of HRM, which is related with the likelihood that researchers develop a fragmented knowledge of this topic in the context of family firms. HRM research in family businesses has been more oriented to a macro approach, focusing on exploring individual HR practices, internal determinants arising from business-family overlap, and outcomes at the organizational level. This stream of research is valuable in understanding HRM in family business, and, in future, family business scholars should continue their efforts along these lines. But if scholars only look at the current HRM studies of family firms, and are unaware of the conceptual development achieved in the HR literature, a potential mismatch between HRM in family firms and general HRM research could arise. An explicit and more comprehensive definition of HRM would provide scholars with key elements that have been less explored to date (e.g. multiple linked HR practices, external determinants, and outcomes at the group and individual level), which would help to reduce our fragmented knowledge about HRM in family firms.

Another contribution of this Dissertation is the progress in research into the SEW approach as a framework for HRM choices beyond economic considerations. Chapters 2 and 3 contribute to the SEW approach with empirical evidence that measures this construct directly, and its influence on financial performance. Hence, previous assumptions made in the literature about the lack of direct and significant effects of preserving SEW on financial results were supported. Instead, this relationship is completely mediated by some HR policies oriented to enhance high performance as strategic choices. Furthermore, an analysis on family firms in high-risk contexts helped to clarify the condition in which family firms tend to implement more performance-oriented HR policies. As family firms in high-risk conditions need to build distinctive competencies to generate superior performance, training and compensation HR policies for non-managerial core employees help the owning family to avoid the failure of the firm and the total loss of their SEW.

Finally, important sources of heterogeneity in family firms linked to HRM were identified and analyzed in this dissertation. Both the review reported in Chapter 1, and the results provided in the two empirical chapters, can help to understand why some family firms are more successful than others, and why they survive (or decline) over the long term. The results help to understand how the importance given to non-financial goals in family firms can determine which HR policies are used in high-risk situations and which of them are effective. In addition, this Dissertation provides evidence about the factors that condition (via mediation or moderation) the effect of some determinants of HRM decisions, and how these HR policies/practices affect multiple outcomes in family firms, with a valuable role for training and motivation policies in improving financial performance. All of these issues can help to understand better the heterogeneity of family firms as it relates to HRM.

4.4 IMPLICATIONS FOR PRACTICE

This Dissertation offers great value on the practical side. For practitioners, a better understanding of HRM helps to identify and manage relevant constraints and challenges that they can face their decision-making about HRM issues in the special context of family businesses. For example, Chapter 1 provides a list of important determinants of HR policies and practices. Besides the impact of external context and business-related factors, the complexity and heterogeneity of family firms (e.g., the extent of family involvement, the trade-offs between economic and non-economic goals, and others) are especially important when HRM choices are made. Chapters 2 and 3 deepen this line of reasoning by arguing the positive and significant influence of preserving SEW on HRM choices oriented to enhance firm performance when family businesses are at higher risk. Understanding these aspects will assist in deciding whether to offer formal HR policies in family firms or to avoid making decisions or providing arbitrary advice on the management of people.

A better understanding of HRM in this context can also help when assisting entrepreneurial families that are concerned for the effective management of people in labor environments where family and non-family members work together. This is recognized as one of the biggest challenges that family firms face. Employees' performance can be affected by a bundle of HR practices that contribute to improving their abilities, motivations, and opportunities, but if family and non-family employees do not perceive that these practices are fair because they receive different treatment, securing their good performance is likely to be more difficult. Being cognizant of these aspects will facilitate better decision-making in family businesses.

4.5 FUTURE RESEARCH DIRECTIONS

Lastly, this Dissertation also raises new concerns that could be interesting for future research in the family business and HRM fields. Some of them are formulated in the two empirical chapters when discussing their main limitations. In Chapter 1, numerous research possibilities can be identified to explain the complexity of HRM in family firms and contribute to the development of this discipline in the near future. To mention just a few, scholars could consider more explicitly external characteristics that might influence the adoption of HR policies, as well as their potential conflict with the interests of the owning family. For example, scholars could explore the institutional environment, from the perspective of its coercive, normative, and mimetic pressures, in order to better understand the relationship between the adoption of HPWPs and firm performance in family businesses. Scholars could also increase theoretical and empirical research to explain how the culture and values of the owning family might influence the design and implementation of multiple HRM choices.

Scholars could also increase research into the perception of HR practices implemented when the importance of preserving SEW is included. Because these practices may not fully correspond with what is perceived by employees, and much less between family and non-family employees, several avenues could be developed. For example, scholars could explore different outcomes at the individual and small group level. This would increase the scarce evidence from the micro HR approach for the context of family businesses. In addition, future research could use a bifurcation bias framework to explain the asymmetric treatment of family and non-family employees in family firms and its consequences in terms of firm performance.

Lastly, this field needs continuing exploration of the effects of HR choices on family firm’s performance. A large body of literature on strategic HRM has explored the so-called “black box” between HRM practices and performance from different levels of analysis, definitions of HRM practices, and measures of performance. As HR practices contribute to a firm’s financial performance on one level of analysis but are also implicated in a causal chain of mediating variables on multiple levels (a big “black-box”), a multilevel approach is highly recommended. This could be a good opportunity since the multilevel approach has gained importance in the HRM literature and it has not yet been examined in the context of family firms.

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