

THE SHAPE OF THINGS TO COME – EMOTIONAL OWNERSHIP AND THE NEXT GENERATION IN THE FAMILY FIRM

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Introduction

It is understandable that the family business field is highly business-focused, yet whether value is created and sustained – or wantonly destroyed – is in almost all cases due to the family and its dynamic. Some families are able to generate remarkable “family capital”, based on a mixture of strong values and positive relationships that sustains a market-beating culture, but some others are clearly highly dysfunctional. Indeed, some become so as a result of the pressures that owning and running a business bring to bear on the family (Gordon & Nicholson, 2008). They lack the adaptability and resilience to be able to harness the forces underlying the business and drive them in a positive direction. Indeed, businesses doubly test families by not only subjecting them to unusual pressures, but also by locking them into a shared fate when otherwise members might better escape, to develop in their own personal directions.

Our theme in this chapter is the role of the next generation in relation to family business. Clearly a critical success factor for the continuance and performance of family firms is their ability to engage effectively the up and coming young family members as responsible owners or constructive contributors to the running of the business. This is the business-centred view – one that regards the next generation as a help or a hindrance to the future prosperity of the firm. In this chapter we have the same goal of understanding, but we believe that only by taking a family-centred view can one identify the key factors and obstacles on the road to achieving this. This means considering what is good for the next generation, and what part the business can play in their developing lives, rather than just the business-centred view.

Our approach is biographical, considering involvement with the business as an element in the life-journey of young adults, within the context of a family business. A key concept we shall introduce in this context is emotional ownership, to explore its relation to identity formation, career development, family dynamics and company

culture and leadership. We draw upon our empirical findings from an investigation of next generation members in 8 family firms (Nicholson & Björnberg, 2007) as well as reviewing various literatures that help us to understand young family members' life journeys in relation to the family business.

Theoretical approach

We shall be drawing upon several theoretical frameworks in this analysis. First, we take the Darwinian approach that goes under the name of evolutionary psychology (Nicholson, 2008). This views the family as an adaptive entity, functioning as a source of biological generativity, economic production and consumption and wider cooperation within society. These key functions maintain the status of the family as the cornerstone institution of all societies. This perspective has special relevance through its analysis of the inherent conflicts within kinship groups, and how they can be resolved. The concept of "emotional ownership", the key theme of this chapter can also be identified with the fundamental bio-social functions of the family – to hold fitness-enhancing resources in common ownership for the ultimate benefit of future generations.

We draw on upon social psychology and its applications in the field of organisational behaviour to explore more particularly the nature of emotional ownership (EO) and its roots in social identity. EO is a moving picture, and we use the theory and research from developmental and family psychology to explore a range of issues relating to early adulthood. These include identity formation; roles and relationships in the family in early adulthood, encompassing processes within as well as between generations.

Our perspective leads us to focus more on the impact of the business on the family than the reverse, and we draw on the career development literature to explore emerging professional identity and career development. We call on the family business literature for insights into succession issues and how the next generation plays a part in the formation of family firm culture, and then examine the neglected but especially important issue of the effects of wealth on families and children. We conclude with a discussion of the implications for interventions to support the next generation (NxG).

Part I – Emotional ownership

Psychological aspects of ownership

To have, to be and to do are fundamentals of human existence (Sartre, 1969). The first of these – possession – is central to a primary attribute of human survival. Much of what our ancestors owned was perishable, but the ability to get, hold and pass on the next generation is critical to the success criterion that drives evolutionary development – reproductive fitness. Making provision for one’s kin is basic, hence the drive to acquire is a core dimension of humanity (Lawrence & Nohria, 2002).

Ownership extends naturally into the cognitive/affective sphere, representing our propensity to claim a stake in ideas, relationships and other elements outside the material sphere, as if they were within it. One well-known concept in the psychology literature is psychological ownership, described as a cognitive-affective state with *possessiveness* at its core (Pierce, Kostova & Dirks, 2001). It asks “What is MINE?” and defines the individual’s psychological tie with the target. The target of ownership is more than the object itself, since it is part of the self.

As the child develops, objects that are within control are initially in the self-region; thus the extension of self is part of socially constructed “ownership”. Like an arm or hand, ownership of an item or concept is a closely tied to control and immediacy. The roots or motivators of psychological ownership are described as 1) self-identity, 2) effectance or efficacy (meaning having influence or effect) and 3) a place to be (Pierce et al, 2001).

Reference to psychological aspects of ownership is made in the family business literature, but needs further elaboration. Gómez-Mejía, Táacs Haynes, Nuñez-Nickel, Jacobson & Moyano-Fuentes (2007) use the term “socio-emotional wealth” in reference to *“the non-financial aspects of the firm that meet the family’s affective needs, such as identity, the ability to exercise family influence, and the perpetuation of the family dynasty”* (p.106).

The concept of Emotional Ownership

We first developed the idea of “emotional ownership” (EO) in our qualitative study of 60 next generation members from eight UK family firms (Nicholson & Björnberg, 2007). In the study, the interviewees’ concept of “ownership” emerged as something quite complex. Above and beyond financial benefits, possession and legal ties, interviewees spoke of experiences that involved responsibility, pride, legacy, attachment-detachment and personification. Drawing on the literature on adolescence

and early adulthood, we concluded that our data were revealing that the underlying motivators of this state are *attachment* and *identification*. The family system and its life-cycle form an integral part of the EO concept, above and beyond the organisation.

Emotional ownership is theoretically orthogonal to actual legal/monetary ownership, though they may be correlated. Working in the business is not a prerequisite for EO. We formulated the idea as fundamental to the longevity of the family business as a socio-economic unit, in that it represents the psychological bond between the individual and business across generations. It unifies those next generation members on the “outside” (not working, not owning or being an in-law, for example) with those on the “inside” (such as working, owning and being bloodline family).

Another strong theme that came out of our qualitative data is that it can also be the basis of schism in the family firm – embodying distinctions between “outsiders” and “insiders” among next generation members. In effect, all next generation begin their relationship with the family firm on the “outside” and work their way towards cognitive/emotional engagement or disengagement with the organisation, depending on their circumstances. Their relationship with the family business, like all relationships, is characterised by a continual negotiation between closeness and distance.

Dimensions of Emotional Ownership

We define EO thus: *Emotional ownership is a cognitive and affective state of association that describes a (young) family member’s attachment to and identification with their family business.*

Social identity

In our definition of EO, we draw on Ashforth & Mael’s (1989) analysis organisational identification as a specific form of social identification. Social identification is defined as “*a perception of oneness with or belongingness to some human aggregate*” (ibid. p.21). In other words, it is a cognitive process, answering the question: Who am I? Social identity is distinct from affect and behaviour, which are regarded as its antecedents or outcomes. Social identification requires that the individual regards his or her fate as intertwined with that of the group. Success or failure of the group is experienced as one’s own. Outcomes include organisational commitment, the internalisation of values, and assessment of the group in positive

terms (Turner, 1982, 1984). Factors that promote social identification include the *distinctiveness* of the group's values and practices, its *prestige* (Chatman, Bell & Staw, 1986) and *salience* or awareness of *out-group(s)* (Allen, Wilder & Atkinson, 1983; Turner, 1981).

Our case material contains many examples of social identification with the family business and associated outcomes. Next generation members spoke of belongingness to a “*team*” that unites the family and other people in a goal-directed activity, and being part of a trusted inner circle. Outcomes of this identification that were mentioned frequently include pride, loyalty, privilege and responsibility. It was particularly interesting to note that fathers (business leaders) were frequently mentioned as central to the pride younger members felt about what he and the business had achieved in the community.

Attachment

Attachment theory was originally developed by John Bowlby (1969, 1973, 1980) in his studies of infant-mother interactions. Ainsworth, Blehar, Waters and Wall (1978) built on Bowlby's theory to formulate different attachment “styles” for how children relate to their parent or care-giver in terms of closeness-distance. Attachment styles play a vital role in human identity formation and intimate relationships across the life-span (Fonagy, 1999). From an evolutionary point of view, the motivators for attachment include protection and continuation of the species. Its outcomes include love, belongingness and warmth, given that the patterns of relating are consistent and affirming. It answers the question: How close do I feel in relation to the target (the family business)?

Attachment styles influence the process whereby people or phenomena become internalised, as “*objects*” in the mind. Thus “*object relations*” are created as intra-psychic representations of the relationships that exist between these people and phenomena (Klein, 1946). A young person's internalised representation of the family business can be viewed as an expression of attachment.

In any business owning family one can expect next generation members to exhibit a range of attachment styles, partly as a function of the different parenting regimes children are subject to, and partly as a function of individual differences among the children. How parents treat children is a function of the heritable qualities of the child, as has been revealed by behaviour genetics; i.e. children differ in their

ability to “switch on” the emotional warmth of carers (Plomin, 1994). Moreover, research on birth order suggests there are systematic differences in the orientation of children towards parents’ goals according their positions in the family – firstborns being much readier to pursue faithfully and with ambition the goals of parents, whereas laterborns are more likely to rebel and find their own path (Sulloway, 1996).

The rule of primogeniture in family firms trades on this tendency, but unwisely, in view of the behaviour genetic research that shows that it is a matter of pure chance whether possess any other qualities that fit them to run a business. From the next generation’s point of view, Birley (1986) found that all siblings in a business-owning family, not just the oldest, experienced a strong need to make a succession decision with regards to the family firm.

Emotional ownership ranges from strong attachment to detachment and from close identification to differentiation. Additionally, it can be characterised by positive and negative emotion. Table 1 outlines differing degrees of EO that can be observed.

Table 1. Four manifestations of emotional ownership in family firms

		EMOTIONAL OWNERSHIP	
		STRONG	WEAK
DIRECTION OF EMOTION	POSITIVE	<p>Deep sense of belonging and shared fates</p> <p><i>“I feel strongly about the family business: it makes me proud. The success of the business is my success.”</i></p>	<p>Superficial, happy go-lucky</p> <p><i>“I’m happy it’s there but I don’t care that much. It does not define who I am.”</i></p>
	NEGATIVE	<p>Disillusioned and rigid fusion</p> <p><i>“The family business gives me pain, but I can’t free myself from it. It is part of who I am.”</i></p>	<p>Superficial rejection</p> <p><i>“I’m not bothered with the family business, and I don’t feel like I’m part of it.”</i></p>

We have found that business families have wide variations in their average levels of EO. Differences can also be found within the same family. In one of our cases, the four children exhibited quite different levels of EO. On one end of the spectrum, the elder middle daughter perceived her ownership as *'very scary'*. She associated it with *'guilt'* and felt as though she had not earned it. In fact, she did not even consider herself as a *'next generation member'* of the family business, but felt quite detached. She speculated that she might feel differently had she worked in the business. The youngest son felt disconnected in a different way. As the youngest, he had to wait ten years before he has access to his shares. He told us how he lacked a *'real'* sense of his ownership, he perceived it as *'toy money'* that he had never touched nor seen. One day he was simply told he owned part of the business, but *'it didn't change my opinion of it'*; saying *'it's not my business, not my money'*. The other two siblings had a stronger and positive emotional ownership. The younger middle sister was actively constructing an identity based on the business, wanting to take up a non-executive role. Her main concern was to be part of the decision-making, but struggled with lack of experience and deference to her parents as powerful figures in the business: *'My dad has more experience, it is awkward [if you're not the] same level, if you stumble. Dad is on top of the triangle, I look up to him'*. Finally, the eldest son who worked in the business described that his sense of ownership of the firm was not motivated by money but by making deals with people and enjoying work as part of a team. He said that the attitude in the family was not to *'use cash frivolously'* or be *'flashy'* but to reinvest and manage ownership respectfully. He considered his parents to be *'brave'* in that they had passed down shares to their children at a relatively young age: *'we could have blown it all and said 'Let's have a party!'* As it were, the parents showed trust in the children's ability for stewardship for the coming generations.

The development of emotional ownership

Routes to psychological ownership are described as three processes of association: 1) intimate knowledge of the object, 2) self-investment and 3) control (Pierce, Kostova & Dirks, 2001). Knowledge is positively and causally related to rights and responsibilities, which links with information-seeking, stewardship, and organisational citizenship. Self-investment means time spent, psychological energy, emotional energy and attention. These investments serve to preserve self-identity over

time. Control implies having a say in the direction of the organisation. This also applies as a route to EO, and is central for NxG members. Unlike knowledge and self-investment (both of which may be created or accessed informally through the family network), control is more difficult for the NxG to access or self-initiate without a role in the organisation. Control is to a great extent externally regulated, since it derives from authority associated with legal ownership, employment or having a voice/membership in the firm's governing bodies. Personal power may also grant young members control, though less predictably.

Next generation family members can assume psychological ownership of the family business despite a lack of actual control over it. Parents, other elders in the family, spouses or non-family trustees may be proxies for this control, as they act on behalf of the member with less control. In our case material, there were two examples where husbands of bloodline owners had developed a sense of emotional ownership. In one of these examples, the in-law husband's EO was quite strong. He felt as though his wife represented him and that his job was to support her in that endeavour. Although the shares were in his wife's name, he considered the ownership as "theirs".

Our research indicates that next generation members want decision-making processes that are inclusive and built on procedural justice (Nicholson & Björnberg, 2007), thus reinforcing the need for agency in this group. Adopting such an approach facilitates EO even for those who are on the "outside".

When considering the routes to emotional ownership, different levels of the relationship between the individual and the business (Carroll, 1988) need to be taken into account:

1) The actual relationship. Is the individual on the "inside" or "outside" in terms of work, ownership or other relations? How are his/her closest relatives positioned with regard to the family business? Family members who work in the business have a more straightforward access to the knowledge, control and self-investment routes to EO. Having a parent or sibling as the leader of the family business may give a next generation member more in-depth opportunities to get to know the family business.

2) The transferred relationship. The motivation to attach and identify with the family business relates to the need for emotional attachment and to identify with one's family. Are the family relationship patterns that are transferred and replicated across generations such that they promote attachment yet allow for individual freedom? What images of the family firm does the young person carry in her mind? These are a

result of how the family interacts, and how the balance between work and family life is constructed. If the family business is perceived as the *'thing that stole my parent away from me'*, it is less likely that the young member will develop a positive and strong emotional ownership.

Family and business are socially co-constructed, but vary in how closely they are interlinked. For some family firms, there is little if no separation between family and business. This is often the case in founder-owned businesses. In our sample, there was a small first and second generation owner-managed business in which the family members practically lived and breathed the business. For others, family and business are widely separated and the relationships are more instrumental. In the looser structures of more mature cousin consortia such wide separation is often a feature. Rather than risking the potential over-involvement of owner-managed firms, the larger and more mature firms risk EO becoming as fragmented and dispersed as their actual ownership. Their struggle is not to create boundaries, but to create cohesion and engagement where there might be disinterest and detachment.

Part II From adolescence to adulthood in the family firm context

Becoming an adult means many things. Economically, one is either in the process of acquiring socio-economic capacity (e.g. as a student), exercising it (as a worker), or supporting it (as a carer). For many it also means creating your own family, in whatever shape or form. Growth means separation as well as bonding. Adolescence and early adulthood are both characterised by movement away from the family of origin and towards intimate relationships formed outside the family sphere.

Two observations need to be made about this process. First, one universal feature is the increasing divergence of parents' and children's interests. The Darwinian perspective tells us that at the heart of the parent-child relationship is a biogenetic conflict (Trivers, 1974). Parents desire continued influence over their genetic investment while children increasingly see their own interests as singular and detached, preparing the way for them to choose how to invest in their own future offspring's destinies. Hence, we see the oft caricatured fights between parents and their adult children about whom they should marry and how they should live and work, including life-style choices, child-rearing and communication styles (Clarke,

Preston, Raksin & Bengtson, 1999). Mostly the conflicts are benign and readily resolved or accepted. If they are extreme, children just go their own way, freeing themselves from parental influence. Alternatively they become enmeshed in a destructive and overly cohesive family dynamic. There are major cultural differences in how these domestic dramas are played out, but the themes are universal.

Now add a family business to the frame and the picture alters. If children are tied into the business by ownership then it may be much less easy to escape parental control without having to contemplate seriously damaging their economic self-interest. Family businesses, in other words, test these relationships by forcing economic interdependence. In this context EO plays a key role. Normally, we conceive of EO as a positive force, helping to bind family members into the future of the firm. In this context this binding can be negative, and a source of conflicts. Many of the major conflict catastrophes to have visited family firms have come from family members with high EO and inconsistent competing visions for the firm (Gordon & Nicholson, 2008). Each claims to identify with and own the “soul” of the business.

A second observation is that what is “normal” in terms of family development has become much more varied – i.e. less normative – in recent decades. Family structures in the West now have many different manifestations. Individual career and life patterns are less predictable. This perhaps is another factor underlining the importance of EO. It no longer can be simply predicted on the basis of what kinds of attachment one might expect for a person’s position in the family and life/career stage. In many cases it is much more “free-floating” or negotiable – the outcome of quite idiosyncratic forces and factors in each case.

However there are normative patterns which need to be examined.

Psychosocial development in adolescence, young adulthood and adulthood

Erik Erikson (1997) was a pioneer in delineating these patterns, outlining a comprehensive developmental account of human development over the life-span. The theory proposes eight distinct stages, each stimulated by a basic conflict and accompanied by a resolution task. Our focus here is on the fifth to sixth stages, from adolescence to early adulthood, since the majority of the next generation can be found in that age group.

The adolescent stage (12-18)¹ features *identity versus role confusion* conflict. Teenagers need to develop a sense of self, which is primarily accomplished via immersion in social relationships. Unsatisfactory resolution results in a weak sense of self and inability to be true to oneself. In the family business context, social comparisons take on a deeper meaning for the teenager. Awareness of other families, how they do things and what they have helps the young person to either differentiate or identify as he or she is building her own identity. Issues that the family business brings, such as wealth and reputation in the community, become central to how the adolescent constructs a sense of self. It is a matter of socialisation into a local social context, and therefore depends on how embedded the family and its business is in a wider set of community ties. For the rich, this can be an isolating and somewhat unreal social milieu (Conniff, 2003), as we shall explore later.

Some family firms are aware of the hazards to emerging personal and professional identities, and seek to control them (as we observed above) by creating a strong independent socialising frame around the family and its business. In some cultures, this is compelling to the point of coercion – the next generation have little choice about their participation in family events. In Western family businesses there is typically a more voluntaristic ethos, with young members being invited to attend governance events (such as AGMs), ostensibly for the sake of creating realistic expectations and conveying a sense of family legacy. The transfer of legal ownership may also commence at this time, along with first exposure to experiencing the business via work experience. Thus is EO consciously forged in many firms.

In the transition from adolescence to young adulthood (19-35 years) Erikson sees the basic conflict as *intimacy versus isolation*. The diversity of contemporary experience make Erikson's boundaries less universal in our times, but he is right about the process. It is a sociobiological universal that the formation of close relationships (often romantic) is part of the process whereby the next generation distance themselves from the family of origin in favour of exogamous relationships, a potential source of conflict as we have seen earlier. Erikson points out that unsuccessful resolution of this task may lead to isolation, low self esteem and anxiety, further hindering the formation of mature identity.

¹ Please note that the ages listed are not exact but meant as indicators only.

A centrepiece of this stage is the move into work life and career. In the family business context it is where the first major decisions are made about becoming an employee or getting involved in the governance of the family business versus remaining an “outsider”. For the family firm, this creates the dilemma of how broadly it should define itself, especially in the rights and involvement of spouses and in-laws. This is essentially the “political” stage – where perceptions and interests have to be negotiated, aligned, or reconciled for EO to be maintained.

The conclusion here is that young family members will come to view the family business in a new light, as influenced by the resolution life development stages. Family dynamics play a central role in how these young people relate to the family firm so let us now look more closely at how family dynamics may influence career development.

Part III - Family dynamics and career development in early adulthood

The concept of career represents the intersection of identity with social structure. The life journey through work and employment is jointly determined by the forces within the person and by the forces and opportunities within the surrounding social structure of a person’s life and times (Nicholson, 2000). The link between family dynamics and career development has been well documented in the literature (see for example Zingaro, 1983). Career is truly a life-span task (Vondracek, 1998; Vondracek & Reitzle, 1998) starting in childhood where images and expectations are forged. In adolescence and adulthood the career represents the promise of economic self-sufficiency and a source of fulfilment. The intersection of identity and social structure means that in the growing adult, careers are part of the invention and reinvention of self. Where they can, individuals forge working situations and structures that reflect their needs, abilities and biases. Many family businesses owe their origins to the force of personality shaping a business around an individual.

Especially relevant to our pursuit of the next generation family experience, their career development and the establishment of EO, is a family systems perspective. This view has special value in that it “...*emphasises the importance of considering family members' interactional patterns and emotional dependencies in understanding young adults' career decision problems*” (Lopez & Andrews, 1987, p. 39). In the

sections following we draw on the work of Murray Bowen (1994) to explore issues relating to career development and succession in the family business context.

Career development – a family systems view

Bowenian theory (1994) has been successfully applied to explain career decision making in young adults (Larson & Wilson, 1998; Hartman, Fuqua & Blum, 1985). In brief, the theory identifies emotion - principally anxiety - as the mechanism for transmitting relational patterns of closeness/distance between generations. Bowen elaborates around these twin poles to describe dysfunctional family processes of fusion, triangulation and intimidation. Fused families are emotionally reactive to one another, suffering from a lack of boundaries and too much attachment. Triangulation occurs when a third party (e.g. a child) becomes the focus of tension in the marital dyad. Intimidation results from rigid expectations and excessive control by parents, associated with a fear of loss of independence and autonomy.

Functional families can tolerate a high degree of variation in closeness/distance, and provide space for members to develop a *differentiated self* that is not dominated by family relationships. Differentiation of self refers to the ability to separate one's own intellectual and emotional functioning from that of one's family. This means forging a sense of self that is robust enough to withstand emotional forces in the family without being fundamentally compromised. Dysfunctional families react with anxiety to even small variations of closeness/distance, draining the energy that is needed for goal-directed and self-determined activity. It is not easy for young adults in such families to distance themselves by creating a career and life away from the family. Fusion and intimidation, mediated by anxiety, are clear predictors for career decision problems (Hartman, Fuqua and Blum, 1985) as is level of differentiation of self (Bordin & Kopplin, 1973). Difficulty in developing one's own identity thwarts the career decision making process, which requires self-awareness, rational thought and low levels of anxiety (Hartman et al, 1985).

Fusion and the NxG

For example, in one of our cases, processes of fusion seemed to be at work. Rather than affecting the career decision-process per se, these had an effect on the identity development in the careers of the next generation. Two of the sons (one bloodline, one adopted) who worked in the business described themselves as '*clones*' of the founder, and that the father '*moulded*' them. Pressures to emulate the father

seemed to stand in the way of the occupational identity development of the sole bloodline son in particular. Because the family relationships were fused, the impossibility of this task did not occur to either of the sons. Interestingly, a similar lack of boundaries also existed in the business, where roles were not clarified.

The trajectory of a young adult from the family into the world of work is inevitably different for those who decide to work within their family sphere. Problematic succession patterns are more likely to occur in the presence of parent-child relationships that are “...characterised by dependency and idealisation, vacillation, and conflict and opposition...” (Miller, Steier & Le Breton-Miller 2006, p.381). The family business may be equated with a parent-figure (often the father) to be destroyed, idealised or cherished (ibid.). In the case of fused families, a child who is smothered by parents, or indeed by the family business, finds little alternative but to accept or oppose. Despite numerous invitations to work in the business, the sister in the case example above rejected the business because ‘*it was always in her face*’ and dominated all family interactions. This shows that that EO can be excessively high as well as too low, causing rebellion where families are overly cohesive.

Intimidation and the NxG

Intimidation in the family system often causes fear of failure to meet expectations. A successor in a family with high levels of power distance between parents and children may agree to take over the business leadership out of fear of rejection, and not because it was a personal proactive career decision. Forceful parenting can leave little room for independent thought and action, creating an uneasy combination of dependency and resentment. Individuals in such family and career situations are less likely to be able to differentiate themselves. Young members can actively distance themselves from the family firm because the expectations are too high and failure is too visible.

We came across an interesting dynamic in two of our cases that featured some intimidation and perceptions of power distance between siblings (intra-generational). In one of these families (a fourth generation medium-sized business), the parents had gone through a painful divorce, which led to the departure of the father from the family. The eldest son, who also became the business leader, took on a “parent” role in the new family constellation. Complicated emotions stemming from the divorce had led to a rift between the eldest and youngest brothers in the family. The youngest

boy felt that his brother had prevented him from building a career in the family business, despite his relevant experience and attempts to join through appropriate channels. In his view *'power games'* dominated the relationships. In that sense, the siblings were locked into uneasy interdependence. Interestingly, though, none of these difficulties had weakened the EO of either.

Part IV – Special challenges for the NxG making a career in the family business

Young leaders in family firms are faced with balancing multiple roles and relationships as a family member, employee and possibly also owner. This adds another dimension to the already difficult process of shaping a career identity. In their study on the relationship between love and work attachment styles, Hazan and Shaver (1990) used Bowlby's concept of "exploration" to characterize adult work activity. Like early childhood play and exploration, work is a major source of actual and perceived competence. The ability to explore freely and fully requires a secure base. Hazan and Shaver use attachment theory to explain individual differences in motivation, relationships and approach to work. This approach is particularly relevant for young family members who have to juggle high competing demands from family and work relationships.

Individuals with *secure* attachment styles enjoy work without excessive fear of failure and are able to balance work and non-work demands. These individuals do not typically use work to satisfy unmet needs for attachment, and have high levels of general well-being. Contrastingly, *anxious/ambivalent* types are motivated by gaining the praise of others, and consequently fear rejection. Relationship concerns often interfere with their work. Finally, in the *avoidant* style work is used as a means of avoiding social interactions and close relationships. These individuals are more prone to workaholism and are often dissatisfied with their work.

The wearing of different hats

In Erikson's psychosocial development scheme, the dilemma between *identity vs. role confusion* is particularly pertinent for young family members starting a career in the family business. Managing the combined roles of family member, employee and shareholder may add extra pressure, which can complicate or retard the identity resolution task of these young people. To fit in with other employees and gain respect

through yourself rather than as a family member is a difficult aspect of working in the family business, particularly when you first join.

Many NxG leaders also face living with a sense of isolation both at work and at home. They are often unable to confide everything to one person, because both family members and non-family colleagues all have some common interests and are thus not neutral in their roles. As we pointed out earlier, there can be role conflict *between* generations. A father-daughter dyad in our sample found themselves regularly clashing when working together – both having strong wills and similar technical orientation, but different approaches to authority and expectations of working hours. The “daughter-employee” and “father-boss” lines were continually getting crossed. Fortunately, the working relationship improved greatly when the daughter relocated to work for the firm in another country, allowing her much greater scope for the free exploration she needed.

Expectations

Among the many hazardous expectations the NxG are exposed to is a culture of overwork. Second generation members are perhaps particularly vulnerable. This life stage of a family firm is often a time of rapid growth, requires endless hours and huge dedication, often exacerbated by the founder’s continuing pressure. The “*workaholic*” behaviour of a founder is described in the case below by the next generation:

“In board meetings [it has happened] that he’s shouted – ‘you don’t even work 12 hours a day!’ – as if that’s a bad thin.. It’s taken time to get over that. Did try it [working those hours] for a while and got miserable.” (2nd generation working member)

In this case, both the NxG and the founder were able to accommodate each others’ life style expectancies, but in other instances we have seen the senior generation in the avoidant mode, submerged in excessive amounts of work. A sense that *‘the business took my father away from me’* severely diminishes the NxG’s level of attachment towards the firm, and thus drains their EO. However, some NxG also conclude that “if you can’t beat them, join them”. The three sons in one of our cases did just that, working alongside their father in 13 hour shifts, knowing that it would be very hard to find time with him otherwise. The daughter in the family detached herself completely, virtually disowning the family business.

Some female family members have no expectations in relation to the family business; viewing the family in a traditional model that includes the norm

that *'females stay at home with their children'*. In the following example, the difference between the girls and the boys goes back to the days when the kids were doing holiday work in the factory:

'Whilst doing summer work, my brothers were expected to cycle to the factory – I was not, I was a girl – I went with my father in a car...frustrated back then – couldn't really...can't really see the difference...I was allowed to cycle around the countryside – but not to work!' (6th generation non-working member)

Where these assumptions are held, female members can find themselves excluded from working in the business.

Perceptions of nepotism

Several of our interviewees felt as if everybody was watching and judging them, both family and non-family. This type of situation may bring out an *anxious/ambivalent* attachment style in some individuals, associated with fear of failure and a need to please and overachieve. Perceptions of nepotism, whether actual or in the mind, challenge the young person's professional identity, and consequently their self-esteem. For example, when one of our respondents joined the business, employees assumed that she had in-depth technical know-how of the business, purely because she was a family member. In fact, her knowledge was rather limited, and she had to face her shortcomings publicly.

Informants also sometimes mentioned discomfort associated with the power that family membership brings, especially when coupled with lower actual levels of authority and experience. One mentioned the challenge of knowing when it is OK to question decisions as a family member, without being perceived as encroaching on the other's territory. In this case, it was felt that the management *'feels threatened by family members'*.

Individuals reported the felt need to set an example and work harder than non-family members, but even so, they felt that fair evaluation of their competence was elusive:

'You never really know how good or bad you are – even if people fill out 360° feedback forms, some people will tell you what you want to hear. You have to live with that – some people think you got that job because of who you are. Only when you've worked with them for a while it's fine...but for example in the district offices you find the opinion that 'I missed out of a

promotion' and that family business people expect a golden elevator to the top...you have to be able to live with that – if you can't, you can't work in the family business.' (4th generation working member)

In another of our cases, perceptions of nepotism prevented at least one member of the next generation from wanting to become involved. On the one hand family members were convinced that they had to join at the lowest level to avoid nepotism. On the other hand they were exposed to embarrassment of status incongruence as owners engaging in low-level menial tasks. This feeling was often projected on to others – we were told that in the wider business it was perceived that simultaneous ownership *and* working in the company were somehow “inappropriate”. Unfortunately, the next generation lacked guidance or support on how to navigate around this dilemma.

Part V – Poor little rich kids: Negative influence of wealth ownership on children and adolescents

Extreme wealth is basically bad for children (Pittman, 1985), inasmuch as it thwarts healthy parent-child relations and restricts social support. More generally it could be said that any extremes are bad for children's development. Whether rich or poor, children are children and have the same needs. The wealthy may have exactly as little knowledge of how the world works as the poor (Shafran, 1992). Many affluent parents bring up well-adjusted individuals; however, poor family functioning takes on a different shape when coupled with material abundance. Affluent families are as vulnerable as any in terms of mental health, but wealth has specific ramifications for how it is dealt with.

Affluence is associated with the following issues for the young: a) pressures to achieve; b) parental absence/lack of involvement and isolation from adults; and c) lack of social aptitude/preparedness to interact with peers (Luthar & Latendresse, 2005; Luthar & Becker, 2002).

Achievement

In a successful family, the baseline for achievement can be set very high; sometimes unrealistically (Shafran, 1992). We have discussed some of the expectations associated with working in a family business as a family member. In addition, riches can also carry a range of social expectations. Wealthy children are faced with quite small margins for achievement, since their social progression has

more or less peaked in the previous generation(s). Having witnessed the great success of their parents, how do children live up to such accomplishments?

Failure is very visible in such families, and young children sometimes dissolve under the pressure. Luthar and Latendresse (2005) found that among non-inner-city (US) adolescents, affluence was associated with higher intake of hard drugs and anxiety-depression, which they interpret as attempts to self-medicate. Valued peer attributes at the socio-economic extremes were found to be negative and had an adverse effect on competence (scholastic achievements) or well-being (for example, aggressive behaviour or substance abuse).

Social isolation

Social isolation from peers and withdrawal is quoted as a common plight among the children of affluent parents (Luthar & Latendresse, 2005). Parental absence may be a result of long working hours and frequent travelling, depriving them of role models needed for identity development. Fluctuations in adult affection and presence causes ruptured attachment styles and a less secure sense of self. Furthermore, rich children may be groomed and more accustomed to communicating with adults than peers, finding peer group milieus awkward and unusual. Children in very rich families may doubt whether their friends chose them for who they rather than what they have.

As a young next generation member, you are part of the family business brand and the looming inheritance whether you want it or not. This may contribute towards an ambivalent relationship with the business, something we noted in our respondents. For example, one of the interviewees said he was very proud of the business, but at the same time he kept his ownership secret from his friends, for fear of envy or being regarded as superior or different.

For those of our participants who actually considered themselves as wealthy, their resources meant freedom and the ability to have a certain lifestyle. However, inherited wealth may also raise issues of self-motivation and lead to feelings of unworthiness, particularly in those instances where no work has been done to merit it. They have to learn to earn it by being a good steward of it (Aronoff & Ward, 2002). Feeling unworthy leads to low self-esteem; this in some cases can be blended with a healthy dose of pride in the family business.

Issues for practitioners

The ultra-poor and ultra-rich attract similar negative judgments from society – often ascribed as being less moral and personally responsible for their plight/lack of happiness respectively (Luthar, 2003). Although wealth does not produce happiness, it certainly leads to envy (Pittman, 1985).

Despite material welfare, wealthy families may lack support structures. Even when in contact with service providers such as therapists or social workers, their plight can be viewed through stereotypical lenses. Practitioners may overlook or diminish their symptoms due to unconsciously held envy or contempt. For example, affluent women's complaints of physical abuse are reported to have been trivialised by therapists who assume she has the resources to handle it or leave the relationship. Consequently, referrals are not made (Weitzman, 2000).

Conclusion – Emotional Ownership and the Family Firm

The continuation of a family business depends on the next generation, whether they own or manage the business. In this chapter we have looked at the future sustainability of the family firm by focusing on this link, which has the power to make or break the business. People often talk about this as succession management, as if it were a technical problem to be solved. Here we see it as a human problem of the growth and destiny of the next generation in family firms, and how this is nested in a complex web of family relationship dynamics, and subject to a wide variety of external forces.

We have used the summary concept of emotional ownership to capture the nature of the bond between the next generation and the business. It is, of course, not a fixed quotient, but a variable. It can rise and fall according as the individual grows and develops, and as a result of the actions of others and the state of the firm. Its existence is a necessary but not a sufficient condition for the responsible ownership or committed employment that the senior generation might wish for. In other words, without it, there can be no meaningful contribution beyond perhaps what any hired hand might bring. The attachment and identification contained in emotional ownership are the bricks and mortar of the unique culture of family firms – and thus its inimitable competitive advantage.

In this chapter we have tried to identify what may be the consequences, and what are the family dynamics that generate, sustain and sometimes destroy EO.

What we have said little about, however, is what kinds of interventions can mediate these processes. A detailed outline of possible interventions is beyond the scope of this chapter. However, a biographical approach can offer a good framework for determining where such interventions may be best placed. Biography can be seen as a matter of “Destiny, Drama, and Deliberation” (Nicholson, 2007). Destiny comprises the forces over which one has limited control – one’s biogenetic identity, life milieu, family constellation, social class etc. Drama is what comes unexpectedly and unbidden – the role models, the accidents, the serendipity of everyday life that reveals new options and opportunities. Deliberation is the time one spends pausing, considering such options and making life changing choices. These latter occasions are surprisingly rare – most of the time we are swept along by conveyor belts of institutions, relationships, occupations, and social norms. However, deliberation can be engineered to good effect by the increasing access to the growing number of resources that exist in our society to support structured reflection– the professional advisors and counsellors in the community. The counselling/consulting process has been critical in the development of many a family firm, and in the lives of many successful people.

In this chapter we have supplied, in effect, an agenda for such counselling to consider.

1. The Darwinian framework we have used can help direct attention to the prime sources of potential conflict and help to find overarching themes that can integrate and unite family interests. This means appraising the different needs of individuals according to their unique profiles of needs and abilities, family position and resource constraints.
2. The concept of emotional ownership can be a helpful path to insight about family members differing and changing relationships to the business. Viewing these ties from the perspective of identity + attachment needs can help to understand the dynamics of young people’s needs in relation to the firm.
3. There are a number of recurrent dilemmas and conflicts that confront individuals in the journey to maturation from childhood. It is important to recognise that the battleground shifts over time. Of course the business is not standing still over this period either, which means that advisors need analytical as well as empathic gifts to help mediate the relationship.

4. Family dynamics can be seen as a set of complex games that are played out, featuring a delicate balance between the needs of the individual and the needs of the group. Family relationships are a negotiation between closeness and distance, continually shifting alongside the family and business life cycles, its destiny and drama. It takes a brave, insightful and intelligent advisor to be able to enter this arena and do more good than harm.
5. We have highlighted a number of specific issues that are quite unique to family firms that are raised for the next generation. These include role conflicts and ambiguities – the difficulties of accommodating different “hats” as owners, employees and family members. There is also for young people entering the firm the need for a strategy to cope with real or imagined perceptions of nepotistic advantage. Advisors can offer much support in facing such concerns.
6. Our final topic was the challenge of wealth. The relatively scant literature we found on this topic suggests this is an insufficiently considered problem. Nurturing a real sense of achievement and competence is a matter of approaching the individual and her situation with realistic expectations. Major cognitive reframing is needed for young people – and their parents - to feel they have meaningful challenges to pursue with commensurate recognition at the end.

Overall, in this chapter we have tried to open up a hitherto overlooked topic in the field of family business – emotional ownership and the next generation – in order to demonstrate how much the family firm depends on forces and dynamics that are in the lives of these young people, much more than they are in the firm.

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