



Family Firms and Emotions: Insights from Scientific Literature

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Family businesses form a cornerstone of global economies, comprising 70-90% of firms in most developed countries and generating a substantial share of employment and GDP (Astrachan & Shanker, 2003). Their defining feature—though not without scholarly debate—rests on the intent to maintain and transmit family control across generations (Chua, Chrisman, & Sharma, 1999). This intent embeds family firms in a long-term temporality marked by affective bonds, shared histories, and identity projections absent in non-family structures.

Yet, despite generally superior performance compared to non-family firms, only 30% survive to the second generation, and 10-15% reach the third (Ringo & Kibambila, 2025). This paradox—economic vitality juxtaposed with transgenerational fragility—eludes explanation through traditional legal, financial, or organizational lenses alone.

Research over the past two decades has addressed this gap by focusing on emotional dynamics. Sharma (2004) already highlighted the long neglect of affective dimensions in family business studies; since then, a growing body of work demonstrates that emotions are not mere disruptive noise but the very substrate of strategic decisions, internal conflicts, and successions (De Massis et al., 2023; Mismetti, Rondi, & Bettinelli, 2023). Key concepts such as socioemotional wealth (SEW), successor emotional dissonance, incumbent identity resistance, and affective commitment to the firm have emerged as decisive explanatory factors, often more powerful than financial or structural variables.

The Emotional Distinctiveness of Family Firms

Family firms are fundamentally distinguished by the entanglement of affective and professional spheres. Members share a common history, emotional ties, and often a transgenerational orientation. The overlap of roles—parent and owner, child and subordinate—generates an emotional intensity largely absent from non-family organizations. This psychological complexity is captured by Habbershon and Williams' (1999) concept of familiness, defined as the bundle of idiosyncratic resources—relational, cultural, and cognitive—that arise from the continuous interaction between family and firm. These resources, often tacit and deeply embedded in family history, may constitute a source of sustained competitive advantage, but also create conditions conducive to emotionally destabilizing dynamics.

Beyond this strategic dimension, an additional intentional and affective layer warrants consideration. By analogy with the legal notion of *affectio societatis*, this may be conceptualized as *affectio familiae*, a term developed in the French literature by Tandeau de Marsac. It refers to the shared and deliberate commitment of family members to act as a family within the firm and to preserve a strong identificatory link between the two systems. While familiness denotes what the family generates within the firm (a largely implicit stock of resources), *affectio familiae* captures what the family seeks to enact within it (a consciously articulated relational and identity project).

The core of family firm psychological complexity lies precisely in the tension between these two dimensions—between inheritance and intention, resource endowment and purposive commitment.

An expanding body of research (2020–2025) has examined how emotions shape strategic decision-making and relational dynamics within family firms (De Massis et al., 2023; Mismetti, Rondi, & Bettinelli, 2023). As Sharma (2004) observed, the affective dimension had long been overlooked in earlier scholarship; this gap has been progressively addressed over the past two decades.

The Concept of Socioemotional Wealth (SEW)

Socioemotional wealth (SEW), introduced by Gómez-Mejía et al. (2007), refers to the set of non-economic benefits that family members derive from their firm, including the preservation of control, family identification with the business, the transmission of name and legacy, and the cultivation of familial and dynastic pride (Berrone et al., 2012; Holt & Bullock, 2024). The concept emerged from a simple observation: certain decisions made by family firm leaders appear irrational from a purely financial standpoint—for instance, rejecting a financially attractive acquisition offer or maintaining a risky strategy rather than relinquishing control. SEW provides a compelling interpretive framework: such decisions are not irrational per se, but instead reflect an emotional and identity-based logic that conventional financial analysis fails to capture.

To operationalize this construct, Berrone et al. (2012) developed the FIBER model, which decomposes SEW into five dimensions: Family control and influence over strategic decisions; Identification of family members with the firm; Binding social ties established through the business; Emotional attachment among family members; and Renewal of family bonds through dynastic succession. In this sense, while SEW constitutes the overarching theoretical construct, FIBER provides its primary measurement framework.

This model was further validated psychometrically in 2024, with a partial reconceptualization under the label FIRE (Naldi et al., 2024), which reorganizes certain dimensions while preserving the underlying logic of the construct.

The most compelling empirical demonstration of SEW's explanatory power remains the seminal study by Gómez-Mejía et al. (2007), based on a longitudinal dataset of 1,237 family-owned olive mills in Spain over a 54-year period (1944–1998). These firms faced a clear strategic choice: join a cooperative, thereby reducing economic risk but sharing control, or remain independent, preserving family autonomy at the cost of higher exposure to failure. The findings show that most families prioritized the preservation of SEW, even at the expense of increased economic risk. The study also indicates that this attachment is particularly pronounced among founders and tends to weaken across generations, as descendants are statistically less inclined to sacrifice financial performance in order to retain family control.

Positive and Negative Emotions: A Structural Coexistence

One of the most distinctive features of family firms is that positive and negative emotions are not temporally separated—as if one preceded or followed the other—but instead coexist in a permanent and structural manner, often within the same individuals and across the same situations.

On the constructive side, family firms are characterized by shared pride in a collective endeavor, a sense of mission transmitted across generations, and a form of collective resilience that non-family firms often struggle to replicate. Women, in particular, may play a central role in sustaining this affective cohesion by informally acting as “emotional leaders” within the family system (De Massis et al., 2023).

However, the very ties that foster cohesion may also become sources of paralysis. Sibling rivalries, unresolved childhood grievances projected onto professional relationships, and unarticulated expectations accumulated over time all contribute to latent tensions. When activated—often during succession processes or in times of family or business crisis—these tensions can hinder decision-making and, in more severe cases, accelerate organizational decline (Bettinelli et al., 2022; De Massis et al., 2023).

This ambivalence has direct implications for succession processes. Rather than unfolding along a linear and predictable path, succession in family firms is better understood as a continuous process of negotiation. A qualitative study of twelve family firms (Sallay et al., 2024) illustrates this dynamic: what is ultimately at stake in succession is less a transfer of power than an ongoing renegotiation of shared identity and the implicit rules governing family relationships. This perspective challenges traditional stage-based models of succession, which tend to portray the process as orderly and sequential, and instead calls for approaches that treat emotional complexity as a central feature rather than a peripheral variable.

Parental Emotional Support and Succession Intentions

Succession intentions, that is, an offspring’s willingness to take over the family firm, are central to research on intergenerational transfer. While prior studies have largely emphasized the successor’s technical skills and training, a recent large-scale study shifts the focus toward the affective dimension.

Lyons et al. (2024) analyzed data from 21,525 students drawn from the 2018 GUESSS survey, conducted across multiple countries and sectors. Their findings show that parental behavior exerts a significant and measurable influence on succession intentions: the more parents

express enthusiasm for the business and convey a positive vision of it, the more likely their children are to want to succeed them. More importantly, affective commitment to the firm emerges as by far the strongest predictor of this willingness, explaining it much more strongly than the successor's own entrepreneurial self-efficacy. This result invites a reconsideration of the hierarchy of factors typically invoked in succession preparation.

That said, one important nuance deserves attention. Holding parental support and affective commitment constant, a potential successor with very high self-efficacy—that is, strong confidence in their entrepreneurial ability—may be more likely to pursue the creation of a new venture than the takeover of the family business. Self-efficacy does not oppose succession, but it may redirect the most entrepreneurial profiles away from the family firm when their identification with the business is insufficiently strong.

For practitioners, these findings suggest that succession preparation cannot be limited to its technical or legal dimensions. Cultivating an authentic emotional attachment to the business—by transmitting its history, giving meaning to what has been built, and involving the successor gradually in its life—constitutes foundational work whose impact on succession intentions is empirically decisive.

Family Systems Theory

To understand the emotional dynamics at work in family firms, it is useful to rely on a framework that does not treat individuals in isolation, but as members of an interdependent relational system. This is precisely what family systems theory offers. Developed by psychiatrist Murray Bowen (1978) in a clinical context, it has since been adapted to the study of family firms.

Bowen conceives the family as a living emotional system in which each member is connected to the others through forces of attraction and repulsion. What happens between two individuals can never be entirely separated from what is happening within the group as a whole: tension between a father and his son, for example, affects how the mother, siblings, and even close employees position themselves and behave. Within this framework, two concepts deserve particular attention.

The first is **self-differentiation**: the capacity of an individual to maintain a distinct psychological identity while remaining emotionally connected to the family. A high level of differentiation enables individuals to take part in family discussions, including the most charged ones such as succession, without being overwhelmed by the emotions of the group. By contrast, low differentiation leads to role fusion: the person can no longer distinguish between what they feel as an individual and what the family system expects of them, making any succession-related negotiation especially conflictual.

The second is **triangulation**: when tension between two members of a system becomes too intense, a third actor is unconsciously drawn in to defuse it. This third party, whether a child, an employee, or sometimes even an external advisor, becomes caught in a relational game

that exceeds their own emotional capacity. In family firms, this mechanism is common and often invisible: a non-family employee may thus find themselves unwittingly at the center of a conflict between shareholders, without understanding its true origin.

Distelberg and Sorenson (2009) formalized the application of this theory to family firms by distinguishing three constantly interacting subsystems: the family subsystem (relations among family members), the business subsystem (the organization and its performance requirements), and the ownership subsystem (property and its transmission). Each follows its own logic and temporalities, and tensions arise precisely at the friction points between these three systems—for example, when a rational business decision clashes with an unresolved family dynamic, or when an ownership issue reopens an old relational wound.

For practitioners, this theory offers a useful interpretive lens: it suggests that succession conflicts should not be treated as individual or technical problems, but as visible manifestations of a broader emotional system, whose structure must be understood before any intervention is undertaken.

Resistance to Leader Departure: Effects on Succession Planning

Succession planning is often presented as a matter of governance: putting in place the right bodies, the right procedures, and the right advisors. While this view is not unfounded, it overlooks a human factor that can nullify its effects: the leader's resistance to stepping aside. Umans et al. (2020) studied 225 Belgian family firms to assess the effect of governance practices on succession planning. Their findings show that board involvement has a positive impact on succession planning, but only under one rarely stated condition: the leader must themselves be willing to contemplate withdrawal. When this is not the case, the board's effect all but disappears. More precisely, once a leader crosses a certain threshold of withdrawal resistance, no governance structure is able to move succession planning forward. This situation concerns nearly one-third of the firms in the study (30.2%), making it a common phenomenon rather than an exception.

To understand why, one must consider what stepping down represents for a founder-leader. Kets de Vries (2003) has documented this well: leaving the leadership of a family firm often means confronting, at the same time, the fear of retirement, the loss of social status, and sometimes a deeper anxiety linked to one's own finitude. These emotions, grounded in what Wrosch et al. (2003) describe as difficulty disengaging from goals that have become part of one's identity, do not simply reflect a lack of will. Rather, they signal a perceived threat to the person's very identity. When they become intense enough, they permeate the organizational system as a whole and make any discussion of succession emotionally intolerable for the leader.

For practitioners, the implication is direct: working on governance without simultaneously addressing the psychology of the incumbent is to treat the symptoms without addressing the

cause. Supporting the leader through this process of identity loss is a prerequisite, not an optional addition, to any effective succession process.

Emotional Dissonance

In any professional relationship, there is a greater or lesser gap between what a person feels internally and what they choose, or feel compelled, to express. Hochschild (1983) termed this phenomenon emotional dissonance. In family firms, and especially during succession, this gap can become a major source of conflict.

Yezza, Chabaud, and Calabrò (2021) conducted a four-year longitudinal study within a Tunisian family firm, closely tracking the dynamics between a predecessor and a successor. Their observations reveal a seemingly simple mechanism with profound consequences: when the successor cannot freely express frustration, doubt, or anger, whether out of family loyalty, respect for cultural norms, or fear of repercussions, the predecessor fails to perceive their true state. Not seeing signs of tension, the predecessor does not adjust their behavior. Misunderstandings accumulate, resentment solidifies, and what could have been resolved through direct conversation becomes, over time, a conflict that is difficult to unravel.

The same study also offers a more nuanced insight: emotions are not only obstacles to succession, they can also act as catalysts. In the case studied, the predecessor's illness and subsequent death mobilized the family's collective empathy, eased accumulated tensions, and enabled the successor to fully take their place. This finding resonates with Shepherd's (2003) work on grief as an emotional turning point: certain painful ruptures can paradoxically create the conditions for a transition that ordinary circumstances would not have allowed.

The Duality of Risk: SEW and Strategic Prudence

Family firms are commonly regarded as prudent and risk-averse, committed to preserving a multi-generational legacy. The work of Gómez-Mejía et al. (2007) substantially qualifies this characterization.

Their findings reveal that family firms do not avoid risk uniformly: they willingly accept it when necessary to preserve socioemotional wealth (SEW), even at the cost of significantly higher failure probabilities compared to less autonomous structures like cooperatives. Conversely, they shun risk when it threatens their control or identity, even amid financial underperformance. This asymmetry defines their risk orientation—not aversion per se, but selectivity driven by emotional and identificatory priorities.

This behavior is explained by prospect theory (Kahneman & Tversky, 1979), which posits that individuals evaluate decisions not in absolute terms, but relative to a reference point. For a family leadership, this reference point is SEW. Any decision that endangers it—opening the capital to external investors, appointing a non-family CEO, or merging with a competitor—is experienced as a loss, regardless of its objective financial merits. Prospect theory demonstrates that the psychological weight of such a loss far outweighs an equivalent gain.

For practitioners, this reality carries a key methodological implication: presenting a strategic option in terms of financial gains will fail if it is perceived as a threat to family control. The

emotional dimension must first be identified, articulated, and addressed—often before engaging the technical or legal aspects of the decision.

Limitations and Future Research Directions

This report has several limitations that must be acknowledged. As a narrative synthesis, it does not claim the exhaustiveness of a systematic meta-analysis: sources were selected based on methodological rigor and impact, but other relevant works may have been excluded. Moreover, most studies draw from Western contexts or isolated non-Western cases, limiting the generalizability of findings.

The empirical measurement of concepts such as socioemotional wealth (SEW) or *familiness* remains debated in the literature, with operationalizations varying across authors. Finally, much of the evidence on intervention effectiveness relies on modest sample sizes or case studies, warranting caution in extrapolation.

These limitations open promising avenues for future research. Large-scale longitudinal studies could better assess the long-term impact of emotional interventions on transmission sustainability. Greater focus on non-Western cultural contexts would enrich current intervention frameworks. Developing standardized emotional intelligence measurement tools tailored to family firms would also advance practitioner applications. Finally, formalizing *affectio familiae*—the deliberate intent to act as family within the firm—as a standalone analytical concept could complement and enhance the *familiness* framework.

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