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Multi-Family Businesses — An Exploratory Study of Trust and Intergroup Relations

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MULTI-FAMILY BUSINESSES – AN EXPLORATORY STUDY OF TRUST AND
INTERGROUP RELATIONS

by

Jerry Kudlats

A Dissertation

Presented in Partial Fulfillment of the Requirements for the
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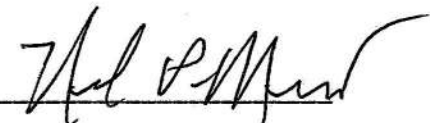
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This dissertation is the culmination of a journey that started in the summer of 2008, when my wife noticed a newspaper article announcing that Kennesaw State University was beginning a Doctor of Business Administration program. For the next 3+ years, it has been a tremendous rollercoaster ride with plenty of “ups” as well as a few “downs.”

The idea of this dissertation came right at the beginning of the program. For over half of my business career, I was involved in a family business that included my mother, father, sister, brother-in-law and my wife (some of the time). In May, 2009, I attended the reception for the Cox Family Enterprise Center’s Georgia Family Businesses of the Year awards. The company that won in the large category award was a multi-family business. I thought to myself, “I know the trials and tribulations that I went through with one family to deal with, and we are a very close-knit family.” I could only imagine what these families were dealing with, having to deal with their own family dynamic, as well as having to deal with the ‘other’ family and its dynamic. Within a few days, I approached Dr. Torsten Pieper and Dr. Joseph Astrachan, both of the Cox Family Enterprise center at Kennesaw State University and asked a simple question. Can studying multi-family businesses be a topic for my dissertation? The manuscript that follows is the obvious answer.

There are many people I need to thank that either helped with, contributed to, or supported me through, this journey. Let me first acknowledge my dissertation committee. My chair, Dr. Torsten Pieper and the second member, Dr. Joseph Astrachan. Torsten, it has been an absolute pleasure to have worked under your supervision. You held me accountable and wouldn’t let my natural instinct of ‘cutting corners’ take hold of this dissertation. You have guided me through this process, forcing me to think and find solutions. Your friendship is very much appreciated and I can only hope that I can be half the scholar that you are. Joe, I really don’t know how lucky I am to have such an accomplished scholar help me and guide me through this process. Your knowledge in the field of family business is second to none and I am so grateful to be able to call you a friend. Thank you both.

Dr. Hair, your vision to put this program together provided me a path to take these past few years. Your continued support to me, to my cohort 1 colleagues, and to the DBA program is unparalleled. Thank you.

I would also like to thank my cohort 1 colleagues for your support and friendship. The wealth of knowledge and experience in our classroom made our class discussions truly enjoyable. Vijay, 38 years ago, we were together acquiring our MBA’s at Western – who would have thought that we would be together again, in a DBA class, 1,000 miles away from London, Ontario? Thank you cohort 1!

To my sister Francie, a BIG thank you for your help in the transcription of my interviews. Not only were you able to save me a considerable expense to have these interviews transcribed, you also provided me with ideas and comments as they pertained to this study.

Finally, my biggest thank you goes to my wife and best friend, Pam. She has supported me throughout this process, never doubting my will or ability to finish. She has made me a better person and all that I can say is, "I love you."

ABSTRACT

Multi-family businesses represent a rare phenomenon in the family business environment. With limited research to draw upon and intergroup theory suggesting multiple families that are in business together should be in constant conflict, this dissertation sets out to examine *why* some multi-family businesses are able to avoid or manage intergroup conflicts, and *how* multi-family businesses can work harmoniously. Utilizing a qualitative, grounded theory-influenced approach, the thesis develops a theoretical understanding that started with the data and then intertwined the empirically derived observations with the extant literature to formulate a model focusing on trust within and between families. The dissertation is structured as follows. First, the introduction will define multi-family businesses and explain the reason for this dissertation as well as highlighting the contributions of the dissertation. Second, a review of the literature will examine family business literature, intergroup related literature and trust literature. Third, a detailed explanation is given for the methodology that was used and also how it was used. Fourth, the results are presented by means of a model that emerged from the data with quotations from the data supporting the model presented. Fifth, a discussion is presented comparing and contrasting the results of this dissertation to extant research in the areas of family business, intergroup relations and trust. Limitations of this thesis, future research implications as well as some practical applications of this dissertation are also discussed. Lastly, a concluding section briefly

recaps this dissertation and its contributions to the areas of family business, intergroup relations and trust.

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INTRODUCTION

Extant family business research has primarily studied businesses influenced by a single family. For purposes of this dissertation, a single family is defined as a family whose members are *all* related through a common bloodline or through the bond of marriage or adoption. Reviewing the nine top-cited articles in the *Family Business Review* journal from 1999 to 2010, all nine articles viewed family businesses in the context of a single-family business (see Appendix A), mostly examining either first generation businesses (founder controlled) or multigenerational businesses (three generations or longer (Pieper, 2007)), sometimes referred to as cousin consortiums (Lansberg, 1999).

Multi-family businesses are defined as those family businesses that are owned and/or managed by two or more families that are neither related by blood nor marriage. For example, Mr. Jones and Mr. Smith are friends or acquaintances and form a company. Subsequently, various family members from both families join the business in a management and/or ownership capacity. At that point in time, the business can be considered a multi-family business. Two prominent companies that fall under this definition are Miele (German appliance manufacturer) consisting of the Miele and Zinkann families and Amway (consumer products direct selling company in the US) consisting of the Van Andel and DeVos families.

While a first generation business could contain more than one family (by means of in-laws), it is more likely that multigenerational businesses will contain multiple families, due to marriage and sibling growth. “Family companies tend to become more complex in later generations as the family tree branches out and the business expands.” (Lansberg, 1999, p. 3). In both the first generation business and the multigenerational business there is a common bond of bloodline or marriage. That is, every family member involved in the business is related to one another either through a blood relationship or through the bond of marriage. This common bond (Tagiuri & Davis, 1996) will exist in multi-family businesses as well, but *within* each family, not *between* each family, thereby differentiating single-family business from multi-family business representing the focus of this research.

Little is known about multi-family businesses and multi-family businesses represent a rare phenomenon within the family business context. Since 2006, Family Business Magazine, one of the leading popular family business publications, has only featured one multi-family business. Additionally, only three multi-family businesses were identified in the state of Georgia. Further, until now, there has been limited academic research on multi-family businesses to draw on. In fact, in May, 2011, Family Business Review published an article by Pagliarussi and Rapozo (2011) that dealt with a multi-family business. The article was not focused on studying a multi-family business. The focus of the dissertation was to examine agency relationships in an institutionalized setting (country of Brazil) and the authors used a multi-family business in Brazil to conduct their case study. Given the scarcity of multi-family businesses, it is important to

study them as they can provide insights to single-family multi-generational or multi-branch businesses as will be shown in a later section.

This gap in knowledge is problematic because multi-family businesses face unique issues that can be both advantageous and disadvantageous. First and foremost, multi-family businesses lack the common bond (Tagiuri & Davis, 1996) described above. A single-family business typically contains individuals of the same family who tend to share the same values and possess a common understanding that keep the family members working towards the same set of goals (Distelberg & Sorenson, 2009). “Relatives who work together share a sense of identity.” (Tagiuri & Davis, 1996, p. 202). Tagiuri and Davis (1996) continue by suggesting that blood relatives have a common history and share experiences that can last a lifetime. These shared experiences and common histories can assist in positively enhancing the relationships between individual family members. Families in a multi-family business can have a common history and share a lifetime of experiences as well. For example, the founding families of Amway have known one another long before they went into business together. Hence, the two families have been linked by a common history and shared experiences, although they are not related to each other. Both the Amway company and the Miele company have been extraordinarily successful due, in part, to the quality of the their family relationships (Amway, 2012).

The successfulness of Amway and Miele is quite surprising from an intergroup theoretical perspective. Intergroup theory, which is predominantly concerned with studying conflicts (Tajfel, 1982a, 1982b) between in-groups (‘us’) and out-groups (‘them’), would suggest that whenever two or more groups come together, one will try to

overpower the other to either gain control or acquire an advantage over the other, which inevitably results in conflict (Caddick, 1982; Tajfel & Turner, 1979). Therefore, according to intergroup theory, multi-family businesses should be ridden by conflicts that may harm the owning families, and the business as well. This dissertation sets out to examine *why* some multi-family businesses are able to avoid or manage intergroup conflicts, and *how* multi-family businesses can work in a harmonious fashion.

Researchers in the field of family business generally agree that family involvement in the business makes family business unique (Chua, Chrisman, & Sharma, 1999). Families can bring tangible resources to the family business, such as financial capital or human capital, which may ultimately result in a competitive advantage (Cabrera-Suárez, De Saa-Perez, & García-Almeida, 2001; Habbershon & Williams, 1999). Apart from tangible resources, families can also bring intangible resources to the business. An important intangible resource is social capital, which is defined as “...the sum of the actual and potential resources embedded within, available through, and derived from the network of relationships by an individual or social unit.” (Nahapiet & Ghoshal, 1998, p. 243). In particular, the social capital developed by family members within a family business is called family social capital (Arregle, Hitt, Sirmon, & Very, 2007).

There are several factors that can impact family social capital, but one in particular is trust (Pearson & Carr, 2011). For purposes of this dissertation, trust is defined as “An expectancy held by an individual that the behavior (verbal or nonverbal) of another individual or group of individuals would be altruistic and personally beneficial to himself” (Frost, Stimpson, & Maughan, 1978, p. 104). Resilient trust (Molm, Schaefer,

& Collett, 2009) is a lasting trust that emerges from personal relationships rather than contractual relations. Resilient trust can have a substantial impact on a family firm's social capital (Pearson & Carr, 2011), ultimately leading to a competitive advantage for the firm. Alternatively, if a firm's social capital is affected by the family's social capital as suggested by Arregle et al. (2007), then potentially negative effects from dysfunctional families (such as family conflicts stemming from distrust) could endanger the firm's social capital with little or no remedies (Arregle et al., 2007). Hence, the amount of trust (or distrust) within a family can impact the social capital of the family firm. The exploration of multi-family businesses in this dissertation will present additional evidence as to the impact of trust in family business. Based on the methodological approach taken in this dissertation, trust crystallized as a focal point of the findings of this dissertation.

Family businesses are important contributors to the US economy in terms of contribution to Gross Domestic Product (GDP), the percentage of the workforce employed and the percentage of the new jobs created (Astrachan & Shanker, 2003). Internationally, family businesses represent the majority of all businesses (IFERA, 2003). Family businesses are also key to the social cohesion and stability of many communities (Niehm, Swinney, & Miller, 2008). However, over seventy percent of family businesses do not survive in the family beyond the first generation (Beckhard & Dyer Jr, 1983; Kets de Vries, 1993). Given the prevalence of family businesses combined with their low likelihood of survival, understanding the characteristics leading to sustainable family enterprise in multi-family businesses might contribute valuable insights to family business in general (such as role conflict, succession and trust) and ultimately to the

economy as a whole. Focusing on multi-family businesses provides a setting that allows for the examination of various psychological, sociological, and behavioral contexts.

This dissertation also contributes to the intergroup literature. While the majority of intergroup studies have been conducted by means of laboratory experiments (Dru, 2006) allowing researchers control over the environment, this dissertation contributes to the current research by utilizing a naturally occurring context (Golafshani, 2003), which is the real-world setting of each multi-family business. This naturalistic background allows individuals to participate in a familiar setting, allowing them to be as forthcoming as they wish. Further, the focus of this thesis is on families, which represent a particular type of group in that family members share a joint history and common upbringing (Tagiuri & Davis, 1996). This dissertation contributes a distinctive outlook to the intergroup literature by observing how families interact with one another in a family business setting that could potentially be a breeding ground for conflict (Dyer, 1986; Kaye, 1991; Lansberg, 1999).

Since there is no prior research or theory on multi-family businesses, I decided to explore this phenomenon by utilizing an inductive, theory-building approach informed by grounded theory (Glaser & Strauss, 1967). There are two reasons for the choice of this approach. First, as this dissertation is exploratory in nature, asking “how” and “why” questions as opposed to “what” or “how many” questions (Pratt, 2009); an inductive approach will allow development of a theoretical understanding of the intergroup dynamics underlying multi-family businesses, by analyzing data obtained from interviews along with observations made (Glaser & Strauss, 1967; Pratt, 2009). Second, as the number of multi-family businesses is relatively small, the ability to gain a

significant sample size required for a quantitative approach would be extremely difficult, if not impossible.

The remainder of this dissertation is structured as follows. The literature review examines the extant literature pertaining to groups, families as groups, family business families, intergroup behavior and conflict management/resolution, trust, and trust as it relates to intergroup behavior and family business. The literature review also briefly outlines multi-family business as it relates to the intergroup framework. The methodology section explains the procedure that was utilized for this thesis, along with a justification of why this procedure was chosen, the specific approach and how it was used, followed by an explanation of the data collection, resultant sample, and data analysis. The results chapter presents the theoretical model that emerged from the data analysis and substantiates the contents of this model through quotations from the interviewees and interpretations by the researcher. The final chapter contains a discussion linking the results of the dissertation to extant literature followed by the limitations of the dissertation, suggestions for future research, and practical implications for family business stakeholders. A brief conclusion summarizing this study completes the dissertation.

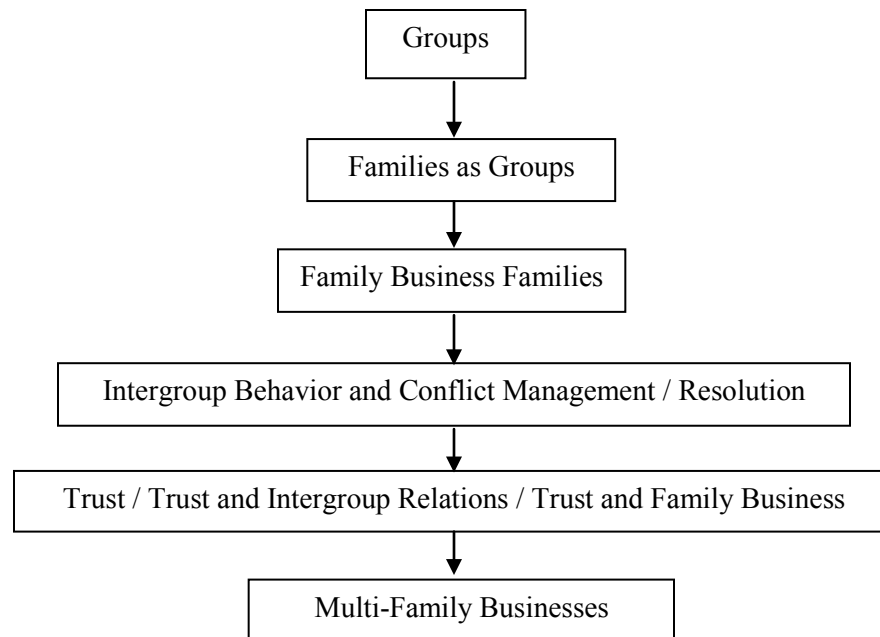
LITERATURE REVIEW

Before proceeding, a brief explanation is in order concerning the use of literature in grounded theory influenced research in general, and this study in particular.

Traditionally, grounded theory does not advocate a thorough review of the literature prior to the collection of data, but instead encourages reviewing the literature after concepts have emerged from the data (Glaser, 1992). For structural purposes of this dissertation, the literature review is presented before the results, with the understanding that the general body of intergroup literature was reviewed prior to collecting and analyzing the data. This process is supported amongst more recent grounded theory researchers (Dick, 2005; Suddaby, 2006). Once the categories started to form, and the theoretical framework gradually emerged, an in-depth review of the literature was performed to compare the emergent theoretical evidence to extant literature, focusing on theories of intergroup relations and trust (the core category) in particular. Despite the fact that I had a general understanding of the intergroup literature, I tried to maintain an open mind as much as possible and let the data tell the story and lead to the resultant theoretical framework.

It is now appropriate to define and explain some fundamental concepts contained in this dissertation. The figure below visualizes the procedure used to develop the literature review.

Figure 1

Literature Review Model

Source: Own

The review starts with groups in general, define their key characteristics, and introduce families as a particular type of group along with the key characteristics differentiating families from other groups. I then discuss family business families and discuss the impact of the business on the family and also the impact of the family on the business. Next, I examine intergroup theory, focusing on its view of the sources and dynamics of conflict and the management/resolution of conflict. A section on trust, trust and intergroup relations, and trust and family business follows. Lastly, a brief section on multi-family businesses completes this chapter.

2.1 Groups

There are numerous definitions of what constitutes a group (Cartwright & Zander, 1968), and an in-depth review of the concept is beyond the scope of this dissertation. However, the following definition by Alderfer (1983) was chosen for its simplicity, as well as the fact that its components also pertain to a “family” group, which represents the focus of this thesis. Alderfer (1983, p. 39) identifies a group as a collection of individuals:

- ❖ Who have significantly interdependent relations with each other;
- ❖ Who perceive themselves as being able to distinguish themselves between members and non-members;
- ❖ Whose group identity is recognized by non-members; and
- ❖ Whose roles in the group are a function of expectations of themselves.

Past studies (McGrath, Arrow, & Berdahl, 2000) suggest groups are simple, static entities that do not change over time. However, the current thought is that groups are complex, adaptive and dynamic systems. Groups interact with smaller systems (i.e., the members) embedded within them and larger systems (e.g., organizations, communities) within which they are embedded. Groups develop as systems over time and are constantly adapting as conditions change. (McGrath et al., 2000, p. 98).

Following this very brief explanation of groups, I next identify the family as a specific type of group (Walters, 1982).

2.2 Family as a Group

According to Tallman (1970), the American family is typically considered a small group (as opposed to large groups such as organizations or societies). In examining the typical North American family, one can see the similarities to the group dynamics mentioned above. Family members have significantly interdependent relationships with one another. For example, young children are dependent upon their parents for nurturing, while spouses are dependent upon each other for support (financial, moral, psychological, etc.). Family members can easily distinguish themselves from other family members, and non-family members in particular. Each family member is physically unique to other family members. The family group identity is recognizable by non-family (other group) members. Each family has unique characteristics both physically and behaviorally. Lastly, the role of each family member is a function and expectation of her/himself. For example, the nurturing of a child is both an expectation and a function of the role of a parent (Collins, Maccoby, Steinberg, Hetherington, & Bornstein, 2000).

There are, however, several characteristics that differentiate the family group from other groups, especially long-term ad hoc groups (Walters, 1982). Foremost is the biological aspect of the family. Whereas in any group where one is almost always free to leave that group and join another group, in a family, the individual member likely will always be a member of the family group. There are two exceptions to this general rule. First, a family member can disown him-/herself from the family group or be disowned from the family group (although the member is still biologically a member). Second, a family member's physical presence in the family group ends with his/her death. Walters

(1982, p. 845-847) lists three other characteristics that differentiate families from other groups:

- ❖ Mate selection (by choosing a mate, the formation of the group then becomes non-random and therefore differentiates itself from an ad-hoc group);
- ❖ Commitment and attachment (within a family group, there is an inferred intent to maintain a relationship as well as an intent to bond to other members that is innately not present in an ad-hoc group);
- ❖ Prospect of future interaction (the probability of a long-term relationship within the family, thereby leading to future interaction, is much more dominant within a family group than an ad-hoc group).

In describing families as systems, Cox and Paley (1997, p. 246) suggest that families are an organized whole with interdependent components and a hierarchical structure. The approach of seeing families as an organized whole with interdependent components stems from systems theory and the underlying idea that the whole is greater than the sum of its parts and has properties that cannot be understood by simply combining the characteristics of each part (Cox & Paley, 1997). The hierarchical structure implies there are systems (e.g., a family) comprised of smaller subsystems (e.g., parents and siblings) rooted in a larger system (e.g. the community). The systems approach to family also calls for self-stabilization and self-organization (Cox & Paley, 1997). Simply put, a family is able to adapt to a changing environment, while reorganizing its system to meet the needs of those changes. For example, if there is a birth or a death in the family, the systemic approach taken by the authors suggests that

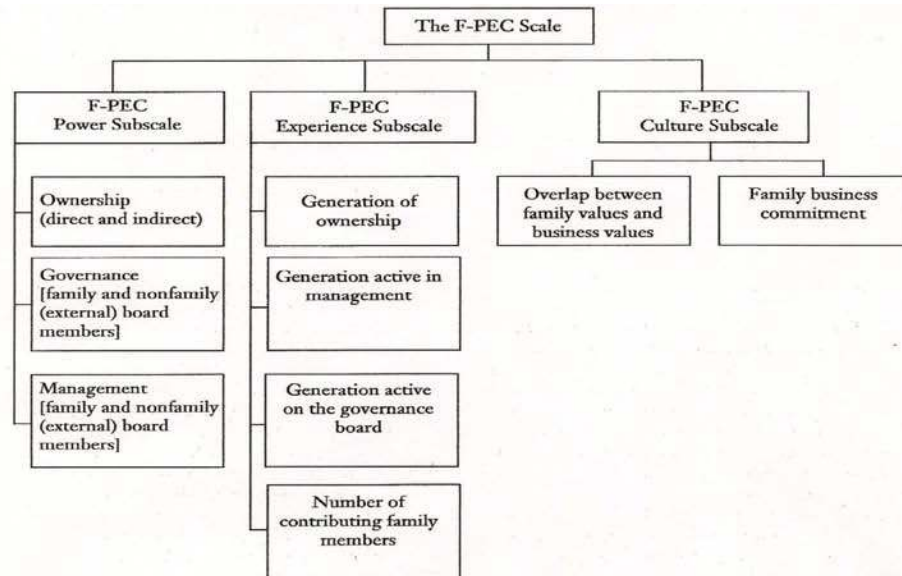
the family will adapt and change as a result of that event. “Such an approach points to the multiple levels of influence within families, the circular causality of levels of the system, and the dynamic qualities of families.” (Cox & Paley, 1997, p. 261). Given the degree of interaction between the family and the business within family businesses, the ability to self-stabilize and self-organize provides a positive outlook to this interaction.

In addition, families are considered to be a primary group (Litwak & Szelenyi, 1969). A primary group is characterized by face-to-face interactions and enduring personal relationships. In contrast, a secondary group is a group one chooses to be a part of, based on interests and activities and is less interpersonal than a primary group. The next section focuses on the interaction of family and business.

2.3 Family Business Families - Family influence on the business and business influence on the family

This relationship of family and business is what sets family businesses apart from their non-family counterparts (Aldrich & Cliff, 2003; Chua et al., 1999; Sundaramurthy & Kreiner, 2008). To further understand and interpret the relationship between family and business, Astrachan, Klein, and Smyrnios (2002) developed the F-PEC scale of family influence. Figure 2 shows the F-PEC scale and its three subscales.

Figure 2

F-PEC Scale

Source: Astrachan, et al. (2002. p.52)

The F-PEC scale is a continuous scale that measures the influence that a family has on a business through the use of three subscales:

- ❖ Power – dimensionally represented by ownership, governance and management;
- ❖ Experience – dimensionally represented by the generation of ownership, generation active in management and governance board, and the number of family members contributing to the business;
- ❖ Culture – dimensionally represented by the overlap of family values and business values as well as the family’s commitment to the business.

The F-PEC scale has been validated empirically (Holt, Rutherford, & Kuratko, 2010; Klein, Astrachan, & Smyrniotis, 2005; Rutherford, Kuratko, & Holt, 2008). Not only does the scale measure the amount of overall family influence on a business, the

scale also incorporates the elements of family involvement (power) as well as the experience aspect and cultural component, generating a tool that can be used to study the many definitions of family businesses. Further, the F-PEC scale can be used as an independent variable, a dependent variable, as well as either a moderating or mediating variable (Astrachan et al., 2002).

Just as a family can influence the business, owning and operating a business can considerably influence family dynamics (both positively and negatively). For example, a study of Australian and American family businesses found that work strain (as defined by business dissatisfaction, interrole conflict and after-hours work) had a significant direct effect on work-to-household conflict (Smyrnios, Romano, Tanewski, Karofsky, & et al., 2003). The study also showed that the more cohesive a family unit was, the more likely that the family members could handle the work-family conflict.

Because of the effect of the business on the family, normal family development phases typically get postponed in family business (Lansberg, 1992). Autonomy issues, such as children gaining their independence, are often prolonged, allowing for conflicts between parent and child to be carried on much later in life than normal. In some cases, Kaye (1996) points to a prisoner effect where the attachment to the business may be so strong that it becomes an obligation to stay. Kaye (1996) goes as far as to suggest that some business-owning parents purposely nurture this attachment so that their children not only remain in the business, but actually remain geographically close to the family as well. Children in these families tend to struggle with their identity (Lansberg, 1992) and the question whether to see themselves as the person they are or as the son/daughter of their parents.

Sundaramurthy and Kreiner (2008) discuss the business-family relationship in terms of a continuum between total segmentation of the two identities (i.e., business and family) on one end and total integration on the other. The middle ground is a term the authors call “differential permeability” (p. 421). With advantages and disadvantages associated with both extremes, the differential permeability approach allows the family business to pick its spot along this continuum as it pertains to the different dimensions of the business (such as personnel policies and governance policies). For example, a business’s personnel policies could be located towards the segmented end of the continuum, while the governance policies could be located towards the integrated end of the continuum. The question the authors then pose is, “...what combination of dimensions adds the most value?” (p. 431). The value referred to is both the business and the family value. Unfortunately, there is not a universal answer to that question. Every family business possesses a different combination of dimensions depending on the values and goals of both family and business (Sundaramurthy & Kreiner, 2008).

Sundaramurthy and Kreiner (2008) use boundary theory to examine the interface of the family and business identities. This theory allows managing family and business identities, thereby determining how much or how little the two identities interface with each other. By focusing on the total segmentation and/or integration of the family and the business, Sundaramurthy and Kreiner (2008) are able to examine a mutual influence of family and business. It is important to acknowledge this business-family relationship within the multi-family business environment because not only does each family have to balance this business-family relationship within their own family, each family must do so

such that the relationship between each family is minimally affected so as to reduce the potential for conflicts.

While determining the optimum balance between segmentation and integration can be difficult, the existence of multiple family identities appears to have a moderating effect on the family-business relationship as well (Sundaramurthy & Kreiner, 2008). To avoid confusion with respect to the multi-family study at hand, it must be stated here that multiple family identities referred to by Sundaramurthy and Kreiner (2008) are multiple identities that one family may take on and not identities relating to multiple families in a business. For example, the authors suggest that with each additional generation, a new and different identity may emerge. Also, different identities may emerge due to the changing political, social or economic strengths of those individuals involved in the business. Thus, in a multi-family business setting with additional generations from multiple families possible, numerous conflicting identities could emerge that could require additional management and control. The next section will explore intergroup behavior and conflict management / resolution.

2.4 Intergroup Behavior and Conflict Management / Resolution

2.4.1 Intergroup Behavior

“Whenever individuals belonging to one group interact, collectively or individually, with another group or its members in terms of their group identification, we have an instance of intergroup behavior” (Sherif, 1966, p. 12). The predominant theory that relates group identification to intergroup relations is social identity theory (Tajfel, 1978). Social identity theory is comprised of four elements (Tajfel, 1978, p. 61):

- ❖ Categorization – individuals put themselves or others into different categories;
- ❖ Identification – individuals associate with different groups for self esteem;
- ❖ Comparison – individuals compare their group with other groups, seeing a positive bias toward their own group, i.e., the “in-group”;
- ❖ Psychological distinctiveness – individuals desire their identity to be both distinct from other groups as well as compared to other groups in a positive manner.

Social identity theory argues that individuals tend to define themselves in terms of the groups to which they belong (Tajfel, 1978). More specifically, individuals tend to develop a positive self-concept by making comparative evaluations between groups. As social identities define and evaluate who one is and how one should think, feel, and act, individuals have a strong desire to feel that their group is superior to other groups (Tajfel, 1978). In-group members could then develop conflicting relationships with out-group members, in order to enhance their positively valued social identities. Social identity theory is thus concerned with both the sociological and psychological aspects of group behavior (Tajfel, 1978).

Intergroup theory literature is predominantly concerned with investigating conflict (Tajfel, 1982a, 1982b) between in-groups (‘us’) and out-groups (‘them’), with four types of conflict (Coleman & Deutsch, 2000) being dominant. The four types of conflict suggested by Coleman and Deutsch (2000) are 1. economic conflict, 2. value conflict, 3. power conflict and 4. needs conflict. Economic conflict involves competition over scarce resources. Typically, resources are finite (or in short supply) and groups strategize to gain their fair share of the resource (which is seen as unfair by the other group), and in doing

so frustrate the other group. Value conflict deals with differences in what groups believe in, ranging from minor variances in preferences or principles, to major differences in ideologies or way of life. Power conflict occurs when each group wishes to maximize its influence and control in the relationship with the other, forming a struggle for dominance. Lastly, needs conflict relates to the differences around the degree to which the basic human needs of groups, and the individuals within the groups, are being frustrated or satisfied. Furthermore, being a member of the in-group automatically provides a bias towards that group (Tajfel & Turner, 1979), subsequently setting up the potential for conflict (Ongur, 2010). Bias can be in the form of behavior (discrimination), attitude (prejudice) or cognition (stereotyping) (Hewstone, Rubin, & Willis, 2002).

In intergroup contexts, individuals are generally portrayed to behave in ways that are aimed at gaining or maintaining a relative advantage for their group over other groups in terms of status, resources or prestige (Hogg & Abrams, 2001). Groups and their members tend to compete over resources that can be psychological (e.g., status) and/or material (e.g., money) in nature. Groups also struggle to have power to influence another group, and intergroup contexts impact the way in which influence operates within groups (Hogg & Abrams, 2001). Lastly, intergroup attitudes are also affected by the environment in which intergroup relations exist (Hogg, 2006). For example, a racist attitude may take on different forms depending upon whether the environment inhibits racism or permits racism.

2.4.2 Conflict Management / Resolution

The intergroup literature suggests that intergroup conflict lies in three elements: incompatibilities, behaviors, and sentiments (Fisher, 2006). As stated earlier, according to Fisher (2006) some of the incompatibilities that may give rise to conflict are economic conflict, power conflict, value conflict and needs conflict. The behavior element deals with how the groups choose to deal with the incompatibilities. For example, does one group try to force its norms and beliefs on the other group or do the groups obtain respect for one another and collaborate? The sentiment element is fuelled by emotions. For example, if one group tries to exert pressure on another group, the group being pressured is likely to feel antagonized by the other group. To summarize, a look at the following example shall provide additional clarity. Two company divisions are fighting for capital to expand their operations (incompatibility). One division undermines the other by spreading rumors that are detrimental to the other group (behavior). The division that was undermined is understandably upset and dismayed (sentiment).

According to DeDreu and Van Vianem (2001, p. 312) there are five strategies that can contribute to the management of conflict. Even though DeDreu and Van Vianem (2001) utilize these strategies in the context of interpersonal conflicts, they can also be applied to intergroup conflicts (Bizman & Yinon, 2004). The five strategies are as follows:

- ❖ Avoiding – This strategy attempts to ignore the conflict completely;
- ❖ Contending – also known as competing. This strategy is an attempt by an individual to impose their will and perspectives on others;

- ❖ **Compromising** – This strategy tries to satisfy all parties in a dispute through compromises. Neither party's needs are fully satisfied;
- ❖ **Collaborating** – This strategy involves individuals trying to work out a mutually acceptable solution to their problem, thereby fully satisfying the needs of all parties;
- ❖ **Third-party intervention** – This strategy employs an outsider to assist in resolving the conflict. Mediation, arbitration and consultation are forms of third-party intervention. Generally speaking, both mediation and arbitration are binding solutions and take control of the conflict out of the hands of the conflicting parties, while consultation is voluntary and leaves control in the hands of the conflicting parties.

These five strategies have also been employed in a family business context even though family businesses are usually considered more complex and have more conflict-related issues (Kellermanns & Eddleston, 2004; Kellermanns & Eddleston, 2006; Sorenson, 1999). For example, Kellermanns and Eddleston (2006) suggest that avoidance may create positive short-term effects but those effects are not likely to continue in the long-term. Instead a more effective strategy in the long term would be through collaboration and compromise (Sorenson, 1999). Fisher (2006, p. 189) states, "As distinct from conflict management, mitigation, or amelioration, conflict resolution involves a transformation of the relationship and situation such that solutions developed by the parties are sustainable and self-correcting in the long term." There are several

mechanisms that can help resolve, reduce, or possibly even eliminate some of the tensions and conflicts within an intergroup environment.

A long accepted hypothesis of intergroup behavior is that an external threat draws group members together and increases group cohesiveness (Staw, Sandelands, & Dutton, 1981; Thompson & Rapkin, 1981; Turner, 1972). An external threat is defined as “an environmental event that has impending negative or harmful consequences for the entity” (Staw et al., 1981, p. 502). The two predominant forms of threat in intergroup behavior are realistic and symbolic threats (Stephan & Renfro, 2003). Realistic threats include any threats to the welfare of the group or its members. An example of the group’s welfare can be the group’s political or economic power, or its physical wellbeing. Symbolic threats are threats to the group’s value system, belief system or worldview. Where realistic threats consider the tangible needs of the group (such as land, power), symbolic threats deal with the intangible values of the group.

Threats can have a large range of consequences, which can be classified as psychological or behavioral (Leung & Stephan, 1998). Examples of psychological consequences can be emotional reactions such as fear, anger, resentment or helplessness. Behavioral responses to threat might include withdrawal, submission, negotiation, retaliation or other forms of open intergroup conflict (Stephan & Renfro, 2003). All of these consequences can directly impact the intergroup relationship. In summary, when faced with an outside threat, group members will generally become less concerned with individual achievements and direct their efforts towards the group as a whole, ensuring group survival (Rothgerber, 1997).

Richter et al. (2004) studied the relationship (interplay) of groups and organizational identification as well as the effectiveness¹ of those groups. The more individuals identified with their organization, the less conflict their group developed with the group they worked with most closely. A strong organizational identification makes the organization as a work group more prominent, with the optimal balance between work group and organizational identification being crucial for effective intergroup relations (Richter, Scully, & West, 2005). Examination of collective identities at the organization level is shown to have the following characteristics: collective identities are central (i.e., have fundamental attributes), distinctive (i.e., answer the question of “who are we?”) and enduring (i.e., last over time) (Pratt, 2003; Pratt & Foreman, 2000; Reay, 2009).

Not only can groups come together because they *have* to (e.g. by reacting to an external threat), they can also come together because they *want* to (e.g. by feeling mutual attraction). Coming together is accomplished by cooperation between the groups. Although much of the intergroup literature deals with conflicts between groups, the literature also addresses cooperation between groups (Gaertner, Mann, Dovidio, Murrell, & Pomare, 1990; Tajfel, 1982b). Tajfel (1982, p. 28) states, “Intergroup cooperation leads, as might be expected, to less discrimination than intergroup competition.” In other words, if there is no competitive conflict, there are no other criteria left to perpetuate a division into two groups. Gaertner et al. (1990, p. 693) propose that intergroup cooperation “induces the members to conceive of themselves as one (superordinate)

¹ Effectiveness was essentially measured by combining several scales that measured the amount of conflict between the groups as well as the productivity of the group dyad. The reader may refer to Richter et al (2004) and Richter et al (2005) for a more detailed explanation.

group rather than as two separate groups...” Kramer and Brewer (1984) equate the superordinate group to a collective identity. “Because individuals actively engage with each other, a small group of unconnected individuals can be transformed into an entity capable of taking a collective stance and undertaking collective action” (Postmes, Haslam, & Swaab, 2005, pg. 34), which would make them more resistant to conflict. One of the mechanisms that can facilitate multiple groups coming together, and acting jointly as one group, is trust. The next section will briefly address the construct of trust, the relationship of trust to intergroup relations and finally addresses, relatively briefly, the role of trust in family business.

2.5 Trust

As mentioned earlier, cooperation between groups can ultimately lead to a superordinate group. Numerous scholars have widely acknowledged that cooperation is a direct outcome of trust (Gambetta, 2000; Mayer, Davis, & Schoorman, 1995; McAllister, 1995). Although trust can frequently lead to cooperative behavior, trust is not a necessary condition for cooperation (Mayer et al., 1995). The very nature and definitions of trust are subjects of considerable debate. Different disciplines (such as psychology, economics and organizational behavior) have defined trust differently (Rousseau, Sitkin, Burt, & Camerer, 1998). In addition, inter-organizational and interpersonal trust are different because the focal object (person versus organization) differs (Zaheer, McEvily, & Perrone, 1998). This dissertation focuses on intergroup and interpersonal trust and uses the following definition by Frost, Stimpson and Maughan (1978, p.104), “An expectancy held by an individual that the behavior (verbal or nonverbal) of another individual or

group of individuals would be altruistic and personally beneficial to himself.” There is also general agreement among scholars that various correlates can have an impact on trust. One such correlate is altruism. Altruistic behavior can foster a significant amount of trust between individuals or groups (Frost et al., 1978; Karra, Tracey, & Phillips, 2006). For example, in the early stages of a business, an owner may elect to give away some company shares to various employees. As a result of this benevolent gesture, the level of trust between the owner and his/her employees is likely to increase. A second concept affecting trust is interdependence, which suggests that the interests of one party cannot be achieved without relying upon another party. According to Sheppard and Sherman (1998), the nature of trust changes as the interdependence increases/decreases.

Besides altruistic behavior and the interdependence of both parties, another concept affecting trust is control and/or equity positions (Korsgaard, Schweiger, & Sapienza, 1995). For example, if two organizations are contemplating a merger, the trust between the two organizations will be greater if the equity positions are equal, than if one organization has more control (power) than the other. “Should partners become concerned about potential inequities in profit distribution, for instance, their confidence in and commitment to the alliance most likely will recede, even if the alliance is about to bring positive results” (Das & Bing-Sheng, 1998, p. 504). The amount of power and/or control that one group has over another will definitely impact the level of trust between the two groups.

2.5.1 Trust and Intergroup Relations

As stated earlier in the dissertation, the majority of research surrounding intergroup relations has focused on conflict and distrust rather than cooperation and trust. Selected areas of research where trust is referenced relating to intergroup relations are intergroup contact and minority-majority race relations (Pettigrew, 1997; Pettigrew & Tropp, 2006; Tropp & Pettigrew, 2005a). Tropp (2008) suggests that minority group members' responses to contact with the racial majority are likely to be tainted due to prior histories of prejudice and discrimination, thereby afflicting the intergroup relationship with suspicion and distrust. Tropp further suggests that in order to minimize distrust between groups, psychological conditions need to exist that will allow for trust to develop across group boundaries. One such condition suggested by Pettigrew (1997) is that cross-group friendships need to be nurtured. Simply put, individuals within one group become friends with individuals in another group. According to Tropp (2008), "it is the intimacy of those forged relationships that serve as the cornerstone for promoting a broader willingness to trust across group boundaries and more fundamental shifts in how people view relations between their groups." The author continues by saying that the close relationships of individual in-group members with select out-group members will promote changes in the perceived relations between groups, as this connectedness will contribute to the dissolving of intergroup boundaries.

Game theory is another area where some research on trust and intergroup relations has recently surfaced. "Game theory researchers are interested in understanding factors that influence cooperation in social dilemmas" (Ferrin, Bligh, & Kohles, 2007, p. 468). The prisoner's dilemma game is a common approach used by researchers. The basic

concept is that two people are given a situation whereby cooperation between the two represents the best scenario. However, neither one knows what the other person will choose, so by not choosing to cooperate, the person assures him/herself of not losing. This scenario is referred to as an assurance game (Hayashi, Ostrom, Walker, & Yamagishi, 1999). When both parties choose not to cooperate, both may gain a little, but not nearly as much as if they fully cooperated with one another. Simply stated, players' moves are considered either cooperative (trusting) or competitive (distrusting) to the extent they advance a group or individual interest (see Deutsch, 1958).

Most one-time outcomes from the prisoner's dilemma game produce a non-cooperative approach. However, when the game is played multiple times, the players become cooperative (Kreps, Milgrom, Roberts, & Wilson, 1982). Further, an economic viewpoint holds that people cooperate even in one-shot encounters, such as the dictator game or ultimatum game (Camerer & Thaler, 1995). The experiments conducted by Camerer and Thaler (1995) suggest that people expect cooperative behavior from their rivals even when they do not expect to see them again, suggesting that the higher the trust between people, the greater the cooperation.

2.5.2 Trust and Family Business

Despite its significance for interpersonal and intergroup relations, trust has received surprisingly scant attention in family business research. Two noteworthy exceptions, Steier (2001) and Sundaramurthy (2008), approach trust within family business from two different perspectives, but both concluding that trust within a family business context promotes a competitive advantage to the family firm. Steier (2001)

approaches the subject of trust from a governance perspective, while Sundaramurthy (2008) examines the interpersonal trust within a family business. In both instances, the authors integrate the family business literature with organizational trust literature.

Trust in family business can be linked to various theoretical frameworks such as agency theory, stewardship theory, social capital theory, and transaction cost theory (Eddleston, Chrisman, Steier, & Chua, 2010). The concept of trust can represent the strengths, weaknesses, and behaviors of family firms and can clarify differences between family and nonfamily firms. Eddleston et al. (2010) suggest that with the presence of trust in a family firm one can expect that individuals will not be opportunistic, will act as stewards aligning their interests with the company, or will place the interests of others ahead or equal to their own.

Using several case studies, Steier (2001, p. 365) found, “clear evidence that the trust engendered through pre-existing familial relationships is an important strategic source for a firm.” This was accomplished as a result of informal cooperation and reduced transactions costs.

Sundaramurthy (2008) approaches trust and family business through a “sustaining cycle of trust” model. The model shows how interpersonal trust, which the author states is “not a behavior but a psychological condition that is caused or results in behavior (p. 90) and is “indigenous to family firms stemming from common heritage” (p. 98) can be sustained by nurturing additional sources of trust. The structures (such as clear rules and policies) and processes (such as communication) that reinforce the trust bases are crucial to maintaining the initial family trust that exists in family businesses.

In summary, the presence of trust can impact a family firm in many ways. Governance mechanisms require frequent updating as family firms grow and new generations come into the business. Trust can affect the family firm's social capital and reputation. Finally, trust can have a significant influence on the competitive advantage of a family business.

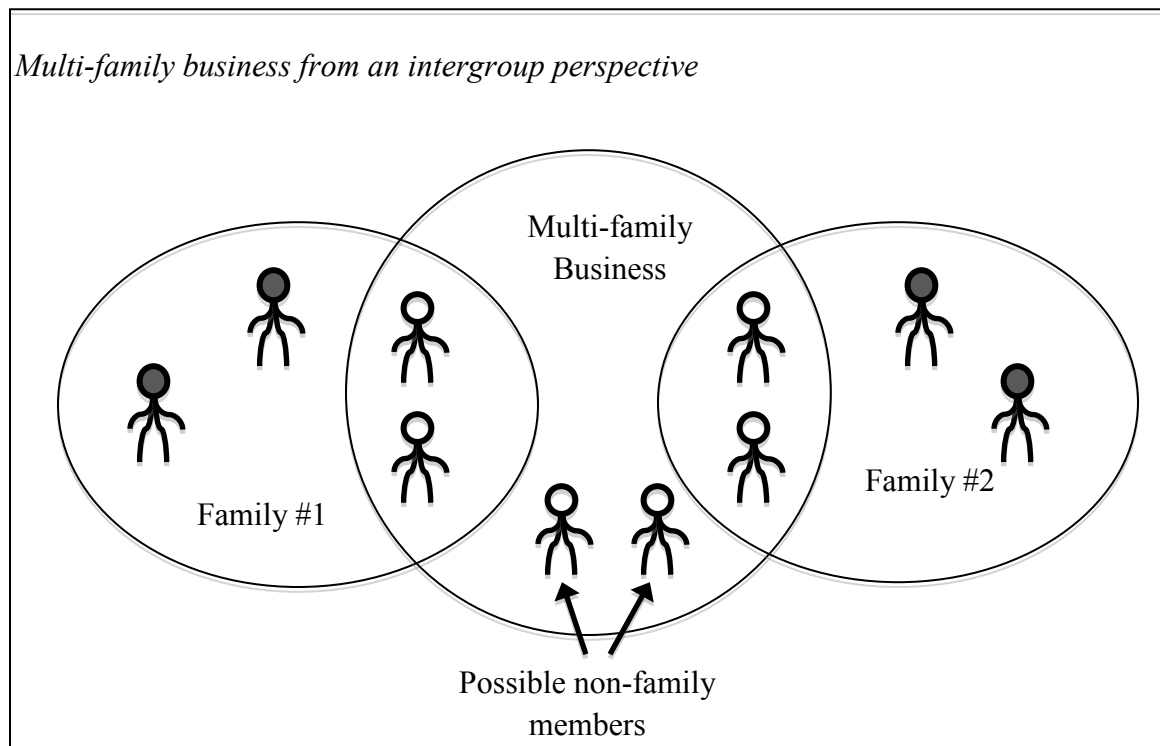
The next section will address multi-family businesses in particular, explaining the interaction of the multiple families and the different roles that family members can take within the multi-family business framework.

2.6 Multi-Family Businesses

Referring back to the initial definition of intergroup behavior which occurs “whenever individuals belonging to one group interact, collectively or individually, with another group or its members in terms of their group identification” (Sherif, 1966, p.12), and viewing that definition through a multi-family business lens, there are individuals from one group (i.e., one family) interacting with individuals from another group (i.e., another family). Each member represents his/her individual family (group identification). Therefore, intergroup theory represents an appropriate framework to study multi-family businesses when added to the extant theories already used in family business. Figure 3 illustrates an example of a multi-family business using an intergroup approach. The ellipses represent each family (in the illustration shown, there are two families, but there could be more). As Figure 3 illustrates, both family #1 and family #2 have multiple members. As is often the case in family businesses, some members of a family may

participate in the business, actively (in managerial or operational roles) or inactive (as shareholders); these individuals are represented by non-shaded stick people.

Figure 3



Source: Astrachan, J. (personal communication)

Other members may not participate in the business at all; these individuals are represented by shaded stick people. In addition, the business may involve non-family members in operational and/or ownership roles. These individuals are pointed out in the illustration. The circle in the middle represents the multi-family business showing the family members and non-family members that actively participate in the business. This dissertation is primarily concerned with understanding the interaction between the two family groups from their relative perspectives. However, non-family employees offer an

additional perspective to the intergroup relationship and were explored wherever possible.

Based upon intergroup theory as well as trust literature, there are at least three potential avenues a multi-family business can take. First, the families could initially form a collective identity with common goals and values, thereby reducing conflict. The other path assumes that the families in a multi-family business are in conflict such that the overall survival of the business is in question. Accordingly, one of four scenarios could then emerge. First, conflicts are not resolved and the business ceases to exist. Second, one family could prevail, thereby making this business a single-family business and no longer a multi-family business. Third, the business creates so much value (financial and other), that family members suppress their conflicts and pursue a path of avoidance of conflict. Fourth, the families could react to an external threat, put their differences aside and work together to improve the business. Hence the question can be asked whether the families within multi-family businesses are more likely to be together because they *want* to be (by forming a collective identity) or because they *have* to be (in reaction to an external threat). As multi-family businesses can potentially represent a breeding ground for family conflict, it is important to examine these institutions to see how and why these conflicts are managed or avoided.

The next chapter will explain the methodology utilized for this dissertation, outlining the specific approach used, followed by an explanation of the data collection, resultant samples, and data analysis.

METHODOLOGY

The purpose of this chapter is to describe the methodology chosen for this dissertation and to discuss how it was used to investigate the research question. To accomplish this task, the following sections will explain the approach taken for this research, why it was chosen, and how it was used. I will explain the sampling strategy; describe the sample as well as the data sources, data collection, and data analysis methods.

3.1 Approach

As the nature of this research was exploratory with a purpose to find out answers to “why” and “how” questions (*why* are multi-family businesses able to avoid and/or manage intergroup conflicts and *how* do these multi-family businesses work in an harmonious fashion?), a qualitative approach seemed most appropriate. “Qualitative research is great for addressing “how” questions—rather than “how many”; for understanding the world from a perspective of those studied (i.e. informants); and for examining and articulating processes” (Pratt, 2009, p. 856). This approach is suitable for two reasons. First, the primary source of the data will come from participants of the multi-family businesses participating in this study. Second, the dissertation seeks to understand the processes (and reasons behind them) that multi-family businesses use to avoid and manage conflict and thrive in potentially difficult environment. The kinds of

questions that qualitative and quantitative research answers are different (Lee, Mitchell, & Sablinski, 1999). Qualitative research is appropriate for the purposes of description, interpretation and explanation², whereas quantitative research is appropriate to analyze and confirm relationships. Lee et al. (1999) highlight four characteristics of qualitative research. These characteristics, as well as why they are appealing to this dissertation, are listed below:

- ❖ With few exceptions, qualitative research takes place in natural environments, not laboratories. As will be discussed later in this section, the primary source of the data collection for this thesis will come from semi-structured interviews with members of multi-family businesses. Conducting these interviews on the premises of each multi-family business will maintain the natural environment setting.
- ❖ The data obtained is from the participant's perspective, not the researcher's personal interpretation. The semi-structured interview process chosen for this dissertation allows for the data to come from the interviewee's perspective and in his/her own words. Towards this aim, the goal is to let the interviewees decide to speak about topics of their interest with minimal interference from the researcher.
- ❖ Qualitative research is flexible allowing for the qualitative designs to be readily changed in order to meet the dynamics of the research situation. The authors argue that it is this flexibility that truly differentiates qualitative methods from the more traditional, rule-driven methods such as experiments and survey research. As this research is exploratory in nature, and has the potential to change

² To gain an exhaustive insight into the field of qualitative research, the reader is directed to Denzin and Lincoln's, *The Sage Handbook of Qualitative Research* (2005).

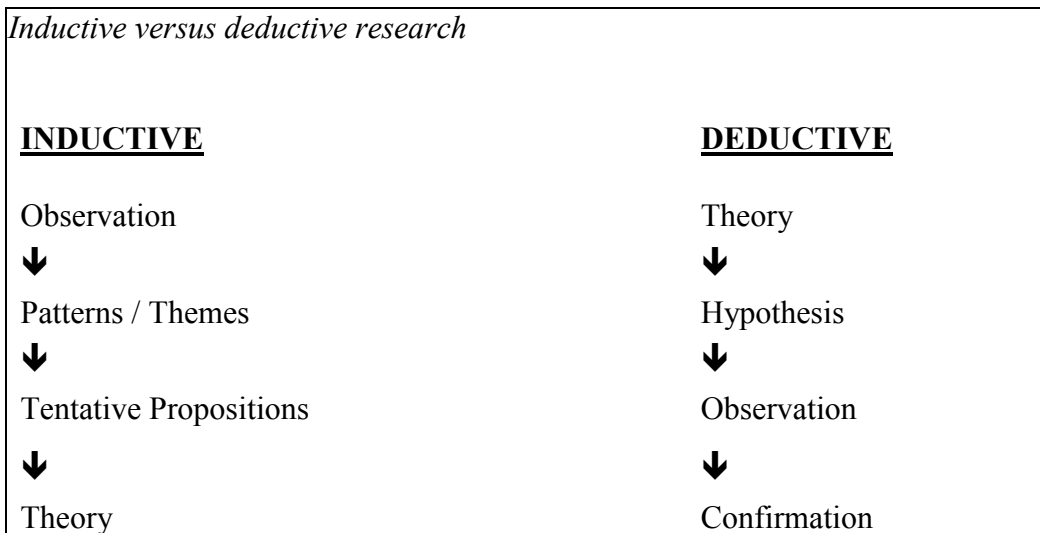
directions, depending on the emergent relationships, the flexibility of qualitative research permits the pursuit of various paths this project may encounter.

- ❖ Qualitative instrumentation, methods of observation, and modes of analyses are not standard, running counter the prevailing notions of control, reliability and validity. This does not suggest that qualitative research is neither reliable nor valid. On the contrary, there are means to evaluate the reliability and validity of qualitative research, which will be discussed later in this section.

Qualitative research utilizes an inductive approach as opposed to the deductive approach used in most quantitative research (Hair Jr., Money, Samouel, & Page, 2007). The deductive approach begins with a theory that is being used to investigate a specific research question. Using this theoretical framework, hypotheses are then developed towards understanding the research question being studied. Observations are made (data collected) and analyzed to confirm if the data support the original idea or theory. On the other hand, an inductive approach works in reverse of the deductive approach. The inductive approach begins with observations. From these observations, certain patterns or themes will emerge. From these patterns and themes, tentative propositions or hypotheses are formulated, leading to an emergent theory. The diagram below explains the logic flow for both inductive and deductive approaches. There are several reasons why an inductive approach is well suited for the purpose of this dissertation. First, the aim of this dissertation is not to test theory in the context of family businesses. Second, this is a study aimed at exploring multi-family businesses in order to develop theoretical

knowledge about how and why many multi-family businesses flourish when extant intergroup theory suggests that they would not.

Figure 4



Source: Own

3.1.1 Grounded theory approach

There are many approaches to conduct qualitative research, with four of the most widely used noted below (Hair Jr. et al., 2007):

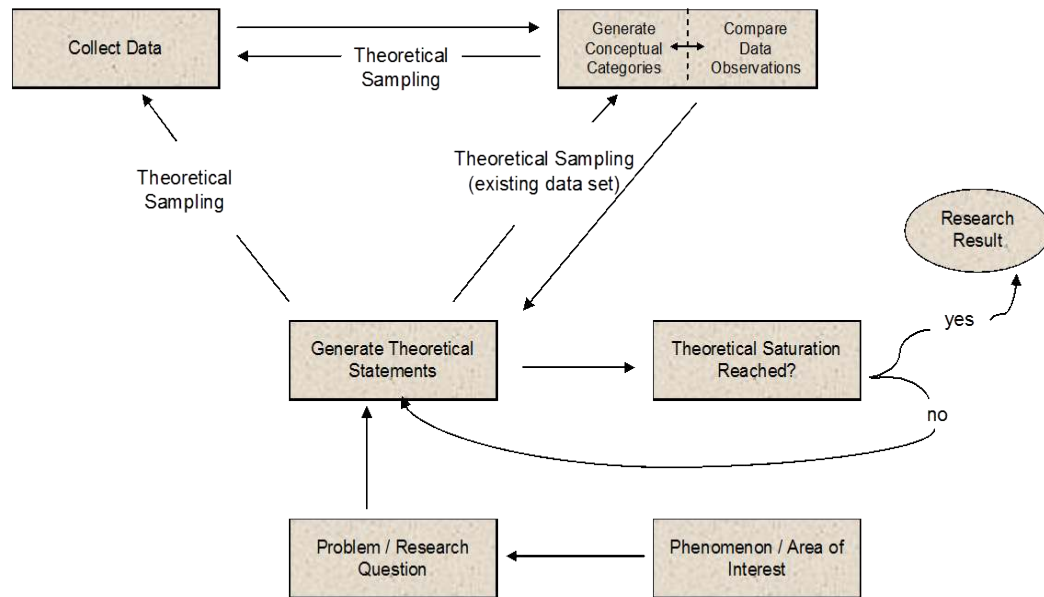
- ❖ Phenomenology
- ❖ Ethnography
- ❖ Case Studies
- ❖ Grounded Theory

Phenomenology was not chosen for the purpose of this dissertation, as it is primarily an approach that is seen through the eyes of the observer or interviewer. As stated earlier,

this research was conducted through semi-structured interviews, so that the data come from the interviewees and reflect their unique perspectives. Ethnography is the study of human cultures, and usually requires the researcher to become somewhat embedded in the context of the study (such as a particular business) over longer periods of time. Because of the time constraints imposed by this dissertation, this approach was not feasible. When conducting research on family business families, Litz (1997) promotes the use of more case-intensive and immersion-intensive research (case study) approaches as opposed to the more uniform and traditional data collection methods. The author proposes that more longitudinal studies would provide a more comprehensive assessment of the family business, while helping to provide some insights into the secretive and shy nature of the family business as well (Handler, 1989).

Although a case study approach was a viable option, I decided to use a grounded theory approach for this dissertation. As previous research on multi-family businesses is, at best, extremely limited and understanding the “how’s” and the “why’s” and developing a theoretical understanding of this particular type of family business is the desired outcome, this approach was considered to be best suited to accomplish those goals. “Grounded theory is an inductive, theory discovery methodology that permits the researcher to develop theoretical accounts of general features of a topic while grounding the account in empirical observations or data” (Martin & Turner, 1986, p. 141). This approach allows the researcher to explore and gain a theoretical knowledge of a phenomenon without tainting it with preconceived ideas or hypotheses (Glaser, 1992), while the gathering of that theoretical knowledge is grounded in real-life evidence. The following figure shows the grounded theory process.

Figure 5

The grounded theory process

Source: Pieper, T.M. (2007. p.94)

The grounded theory process starts with an area of interest that is more narrowly defined into a research question. As the researcher collects the data, he/she must then code the data. “The code conceptualizes the underlying pattern of a set of empirical indicators within the data. Coding gets the analyst off the empirical level by fracturing the data, then conceptually grouping it into codes that then become the theory that explains what is happening in the data.” (Glaser & Holton, 2004, p. 12). These codes can be generated in two ways – top-down or bottom-up (Edwards, 1993). The top-down approach means that the code is generated from the literature. For example, when referencing governance, the family business literature often refers to the board of

directors, advisory board or advisors, and in some cases a family council as prominent governance mechanisms (Blumentritt, 2006; Lane, Astrachan, Keyt, & McMillan, 2006). These would be examples for top-down generated codes as they are likely to surface in the course of the study. As further interviews are conducted, and data are analyzed, additional codes are likely to emerge. Codes that emerge from the data are representative of the bottom-up coding approach. Consistent with the governance example already used, an example of a bottom-up code found in this dissertation was owner-owner agency, which represented the various checks and balances used between the owners of multi-family businesses. A combination of bottom-up and top-down coding will be used for the purpose of this research. Additionally, in order to confirm and densify existing categories, a maximum degree of variability is utilized. This is accomplished by gathering data from as many different sources as are available and viable, such as company reports and internet sources.

The central process behind grounded theory is comparative analysis (Glaser & Strauss, 1967, p. 101-115). The comparative analysis process consists of three stages. The first stage involves comparing incident to incident (code to code). As the number of codes increase, they are eventually grouped together into a smaller number of categories. Using the earlier governance example explaining the top-down coding approach, the codes were board of directors, advisory council, advisors and family council. The category would be governance mechanisms, as these entities would have a direct influence on the governance of a company. The second stage then compares newer incidents to the categories. Continuing with the governance example above, a new incident could be shareholder relations, which deals with the information a company

makes available to investors. Although shareholder relations can fall under the corporate governance umbrella, it is not a governance mechanism and therefore a new category such as governance relations could be formed. Finally, the third stage of comparative analysis compares categories to categories. Using the previous example, the third stage would compare governance mechanisms with shareholder relations. As new data are gathered, there continues to be a constant comparing of incident-to-incident, incident-to-category and category-to-category.

The constant comparative method is designed to develop rich descriptions of social phenomena, allowing the researcher to make discoveries on which to ground his/her theories (Corbin & Strauss, 1990). Comparative analysis can be utilized for various purposes. It can be used to compare the accuracy of evidence obtained from other comparative groups. Another use of comparative analysis is to establish the generalizability of research findings. Further, it can specify a concept and also verify a theory by continually testing the existing theory against new data. Lastly, as Glaser and Strauss (1967, p. 21) stress, the primary purpose for comparative analysis is to generate theory.

An additional critical component of the grounded theory approach is theoretical sampling. "Theoretical sampling is the process of data collection for generating theory whereby the analyst jointly collects, codes, and analyzes his data and decides what data to collect next and where to find them, in order to develop his theory as it emerges" (Glaser & Strauss, 1967, p. 45). The rationale behind theoretical sampling is to direct all data gathering efforts towards accumulating information that will best support the development of the theoretical framework (Locke, 2001). The logic of theoretical

sampling calls upon researchers to be flexible in collection of data in order to support category development to the point of theoretical saturation (to be explained below). Essential to theoretical sampling is the question of where to search for data. Researchers often start with the most obvious locations one would expect to find relevant data. Gradually, over time and as more data are collected, the emerging theory(s) start to develop and determine(s) the places, individuals or situations that need to be incorporated next (Goulding, 2001).

Another key component of the grounded theory process is memoing. In effect, a memo is a note to the researcher suggesting or reminding himself/herself of a relationship between categories that may exist (Locke, 2001). As new data are collected and compared with previous data, new relationships and/or theories can begin to emerge and memoing is a way to keep the relationships organized in an orderly fashion (Locke, 2001). For example, if an idea comes to the researcher from a particular field comment or observation, the researcher makes a note (memo) concerning this observation and the relationship to a category or an emerging theory. As more categories and/or theories begin to emerge, the memos become a source for linking the relationships that the researcher has observed and noted (via memos) (Locke, 2001). Ultimately, the memos establish the foundation of the emergent theory.

Lastly, the grounded theory approach culminates in theoretical saturation. “Saturation is defined as ‘data adequacy’ and operationalized as collecting data until no new information is obtained.” (Morse, 1995, p. 147). Morse (1995) specifically states that the researcher needs to ignore the frequency of specific incidents and focus on the richness of the data obtained. According to Morse (1995, p. 148), “the tighter and more

restrictive the sample and the narrower and more clearly delineated the domain, the faster saturation will be achieved.” Hence, data collection ceases when the researcher has enough data to build a comprehensive and convincing theory (Morse, 1995, p.148). The next section will discuss the grounded theory approach in more detail by examining how grounded theory is evaluated and also how the chosen approach exemplifies reliability, validity, and generalizability. In addition, the sample size for the study at hand will be addressed later in this chapter.

3.1.2 Criteria for evaluating grounded theory research

Corbin and Strauss (1990, p.16) hold that judging the adequacy of the research process and the grounding of empirical findings is of greater importance than judging the data and the final research product of grounded theory. To this end, Corbin & Strauss (1990, p. 17) list seven criteria for judging the grounded theory research process:

- ❖ How was the original sample selected? On what grounds (selective sampling)?
- ❖ What major categories emerged?
- ❖ What were some of the events, incidents, actions, and so on that indicated some of these major categories?
- ❖ On the basis of what categories did theoretical sampling proceed? That is, how did theoretical formulations guide some of the data collection? After the theoretical sampling was carried out, how representative did these categories prove to be?
- ❖ What were some of the hypotheses pertaining to relations among categories? On what grounds were they formulated and tested?

- ❖ Were there instances when hypotheses did not hold up against what was actually seen? How were the discrepancies accounted for? How did they affect the hypotheses?
- ❖ How and why was the core category selected? Was the selection or gradual, difficult or easy? On what grounds were final analytic decisions made? How did extensive 'explanatory power' in relation to the phenomena under study and 'relevance' as discussed earlier figure in the decisions?

As can be seen from this list, proper documentation and strict adherence to procedural methods are critical to the grounded theory research process. The documentation of my research was managed through the use of a computer software program and will be explained in the next section. Before proceeding to that section, a brief explanation concerning the grounding of my empirical findings and their reliability, validity and generalizability is in order. On the criteria for judging empirical findings, Corbin and Strauss (1990, p. 17-19) outline the following:

- ❖ Are concepts generated?
- ❖ Are the concepts systematically related?
- ❖ Are there many conceptual linkages and are the categories well developed? Do the categories have conceptual density?
- ❖ Is there much variation built into the theory?
- ❖ Are the broader conditions that affect the phenomenon under study built into its explanation?
- ❖ Has 'process' been taken into account?

- ❖ Do the theoretical findings seem significant and to what extent?

Like in quantitative research, qualitative research findings must be both reliable and valid. While quantitative research uses statistical methods to assure reliability and validity, qualitative methods must rely on other approaches (Hair Jr. et al., 2007). In qualitative research, “reliability is the degree of consistency in assignment of similar words, phrases or other kinds of data to the same pattern or theme by different researchers” (Hair Jr. et al., 2007). “Validation in qualitative research is the extent to which qualitative findings accurately represent the phenomena being examined” (Hair Jr. et al., 2007). Validation methods vary depending on the qualitative approach used (case study, grounded theory, etc.). According to Hair Jr. et al. (2007, p. 297), there are several things that can influence validity as it relates to the grounded theory approach:

- ❖ The extent of the rapport between researcher and participants;
- ❖ The amount of fieldwork involved in collecting the data;
- ❖ The time and procedures involved in the coding process;
- ❖ The proportion of the data associated with the dominant patterns identified, compared to less identified themes.

In a study examining the rigor of reliability and validity pertaining to the case study approach of qualitative research, Gibbert and Ruigrok (2010) suggest three strategies to ensure case study rigor. First, the researcher needs to focus on transparency. That is, he/she must relay to the reader the concrete research actions taken so that the reader can appreciate the logic and purpose of these actions in the context of the study. Second, the

researcher needs to prioritize both construct validity and internal validity over external validity. “The construct validity of a procedure refers to the extent to which a study investigates what it claims to investigate, that is, to the extent to which a procedure leads to an accurate observation of reality” (Gibbert & Ruigrok, 2010, p. 712). Internal validity refers to the presence of causal relationships between variables and results, and external validity (or generalizability) is realized when the theories are shown to account for phenomena not only in the setting studied, but in other settings as well (Gibbert & Ruigrok, 2010). In other words, construct validity and internal validity are more important in qualitative research than external validity. The last strategy suggested by the authors is to be creative when encountering setbacks during the study. Qualitative research is difficult to plan and execute (Gibbert & Ruigrok, 2010) and the ability of the researcher to be flexible in order to overcome setbacks is a positive attribute. Overall, to validate their findings, researchers must document their fieldwork and analysis techniques such that others are able to examine and confirm the validity of their conclusions and procedures.

Interpretation of generalizability in grounded research is somewhat different from its quantitative deductive counterpart. A typical statistical generalization will make inferences from the sample studied to the general population (Yin, 2009), whereas generalization in a grounded theory context suggests that the theoretical concepts and patterns are transposed to other situations and contexts, which Yin (2009) calls this analytic generalization. As Locke (2001) explains, researchers work to generalize their empirical observations that they have collected (their conceptual categories or framework). “A conceptual category has analytic generalizability when it can plausibly

account for a large number and range of empirical observations” (Locke, 2001, p. 39). “A grounded theory is generalizable insofar as it specifies conditions that are linked through action/interaction with definite consequences. The more systematic and widespread the theoretical sampling, the more completely the conditions and variations will be discovered, permitting greater generalizability, precision, and predictive capacity” (Corbin & Strauss, 1990, p. 15).

3.1.3 Computer-assisted qualitative data analysis (CAQDAS)

Qualitative and grounded theory research can produce copious amounts of data. In fact, this dissertation produced over 400 pages of single-spaced transcripts. The question that arises is: How does one efficiently and effectively manage such a large amount of data? CAQDAS can substantially simplify this chore. “Computer-supported qualitative data analysis allows one to systematically, comprehensively, and exhaustively analyze a corpus of data” (Gephart Jr, 2004, p. 459).

Contrary to statistical programs such as SPSS, CAQDAS is not a tool to *analyze data*, but one that can assist the researcher to *organize his/her textual data*. “The researcher must still interpret, conceptualize, examine relationships, document decisions, and develop theory. The computer can assist in these tasks, but by no means does the computer analyze qualitative data” (Bringer, Johnston, & Brackenridge, 2004, p. 249).

The software chosen for this dissertation was ATLAS.ti. The reasons for choosing this particular software are fairly straightforward. First, one of my dissertation advisors had used this software previously and recommended it as it very closely follows the grounded theory research approach. Second, as I was going to have to learn this software

on my own, the readily available technical support through on-site workshops as well as various tutorials on the internet were also a substantial factor in choosing ATLAS.ti. Third, ATLAS.ti can directly handle a far greater range of data types than similar programs (Lewins & Silver, 2007) and as I was uncertain of all the potential data types that I would encounter, it was better to err on the safe side. Lastly, ATLAS.ti is more suitable to this study as it allows the researcher to work with quotations in a number of ways, such as visualizing them in a network (see Figure 6) (Lewins & Silver, 2007).

Prior to proceeding to the results chapter, the next section discusses data collection, the sample, and the analysis of the data.

3.2 Data collection, sample and analysis

3.2.1 Data collection

In keeping with qualitative methodology, and in particular grounded theory-based research, it is important to continuously inform the reader about the process of data collection and analysis (Gephart Jr, 2004; Suddaby, 2006). The majority of data underlying this research were collected through the use of semi-structured interviews. While structured interviews have a formalized set of questions, semi-structured interviews are flexible, allowing the interviewer to raise new questions throughout the interview according to the interviewee's responses. The researcher can have a list of topics that he/she could refer to should it be necessary through the course of the interview (see appendix B). Through the course of this dissertation, nineteen interviews with principals, owners and management from five different multi-family companies were conducted. Five companies were found to be sufficient as the interviews from the fifth

company confirmed saturation of the existing categories. Tables 1 and 2 provide the background information on the interviewees and their companies. Table 1 identifies the interviewees from each company by their assigned aliases (A through S). In addition, each interviewee is described as either an owner, son or daughter, or a non-family executive of his/her related company along with what family they belong to and the generation they represent in that family. The interviews generally lasted one hour and yielded transcripts³ averaging twenty single-spaced pages. One secondary data source was used, which was an internet article on the Miele company multi-family business. As Miele is a fourth generation multi-family company, it was an excellent source for additional data. As they are located in Germany, including them in the sample was beyond the budget of this research.

The initial goal was to try to interview as many family members and non-family members as possible, providing multiple and diverse perspectives on family and business relationships. As these five companies were spread out over the US, it proved not only physically, but also economically challenging to visit and re-visit each of these companies.

³ The transcription process was handled by my sister, which not only freed me up to spend more time on the data coding and analysis, but also aided in the confidentiality of the interview process.

Table 1

Interviewee description

	Interviewee				
	Company	Alias	Position in Family Business	Member of what family	Generation*
1	Alpha	A	Owner	Family 1	2 nd
2	Alpha	B	Owner	Family 1	2 nd
3	Alpha	C	Owner	Family 2	3 rd
4	Alpha	D	Member of executive management team		
5	Alpha	E	Owner	Family 2	3 rd
6	Alpha	F	Owner	Family 3	2 nd
7	Alpha	G	Owner	Family 3	2 nd
8	Beta	H	Owner	Family 1	2 nd
9	Beta	I	Owner	Family 2	2 nd
10	Gamma	J	Owner	Family 1	1 st
11	Gamma	K	Son / Daughter	Family 1	2 nd
12	Delta	L	Owner	Family 1	1 st
13	Delta	M	Owner	Family 2	1 st
14	Delta	N	Owner	Family 3	1 st
15	Delta	O	Owner	Family 4	1 st
16	Delta	P	Owner	Family 5	2 nd
17	Delta	Q	Son / Daughter	Family 3	2 nd
18	Zeta	R	Owner	Family 1	2 nd
19	Zeta	S	Owner	Family 2	2 nd

* Founder is 1st generation, son/daughter is 2nd generation, and grand son/daughter is 3rd generation

Source: Own

The interviews started with company Alpha in February 2010 and finished with company Zeta in January 2011. In most cases, the interviews were spread out to give me time to code and analyze each interview prior to conducting the next to preserve the core tenets

of grounded theory. However, due to the above-mentioned constraints, this was not always possible. For example, six interviews with company Delta were conducted on the same day. Time between interviews allowed me to perfunctorily analyze an interview before the next so I could address any new criteria or theme that had emerged.

In most cases, I had prior contact with company owner(s) or principal(s) where I explained my thesis and asked for their participation, so a long introduction was not always necessary to start the interview. Generally, I gave them a brief description, explained that I owned a family business for much of my career and explained why this thesis was of personal interest. In almost every case, once I mentioned my involvement with my own family business, their body language appeared to change, supporting a more relaxed and comfortable state, which I suspect allowed them to be forthcoming.

3.2.2 Sample

Multi-family businesses are not the most common type of family businesses, which is evidenced by the fact that only three multi-family businesses were identified in the state of Georgia. The pool of companies to choose from was relatively small, resulting in a relatively small, purposive sample. A purposive (or judgment) sample is a sample selected in a deliberative and non-random fashion because the researcher believes it is representative of the target population (Hair Jr. et al., 2007) and can be the most productive (Guest, Bunce, & Johnson, 2006). With regards to a small sample size, Morse (1995, p. 147) states, "...there are no published guidelines or tests of adequacy for estimating the sample size required to reach saturation equivalent to those formulas used in quantitative research." More important than the size of the sample is the quality of

information gained from the sample (Crouch & McKenzie, 2006; Morse, 2000). However, a study by Guest et al. (2006) specifically addressed the number of interviews necessary to achieve data saturation. Using a purposive and fairly homogeneous sample, the authors found that twelve interviews suffice which is less than the nineteen interviews of this dissertation. While the size of the sample may allow some speculation as to the generalizability of this sample, I address this issue in the discussion section of the dissertation. Table 2 below details the sample used in this dissertation. This table identifies the five companies that participated in the dissertation, describing the number of families in the company (both active and non-active), the total number of family members in each of those families, the number of actual family shareholders and non-family shareholders, as well as the number of family members working in the business. Additionally, the table supplies a general description of the industry in which each company participates, the latest generation currently employed, and the approximate size of the company as represented by the number of employees.

Companies participating in the dissertation were found by various methods that included personal acquaintances, assistance from the Cox Family Enterprise Center at Kennesaw State University and by networking with other family business centers and family business researchers in the US. In addition to the five participating companies, two more companies were identified, but chose not to participate.

Table 2

Company details

	Company	# of Families	Family ID	Total family members*	# of Family s/holders	# Family working in business**	Non-family s/holders	Industry	# of generations	Approximate # of employees
1	Alpha	3	1	25	7	4	0	Food Distribution	4	> 6,000
			2	18	4	3				
			3	19	7	5				
2	Beta	2	1	43	6	1	0	Food Manufacturing	3	200
			2	40	14	2				
3	Gamma	2	1	6	1	2	0	Construction	2	< 50
			2	4	1	2				
4	Delta	7	1	5	1***	1	2	Construction	2	150
			2	6	1***	3				
			3	2	1***	2				
			4	4	1***	1				
			5	5	1***	1				
			6	4	1***	0				
			7	4	1***	0				
5	Zeta	2	1	23	10	2	15	Dry Goods Manufacturing	3	800
			2	22	17	3				

* includes all members (including spouses, children grandchildren, etc.) descending from the founding family member.

** includes either operationally or on the Board of Directors.

*** shareholders are family LLC's.

Source: Own

3.2.3 Analysis

As previously explained, grounded theory analysis starts with coding data. I used a combination of bottom-up and top-down coding. As stated earlier, top-down codes are codes that the researcher suspects to be present based on extant literature. Examples of such codes are conflict, jealousy and power that previous research on intergroup relations routinely identifies as important factors. Bottom-up codes are generated from the data. For example, when a statement was made by an interviewee that indicated a new occurrence not connected to any previously generated codes, I created a new code, thereby comparing new evidence to existing codes (and thus with existing data). Further, when an interesting observation or comparison was made, I generated a memo so that I could retrieve the passage when analyzing the data.

Initial coding of the data produced over 200 codes. By constantly reviewing and comparing these codes to what was stated by the interviewees as well as raising my learning curve with the software, I gradually deleted redundancies and potential overlaps in the codes. These codes were either merged or changed to more properly reflect what was said, and by so doing, my final list of codes consisted of slightly over 100 codes. These codes were then assigned to code families which essentially combines codes with a common topic in a single group (Locke, 2001). An example of a code family is found in Table 3 where there are eleven codes referring to conflict. The first seven codes are negative in nature and were given the family name of negative conflict. The other four were positive in nature were given the family name of positive conflict. Eleven codes became two code families, which reduces the number of concepts used to build the emerging theory.

Table 3

Example of development of code families

Codes	Description	Code
Collusion	One family's 'behind the back' dealing with the board in order to get their family member picked over the other family member.	Negative Conflict
Confrontation	Various examples of owners confronting one another.	
Family Competition	School-aged children of one family competing with children of the other family, representing the competition among families.	
External threat	Having to deal with situations that, if not handled correctly, could have a major negative impact on the business.	
Jealousy	Explanation of jealous personalities as they relate to members of each family.	
Disagreements	Minor disagreements between ownership families.	
Lack of communication	Little or no communication present between families.	
Outside consultants (sub-category of Conflict resolution)	The use of independent consultants to help solve current or potential conflicts between families.	Positive Conflict
Conflict resolution	The ability to work through situations and resolve potential conflicts before getting out of hand.	
Positive communication	Good communication practiced – getting together to openly discuss business situations	
Conflict avoidance	Specific management roles that split responsibilities ultimately help to avoid conflict.	

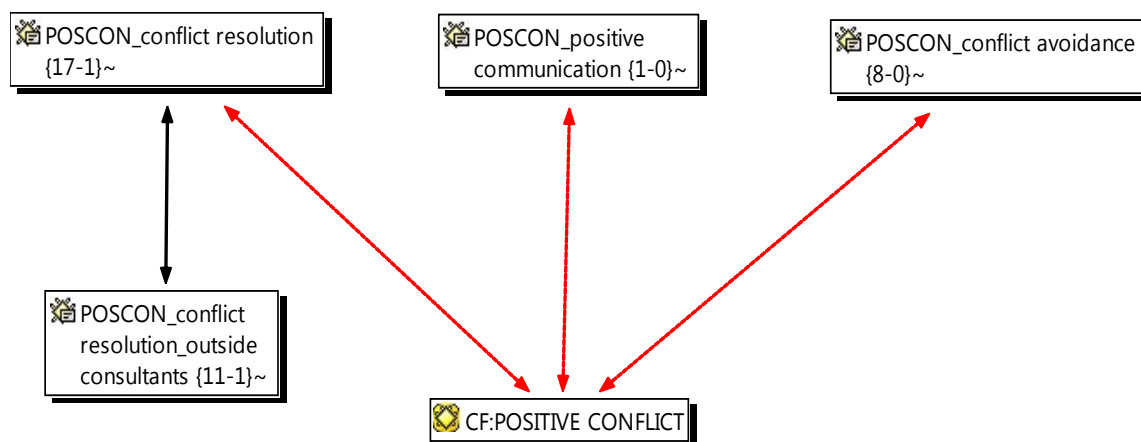
Source: Own

Figure 6 below shows an example of the positive conflict code family (CF) and the associated codes mentioned in the above table using the network view of Atlas.ti. The first number in the brackets beside each code represents the number of times that this

code was linked to a text passage, thereby indicating the ‘grounding’ of the code. The second number shows how many times this code was linked to another code.⁴ Three of the codes (conflict avoidance, conflict resolution, and positive communication) are all related and will impact conflict in a positive way. The fourth code (conflict resolution_outside consultants) is a subcategory of conflict resolution. In other words, using outside consultants to aid in conflict resolution is one way of resolving conflicts.

Figure 6:

Network view for code family ‘positive conflict’



Source: Own

The next step in the analytic process of grounded theory research involves the development of the core category and the related categories. Generally, categories are developed as a result of analyzing the relationships that may or may not exist among the

⁴ In the case below, there is one code that is linked to another (as outside consultants is a sub category to conflict resolution). However, in all subsequent code family views (in Appendix C), there are no other linkages, so this number will always be zero.

various code families that have already been formed. To reiterate, a code family is way to group individual codes that have a common topic. However, a single code or code family can also result in a category (Friese, 2012). Since these categories form the emergent conceptual model of this dissertation, I decided to include and discuss these categories in the results chapter to be examined next.

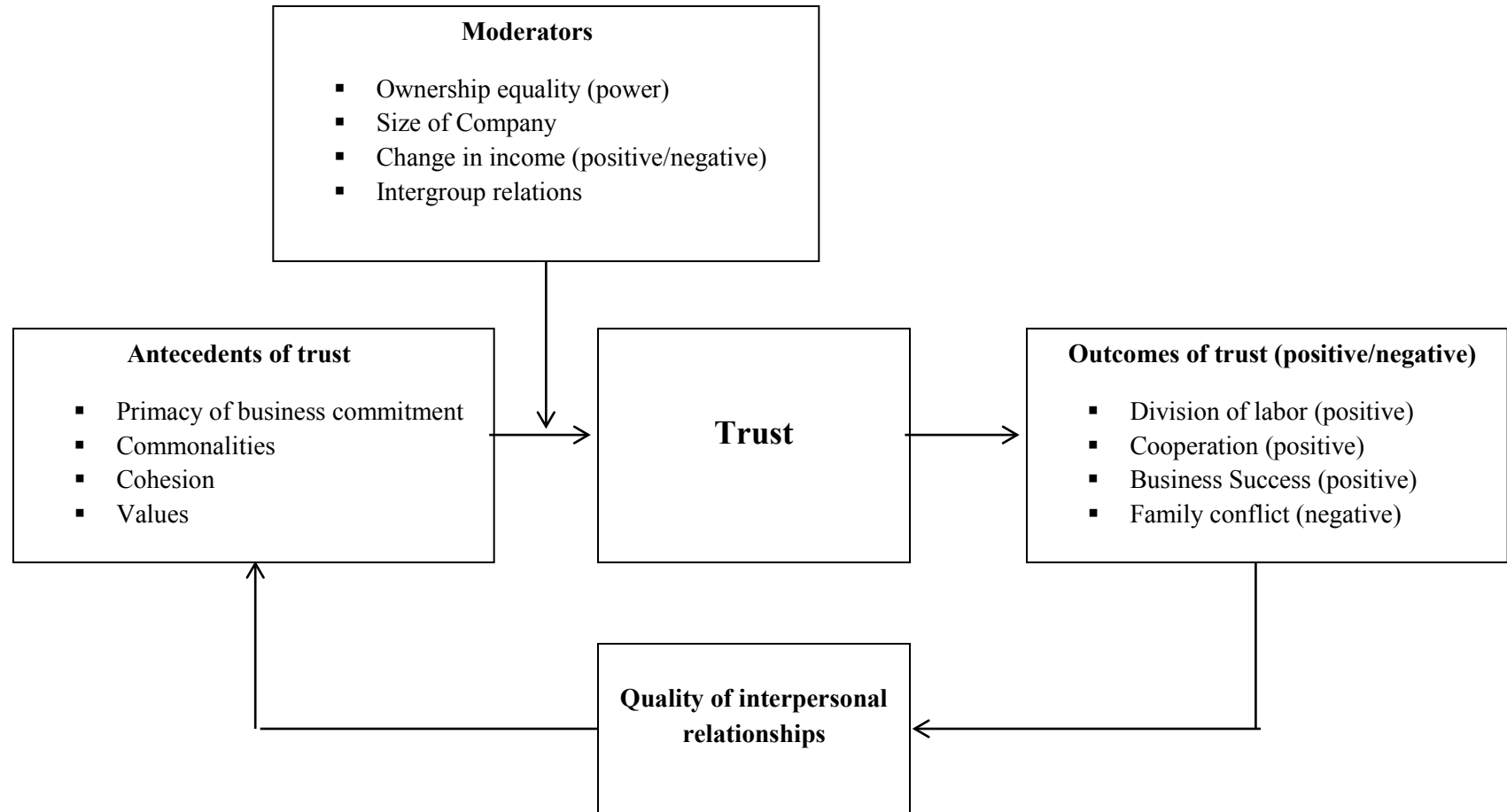
RESULTS AND MODEL BUILDING

Before proceeding with the presentation of the results of this dissertation, it is necessary to discuss the structure of this chapter. Ideally, adherence to the interpretive research process requires presenting emerging results as a stepwise iteration between theory development and data analysis. For purposes of structure and greater ease in understanding, however, the theoretical model that emerged from this dissertation is presented first and individual components are discussed separately in subsequent sections. Figure 7 shows the theoretical model as it emerged from the data analysis. The model provides a ‘road map’ to guide the reader through the remainder of this section. It must be clearly understood that this model *emerged* from the data using a continuous process of data collection, analysis, and constant comparison.

Trust between families, centrally located in Figure 7, emerged as the core category of the grounded theory process. Several related categories surround the trust core category. First, outcomes of trust fell into two sub-categories, namely positive outcomes including division of labor, cooperation, and business success, and negative outcomes including family conflict. Second, the quality of the interpersonal relationships within and between families mediates the outcomes and antecedents of trust.

Figure 7

Emergent theory of intergroup relations in multi-family businesses



Source: Own

Third, antecedents of trust consist of primacy of business commitment, commonalities, cohesion, and values. Lastly, moderators of trust including ownership equality (power), size of company, and change in income (positive or negative).

4.1 Trust

To understand why and how trust became the focal point of this dissertation, it is best to view some statements made by participants. Below are some of their comments.

Interviewee R states:

“We wanted to build a company that would be a good place for a lot of people to work and to grow and to be known within the community as a good contributor to this community and I think it has been – and those are the goals that I think we have had, and all this was incidental...the family part...we didn’t have goals in our family of this, this, and this. We just trusted (each other) and went on – went on from there.” (Interviewee R, Q:21:115)⁵

Interviewees H and I from company Beta state:

“Was there a trusting relationship? Yea, I never questioned and I don’t think [interviewee I] did either.” (Interviewee H, Q:9:177)

“[Interviewee H] and I...we kind of split the thing up. I took care of part of the business...he took care of a part and we each had an overview of

⁵ The abbreviation Q:21:16 refers to a quote (Q) coming from transcript number 21, and tag number 16 in the quotation index utilized by ATLAS.ti software. Q always references a quote and the other numbers always reference a particular interviewee (see Table 1 for interviewee aliases).

what the other one was doing and also if you wanted to take off and go on a vacation for 2 weeks, you didn't worry about a thing back in the days before cell phones and emails and all that good stuff. And you could go away on vacation and just forget about the business... that was a nice advantage.” (Interviewee I, Q:10:74)

Where interviewee H was blunt and relatively straightforward about stating there was a trusting relationship between the two individuals, interviewee I was more subtle, but the inference made was that he/she could leave the business for two weeks in his/her partner's hands because of the trust that was present between them.

In a similar line, Interviewee O states:

“Well, that seems to be the ...one of the tickets to making these things (multi-family businesses) work is the complementary skill sets and the trust that you have between the two.” (Interviewee O, Q:17:396)

Several comments by interviewee G seem to sum up the concept of trust that exists in multi-family businesses. Interviewee G states:

“Yea, ...we all trust one another, I think we trust each other to make good choices so I don't think...” (Interviewee G, Q:8:182)

“...that's what really made it work...is that there's complete trust and understanding that we'll always do the right thing.” (Interviewee G, Q:8:49)

The above statements are representative of the majority of the participants in this thesis, which supports the importance of trust in multi-family businesses. The next four sections address the remaining categories shown in Figure 7, by providing various quotes that demonstrate the nature of these relationships. Outcomes of trust are discussed first, followed by how those outcomes influence the quality of the interpersonal relationships within a multi-family business. The third section addresses antecedents of trust, followed finally by moderators of trust as they emerged from the data.

4.2 Outcomes of trust

When there is a significant level of trust between the families within a multi-family business, several positive outcomes were apparent. In most cases, there was a division of labor, which means that job responsibilities were divided among the families involved based upon the skill sets of each family member. Essentially, the skillsets of one family complemented the skill sets of another family. For example, if one family member has an expertise in sales and marketing, then he/she would look after that responsibility. If a member of another family has an expertise in the financial aspects of the business, then he/she would be responsible for that area of the business. Higher levels of trust were found to often lead to more cooperative relationships among the multiple families and, ultimately, to better financial success of the business. Alternatively, negative outcomes of trust were related to turmoil either within one family or between families, or both, ultimately engendering a breakdown of the multi-family business. Each of these outcomes are reviewed and substantiated with selected quotes from various interviewees in the following sections.

4.2.1 Division of labor

When there is a significant amount of trust between the families and the families are in agreement regarding the overall direction and operation of the business, it often results in a division of responsibilities between the families, so as not to duplicate their efforts. This outcome was apparent to various degrees in each company in this dissertation and characterized almost all of the interviewees. Listed below are some comments outlining this specific outcome.

“There was a balance there and it was unique and one was better at one thing and one was better at the other thing and they kind of kept to their selves on those things and that’s what made it work...you know, can that system work again? Yea, sure, I mean, I guess I wouldn’t be opposed to that either because that’s pretty much all I know as far as, in a working environment.” (Interviewee P, Q:18:169)

Interviewee P is a second-generation family member commenting about how the preceding generation divided the responsibilities based upon their skill sets, and explaining that he/she would not have a problem with a similar system in his/her generation.

“I mean, [founder 1] was the consummate salesman, could care less about administration. [Interviewee R] was a very good administrator but also a very good technically competent person from the standpoint of making product and making it all work and all this kind of stuff. So [founder 1’s]

out here basically building relationships in the field and [interviewee R's] back here basically making good product and everything. I came in...my basic skill set was administration and finance and [interviewee R] turns to me and says, 'you got it kid.' I'll concentrate over here and you'll..."

(Interviewee S, Q:20:97)

Interviewee S tails off his sentence believing that he/she has made the point that there was a definite division of responsibilities.

Interviewee H states:

"...I guess as far as the generational thing and the two of us... our dads, they made it go together. They basically shared the load. [Interviewee I] and I shared the load. We'd always figured out some way to bear the operation responsibility and...the administrative things we would join on our decision-making and so forth." (Interviewee H, Q:9:48)

As mentioned in the introduction, the Miele company is a multi-family business manufacturing consumer appliances in Germany (not interviewed in this dissertation). The business is currently in its fourth generation and two family members, Mr. Markus Miele and Mr. Reinhard Zinkann, each representing one family were interviewed by DW (Deutsche Welle, a German media company) in 2007. An excerpt from that interview follows:

"Markus Miele, business manager, Miele: 'The company's family partnership has been working well for generations. And we have clearly

distinct areas of responsibility. Reinhard Zinkann is in charge of marketing and distribution. I take care of technology.’ ...we were not able to get them together in front of the camera today. But Zinkann confirms that the partnership runs firmly.” (Q:22:1)

The Miele company is an apt example of how the division of labor contributes to the business success. For four generations, one family (Zinkann) has been in charge of sales and marketing, while the other family (Miele) has been in charge of the technical side of the business. Since the company was not part of the interviewing process, it cannot be confirmed that the successful family partnership that Mr. Zinkann refers to is a result of the trust between the families, but given the results of this thesis, a reasonable prediction is that there is significant trust between the two families.

Further the potential for conflict is greatly reduced when the multiple families trust one another to be responsible for specific areas of the business, while maintaining good communication. Interviewee J states:

“I don’t think we’d have any reason to want to dominate... I mean, I know if I’m good at it, I’m good at it and [my partner’s] as good.... I can’t do what he does and he can’t do what I do and we really don’t have any competition.” (Interviewee J, Q:11:366)

Interviewee J’s comments reflect that each partner has their individual strengths and it makes sense from a business perspective to rely on those strengths. There is no reason to

compete with one another for control because of the relative inability to do what the other can do.

All of the above quotes reflect the abilities of the families to divide the responsibilities according to individual skill sets because of the amount of trust between the families. The next outcome to be examined is cooperation.

4.2.2 Cooperation

As illustrated above, the level of trust not only facilitates the division of labor, it also allows for more cooperation between the families. As interviewee N states:

“We each got to know where we fit and we don’t fight each other because of that. So like I say, to me it’s no other...no different than any other business where, you know, you might own 10 shares in the company but you have a job and this is your job and you’re required to perform that job and we’re not bashful to coach that performance if it’s necessary based on everybody’s function. And we get along very well. But there’s no ‘in-fighting’ because of, you know, ‘well I’m an investor and you can’t tell me to do this’ or something. I mean nobody views it that way.” (Interviewee

N, Q:16:171)

One way to interpret the statement by interviewee N, is that in their particular multi-family business each family member (investor) has his or her responsibility and that they all cooperate with one another and get along well. The individual responsibilities that are alluded to can be linked to the previous discussion on division of labor, which resulted

from the trust between the families. There is no “in-fighting” and all families get along. Perhaps the most intriguing statement concerning the cooperation between families comes from interviewee L. He/she states:

“You know what, I think we look like we’re a group of families on a ship sailing and there’s always going to be a leak and one of us, whoever can, knows how to fix the leak, fixes the leak and if we all don’t know how to fix the leak, then we get together and fix it together.” (Interviewee L, Q:13:478)

One interpretation of this quote by interviewee L suggests that within company Delta, the participating group of families are synchronized towards a common goal. If an obstacle were to confront them, then the family member that has the knowledge and ability to overcome that obstacle would act to remove that obstacle. However, if no family member has the ability to do so, then they would all come together in a cooperative fashion and overcome the obstacle together.

4.2.3 Business success

The level of trust within and between families can also have an effect on the success and growth of the business. When all families are working together as a unit, business success is a likely result. Business success can be categorized as longevity (continuation of the business to future generations), independence (the ability to grow internally without the aid of non-family acquisition), as well as profitability. The following statements reflect upon business success:

“So, I’ve been completely amazed at our ability collectively as families to persevere and to get into a fourth generation and still have an awfully strong, viable company to look at.” (Interviewee B, Q:4:21)

Interviewee B’s interpretation of company Alpha’s success is indicated by the fact that the company is strong and viable given the longevity of four generations. In discussing the future succession (longevity) in company Gamma, Interviewee J stresses that he/she and his/her partner have been successful thus far as they proceed through troubling economic times. He/she comments:

“We’ve been fortunate that we’ve been able to keep it together this long and hope we can keep it together ‘til they... ‘til they want to take it over... the way things are right now, who knows?” (Interviewee J, Q:11:130)

Interviewee R refers to the strength of the families and ultimately, the business that allowed them to grow independently and withstand potential takeover threats from rivaling competitors.

So, we kind of passed on all those [offers by other companies] and continued to grow independently and that’s how we’ve been all these years and we’ve just been committed to that and we were able to be strong enough through those years that we never got in a situation where we had to call somebody and say, ‘Come pick us up, you know.’ Or, ‘We’re squeezed or we’re not going to make it’ or whatever.” (Interviewee R, Q:21:25)

The ability of company Zeta to keep their independence and be successful stems from the trusting relationship between the families.

4.2.4 Family conflict

As mentioned in the outset of this section, despite its many positive outcomes, trust can also lead to a negative outcome. This was the case in company Beta. Both second-generation principals had maintained a significant level of trust (passed down from the founding generation) and as a result, did not communicate as much as they could have when the third generation began experiencing problems with one another. As the third generation came on to the scene, with one family bringing in a son/daughter and the other family an ‘in-law’, it became apparent that there were problems. As interviewee I relates:

“In one case, you have a son/daughter and in the other case you’ve got a [son/daughter] in-law, so that’s a whole different scenario to start with.

(Interviewee I, Q:10:114)

Ultimately, interviewee H’s child left the business due to the many problems that existed with his/her third generation counterpart. As Interviewee H points out in hindsight:

“See, that’s why I’m beginning to think...now I’m as naïve, probably...that there was some collusion there...there were a couple of things that happened...maybe some things in my absence and a couple of things got...[my partner] would operate that way” (Interviewee H,

Q:9:681)

Interviewee H's sense of naivety may have resulted from the trust that he believed he had with his partner. Once retired, interviewee H traveled out of the country considerably, trusting his partner to take care of their interests. Unfortunately, the partner did not take care of *their* interests, but was only concerned with his/her own family's interests, leading to interviewee H's child leaving the business. Ultimately, the relationship between interviewee I and interviewee H also deteriorated. As a result of one partner trusting the other, too many events took place that eventually ruptured the trusting relationship between families.

As illustrated above, the level of trust can have both positive and negative outcomes. The next section reviews the outcomes previously presented and explores their effects on the interpersonal relationships within and among families.

4.3 Quality of interpersonal relationships

As the theoretical model suggests, the quality of interpersonal relationships both among and within families of a multi-family business can be affected by the various outcomes of trust among families. When positive outcomes of trust are achieved, such as business success and growth, high levels of familial cooperation may follow, as well as the ability to split business responsibilities without constant management control. Further, positive outcomes of trust also enhance the quality of the interpersonal relationships. In describing the interpersonal relationships in company Delta, Interviewee O states:

“I think we’re just kind of all going kind of at the same, the same target, the same path that we want to go. We’ve all got the same drive. We know where we want to get to at some point. You know, a lot of us have different

backgrounds. [Interviewee N] and I come from more of a corporate [background], and then everybody else comes from pretty much a small business type thing, so just seems like a good mix. They've teamed me up with [interviewee P] and we're about the same age, within a year, same personalities and it just feels like it's easy to grow with that. And then you have the parent types whether it be [interviewee N, L or M] and they're the ones that are kind of guiding you along so, but overall, I think we're all going down the same path." (Interviewee O, Q:17:40)

Company Delta has five active families with eight active members coming from those five families. Interviewee O suggests that there are a variety of personalities amongst those eight individuals. Some are from an older generation, providing guidance, while others with similar personalities are from a younger generation, as he/she is. He/she also states that the backgrounds of these eight individuals are also varied, but with all that said, he/she says that it is a "good mix," suggesting the interpersonal relationships have a strong quality about them.

Alternatively, the negative outcome in company Beta, which consisted of a third generation family member leaving the business and the breakdown of the relationship of the second generation partners, truly reduces/deteriorates the quality of the interpersonal relationships within and between the families. The following statement by interviewee H shows how the two third generation children conducted business without telling the other what he/she was doing stemming from a lack of trust:

“...[the kids} aren't getting along that well...let's just put it this way, they just were not communicating. They were each going to do their own things and [son/daughter] was doing some things that maybe weren't the smartest things... and [son/daughter]-in-law was doing some things that maybe they weren't talking to each other about. They were both hearing about things from other [people] ... 'do you know what he did?... what this guy did'” (Interviewee H, Q:9:377)

Finally, interviewee H's comments concerning the son/daughter-in-law of his partner:

“I visited with [in-law] once, one on one and boy, I soon realized that...I became aware that he didn't like me very well. Some of things he said, I just, you know, in looking back at the history of the thing, it just...the chemistry...it wasn't there...” (Interviewee H, Q:9:503)

Not only were the relationships between the third generation children not healthy, but this quote shows that there were issues between a second-generation member of one family and a third-generation member of another family as well. Altogether, these relationships did not breed a positive scenario.

The interpersonal relationships can, and do, have an impact upon the antecedents of trust. The next section describes the various antecedents of trust as they emerged from the data.

4.4 Antecedents of trust

During the course of this dissertation, several causes and/or conditions of trust emerged from the data. The most notable of these antecedents were primacy of business commitment (putting the business first), commonalities (heritage, culture, common bonds), cohesion (working together), and values (personal and business). The following sections describe each of these antecedents in more detail and provide selective statements from the interviewees to highlight their content.

4.4.1 Primacy of business commitment

An attitude that can be described as ‘business first’ was fairly common throughout all interviewees as there were 24 quotations attributable to this code. Simply explained, a business first attitude puts the needs and concerns of the business ahead of all other commitments, including family. Some of the more notable comments pertaining to this antecedent follow below:

“It’s...business came first, second, third, fourth, fifth – and everything else was in another part...place.” (Interviewee B, Q:4:29)

“When inventory comes or there’s the end of the month, [interviewee N] knows, [interviewee M] knows, when to take their vacations...their vacations are scheduled around month closings. Their whole life’s done that way.” (Interviewee L, Q:13:470)

“So it’s a business first, family second, relationship...type of attitude.”
(Interviewee M, Q:15:101)

Finally, the following statement from interviewee B in describing the beginning stages of company Alpha is very much to the point:

“ ...but they [founding father and mother] did carry that message through to their children that no family person’s interest in a family can be more important than the longevity and the success of the business. And you just had to understand that and you had to (quote) play the game that you needed to play to make this thing work.” (Interviewee B, Q:4:16)

All of the above quotations exemplify the importance of putting the business first, in front of all other commitments, including family as interview M states. With all families conveying that commitment, there is a common goal (business) that brings everyone closer and causes them to be more trusting of one another.

4.4.2 Commonalities

Unlike single-family businesses where a commonality such as a family’s bloodline or marriage bond exists, multi-family businesses possess no such bloodline or marriage commonalities. However, other commonalities, such as a common heritage (background), a common culture, common viewpoints or even a sports friendship emerged from the data. Any or all of these commonalities may take the place of the effects of common bloodline and bond of marriage that is not present within a multi-family business. For instance, interviewee J states:

“ ...when I graduated from college, we started playing rugby and we were on a rugby team together and so for years we played rugby...[and then] I

just sort of mentioned that I wanted to get done with the [current project] and let's go into business together. He [partner] thought about it for a while and a few months later, agreed to do that.” (Interviewee J, Q:11:18)

Company Beta's commonality was the heritage of the two founders. Though not acquainted until arriving in the US, they were both from the same country in Europe⁶ and had immigrated to the US around the same time and were working in the same company when they met. Interviewee H recalls:

“After working for [company X]⁷ for a couple of...I'm not even sure how long...they [founder from each family] decided that maybe they had the chemistry to start something on their own. They [founder from each family] both, I think, had some entrepreneurial desires and so they basically started an operation essentially...” (Interviewee H, Q:9:40)

“You know, [our families were] reasonably close because we were the only [European] people in [town]. The heritage made a difference here, both were [European]. In fact I used to call [interviewee I's father] uncle. [Interviewee I's] sister referred to my mom and dad as her aunt and uncle.” (interviewee H, Q:9:64)

Interviewee I (part of the second family in company Beta) made the following comments as to the commonalities between the two founders:

⁶ Revealing the country that these people emigrated from might possibly have an impact on the identity of company Beta. Therefore, the individual country was substituted with the larger European continent.

⁷ Using the real name of this company would indicate a particular industry and therefore could lead to the identity of company Beta.

“Our fathers were both [European] immigrants...everybody spoke [the same foreign language]⁸ and that type of thing. We grew up as two families that were very close together and neither one of us had any other relatives in the United States...Also, out in the middle of the country with a whole bunch of Swedes and Norwegians, you know, and here you got a couple of [Europe] guys, you know, it was just a little bit different.”

(Interviewee I, Q:10:17)

The above quotes indicate that there can be several commonalities that facilitate the partnership of non-blood or non-marriage related families. These commonalities put the families closer to one another and, as the data of this dissertation show, make it easier to form a trusting relationship.

4.4.3 Cohesion

The amount of cohesion both within a family and between families can have a direct impact on the level of trust between families of a multi-family business. Interviewee B stresses the importance of having a close and cohesive family. He/she describes a positive relationship with his/her brother-in-law, (interviewee A), that goes back a very long time while also describing a family situation that resulted from of a lack of cohesion in his/her family:

“So, we have really known each other our whole life and I think [s]he’ll tell you the same thing. We may have had 3 or 4 – not even screaming

⁸ Revealing the language spoken could also lead to the identity of company Beta.

matches – that’s not even the right word – disagreements in our entire business and personal lives because I think we sincerely and genuinely appreciate each other and family is really important. [...] You know, so, I mean, as you get older like we do, what you really got is each other and the family. Now you destroy that through a business like this and I come from a family where two partners didn’t destroy the business, but my father was physically and mentally destroyed by the confrontations he was having with his cousin-in-law who was a partner and I’ve seen the worst, so I’ve spent a lot of time making sure this works.” (Interviewee B, Q:4:21)

Interviewee F describes a positive and cohesive relationship that he/she has with his/her brother-in-law (interviewee G) by simply stating:

You know, I never...my brother-in-law is as honorable and honest as the day is long. I wouldn’t screw [him/her] out of a penny – vice versa.”
(Interviewee G, Q:6:183)

In discussing the cohesion that is present among the partners in company Alpha, interviewee A states:

“We get along pretty good. I was telling you when we first started the meeting that we met regularly like, physically once a quarter, at least once a month phone Board meetings, conferences and probably it might be once a week, once every other week the phone conferences with the whole

group. But we still get together at least once a quarter, sometimes more. We try to move the meetings around to each of the locations. This sounds as if we are having entirely too much fun for it to be a business, but we really are getting along so good.” (Interviewee A, Q:1:94)

The above quotes all come from company Alpha, which contains three families. There is a tremendous amount of respect between families and all principal family members (six of them) get along extremely well. Their cohesion creates trust between them and allows them to run a large company successfully.

A previous quote made by interviewee L when describing the cooperative nature of his/her partners, also very aptly describes the cohesiveness and trust between families:

“You know what, I think we look like we’re a group of families on a ship sailing and there’s always going to be a leak and one of us, whoever can, knows how to fix the leak, fixes the leak and if we all don’t know how to fix the leak, then we get together and fix it together.” (Interviewee L, Q:13:478)

Interpreting this analogy and its relationship to cohesion suggests that this group of families stand united and committed to helping each other, which ultimately helps the common cause for all – the business. If one family needs to step up, the others will support them. If neither family has the capacity to step forward, then they will all come together and step up together. The ability of this group to be cohesive can definitely impact the trust between them.

Finally, interviewee G appropriately sums up the cohesion antecedent through the following comment:

“So, I think that what’s made this work. Yea, we don’t always agree but I’d say we agree 90 percent plus, at a time and we’ve never had any real...never had any issues that I’m aware of and that’s what I think has made this amalgamation work.” (Interviewee G, Q:8:49)

Coming from company Alpha, interviewee G’s statement indicates that the level of cohesion must be relatively high to be able to agree over 90% of the time and not to have had any issues. Interviewee G, in an earlier quote (in the trust section) indicated that there was complete trust in each other as well.

4.4.4 Values

Values, both at the personal and business level, is the last antecedent of trust emerging from the data. Examples of some personal values include integrity, loyalty and passion while work ethic, commitment to the business and commitment to the community are representative of business values. The importance of values was a common denominator that appeared among many of the interviewees. The following comments by various interviewees substantiate this antecedent:

“The guys that we did this deal with I’ve known for almost my entire time in the business and we’ve been friends, and you know, they’re good people and they have values. We were talking about this with one of the suppliers the other night, from a value standpoint, it was really simple because our

values were so similar, I mean, you couldn't say it was a mirror culture, there are always some differences, but there were a lot of the same kind or work ethic and integrity and values. It just made it, made it real easy."

(Interviewee A, Q:1:94)

"Everybody in this group is fair-minded and I think, of the highest character and honesty. So, I think that's what made it work."

(Interviewee, G, Q:8:49)

"And now it has expeditiously grown as [interviewee A] has told you, to the size that we are today. And it takes values. I think, probably that's more important than anything. You've got to have a common denominator of values." (Interviewee F, Q:6:20)

The above quotes all reflect that common values between multiple families, are an integral part, if not the most important part, of the ability to get along with, and ultimately trust, one another. And finally, interviewee S states:

"I mean I've had the benefit of being associated with a very bright business partner and so it just seemed to have worked over time. We had shared values. We're both deeply faith oriented people...families...that I can't overlook that as a helpful factor. We come sort of at things similarly and have...those, a lot of those values were passed down generationally."

(Interviewee S, Q:20:9)

Interviewee S goes one step further and equates the shared values with being deeply faith oriented individuals. As a result of this deep faith, the values he/she speaks of were rooted in family traditions throughout previous generations. When partners, who do not belong to the same family, are able to rely on one another because of their common faith and values, the trusting relationship that ensues is particularly strong. The next section discusses the various moderators of trust, the last category of the theoretical model.

4.5 Moderators

The last category of the exploratory theoretical model to be discussed involves variables that can have a moderating effect on the amount of trust exercised within a multi-family business. A moderating variable is a variable that can affect the strength (positive or negative) or relation (positive or negative) of a predicting variable on a dependent variable (Baron & Kenny, 1986). These moderating variables are exploratory in nature and some examples are ownership equality (power), the size of the company, changes in income (positive or negative) and intergroup relations.

When ownership of a multi-family business is split equally among participating families, no single family can effectively exercise control over the others. In this dissertation, three of the five companies studied had an equal split of ownership among families. In two of those companies, the owning families were united and trust was relatively high. However, as explained earlier, company Beta did experience some turbulence in generation three, however, this was not due to an ownership (power) struggle, but due to a breakdown in trust between the third generation children.

Pertaining to the other two companies, there was one family with unilateral control. In each of those two companies, the business prospered over the years, so the level of trust between owners was not a problem or a priority. As long as everyone was happy with the profitability of the company, there was no need to question the controlling family's decisions. As interviewee S states:

“And like I say, the other piece of that was, is that realistically speaking, success helps some of that [lack of power]. In other words, we were profitable, we were doing well and I'm not saying that it was not...if you're living on the edge, I mean, it's tooth and nail and it's all this kind of stuff, life probably could get a little more passionate or we have the opportunity for hard feelings – but when it's working, I mean, it's a little easier to say, 'okay, I'll give on that one and move on and live for another day'.” (Interviewee S, Q:20:89)

Another moderating effect relates to the size of the company. Examining the companies in this thesis, there was a wide range, ranging from a very small company with less than 50 employees to an extremely large company with thousands of employees. Chapter two of this dissertation presented several options a multi-family business has should conflicts persist between families. One of those options was for one family to purchase the stock of the other family(s) and it then would cease to be a multi-family business. Another option would be to sell the business to a third party. In the case of company Alpha, neither option was considered viable due to the size of the company. Interviewee B comments:

“And I think that the bigger it [the business] becomes, and the more – it’s a bad way of putting it – the more money that becomes involved to the individual families, the easier, if you do it right, the easier it is to keep it together. Because we are so big today, nobody will buy us. I mean, they’d pick us apart but they wouldn’t buy us because we’re just too big.”

(Interviewee B, Q:4:52)

As mentioned earlier, when the business is profitable, potential power struggles are greatly reduced or even non-existent. Similarly, when income or profitability increases, the trust between families may strengthen. The reason for this is that as long as the change is positive (increasing) and the business is prospering, all of the families can benefit from this increase, regardless of equal ownership or not. The increasing effect can engender a positive atmosphere among the families. Alternatively, if profits or income start to decrease, tensions may rise, both within and between families, even when there is equal ownership. Tensions could lead to conflicts and ultimately a decrease or even complete loss of trust. During the course of this dissertation, participating companies were fortunate to have realized positive income results and therefore there was only a positive effect on the level of trust. In his speeches, Astrachan often refers to this process as a vicious or virtuous cycle (Astrachan, personal communication).

Family unity and intergroup relations, however, did not provide a completely positive outcome for all companies. As was previously mentioned, company Beta had a breakdown in the third generation of management. Once this breakdown started,

intergroup dynamics became strained and ultimately impacted the level of trust both within and between the families. As interviewee H recalls:

“...everything...apparently to me, I think everything to me was working OK. I think [my son/daughter] and [his/her counterpart] were having some problems but [son/daughter] would not share. I think he/she felt, ‘I can handle this, I can do this’...” (Interviewee H, Q:9:377)

There was a difference in views between the father and son/daughter that potentially impacted their family unity. Further, once the third generation relationships broke down, the relationships between family members in the second generation also began to suffer. The reason for this was because interviewee H believed that his counterpart (interviewee I) did not keep him as informed as he had expected. Subsequently, suspected collusion with other board members on interviewee I’s part, that enhanced his/her family’s position, also contributed to interviewee H’s discord with his partner (interviewee I).

The other companies in the study all revealed positive relationships both between and within their respective families, thereby reinforcing the trust that existed between them.

4.6 Relationship of data to theory

In the previous sections, each individual construct as well as the relationships of the moderating and mediating constructs in the model were explained and supported with various excerpts from the interviews. In this section, the relationships among the constructs will be explained and supported with statements from the interviewees to

further justify the conceptual model and linking data to theory. The constructs leading to trust are primacy of business commitment, commonalities, cohesion and values. The following quotes highlight the evidence of the relationship between these antecedents and trust.

“So, they [the partners] share a lot in common and so I think it has a lot to do with the fact that board meetings are very easy. No matter how tough the issue is, I mean, they all share the sort of the common values and then they believe in shareholder value and its creation. They care about their employees, they care about one another, they care about their reputation. They’ll never do anything incorrect, you know, or certainly not illegal. It’s all built on strong ethics, strong family values.” (Interviewee D, Q:3:354).

Interviewee D, a non-family executive, explains how board meetings are fairly relaxed and straight-forward as a result of the relationship among the family members of company Alpha and how they share commonalities, family values and ethics. The easiness that is referred to is a lack of conflict between family members, which in turn results in a trusting relationship.

“He’s like a brother, I think. That’s the way I feel. That’s why...I trust him. I know he wouldn’t do anything [to me] and I wouldn’t do anything to him either, so...” (Interviewee J, Q:11:261).

In talking about his/her partner, interviewee J shares a common bond that allow them to feel like brothers. This bond is the reason for the trust that ensues between the two individuals.

Apart from being a dependent variable, trust is also an independent variable resulting in several outcomes including a division of labor, cooperation, business success and family conflicts. The quotes below provide evidence supporting the existence of these relationships.

Below statement by interviewee O shows there is a relationship between complimentary skill sets (division of labor) and trust. Although this quote does not directly show a cause and effect relationship, the interviewee's overall comments suggest that without sufficient trust, a division of labor would not have been possible in the case of this multi-family business.

“Well, that seems to be the...one of the tickets to making these things work is the complimentary skill sets and the trust that you have between the two.” (Interviewee O, Q:17:396).

The following statement by interviewee G reflects the trust that existed between the families and that fact that they always came to a consensus indicating that a cooperative approach was always taken.

“Well, what made it work is, and I'm sure this is a common theme that you've heard – is that we...there is a mutual trust and admiration. Without those two components, and maybe others, it never would have worked.”

[...] I can't ever remember ever having a dispute in the [number of] years that we were together. You know, we didn't always agree but we always came to consensus." Interviewee G, Q:8:41).

4.7 Adherence to grounded theory concepts

As mentioned in the methodology chapter, Corbin and Strauss (1990) mentioned several criteria that should be used to evaluate the adequacy of the grounded theory research process. This section addresses how this dissertation conformed to these and other common criteria. The first criteria is concerned with the grounds on which the sample was chosen (i.e. was it selective?). As mentioned in an earlier chapter, a purposive (or judgment) sample was selected in a deliberative and non-random fashion. The second and third criteria focused on the categories that emerged, which events or actions led to those categories, how the theoretical formulations guided some of the data collection and how representative these categories were. The core category of trust, as well as the related categories, consisting of the outcomes of trust, the antecedents of trust, the moderators of trust as well as the mediating effect of the quality of interpersonal relationships, were all formulated on the basis of theoretical sampling and were representative of the data collected. The consistency and repetition of the interviewee's responses surrounding the core and related categories contributed to the events that led to the development of these categories.

Next, Corbin and Strauss (1990) were concerned with any hypotheses formed pertaining to the relation among the categories, and how they were formulated and tested. Although this dissertation contains no formal hypotheses, the developing of codes and

categories and constantly comparing those codes and categories with new data as it is collected, simulates the hypothesis formulation and testing process. In other words, the development of a category is like formulating a hypothesis, and comparing it with new data is similar to testing that hypotheses. The above criterion was adhered to throughout the process of theoretical sampling invoked in this dissertation.

Lastly, the authors were concerned with the formulation of the core category, the degree of difficulty (or ease) of this formulation, and how the core category contributed to understanding the phenomenon under study. The core category of trust emerged approximately half way through the dissertation as it became clear from the interviewees that trust played an integral part in the success of their multi-family businesses. The fact that all of these companies, at one time or another presented trusting relationships among the families involved, provided evidence that trust was a central ingredient necessary for sustaining multi-family businesses.

4.8 What grounded theory is not

There are common misconceptions regarding grounded theory that can negatively affect the soundness of a grounded theory study (Suddaby, 2006). This dissertation tried to avoid all of these misconceptions. The first misconception is that grounded theory allows the researcher to ignore the literature. While some researchers categorically reject the use of literature prior to embarking on a grounded theory study (Glaser & Holton, 2004), a broad review of the intergroup literature was conducted prior to this thesis with the aim of gaining familiarity with the area of research and to develop an understanding

of the key concepts. Further literature reviews were conducted after various categories and themes emerged from the data.

The second misconception is that grounded theory is not a presentation of raw data but requires the analysis and interpretation of these data (Suddaby, 2006). Through the processes of coding and theoretical sampling, the data in this dissertation were thoroughly analyzed, providing theoretical statements about the causal relationships that resulted in an emergent model of intergroup relations in multi-family businesses.

The third misconception is that grounded theory is not hypothesis testing, but instead aims to develop and examine emerging theories as they are presented from the data (Suddaby, 2006). This dissertation did not formulate or test any hypotheses, but developed and examined the emergent core category of trust, its antecedents, outcomes and moderators, resulting in an intergroup theoretical model of multi-family businesses.

The fourth misconception is that grounded theory is not simply routine application of formulaic techniques to data (Suddaby, 2006). In other words, grounded theory is an interpretive process that a software program cannot perform. Although computer software was utilized for this dissertation, it was used to aid in the organization and display, not the analysis of data. Interpretation of the data was done on two levels. First, the transcriptions of the interviews were interpreted and coded relative to the information supplied by the interviewee. Second, additional interpretation was necessary to explain the relationship of what an interviewee said, to the code or category that the comment was intended to represent.

The fifth and sixth misconceptions are that grounded theory is not easy, where data is simply loaded into a computer and results are readily displayed, and that it is not

absent of methodology (Suddaby, 2006). This requires the research to be transparent, rigorous and incorporate the key tenets of grounded theory – theoretical sampling and constant comparison. This dissertation meets this requirement by employing theoretical sampling and constantly comparing codes to codes, codes to categories, and categories to categories, and documenting the steps taken to reflect a transparent research approach.

Strictly adhering to the criteria of the grounded theory process (Corbin & Strauss, 1990) and avoiding common pitfalls of grounded theory research assure the validity and reliability of the findings presented here.

This concludes the presentation of the main results achieved through the analysis of the data. We have seen that the core category of trust plays a pivotal role in multi-family businesses. We have also seen that there are a number of antecedents that can impact trust. Additionally, the data show that the outcomes of trust can be both positive and negative. These outcomes can then have an effect on the quality of the interpersonal relationships both between and within the families of multi-family businesses. Finally, the data also show a number of variables can moderate the level of trust in multi-family businesses. A theoretical model was introduced at the beginning of this chapter with the aim to provide the reader with a greater clarity and guidance.

In the following chapter, the findings of the dissertation will be compared to extant research on trust, intergroup relations and family business. This comparison serves two purposes. First, it serves to verify the findings of this research with extant research in each of the three. Second, the comparison can be used to advance research and contribute to theory building in the areas of family business, trust, and intergroup relations. After comparing the findings to the extant research and highlighting contributions to theory

development, limitations of this research will be discussed and opportunities for future research presented. The section concludes with a brief discussion on how these findings can be used in practical business settings.

DISCUSSION

The previous chapter presented the analysis of the data without referencing extant literature. This approach allows for the data “to speak” by letting the findings *emerge* without any distortions from the prevailing literature. In this chapter, I engage the prevalent research in family business and intergroup relations and discuss how the findings relate to these literatures. Next, I discuss the limitations of the dissertation, present suggestions for future research, provide practical implications and finally offer some concluding remarks.

5.1 Family business

This dissertation contributes to family business research in several ways. First, as mentioned earlier, trust is a relatively under researched area in family business (Eddleston et al., 2010). This neglect is surprising considering that trust can be linked to several theories commonly used in family business research such as agency theory, stewardship theory, social capital theory and transaction cost economics (Davis, Allen, & Hayes, 2010; Eddleston et al., 2010). For example, Davis et al. (2010) utilized trust as an independent variable within a stewardship theoretical framework showing that family member employees perceive significantly higher stewardship in family business leadership than non-family employees. Gedajlovic and Carney (2010) used trust as a

moderating variable within a transaction cost context showing that many family firm transactions are a result of trust-based social capital.

To better understand how trust can provide family businesses with a competitive advantage, as previous literature has postulated (Eddleston et al., 2010; Steier, 2001; Sundaramurthy, 2008), it is important to understand the causes, outcomes, and moderating effects of trust within the family firm. This dissertation demonstrates trust as both a dependent and independent variable, and highlights antecedents, outcomes, and moderators of trust within a family context. Eddleston and Kellermanns (2007) found that a participative strategy – that is, the extent to which family members are engaged in strategic decision-making – positively affected family firm performance. The authors also found that relationship conflict – that is, the perception of personal animosities and incompatibility (Simons & Peterson, 2000) – negatively affected family firm performance. This dissertation answers the authors' call to see how family firms can improve their participative strategy and prevent relationship conflict. Trust as shown in this dissertation can be instrumental in both regards.

This thesis shows that trust leads to cooperation, which in turn allows families to engage in participative actions, resulting in business growth (performance). Trust between families resulting from antecedents such as commonalities and shared values also helps reduce relationship conflict, expanding upon the results of Eddleston and Kellermanns (2007).

Second, a family business can contain various different groups. For example, families may contain multiple subgroups such as founding generation, next generation, in-laws and cousins. At the company level, groups could consist of family members, non-

family members, management and non-management. An intergroup theoretical perspective can be used as a theoretical foundation to explain potential sources of conflict or cooperative strategies among these groups instead of individual members (Pieper, 2010).

In separate studies, Kellermanns and Eddleston (Kellermanns & Eddleston, 2004, 2007) used a conflict theoretical lens to examine when certain conflicts (task conflict and process conflict) could be beneficial to family firm performance. Task conflict relates to disagreements about the goals and strategies of the business from the perspective of what goals and strategies should be pursued, whereas process conflict deals with the disagreements as to how certain tasks should be completed and who should complete them (Jehn, 1997). Kellermanns and Eddleston (2004) proposed a conceptual model suggesting both task and process conflict form a curvilinear relationship with firm performance where low and high levels of task and process conflict lead to lower performance, whereas moderate levels of both conflicts lead to higher levels of family firm performance. The authors also suggested several moderators to the above relationships, such as relational conflict (the more relational conflict, the greater the negative impact on firm performance) and generational involvement (as more generations enter the business, the importance of both conflicts to firm performance increases). In their 2007 study, the authors test a similar model (relational conflict is replaced by family-member exchange) and come to mixed results. Family-member exchange is described as, “an individual’s perception of his or her family’s willingness to share ideas, feedback and expectations with one another” (Kellermanns & Eddleston, 2007, p. 1050). Task conflict was negatively related to performance, whereas process conflict was not

significantly related to firm performance. Neither form of conflict produced a curvilinear effect as predicted in the authors' 2004 model. However, both moderators (relational conflict and generational involvement) impacted the relationships that were suggested with generational involvement (ownership) having a strong impact on how conflict affects family firm performance. Low concentrations of ownership (one generation/one individual) showed task conflict to positively impact performance, whereas high concentrations of ownership (dispersed among many individuals through multiple generations) showed task conflict to have a negative impact on performance.

An intergroup theoretical lens along with the results of the present study can provide both an alternate explanation to the findings by Kellermanns and Eddleston (2004, 2007) and offer an alternative perspective when examining the various forms of conflict researched in the above studies. The construct of intergroup trust, not applied in both of Kellermanns' and Eddleston's model, is useful for this purpose. As this dissertation shows, trust facilitates division of labor, meaning that families have skill sets that compliment one another and as a result, each family or family member is responsible for a particular area of business. Process conflict represents disagreements of how to perform a certain task and who should perform it. In effect, division of labor may replace process conflict, as responsibilities are divided, thereby preventing potential conflict. Hence, division of labor may provide one possible explanation for the non-significant results found by Kellermanns and Eddleston (2007).

Likewise, the moderating effect of generational ownership dispersion could alternatively be explained through intergroup theory. For example, as mentioned earlier, a family can contain multiple groups (founding generation, next generation, in-laws and

cousins). Any or all of these groups may possess ownership in the business. Intergroup theory suggests that these groups would be in conflict with each other, with one group attempting to control the others. Accordingly, higher levels of conflict would exist, negatively impacting performance as suggested by Eddleston and Kellermanns (2007). On the other hand, intergroup theory also suggests that a superordinate group (a merging of two or more groups into one group) could be formed. The merging into one group, thereby concentrating the ownership into one block could then explain the authors' results that when ownership is more concentrated, conflict has a positive impact on performance.

However, in addition to examining the benefits and costs of conflict within family firms as shown by Kellermanns and Eddleston, the present study shows that trust is a central component to two or more groups successfully working together in family business. Therefore, the findings of this dissertation offer other alternatives to Kellermanns and Eddleston (2004, 2007) to examine. For example, the level of trust in each group (such as generations, in-laws and cousins) could be determined in order to account for the effects of the various conflicts within each group. According to the findings of this dissertation, the more shared values and commonalities among the members of each group, the greater the level of trust in that group, and the greater the trust, the less process and task conflict. Next, as suggested by the results of this dissertation, the level of trust within each group can impact the level of trust between each group. Therefore, the greater the number of groups the greater the potential for increased distrust among the groups and the greater the opportunity for task and process conflict. However, a strong commitment to the business has shown to produce trust

among groups, so the greater the commitment to the business, the less process and task conflict. While a curvilinear relationship of task and process conflict with firm performance was proposed in the authors' 2004 study, the authors' 2007 study neither suggested, nor found, such a relationship. Similarly, the present research does not suggest a curvilinear relationship either, showing that when there is a high level of trust between family members and groups of family members, cooperation increases, and task and process conflict are greatly reduced, leading to greater firm performance. Alternatively, it could be proposed that a low level of trust would result in less cooperation and greater task and process conflict, resulting in lower firm performance. The moderating effect of ownership dispersion on firm performance suggested by Kellermanns and Eddleston (2007) is partially consistent with this dissertation's model with one difference: rather than directly impacting firm performance, this dissertation shows ownership equality moderates the level of trust, which ultimately contributes to firm performance (either positively or negatively). Finally, Kellermanns and Eddleston (2004, p. 222) suggest that, "effective conflict management tactics will need to resolve relationship conflict." The present study suggests an additional solution to resolving relational conflict. As positive outcomes of trust are shown to enhance interpersonal relationships within multi-family businesses, it could be proposed that increasing the level of trust will negatively impact the need for relational conflict management.

To test the above propositions, a study could be executed using multi-generation (cousin consortia), single-family businesses (as opposed to small firms with just a few family members). A survey instrument incorporating the scales measuring the various types of conflict as well as trust and the constructs forming the antecedents of trust (such

as commitment and values) would be sent out to the proposed sample. The F-PEC scale (Astrachan et al., 2002) could also be incorporated into the survey to ensure the multi-generational aspect is taken into consideration. Firm performance would be measured by subjective self-reported assessment, in the same manner as in the Kellermanns and Eddleston (2007) study, which has been proven to correlate closely with objective data (Dess & Robinson Jr, 1984). The findings of this research would show that the greater the trust between groups, the greater the level of cooperation and the greater the performance. Additionally, the more shared values and commonalities that exist between family groups, the less conflict there would be, thereby reducing the need for conflict management procedures.

In a different study, Chrisman et al. (2007) examined family managers within family owned firms to determine if family managers act as agents or stewards. In other words, do family firms impose agency cost control mechanisms on managers belonging to the same owning family? If so, do these mechanisms improve company performance? Or do family managers maintain a stewardship relationship with family owners? The results indicated that family managers are in an agency relationship with the firm's owners and family firms do use agency cost control mechanisms, and when they do, firm performance does improve.

However, as previously demonstrated utilizing the Kellermanns and Eddleston (2004, 2007) studies, the findings of this dissertation could offer an alternate explanation to the findings of Chrisman et al. (2007), and suggest an alternative approach to their study. Again, the construct of trust would likely have a substantial impact on explaining the proposed relationships. For example, this dissertation indicates that a change in

income will moderate the level of trust, which contributes to firm success. Incentivizing employees leads to increased profitability (Heymann & Barrera, 2010), therefore this dissertation would argue that incentives are given to improve trust which leads to better firm performance, as opposed to controlling for agency costs according to Chrisman et al.'s (2007) line of arguments. Agency costs can occur when a manager (agent) uses company resources for his/her own use or if a company has to institute policies and procedures (at a cost) to prevent a manager from using company resources for his/her own gain.

The findings of this dissertation also suggest that in order to determine if an agency or stewardship relationship was present, the construct of trust should be considered. The reason for this is that a stewardship relationship is dependent upon the risks that the principals are willing to assume (Davis, Schoorman, & Donaldson, 1997). A more risk averse principal is more likely to perceive that the agent will be self-serving and will therefore prefer agency control mechanisms. On the other hand, if the agent is perceived to be committed to the organization, the principal will have more trust in the agent and willing to take more risks (Davis et al., 1997). Further, the antecedents such as shared values, commonalities, and cohesion found in the present study should be included to determine if trusting relationships existed. First, to conduct an alternative study, family subgroups such as generations, cousins or in-laws would need to be identified. Second, measuring the antecedents of trust such as commonalities, commitment, and shared values would substantiate the existence of trust such that the greater the commonalities, commitment, and shared values in each group, the greater the likelihood of trust. Alternatively, the lower the commonalities, commitment and shared values, the less the

likelihood of trust. Third, the level of trust would then be measured within each group suggesting that the higher the level of trust, the greater the likelihood that a stewardship relationship would exist. Alternatively, the lower the level of trust, the less likely a stewardship relationship exists between family managers and family firm owners. Next, as this thesis suggests that the trust between groups is influenced by the trust within each group, measuring the trust between groups would suggest that the higher the trust between groups, the greater the probability that a stewardship relationship exists. That leads to the idea that the greater the probability for the existence of a stewardship relationship in a family business, the greater the likelihood that incentives are used to promote trust within that business. Alternatively, the less the probability for the existence of a stewardship relationship, the greater the probability that an agency relationship exists and incentives would be used to control for the agency costs. The above propositions could be tested employing a study similar to the one outlined above.

Prior to discussing the contributions to the intergroup literature in the next section, this dissertation offers two final contributions relating to family business research. First, this thesis introduces multi-family business to the family business literature. Prior to this thesis there has been no academic research on multi-family businesses to draw upon. As this dissertation shows, multi-family businesses can offer unique perspectives relating to family business research, particularly pertaining to examining the common theories studied in family business research such as agency theory, stewardship theory and the resource based view of the firm (RBV). For example, when applying RBV to family firms, unique resources such as human capital, financial capital and social capital (Sirmon & Hitt, 2003) are often examined. Within the multi-

family business, these resources can be both an advantage as well as a disadvantage. For instance, it could be assumed that since there are two or more families in a multi-family business, the human capital advantage would be that there are more family members available for jobs in the business. However, more family members could lead to a competition for those jobs, which could lead to family conflict. Similar examples can be expressed pertaining to agency theory as well as to stewardship theory. For example, agency theory which is predicated upon the notion that managers who are not owners of the firm may not be as diligent with the firm's activities as an owner-manager, therefore necessitating an activity such as monitoring to align the interests of managers and owners (Jensen & Meckling, 1976). However, the monitoring activity is not just limited to the manager-owner relationship. Monitoring can also exist in an owner-owner relationship (Chrisman, Chua, Pearson, & Barnett, 2010) and in a multi-family business context this could be either an advantage or a disadvantage. The disadvantage results from the multiple ownership groups that are possible in a multi-family business context. The more families involved, the greater the likelihood of additional family members (sons, daughters, sisters and brothers) being involved and therefore the greater the difficulty to monitor individual behavior. Alternatively, assuming equal ownership, the advantage results in little need for monitoring as one family could monitor the other. Given the results from the present study, it is likely that most families involved in a multi-family business would have common goals and values and a shared commitment to the business.

Family business researchers generally agree that family involvement makes family businesses unique (Chua et al., 1999) and considerable research has examined this phenomenon. Multi-family businesses bring an added dimension to this uniqueness. The

additional families involved in multi-family businesses present multiple family-business and family-family interactions. Additionally, multiple families will also bring multiple family dynamics into the equation, especially since these families are neither related by blood or marriage. Although the number of multi-family businesses is small relative to single-family businesses, the added dimensions of multi-family businesses along with the results from this dissertation suggest that they deserve more study.

Lastly, family business research has a tendency to borrow heavily from other disciplines without giving back adequately to those fields (Zahra & Sharma, 2004). This study of intergroup relations embedded in multi-family businesses informs the literatures on intergroup relations and trust in several ways.

5.2 Intergroup relations

This dissertation contributes to intergroup literature in several ways. First, intergroup research focuses primarily on the conflict side and tends to neglect the cooperative side of intergroup relations (Tajfel, 1982a, 1982b; Tropp, 2008). It is important to focus on the cooperative side of intergroup relations because human groups are made for cooperation (Henrich et al., 2003) and cooperation makes groups more successful (Ferrin et al., 2007) and able to survive in the long run (West, Griffin, & Gardner, 2007). As trust leads to cooperation (McAllister, 1995), and cooperation typically occurs between groups, intergroup research may represent an appropriate angle through which to study trust. Some studies previously examined trust in intergroup relations (Pettigrew & Tropp, 2006; Tropp, 2008), but these studies heavily focused on distrust in the context of minority-majority race relations. Briefly stated, these studies

examine black-white relationships, finding the level of distrust to be racially motivated and greater among blacks (out-group) than whites (in-group). In contrast, the present study focuses on trust (as opposed to distrust) in the context of multi-family businesses, which represents a novel context in which to investigate trust along with its antecedents and outcomes.

The importance of trust in groups is evident in studies showing groups with high levels of trust are more successful and survive longer than groups with lower levels of trust or no trust at all (Klimoski & Karol, 1976; Zand, 1972). In addition, trust allows unsupervised groups to reach their objectives (Mayer et al., 1995). Consistent with the above results, Tam et al. (2009) examined the relationship between trust and intergroup behavior using a sample of Catholic and Protestant students drawn from a large university in Northern Ireland. The results indicated that intergroup contact (direct contact between groups) led to increased trust between groups. The authors also found that out-group trust and out-group attitudes are different constructs with differential predictive ability. In other words, one does not have to trust a group in order to like that group, nor does one have to like a group to trust that group. Lastly, Tam et al. revealed that trust “is an important concept for conflict resolution and peace building” (Tam et al., 2009, p. 55).

This dissertation is consistent with the above results and goes a step further by identifying antecedents to intergroup trust such as shared values, commitment, and commonalities. If these antecedents were included in the Tam et al. (2009) study, it might have proposed that the stronger the presence of these antecedents, the easier it might be for multiple groups to engage in intergroup contact, leading to intergroup trust. Extending

this proposition to other intergroup studies such as Tropp and Pettigrew (2005b) could help formulate other propositions. Tropp and Pettigrew (2005b) examined the relationships between intergroup contact and prejudice among minority and majority status groups. For example, minority and majority status groups can be racial in nature, where in the United States, Blacks or American Indians are considered a minority group. Another example would be ethnicity, where Latinos or Hispanics are considered to be a minority group in the United States (Marotta & Garcia, 2003). The main finding showed that greater intergroup contact is typically associated with less intergroup prejudice. Additionally, the Tropp and Pettigrew (2005b) study suggested that this relationship (contact-prejudice) was weaker in minority status groups than in majority status groups. As this dissertation shows, between-group trust increases cooperation, which would allow for increased intergroup contact. Therefore, one could propose that the level of trust would moderate the contact-prejudice relationship such that the greater the trust between groups, the less prejudice there would be between groups. Given the significance of trust within and between groups, as revealed in this dissertation, intergroup theory has left out an important moderating variable by not exploring trust and the antecedents of trust.

Second, a methodological contribution to intergroup literature is made as this thesis provides a different context than what is commonly found in intergroup research. Most intergroup research is conducted through controlled laboratory experiments (Dru, 2006). The present study used a “real world” environment, studying individuals, families and businesses as they operated in their natural environments. In a controlled experiment, the researcher can manipulate groups by assigning certain individuals to each group and giving them a specific scenario with a set of instructions that will elicit the necessary

responses (Falk & Heckman, 2009; Levitt & List, 2007). Although the responses may not be unnatural to participants, they may not be as natural as the actual participants in this study. In particular, the dynamics of each family contained in this dissertation were unknown prior to the dissertation, therefore making it practically impossible to conduct the dissertation in a laboratory setting.

Third, as mentioned in the methods chapter, qualitative grounded theory research involves theoretical generalizability, not statistical generalizability (Yin, 2009). Statistical generalizability uses the statistical results of a studied sample to generalize to a larger population. Theoretical generalizability instead uses the theory generated from a study to generalize to similar situations. To that extent, this dissertation can be employed to inform other literatures and contexts. For example, this thesis can be related to mergers and acquisitions literature. Mergers and acquisitions (M & A) involve two or more companies that are not related to one another (Stahl & Mendenhall, 2005), similar to the non-blood related families in multi-family businesses. As trust and its antecedents, outcomes and moderators are shown to play a pivotal role in the success of multi-family businesses, it can be generalized that trust and its antecedents, outcomes and moderators might also play a pivotal role in the success of a particular merger or acquisition. In fact, research shows that a lack of trust is a common reason why mergers and acquisitions fail (Stahl & Sitkin, 2005). Consistent with that line of reasoning, a study by Stahl, et al. (2004) found the target firm members' trust in the acquiring firm's management to be a mediating factor between several variables (including communication, integration speed and job security) within the integration process of a M & A, and performance. This dissertation shows that commonalities, such as common heritage and culture along with

shared values contribute to trust among groups. Therefore, it could be proposed that the merged entity of companies who have more commonalities and share more values would perform better than the merged entity of companies who do not possess commonalities and shared values. In addition to the theoretical contributions, practitioners in the M & A field, could benefit from the results of the present findings by concentrating on the elements that contribute to trust (commonalities and shared values) and use these constructs to develop programs that will aid in the development of trust of the two merging companies.

5.3 Limitations and suggestions for future research

The purpose of this dissertation was to examine why some multi-family businesses are able to avoid or manage intergroup conflicts and work in a harmonious fashion over extended periods of time. It was shown that the construct of trust, the antecedents, outcomes and moderators of trust, along with the quality of interpersonal relationships play a pivotal role in explaining the existence of multi-family businesses. However, like other studies, this dissertation is not without limitations. First, the geographic location of this dissertation could represent a potential limitation. The data were collected from companies within the continental United States, which are typically characterized by an individualistic culture (Hofstede, 1984). Trust levels, however, have been shown to be different in collectivistic than in individualistic cultures (Huff & Kelley, 2003), suggesting the possibility of different results were this dissertation conducted in a collectivistic society. The reason for this observation is that individuals in collectivistic cultures have a more interdependent view of the world, place more

importance on relationships, and nurture them with greater care than individuals in individualistic cultures (Chen, Xiao-Ping, & Meindl, 1998). Even within collectivist societies, the level of trust can vary (Fukuyama, 1996). For example, Fukuyama (1996) suggests that Japan is a culture with relatively high levels of trust whereas China is a culture with relatively low levels of trust. Future research should replicate this thesis in a collectivistic society, such as Japan, to compare and contrast the results to the findings presented here.

Second, two additional limitations relate to the data underlying this dissertation. First, this dissertation is cross-sectional, meaning that the data were gathered at one point in time and not over an extended period of time (longitudinally). However, family relations are not static, but change considerably over the course of time (Richlin-Klonsky & Bengtson, 1996). Similarly, trust develops over time (Rousseau et al., 1998) and one must be cautious when drawing inferences about longitudinal processes from cross-sectional studies (Kraemer, Yesavage, Taylor, & Kupfer, 2000). Second, data were collected retrospectively. In other words, data represented an account of the interviewees' interpretations about what happened in the past. Golden (1992) suggested that accounts of past beliefs and intentions can be subject to cognitive bias and faulty memory. To overcome these limitations, future research could incorporate a longitudinal approach of multi-family businesses, allowing the researcher to spend an extended period of time studying and analyzing the relationships both within and between families of one or a few multi-family businesses in greater detail.

Third, this dissertation took place during a time when the U.S. economy was emerging from an economic recession. Tough economic times could be a factor in forcing the families to trust each other and cooperate more than normal, since it can be more difficult to recover from an errant decision in a bad economy as opposed to a strong economy. Conducting a similar study during more prosperous economic times would allow to assess the impact of broader economic conditions on trust and intergroup behavior in greater detail.

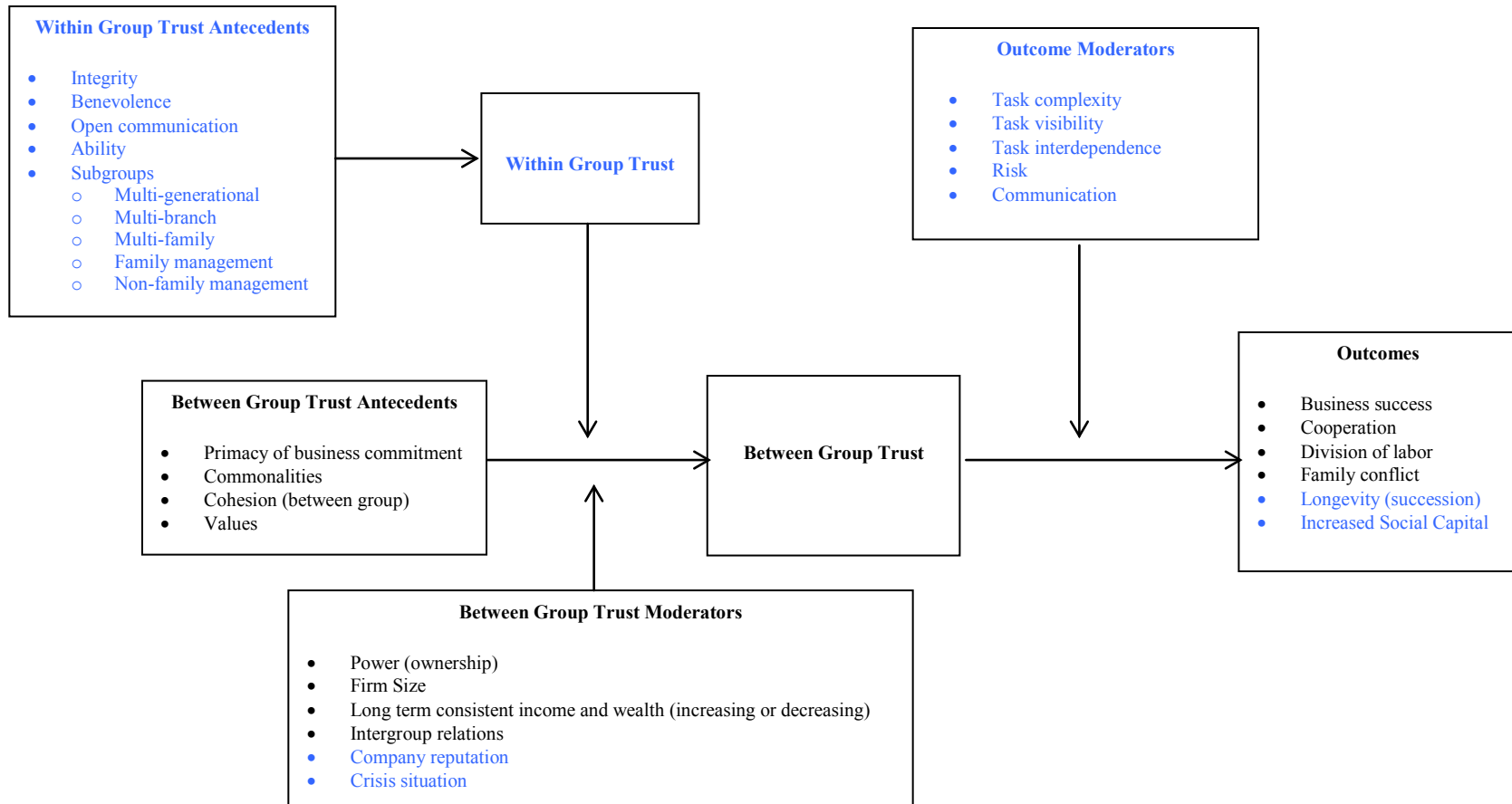
Fourth, given the relatively small overall population of multi-family businesses and the exploratory nature of this dissertation, a grounded theory approach was deliberately chosen to develop theory and new insights. The data were acquired through audio-recorded personal interviews on a one-on-one basis. The interviewee was told that there would be strict confidentiality as to his/her comments. Despite these efforts, however, the credibility of the statements cannot be entirely assured. As credibility is a problem with any response-based research – be it qualitative or quantitative (Perkins, 2011) – this is not considered a limitation of this research, but a concern worth noting.

In addition to the future research suggestions mentioned above, this dissertation offers several promising paths for future research. First, the findings from this dissertation can be tested using a broader sample of family businesses. For example, multi-generational or multi-branch single-family businesses are similar to multi-family businesses in many ways. Both types of businesses can contain multiple groups as there are in multi-family businesses, with the main difference being the existence of a blood or marriage relationship among the groups that is not present in multi-family businesses. Multi-generational or multi-branch single-family businesses are much more common

than multi-family businesses and would allow for a large enough sample size to quantitatively test the findings of this dissertation.

Second, a proposed model for future research is presented in Figure 8. This model utilizes the model from the present study and adds additional constructs (outlined in blue). To refresh, this thesis revealed that trust between/among families played a significant role in multi-family businesses. This trust appeared as a result of the following: a commitment to the business before family; commonalities, which encompass the aspects that two or more families have in common; cohesion, which entails the closeness of each family and the ability to get along; and values, both business values such as work ethic and a commitment to the community, and personal values such as integrity and passion. While this dissertation focused on the relationships between/among groups (families) within a multi-family business, the proposed future research model suggests other constructs and relationships may be present and could be examined. For example, within group trust is suggested to moderate between group trust (this relationship is presented in more detail below). The model also presents various antecedents to within trust. Table 4 provides formal definitions and means to operationalize these antecedents, as well as the other constructs of the proposed conceptual model, using established measurement scales. Variables such as benevolence, integrity and ability have been well documented in the literature as contributing to group trust (Mayer & Davis, 1999; Mayer et al., 1995). For example, an individual with an expertise in a certain area (ability) will afford that individual a high level of trust pertaining to that expertise. Additionally, family businesses may contain various subgroups, such as multi-generations, multi-branches, family management and non-

Figure 8

Future Research Model

Source: Own

Elements based on present study are shown in black: additions are shown in blue.

Table 4

Future research model – definition of variables and method of operationalization

	VARIABLE	DEFINITION	CITE	MEASUREMENT & CRONBACH'S ALPHA	CITE
Antecedents of Within Group Trust	Integrity	Trustor's perception that the trustee adheres to a set of principles that the trustor finds acceptable	(Mayer et al., 1995)	Six items $\alpha = .82$	(Mayer & Davis, 1999)
	Benevolence	Extent to which a trustee is believed to want to do good to a trustor	(Mayer et al., 1995)	Five items $\alpha = .87$	(Mayer & Davis, 1999)
	Open Communication	Incorporates the message sending (telling and acting) and message receiving (asking and listening) behaviors of superiors, subordinates, and peers with regard to task, personal, and innovative topics	(Rogers, 1987, p. 54)	Communication openness measure (COM) $\alpha = .88$	(Rogers, 1987)
	Ability	Group of skills, competencies, and characteristics that enable a party to have influence within some specific domain	(Mayer et al., 1995)	Six items $\alpha = .85$	(Mayer & Davis, 1999)
	Multi-Generation	Family businesses with two or more generations		F-PEC $\alpha = .96$	(Klein et al., 2005)
	Multi-Branch	Family businesses with two or more branches		F-PEC $\alpha = .96$	(Klein et al., 2005)
	Multi-Family	Family businesses with two or more non-related families (blood or marriage)		F-PEC $\alpha = .96$	(Klein et al., 2005)
Antecedents of Between Group Trust	Shared Values	The extent to which organizational members have beliefs in common about what behaviors, goals, and policies are important or unimportant, appropriate or inappropriate, and right or wrong.	(Morgan & Hunt, 1994)	5 items $\alpha = .86$	(Yilmaz & Hunt, 2001)
	Commitment	The strength of an individual's identification with and involvement in a particular organization	(Porter, Steers, Mowday, & Boulian, 1974)	Organization Commitment Scale $\alpha = .91$	(Mowday, Steers, & Porter, 1979)
	Commonalities	Aspects that two or more families have in common (e.g. heritage, culture)	Present Study	F-PEC	(Klein et al., 2005)

	VARIABLE	DEFINITION	CITE	MEASUREMENT & CRONBACH'S ALPHA	CITE
	Group cohesion	The resultant of all forces acting on all the members to remain in the group	(Cartwright & Zander, 1968, p. 91)	Group cohesion scale* $\alpha = .85$	(Treadwell, Lavertue, Kumar, & Veeraraghavan, 2001)
	Within Group Trust	Level of trust within each group		Separate study**	
	Between Group Trust	Level of trust between multiple groups		Separate study**	
Moderators of Between Group Trust	Ownership equality	Potential power one family may have over another	Present Study	F-PEC $\alpha = .75$	(Klein et al., 2005)
	Firm Size	Size of the company		F-PEC	(Klein et al., 2005)
	Company Reputation	<ul style="list-style-type: none"> • A company where employees can be happy and productive, whose image and commitment to excellence makes employees proud • Company is a good corporate citizen • Company that offer job security 	(Tagiuri & Davis, 1992)		
	Crisis Situation	Crisis is a process of transformation where the old system can no longer be maintained	(Barrett, Novak, Venette, & Shumate, 2006)		
Outcome Moderators	Task Visibility	The belief that a supervisor is aware of an individual effort on a job (if visibility is high, workers will cooperate more)	(George, 1992)	6 items $\alpha = .84$	(George, 1992)
	Task Complexity	The difficulty and variability of the work that is undertaken by an organizational unit	(Van de Ven, Delbecq, & Koenig Jr, 1976)	8 items $\alpha = .92$	(Van de Ven et al., 1976)
	Task Interdependence	The extent to which workers depend upon on another for information and aid to accomplish their task	(Yilmaz & Hunt, 2001)	3 items $\alpha = NA$	(Yilmaz & Hunt, 2001)
	Risk	Exposure to the possibility of loss, injury or other adverse or unwelcome circumstance.	(Soanes, 2010)	50 items $\alpha = .89$	(Weber, Blais, & Betz, 2002)

	VARIABLE	DEFINITION	CITE	MEASUREMENT & CRONBACH'S ALPHA	CITE
	Communication	Incorporates the message sending (telling and acting) and message receiving (asking and listening) behaviors of superiors, subordinates, and peers with regard to task, personal, and innovative topics	(Rogers, 1987, p. 54)	Communication openness measure (COM) $\alpha = .88$	(Rogers, 1987)
Outcomes	Performance	Business growth or success (economic) <ul style="list-style-type: none"> Return on assets, return on equity, Tobin's q Sales growth, employment growth Self-reported assessment (subjective) 	(Anderson & Reeb, 2003; Chrisman, Chua, & Litz, 2004; Kellermanns & Eddleston, 2007)		(Anderson & Reeb, 2003; Chrisman et al., 2004; Kellermanns & Eddleston, 2007)
		Business growth or success (non-economic) <ul style="list-style-type: none"> Value based on activities (family and business) and product Altruistic behavior 	(Astrachan, 2010; Schulze, Lubatkin, Dino, & Buchholtz, 2001)		(Astrachan, 2010; Schulze, Lubatkin, Dino, & Buchholtz, 2001)
	Cooperation	The degree to which focal activities to the relationship are carried out jointly	(Bensaou, 1997)	11 items $\alpha = .87$	(Yilmaz & Hunt, 2001)
	Division of labor	Job responsibilities of the families are divided based upon skills sets of each family	Present study		
	Longevity (succession)	Length of time a family business has been in business and to the degree that ownership and/or management has stayed within the original family		F-PEC $\alpha = .96$	(Klein et al., 2005)
	Increased Social Capital	The sum of the actual and potential resources embedded within, available through, and derived from the network of relationships by an individual or social unit.	(Nahapiet & Ghoshal, 1998, p. 243)		

Source: Own

* This scale has been tested to be valid and reliable within a classroom environment. The authors contend that further validation is required if used in an organizational setting.

** A within group trust-between group trust study is described in detail later in this chapter

family management. As family businesses grow, more generations become involved in the business and the greater the opportunity for multiple branches to exist. The more independent these subgroups become, the greater the likelihood for conflict and distrust (Milton, 2008). As multi-branch and multi-generational single-family businesses can resemble and relate to multi-family businesses, it is important to study these subgroups. Additionally, multi-branch and multi-generational single-family businesses are relatively more plentiful in actual numbers, allowing for such studies to be statistically generalizable.

As shown in this dissertation, several moderating variables existed that could have an effect on between group trust. Power (ownership equality) can particularly influence the level of trust between families (groups). If one group can effectively control the other group(s), and decisions were made that negatively impacted the business, the minority groups could lose a significant amount of trust in the controlling group. Alternatively, if decisions positively impacted the business, the level of trust between groups would increase. In addition, the future research model suggests that company reputation and crisis situations could also have an effect on between group trust. For example, in times of crisis such as when a tornado severely damages a community, individuals rally around one another and work harmoniously to overcome their devastation. Although this dissertation shows trust as a driving force that allows families to work together harmoniously, it is important to explore other constructs that may have a substantial impact on how and why families and groups can work harmoniously with one another within a multi-family business.

The future research model introduces variables such as task visibility, task interdependence, risk, and communication that moderate the relationship of between group trust and the various outcomes of group trust. For example, if two or more groups are dependent upon one another to complete a task, the level of cooperation is likely to increase (Yilmaz & Hunt, 2001) and a division of labor that divides responsibilities is likely to ensue. Similarly, if the task at hand is visible to all groups such that the effort put forth is visible to all groups, the level of cooperation between the groups will increase (George, 1992), as each group will want to demonstrate their contribution to the other. Further, increasing the quality of communication among groups leads to increased performance (Snyder & Morris, 1984). Examining the above moderators to the relationship of between-group trust and outcomes of between-group trust is important to multi-family businesses as these constructs have the potential to significantly affect this relationship positively or negatively.

Lastly, the future research model proposes additional outcome variables to those already seen in this thesis. The outcome variables presented in this thesis include the following: business success which can be described as profitability, and business independence (the ability to grow internally without the aid of non-family acquisition); cooperation, which suggests no in-fighting and a willingness to work towards the same goals; division of labor, meaning that job responsibilities were divided among the families according to the skill sets of each family; and family conflicts, which encompasses friction and eventually the breakdown of relationships between families. Additional outcomes such as business longevity (multiple generational successions) and

increased social capital can provide researchers with alternate means of determining the effectiveness of between group trust.

As stated, the future research model presents a relationship of within group trust affecting between group trust. Other studies, particularly in the field of international joint ventures pointed out the need for a certain level of mutual trust between venture parties to be successful (Inkpen & Beamish, 1997; Yan & Gray, 1994). If one party's level of trust was less than the other's, the joint venture inevitably fell apart (Inkpen & Beamish, 1997). Applying this analogy to this dissertation, one may argue for families to be successful, the level of trust *between* families would have to be at least equal to the level of trust *within* each of the families. For instance, if the level of trust within one family is different from the level of trust within another family, would the level of trust between families be only as strong as the family with the least level of trust, similar to the saying, "a chain is only as strong as its weakest link"? For example, if the level of trust within one family is low, and the level of trust within another family is high, the strength of the trust *between* the two families would be low; effectively, the lowest level of within group trust is a constraint on between group trust. In four of the five companies studied, I interpreted the level of trust within the individual families to be relatively high, and the level of trust between the families appeared to be as high, providing initial support for this proposition. Future research could examine this question to determine if there is such a correlation and if this correlation is meaningful.

This research could be carried out in either of the two approaches presented below. First, the study could be conducted in an experimental laboratory setting, utilizing undergraduate or graduate students whose participation is motivated by extra course

credit. A sample of 150 students could be divided into three groups. Two groups would be given a handout that manipulates one group to assume that their group is characterized by low within group trust, whereas the other group is characterized as exhibiting high within group trust, a design adapted from Dirks (1999). The third group would be a control group with no manipulation given. The manipulation involves instilling a belief in each individual regarding the extent to which others members of their group (a) were reliable and (b) would sacrifice personal goals for group goals (Dirks, 1999). The manipulation further relies on the notion that insight into an individual's disposition and motives provides the basis for trust (Holmes & Rempel, 1989). Figure 9 presents the experimental design showing the different combinations of within group trust (high and low) and their respective between-group trust expected outcomes (high or low).

Figure 9

Experimental Design

Within Group Trust		Between Group Trust
High Within Group Trust + High Within Group Trust	⇒	High Between Group Trust
Low Within Group Trust + Low Within Group Trust	⇒	Low Between Group Trust
High Within Group Trust + Low Within Group Trust	⇒	Low Between Group Trust
Control Group		

Source: Own

The manipulation would involve randomly assigning one-third of the participants to the low within group trust treatment (see below).

***Low Within Group Trust.** In this treatment, participants would be told they are members of a five-person marketing group that must choose a marketing strategy for a new product. Each participant would be given a handout describing (a) their own character and (b) their perceptions of the character and decision making approach of the other four members of the group. For example, they would be told to assume that they believe others in their group believe that they consistently make decisions that are in the best interest of the company. But based upon having worked with the other individuals for a couple of years they know that the other group members do not believe that other group members make the best decisions for the company. In fact, in the past they have observed some of the other members of the group making decisions in their own best interest, not in the best interest of the company. Moreover, some of the members of the group have made decisions without familiarizing themselves with the information needed to make a particular decision. In fact, their decisions appear sometimes to be whimsical and not based on the facts given them. Further, other members of the group have shown a tendency to be late in their ability to meet required deadlines.*

Similarly, another third would be given a brief scenario describing a high within group trust situation (see below).

High Within Group Trust. In this treatment, participants would be told they are members of a five-person marketing group that must choose a marketing strategy for a new product. Each participant would be given a handout describing (a) their own character and (b) their perceptions of the character and decision making approach of the other four members of the group. For example, they would be told to assume that they believe others in their group believe that they consistently make decisions that are in the best interest of the company. Moreover, based upon having worked with the other individuals for a couple of years they know that the other group members believe that all group members make the best decisions for the company, and never make decisions that are in their own self interest. In fact, in the past they have consistently observed other members of the group making decisions in the best interest of the company, and never thinking only of themselves. Further, other members of the group have always managed to meet required project deadlines.

Lastly, the control group would be told they are members of a five-person marketing group that must choose a marketing strategy for a new product and are working with a group from the R & D department. All participants would just be told that they are part of a group; there would be no interaction between groups.

After giving group members time to read the scenario, they would then be asked to provide their responses to several statements (see Figure 10) adapted from an intragroup trust scale by Simons & Peterson (2000). This scale was chosen because it was

previously established in the literature and exhibited a Cronbach's alpha of .89. Responses to these statements would be provided using a 1-7 point scale with the end points labeled Never to Always. As these statements would have been adapted to reflect an intergroup perspective, a pretest would be executed to establish the reliability and validity of the revised scale in the new context. Additionally, a manipulation check will be added to ensure that those individuals who were assigned to the low trust group believed the within group trust of their group was low and the same check would be executed for the high trust group.

Figure 10

Laboratory experiment scenario

<p><i>Scenario</i></p> <p><i>You and the other four members of your team, just described above, have been working very closely with another team from the R & D department regarding the release of a new product to the marketplace. Unfortunately, unforeseen problems, apparently attributable to neither group, have delayed the release.</i></p> <p><i>Please respond to the following statements about the R & D group, answering 1 for never to 7 for always:</i></p> <ol style="list-style-type: none"> <i>1. We absolutely respect the competence of the members of the R & D group (never) 1 2 3 4 5 6 7 (always)</i> <i>2. Members of the R & D group exhibit absolute integrity (never) 1 2 3 4 5 6 7 (always)</i> <i>3. We expect the complete truth from all members of the R & D group (never) 1 2 3 4 5 6 7 (always)</i> <i>4. We are all certain that we can fully trust all individuals in the R & D group (never) 1 2 3 4 5 6 7 (always)</i> <i>5. We count on members of the R & D group to fully live up to their word (never) 1 2 3 4 5 6 7 (always)</i>

Source: Adapted from Simons & Peterson (2000).

The dependent variables in this experiment consist of several metrically measured statements on a 1 – 7 scale. The independent variable is a categorical variable with four groups. One group consists of high within trust groups. A second group consists of low within trust groups, a third group consists of a high within trust group and a low within trust group, and a fourth group is a control group. The appropriate method of analysis for this type of variable is MANCOVA – Multivariate Analysis of Covariance (Hair Jr., Black, Babin, & Anderson, 2010). Examples of possible covariates in this study include gender, age, major in college and past work experience.

In addition to performing this study using students in a laboratory experiment setting, this study could also be conducted utilizing panel data from companies such as Qualtrics. A panel demographic would be supplied that would include a minimum number of years of working within groups, working in a specified sized company, as well as a cross section of males and females. Each panel member would be presented the same information as the students in the laboratory experiment (the manipulated within group trust scenarios as well as the five intergroup trust statements). The advantage to this approach (over the laboratory experiment) is that response rates are fast and substantially higher than other methods of data collection (Hair Jr. et al., 2007) and responses from individuals who have been in the work force for a number of years add more reliability to the study than those of inexperienced students (Carver, Jaccheri, Morasca, & Shull, 2003). The method of analysis would be similar to the student experiment.

Should the findings of such a study show that the lowest level of within group trust constrains between group trust, it could suggest that family businesses could benefit from taking a more proactive position relating to trust and conflict. For example, instead

of designing mechanisms to manage conflict, creating and enhancing trust among various family groups may prevent conflict before it even occurs, or help leverage the positive aspects of conflict while keeping the negative effects in check.

5.4 Practical implications

In addition to contributions to theory, this dissertation also offers suggestions for practice. In particular, this dissertation suggests that both the antecedents of trust as well as the moderators of trust should be of specific interest to family business consultants and family business owners, as both may have the most direct impact on trust both within and between families; the antecedents being a direct cause of trust and the moderators influencing the amount of trust. Trust represents an important aspect of a family firm's competitive advantage (Sorenson, 2011; Steier, 2001). Hence, multi-family businesses would want to increase the level of trust within their businesses to increase their competitive advantage. In particular, multi-family businesses need to ensure that a high level of trust between families is passed down from one generation to the next. For example, if there is a high level of trust between families of the founding generation, then that generation needs to ensure that the same (if not higher) level of trust ensues to the next generation of family members. Bringing the next generation family members from both/all families together through informal family gatherings allows the next generation to begin building their trust in each other by building on the commonalities that exist between and among the various families and also by sharing in the values created by the preceding generation.

Although multi-family businesses are relatively unique, the findings can be transferred to single-family businesses as well. Similar to multi-family businesses, two or more groups may be present in single-family businesses, such as multiple generational ownership or family management groups. As this thesis shows, mutual trust among families (groups) is an essential element contributing to family business success.

To this end family cohesion, commonalities, values, and a commitment to the business were found to contribute to trust. It should not be assumed that family members through the mere fact of being family will automatically form a cohesive group, have things in common, share similar values, and be committed to the business. Families and family businesses need to be proactive in promoting the above concepts through the use of both formal and informal mechanisms (Hubler, 2011).

Formal mechanisms can take the form of various rules and regulations (Hubler, 2011) developed in the family business. For example, pertaining to family member employment, conditions could be set that a next generation family member must have a minimum level of education, or gain relevant work experience outside prior to joining the family business. Other formal mechanisms may encompass corporate governance procedures. For example, once next generation family members have begun working in the family business, a time frame can be set to allow them to become shareholders. If there are formal policies in place, it puts the next generation on equal footing, thereby removing reason for conflict and promoting cohesion, ultimately leading to trust.

In addition, if various family members share common interests, exploiting those interests could lead to more trusting relationships. For example, if several family members share a passion for youth sports, a sponsorship towards a youth sporting

organization could provide a common ground for those family members to share their passions, thereby promoting a sense of togetherness (bonding) between those family members. The togetherness and sharing of values may lead to trust, as this dissertation shows. Lastly, regularly scheduled formal meetings (either weekly or monthly), emphasizing the goals and values of the family and the business should provide an opportunity for family members to come together and nurture their relationships (Hubler, 2011).

From an informal perspective, early childhood research suggests that it is easier to learn earlier in life than later (Knudsen, Heckman, Cameron, & Shonkoff, 2006). Therefore, aligning family values should begin at childhood. As children become older and begin to show an interest in the business, they can be brought into meetings where they can sit and observe. Involving family members in goal setting and policy-making is important to developing trust and unity (Poza, 2010). Further, encouragement of the next generation family members as well as extended family members (cousins) to interact with each other forms bonds through the commonalities and values that exist between them, leading to a more trusting environment (Hubler, 2011). This can be accomplished through various social functions outside the realm of the business, such as a family retreat, family members' birthday celebrations, weddings, or holiday gatherings.

Once in the business, more open communication, and allowing the next generation to participate in the decision-making process will nurture commitment (Lee, 2006). As this dissertation shows, commitment to the business will contribute to more trusting relationships among and within family members.

Finally, a positive change in income or profitability was shown to moderate trust. The most common approach to effect a positive change in income or profitability is through the utilization of incentives. An investment in a company's employees by means of incentives is one way to increase profitability (Heymann & Barrera, 2010). Offering a financial bonus if profits exceed a pre-determined amount or percentage is one incentive approach. Another approach is to provide the opportunity to purchase additional shares of the company should profitability increase or exceed a pre-determined rate. Incentivizing profitability (income less costs), as opposed to income alone, allows for family members to be cognitive of all aspects of the business and, therefore, work harmoniously with all family members in the business. This dissertation shows that increased profitability will positively influence the level of trust and ultimately lead to greater business success. Therefore it is important for family business owners (both multi-family and single-family) to incorporate profitability incentive plans into the family business strategy.

5.5 Conclusion

The purpose of this dissertation was to explore why some multi-family businesses are able to avoid or manage conflicts and how multiple families in businesses can work together harmoniously over an extended period of time. A qualitative, grounded theory-influenced approach was used to provide answers to these questions. This approach allows the researcher to explore and gain theoretical knowledge of a phenomenon without tainting it with preconceived ideas or hypotheses (Glaser, 1992), but instead gathering novel theoretical knowledge grounded in real-life evidence. Nineteen interviews were

conducted with members of five multi-family businesses in North America over a twelve-month period.

Trust between families emerged as the core category. In addition, by constantly comparing extant with newly acquired data, additional components, such as antecedents and moderators of trust, as well as the quality of interpersonal relationships emerged, eventually resulting in a theoretical model of emergent intergroup relations in multi-family businesses (see Figure 7). The antecedents of trust are composed of the following constructs: primacy of business commitment, which essentially means that the business comes before the family; commonalities, which encompasses the aspects that two or more families have in common; cohesion, which entails the closeness of each family and the ability of their members to get along; and values, which includes both personal values such as integrity and passion as well as business values such as work ethic and a commitment to the community. The outcomes of trust include the following: division of labor, meaning that job responsibilities were divided among the families according to the skill sets of each family; cooperation, which suggests no in-fighting and a willingness to work towards the same goals; business success, which can be described as business longevity (continuation of the business to future generations), business independence (the ability to grow internally without the aid of non-family acquisition), as well as profitability; and family conflicts, which encompasses friction and eventually the breakdown of relationships between families. The moderators of trust include: ownership equality, which relates to the potential power that one family may have over the other families; the size of the company; a change in income (either positive or negative); and intergroup relations, which incorporates the relationships between the families. Lastly,

outcomes of trust are shown to affect the interpersonal relationships (the relationships between individuals), which in turn affect the antecedents of trust.

The contributions of this dissertation pertain to family business as well as intergroup literatures. Several limitations of this dissertation were presented along with a suggested path for future research and some ideas for use in a practical setting were also introduced.

Finally, my goal was essentially to find out what kept multi-family businesses alive and thriving over time. The family dynamics *within* one family are difficult to control at best. But to control the dynamics *between* multiple families requires strong trusting relationships, as demonstrated by several of the companies included in this dissertation. This thesis incorporated family business research with both sociological research (intergroup relations), and psychological research (trust). It is hoped that this dissertation will inspire other researchers to reach beyond the scope of just one dimension of research and that family business owners, managers, and service providers will find the results useful in their practical day-to-day work.

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APPENDIX A

Top 9 *Family Business Review* cited articles from 1999 – 2010.

Appendix A - Top 9 *Family Business Review* cited articles from 1999 – 2010.

Citation	Family Business Definition	Theory	Reference made to Multi Family Businesses
(Habbershon & Williams, 1999)	No predefined definition used. Suggests that a resource based framework be used to define the family business	Resource-based View of the Firm	NO
Sharma (2004)	Substantiates the multiple definitions for Family Businesses	None	NO
Astrachan, Klein and Smyrnios (2002)	Acknowledges multiple definitions and uses F-PEC as source to further define FB's.	None	NO
Stafford, Duncan, Dane and Winter (1999)	Defines in terms of sustainability. Ability to react to both family and business disruptions.	Systems Theory	NO
Dyer, Jr. (2006)	Uses a quadratic typology, stressing agency costs and family assets/liabilities	Agency Theory and the Resource-based View of the Firm	NO
Astrachan and Shanker (2003)	Offers 3 groups of family business definitions based upon degrees of family involvement	None	NO
Cabrera-Suarez, Saa-Perez and Garcia-Almeida (2001)	No definition – argue that FB's have distinctive assets bringing them competitive success	Resource-based View of the Firm	NO
Heck and Trent (1999)	A business that is owned and/or managed by one or more family members	None	NO
Miller and Le Breton-Miller (2006)	Large publicly traded companies partly owned by one or more family members who together control at least 20% of the total votes outstanding	Agency Theory and Stewardship Theory	NO

Source: Family Business Review

APPENDIX B

Interview Reference Topics

Appendix B - Interview Reference Topics

The questions and topics below represent initial opening statements for interviews. The key is to have the interviewee discuss the processes involved with these topics. The key opening phrase will be, “TELL ME ABOUT.....”

1. Governance PROCESS

- a. Board of Directors – what process is used to formulate Board of Directors? What is the composition of family vs. non –family members?
 - i. If all family – why? If all non-family – why?
- b. Integral to the business or just “there to be there”
 - i. If integral – to what degree? What does the board do?

2. Strategy PROCESS – How is it derived?

- a. Is there a company strategy?
 - i. Long term?
 - ii. Short term?
- b. Is there a family strategy? For one family? For both families?
 - i. Long term
 - ii. Short term

3. Goals

- a. How are individual family goals set and achieved? Please explain the process

- b. Are there goals for both families? If so, please explain how goals for BOTH families set and achieved? If no goals, how is alignment built and maintained?
- c. What happens if family goals are not aligned (both within and between)?
- d. Is there a structure in place to handle disputes? Both within and between families?

4. Communication

- a. What are your channels of communication? How do they operate?
 - i. Completely open, partially open, only between certain designees?
- b. How do the families interact?
 - i. Management to shareholders and vice versa?
 - ii. How often do you interact?
 - iii. What are the guiding principles underlying communication?
 - iv. Is it rather formal or informal?

5. Decision making

- a. What processes are used? Can they be described?

I am interested in a thought process for all of these areas, described in the interviewee's own words. The preference is to have the interviewee tell me a story in his/her own words.

FOR EACH TOPIC -- Think about the last time you had to make an important decision in the business that concerned both families. Can you explain to me, from your own perspective, the process that you followed and the results that you obtained?

APPENDIX C

Code families and code descriptions

Appendix C – Code families and code descriptions

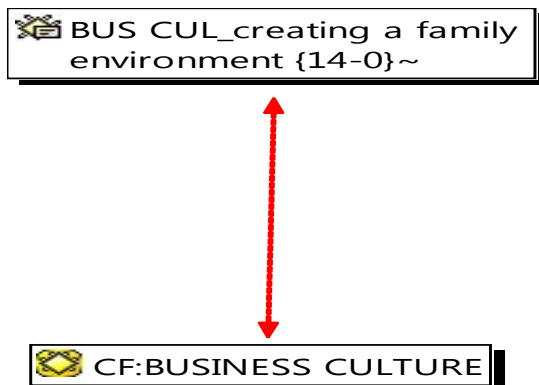
Notes:

CF = Code Family (represents a grouping of codes into a family).

Some terms are abbreviated for reason of efficiency in coding.

Numbers in brackets: first number refers to the number of times the code was used (indicates the grounding of the code); second number indicates the number of other codes to which the code is linked. There was just one such linkage (in the positive conflict family where this number will be 1), otherwise since no other linkages have been made, this number will always be zero.

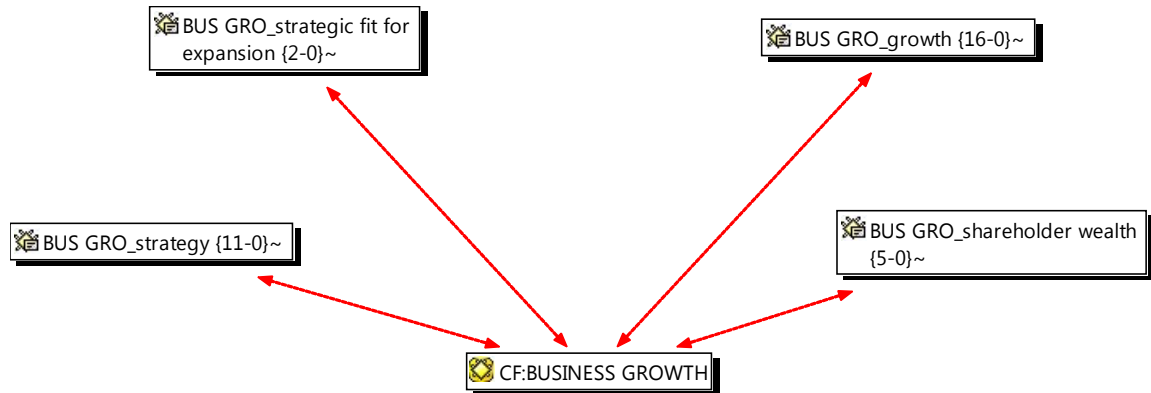
The following code descriptions and code families play a critical role in determining the emergent theory of intergroup relations in multi-family businesses as depicted in Figure 8. As previously stated, a code family essentially combines codes with a common topic in a single group (Locke, 2001). The relationships among and between the various code families are then examined and conceptual categories are subsequently developed from these relationships. For example, the conceptual category of ‘antecedents of trust’ was formed containing the code families ‘commonalities’, ‘values’, ‘cohesion’, and ‘primacy of business commitment’. These constructs all contribute to the trust exhibited among and/or between the families of multi-family businesses. Similarly, the code families of ‘business success’, ‘conflict’, ‘cooperation’, and ‘division of labor’ form a relationship that is a result of the trust among and/or between families of multi-family businesses. Taken together, the emergent model shown in Figure 8 is the result of the conceptual categories and the relationships among them.

Code Family: Business Culture**Creating a family environment:**

- Caring about non-family employees and treating them like family members.
Creating a culture in the business that tries to equate the business to one, big happy family. Wanting to create a familial culture.

Appendix C – Code families and code descriptions (cont'd)

Code Family: Business Growth



Strategy:

- Preparing a business strategy that will ensure growth. Having a vision for the company.

Strategic fit for expansion:

- Adapting the business strategy so that expansion opportunities, such as acquiring other companies or merging with other companies, can be achieved.

Business growth:

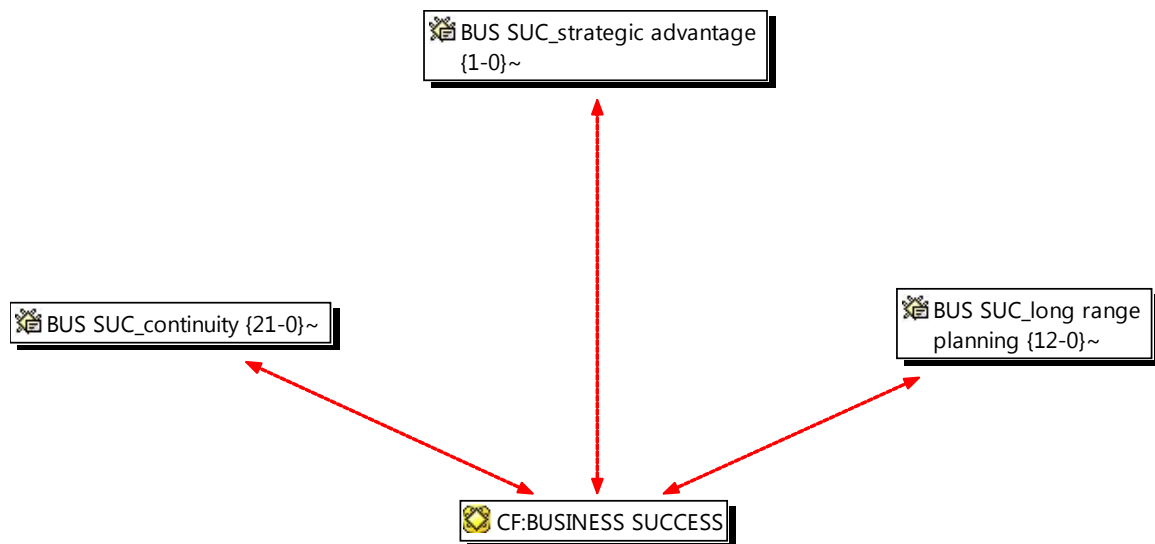
- Making sure that the company gets bigger and more importantly, making sure that it works. Modernizing plants, increasing capacity, reinvesting profits to achieve growth.

Shareholder wealth:

- Creating and growing shareholder wealth through the growth of the business.

Appendix C – Code families and code descriptions (cont'd)

Code Family: Business Success



Continuity:

- The desire to see the company continue with future generations. Bringing in the right management (company Alpha) or family members to ensure continuity.

Strategic Advantage:

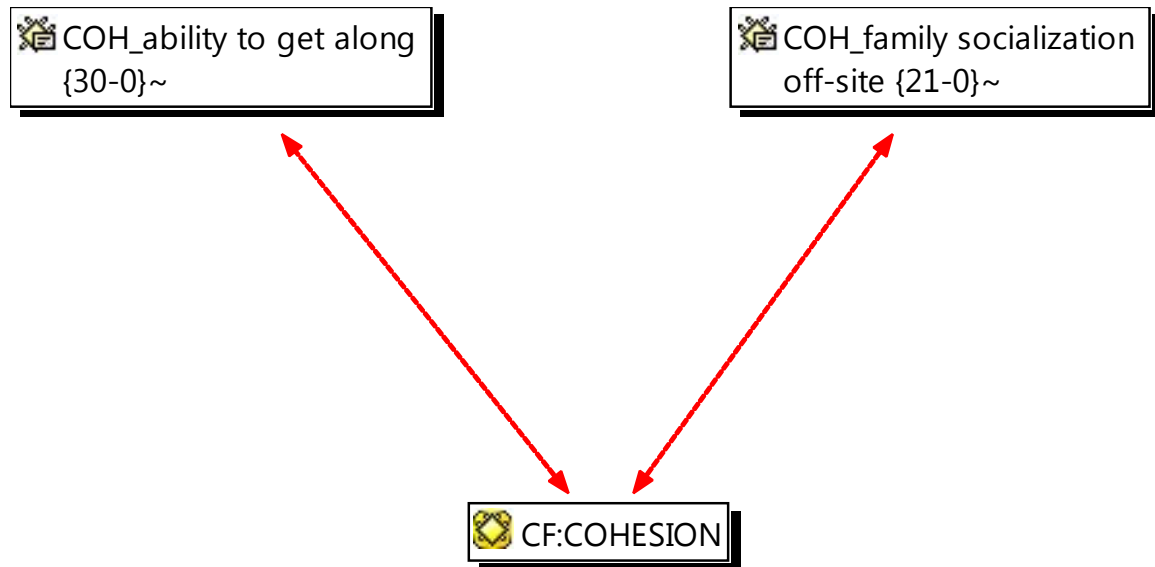
- Having non-family management for company Alpha has provided them a strategic advantage.

Long Range Planning

- Planning to allow for the entrance of successive generations. Collaboration to focus on a vision. Being in sync to be able to formulate a plan. Looking ahead 4 or 5 years and reacting accordingly.

Appendix C – Code families and code descriptions (cont'd)

Code Family: Cohesion



Ability to get along:

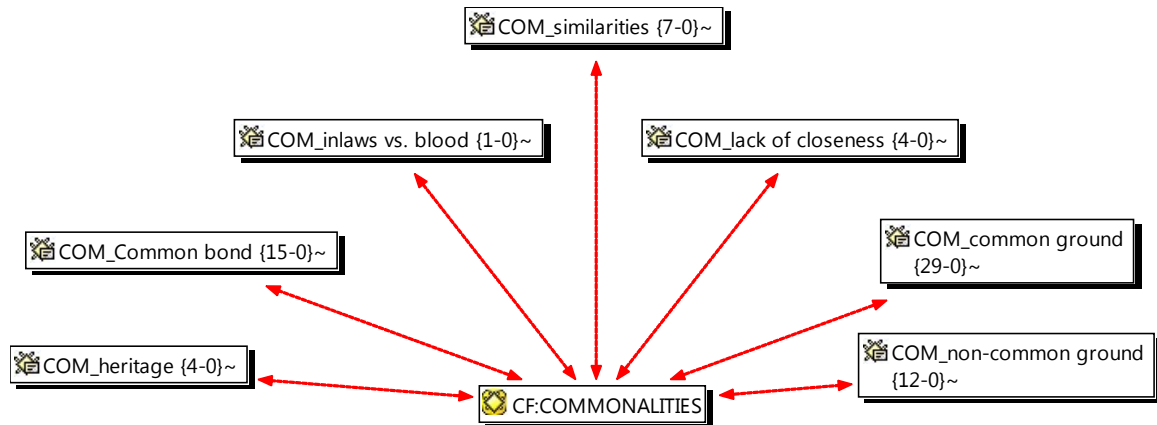
1. This not only deals with getting along within each family, but also the ability to get along with the other families in the business.
2. It is about learning to tolerate one another.
3. Keeping open lines of communication while each family has responsibilities vis a vis their individual skill sets.

Family socialization off-site

- This code is concerned with if, and how the families from multi-family businesses socialized away from the business environment.
- Some families did, while others did not. Company Alpha would go on a retreat with families and top management every couple of years. Company Gamma are very close and do socialize on a regular basis.

Appendix C – Code families and code descriptions (cont'd)

Code Family: Commonalities



Heritage:

- This code deals with families that have a common heritage. For example, the 2 founders from company Beta were immigrants from Europe, and their common heritage was a connection that they had.

Common bond:

- This can represent having a common cultural background or religious background. Can be things that strengthen the relationship between families.

In-laws vs. blood:

- This code was used to differentiate in-laws from blood relatives. For example in company Beta, the third generation had both a son/daughter and a son/daughter-in-law.

Lack of closeness:

- This dealt with the third generation of company Beta and their inability to remain close.

Similarities:

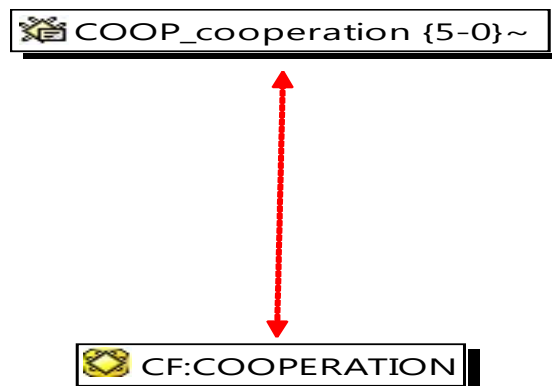
- All other similarities other than the codes listed in this code family, such as similar management styles or similar personalities.

Common ground:

- Deals with things that families have in common with one another, such as philanthropy or belonging to the same social club or place of worship.

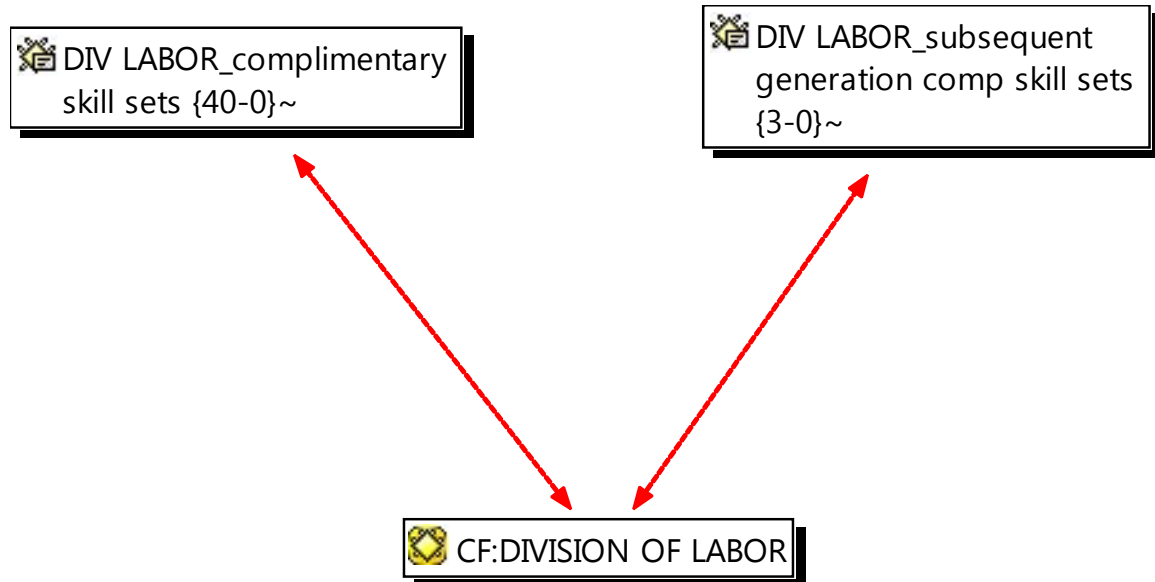
Non-common ground:

- Dealt with items that were not in common between families such as different cultural or religious views.
- Different family dynamics in some families.

Code Family: Cooperation**Cooperation:**

- The ability for the families to cooperate with one another, avoiding conflict.
- Banding together to form a unified group.
- Taking advantage of everyone's strengths and compensating for weaknesses.

Appendix C – Code families and code descriptions (cont'd)

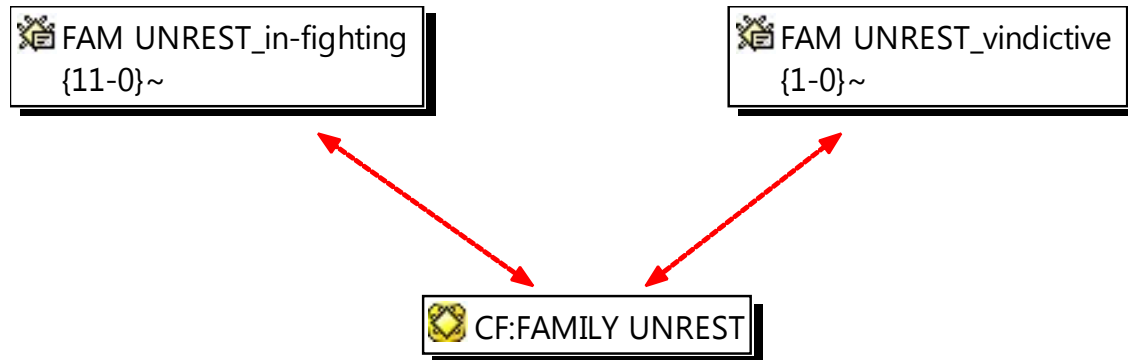
Code Family: Division of Labor**Complimentary skill sets:**

- This code accounts for all of those instances that interviewees commented that members from each of the families had skills that the other family did not have and vice versa. It was a common occurrence in all companies interviewed.
- For example, the Miele company has one family whose strength lie in the technology aspect, while the other family's strengths are in sales and marketing.

Subsequent generation comp skill sets:

- This represents the extension of the above through to the next generation.

Appendix C – Code families and code descriptions (cont'd)

Code Family: Family Unrest**In-fighting:**

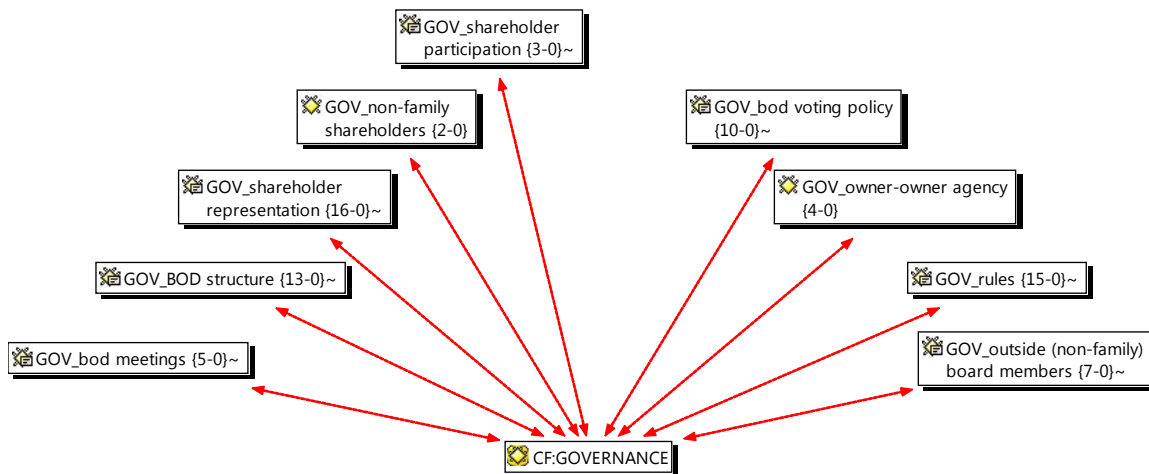
- Dealt with disagreements and arguments within and between families. Primary occurrence in company Beta.

Vindictive:

- The bitterness and spiteful behavior of one family member versus a member from the other family, causing a very uncomfortable relationship between families.

Appendix C – Code families and code descriptions (cont'd)

Code Family: Governance



Bod meetings:

- Frequency of board meetings

BOD Structure:

- The structure of the board – all family members, some family members and some non-family members, or all non-family members.

Shareholder representation:

- How individual shareholders (family members), not active in the business, are represented by other family members.

Non-family shareholders:

- Giving shares to, or allowing the acquisition of shares by, non-family employees.

Shareholder participation:

- How the shareholders (who are active in the company operations) participate on a daily basis.

BOD Voting policy:

- This code primarily concerned itself with company Alpha, as they have an even number of board members. Addresses the policy in place, so that an even split of the vote does not happen.

Owner-Owner agency:

- The checks and balances that may be in place to monitor family versus family.

Rules:

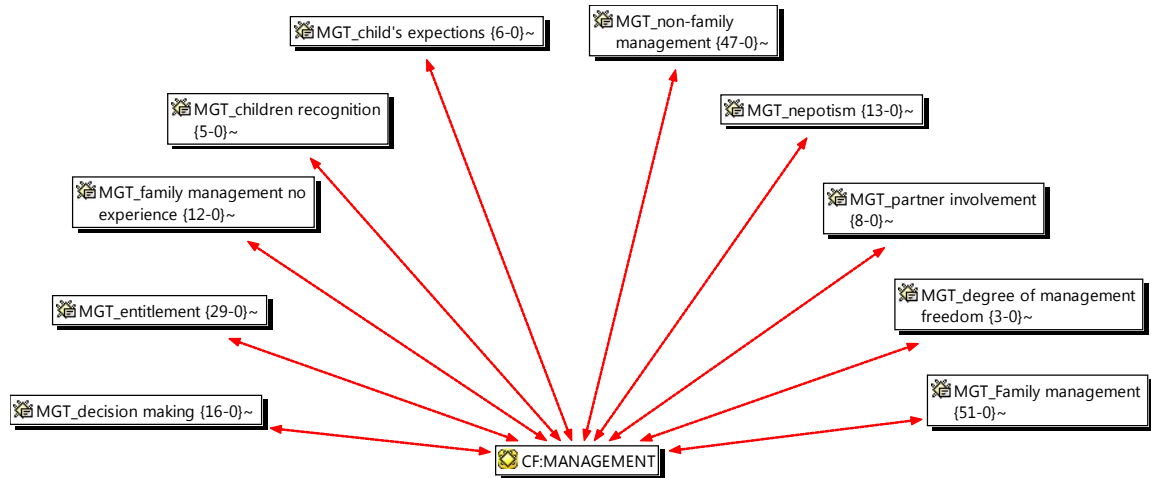
- Various rules that companies have to allow/disallow shares to be passed on (after death).
- Also deals with rules involving succeeding generations' entrance into the company and in what capacity.

Outside (non-family) board members:

- Whether a company has or does not have non-family members on their board.

Appendix C – Code families and code descriptions (cont'd)

Code Family: Management



Non-family management:

- This code deals with any upper level management (e.g. President, CFO, COO) who is not a member of any of the owning families.

Nepotism:

- This code deals with the entrance of children into the company and if he/she enters just because they are a member of an owning family, and also the position that the child may come in at.

Entitlement:

- From the child's perspective – if he/she feels that they are entitled to a place in the company due their mother's or father's presence and/or ownership.

Degree of management freedom:

- Within company Alpha, the ability that the non-family management team has to make decisions.

Child's expectations:

- The expectations that a family member has on his/her child are greater than that of a non-family member.

Family management:

- This code deals with instances where family members and owners are involved in day-to-day operations.
- How non-family employees reacted to a son/daughter taking over from the founder.
- What is or is not expected of a family member in management.
- Processes for family member promotions and career paths available.

Decision-making:

- The decision-making responsibilities – who has them, what can and cannot be done, processes involved,
- Unilateral control versus equally split control.

Second generation gaining experience:

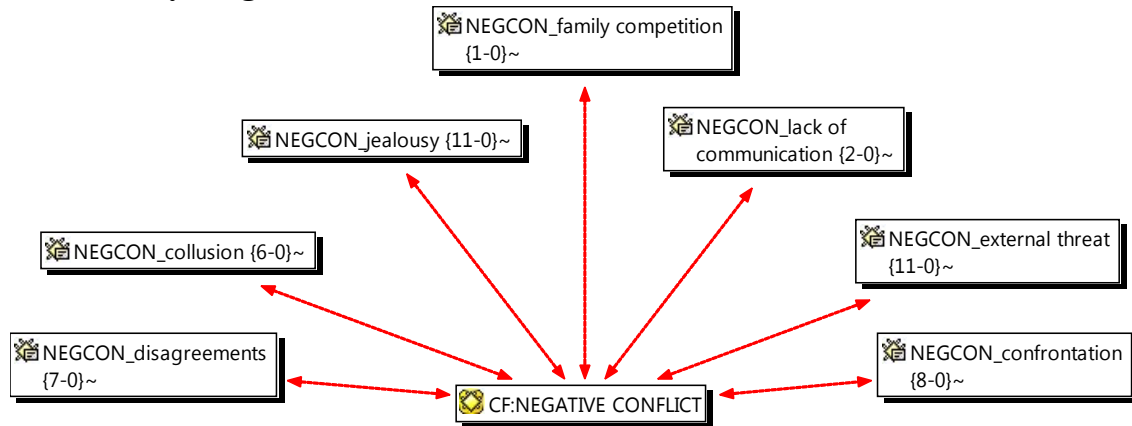
- Making sure that children coming into the business must “earn their stripes.” In other words, children need to start at, or near, the bottom and work their way up.
- Earns them more respect among non-family employees.

Children’s recognition:

- Recognizing a child’s worth in the business. Can they contribute? Do they want to contribute?

Appendix C – Code families and code descriptions (cont'd)

Code Family: Negative Conflict



Disagreements:

- Minor disagreements between ownership families.

Collusion:

- One family's 'behind the back' dealing with the board in order to get their family member picked over the other family member.

Jealousy:

- Explanation of jealous personalities as they relate to members of each family.

Family competition:

- School-aged children of one family competing with children of the other family, representing the competition among families.

Lack of communication:

- Little or no communication present between families.

External threat:

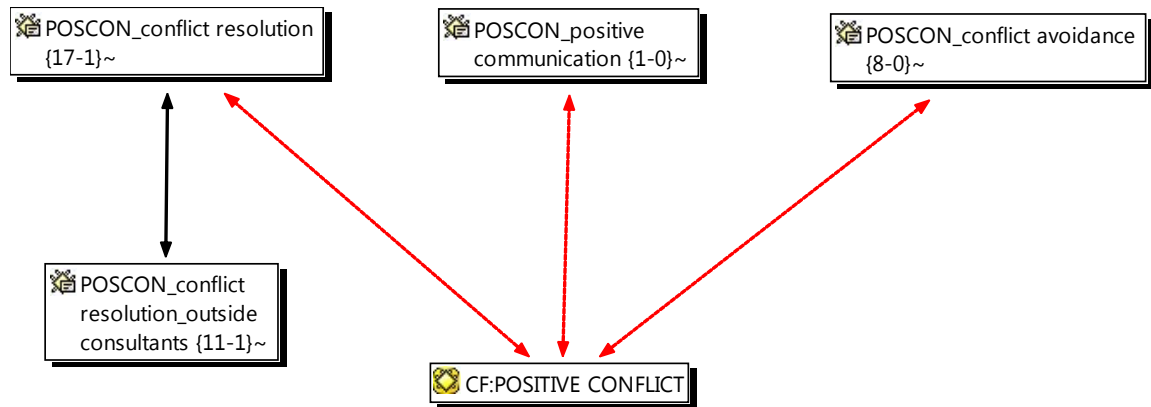
- Having to deal with situations that, if not handled correctly, could have a major negative impact on the business.

Confrontation:

- Various examples of owners confronting one another.

Appendix C – Code families and code descriptions (cont'd)

Code family: Positive Conflict



Conflict resolution:

- The ability to work through situations and resolve potential conflicts before getting out of hand.

Positive communication:

- Good communication practiced – getting together to openly discuss business situations.

Conflict avoidance:

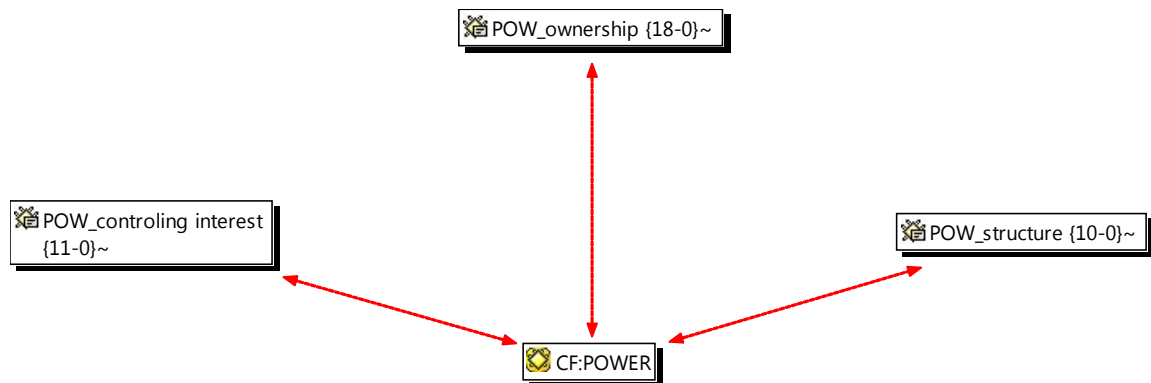
- Specific management roles that split responsibilities ultimately help to avoid conflict.

Outside consultants:

- The use of independent consultants to help solve current or potential conflicts between families.

Appendix C – Code families and code descriptions (cont'd)

Code Family: Power



Controlling Interest:

- Desire for, or already have, unilateral control of multi-family business.
- Power struggles, if any, when a controlling interest is in effect.
- Advantages or disadvantages of unilateral control in a multi-family business.

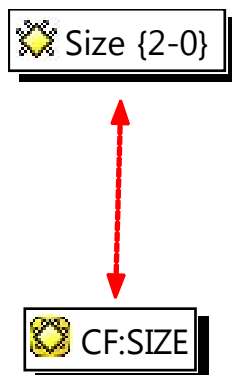
Ownership:

- This code highlights the various ownership configurations of the companies in this dissertation. Company Alpha has 3 families, Company Beta has 2 families, and company Gamma has 2 families, all with equal ownership split amongst the respective families. Company Delta has 7 families and company Zeta has 2 families, with each of those companies having one family with unilateral control.

Structure:

- Involves the operating structure of the business. For example, in a 2 family multi-family business, is there 1 CEO or are there co-CEO's?
- This code deals with control at an operating level as opposed to an ownership level as the repercussions thereof.

Appendix C – Code families and code descriptions (cont'd)

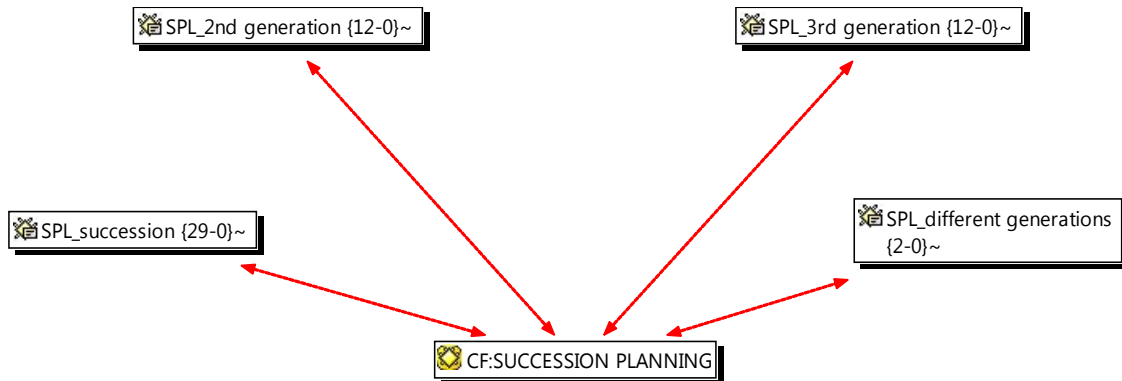
Code Family: Size

Size:

- This code dealt with the significance of size among the companies participating in this dissertation.

Appendix C – Code families and code descriptions (cont'd)

Code Family: Succession Planning



Succession:

- Concerns formulating and implementing a plan to evaluate potential successors to the business. From what family?
- Is there a succession plan in place?
- Using outside consultants to help in the process.
- Qualities that are necessary in the person chosen to succeed.

Second Generation:

- Discusses how the existing second generation came into the business, taking over from the founders.
- Also talks about future second generation coming into the business.

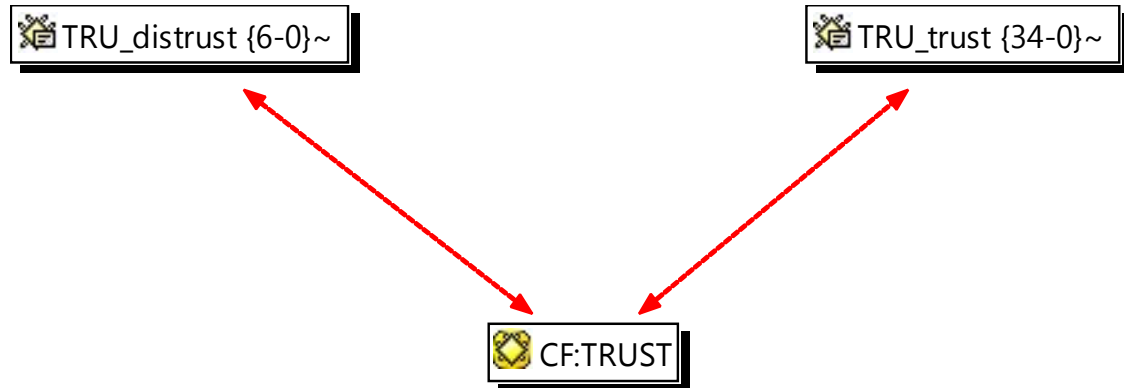
Third generation:

- This code deals with more longevity concerns as business goes into third and fourth generation.
- Looks beyond to grandchildren who are still a number of years away from even considering the business as a career.

Different generations:

- Some of the companies, particularly Alpha had founders whose ages were significantly different (20+ years). As a result, there was an ‘offset’ (in age) between members of the second generation of both families. This code deals with the issues surrounding that circumstance.

Appendix C – Code families and code descriptions (cont'd)

Code Family: Trust**Distrust:**

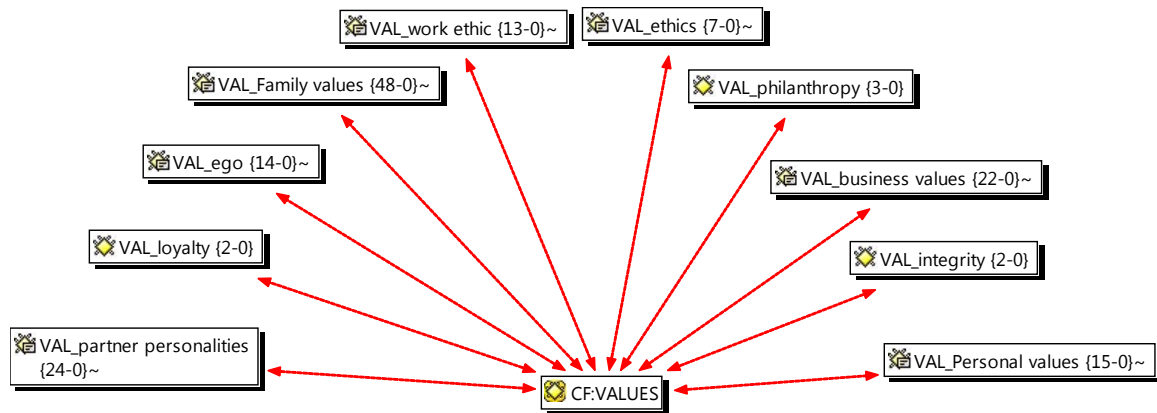
- Code looks at the distrust between families, particularly in company Beta.
- Problems in third generation between families.

Trust:

- This code highlights instances of trust between families and within families.
- Looks at many factors that contribute to trust, such as values.
- Trust was the most talked about characteristic that contributed to the successful relationships among the families studied.

Appendix C – Code families and code descriptions (cont'd)

Code family: Values



Partner personalities:

- This code highlights comments made by many of the partners concerning their counterparts. How different some of their personalities are and how they deal with those differences.
- Also looks at some of the reasons that a partnership was formed in the first place.

Loyalty:

- Looks at the loyalty between family members of company Delta (a unilaterally controlled company).

Ego:

- The necessity to remove all egos in order to be able to succeed.
- There is no room for large egos in a multi-family business.

Family values:

- Often discussed were values of faith.
- With several partners of some of the companies have the same religious beliefs, which also contributed to similar family values.
- Similar family values contribute to the ability for multiple families to function together.

Work Ethic:

- Having a passion for the business and making it work.
- Being unselfish and working long hours.

Ethics:

- As opposed to a work ethic described above, this code deals with being ethical on a personal basis.
- Many feel religious principles contribute to a good ethical standard.

Philanthropy:

- Code discusses the philanthropic views of families
- Giving of oneself and the business to the community.

Business values:

- Caring about employees and having qualified people.
- Contributing to the community.
- Create a family atmosphere.
- Commitment to the business and employees.

Integrity:

- Having strong ethical and moral values.

Personal values:

- As opposed to Business values, this code looks at the values on an individual level. Honesty and high character are some personal values mentioned.
- Maintaining good personal reputations was a major concern.