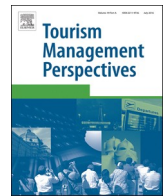




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The interplay between socioemotional wealth and family firm psychological capital in influencing firm performance in hospitality and tourism

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ABSTRACT

The purpose of this study is to examine the impact of family firm specific non-financial dynamics [socioemotional wealth (SEW) and family firm psychological capital (FFPsyCap)] on firm performance. We develop a model of how family firms' SEW preservation goal negatively affects firm performance in terms of sales and the mitigating influence of FFPsyCap on this association. We test the model on a sample of 192 family firms in the Hospitality and Tourism (H&T) industry. Using a cross-sectional research design, surveys were solicited from small-and-medium size hotels in Turkey. Ordinary Least Squares technique is used to test our hypotheses. The results reveal that family firms' SEW preservation goal negatively affects firm performance in terms of sales, and the FFPsyCap mitigates this influence. Accordingly, if small-and-medium size firms in H&T can capitalize on non-financial strengths and minimize the impact of family-centric goals on firm outcomes, they can attain transgenerational sustainability and success.

1. Introduction

A significant number of firms around the world are family-owned and managed (Becchetti & Trovato, 2002; Memili, Fang, Chrisman, & De Massis, 2015). Family involvement in a business is typically through ownership, management, and/or board membership. This can influence strategic decisions, actions, and consequently firm outcomes such as firm performance. Variations in ownership and involvement not only distinguish family firms from non-family firms, but also lead to heterogeneity among family firms (Chua, Chrisman, & Sharma, 1999; Chua, Chrisman, Steier, & Rau, 2012; Fang, Randolph, Memili, & Chrisman, 2016).

Family-owned firms dominate the Hospitality and Tourism (H&T) industry globally (Banki & Ismail, 2015; Kallmuenzer, 2018; Zhao & Getz, 2008). H&T industry tends to be predominantly composed of family businesses in many countries (Getz & Carlsen, 2000, 2005; Kallmuenzer & Peters, 2018a; Peters & Kallmuenzer, 2018). Various H&T sub-sectors include: tour companies and resorts (Getz, Carlsen, & Morrison, 2004; Singal, 2014; Wang, Hung, & Huang, 2019; Ye, Xiao, & Zhou, 2019), food and beverage (Peters & Kallmuenzer, 2018), rural tourism (Kallmuenzer, Nikolakis, Peters, & Zanon, 2018; Kallmuenzer &

Peters, 2018b), and agritourism (Doh, Park, & Kim, 2017). More specifically, family firms represent from 55% to 90% of all businesses in various European countries (KPMG Enterprise, 2015), and a substantial percentage of family firms are present in the H&T industry. For example, almost half of (45%) all hospitality firms (hotel and restaurants) are family run in the UK (Oxford Economics, 2018), and the percentage of H&T family firms exceed 50% in many European countries such as Germany and Netherlands (Statistics Netherlands, 2017; The Foundation of Family Businesses, 2017). Furthermore, family firms are prevalent in emerging economies (OECD, 2017; Young, Peng, Ahlstrom, Bruton, & Jiang, 2008). For example, in Turkey where the current research was carried out, the vast majority of businesses (95%) are family owned (Deloitte Turkey, 2017), and it is estimated that a large portion of the H&T firms exhibit family involvement (Esen & Uyar, 2012; Köseoglu, Yazici, & Okumus, 2018). Family firms are also dominant in the Asian hospitality industry with a proportion of over 60% (Dieleman, Shim, & Ibrahim, 2011). Hence, taking a closer look at family firms in H&T industry is crucial for a better understanding of the characteristics of this unique service industry as well as the advancement of the theory and practice in this field in general.

Many family firms tend to be driven by family-centered non-

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financial goals such as family harmony, legacy, and preferential treatment of family members which can undermine the value of financial goals (Gómez-Mejía, Haynes, Núñez-Nickel, Jacobson, & Moyano-Fuentes, 2007). Indeed, the attainment of family-centered non-financial goals can help preserve socioemotional wealth (SEW) (i.e., non-financial aspects or affective endowments of family owners including the desire for family control and influence, identification of family members with the firm, binding social ties, emotional attachment of family members, and renewal of family bonds to the firm through dynastic succession) (Berrone, Cruz, & Gomez-Mejia, 2012), whereas the loss of SEW can result in diminished unity, lowered prestige, and the inability to meet family priorities (Gómez-Mejia et al., 2007). Hence, financial goals competing with non-financial ones can create tension and complexity in family firm strategies which can result in negative outcomes such as lower performance.

Families have a greater influence on the strategies and behavior in small-to-medium size firms (Carney, 2005), particularly in emerging and fast-growing economies such as Turkey (Alpay, Bodur, Yilmaz, Çetinkaya, & Ankan, 2008; Altındag, Zehir, & Acar, 2011). Owing to this, they primarily rely on financial means, human and social capital, and psychological capital of family members (Memili, Welsh, & Luthans, 2013). In some small-and-medium sized family firms, even family's financial, human, and social capital can be limited (De Massis, Frattini, Pizzurno, & Cassia, 2015; Memili et al., 2015). Consequently, this can further increase the reliance on and value of family firm psychological capital consisting of positive psychological strengths that are hope, efficacy, resilience, and optimism (Luthans & Youssef-Morgan, 2017; McKenny, Short, & Payne, 2013; Memili et al., 2013).

In the family business field, research draws attention to the importance of non-financial concerns such as preservation of SEW and family firm outcomes. For example, Gómez-Mejia et al. (2007) suggest that family firms tend to be driven by maintaining family control even though this may impose greater risk to firm performance. At the same time, family business leaders can be conservative by avoiding risky decisions that can cause performance variability. Hence, paradoxically, family firms can be loss averse concerning the preservation of SEW as they may undertake more risk under declining performance to preserve SEW. Accordingly, Kellermanns, Eddleston, and Zellweger (2012) draw attention to the dark side of SEW since family business members may perceive serving family interests as a contribution to the preservation of SEW while losing sight of non-family stakeholders. Nevertheless, studies examining the SEW and its influence on firm performance empirically are still scarce while a prominent stream of research applies and develops SEW perspective conceptually (e.g., Berrone et al., 2012; Schulze & Kellermanns, 2015). In a recent conceptual work by Schulze and Kellermanns (2015), the authors call for more studies on SEW by drawing attention to the importance of investigating a variety of factors and contingencies (e.g., firm size, industrial, and institutional contexts) that may affect the relationship between SEW and family firm outcomes. The authors also suggest that SEW may be particularly important in industries where family involvement is prevalent and appreciated by the customers and other stakeholders. Also, SEW may gain further “value in industries that are tied to the specific geographic locations and in firms that are regionally dominant due to their relative scale, influence, and history” (Schulze & Kellermanns, 2015, 454).

While SEW puts family first within the context of family firms, unique psychological strengths (e.g., psychological capital) can broaden the family business leaders' horizons to see the big picture and achieve more than family-centric goals. Psychological capital is rooted in positive psychology, particularly the positive organizational behavior suggesting that human resources strengths and psychological capacities can be effectively managed for constructive outcomes (Luthans & Youssef-Morgan, 2017). Hope involving the willpower and determination to pursue goals as well as the ability to generate multiple pathways; efficacy (i.e., having high confidence) facilitating the pursuit of challenging goals and the drive to achieve such goals; resilience to help recover from setbacks or obstacles; and the positive

outlook through optimism can help firms to attain challenging goals. Nevertheless, organizational psychological capital studies are still relatively scarce particularly within the domain of family firms that are distinct from non-family firms (e.g., McKenny et al., 2013; Memili et al., 2013). Since we expect that both SEW preservation goal and FFPsyCap can play a role in the attainment of financial success (or failure), our study focuses on the impact of SEW on firm performance as well as the critical role of FFPsyCap on this link, particularly in the H&T industry owing to the prevalence of family enterprises in this context. Accordingly, this paper examines two research questions within the domains of SEW perspective and Psychological Capital Theory: (1) Is SEW negatively related to family firm performance in the H&T industry? and (2) Does family firm psychological capital (FFPsyCap) play a key role in mitigating the negative relationship between SEW and firm performance in the H&T industry?

We develop and test our model on a sample of 192 family firms in the H&T industry by drawing upon SEW perspective and Psychological Capital Theory. Specifically, we examine the impact of SEW on family firm performance. We also explore the moderation effects of FFPsyCap on this link. By this, the purpose of our study is to shed light on the family firm idiosyncrasies such as SEW and FFPsyCap and their effects on firm performance, particularly when empirical work on non-financial family dynamics and their impact on organizational outcomes are limited. Using a cross-sectional research design, surveys were solicited from small-and-medium size hotels in Turkey. The Ordinary Least Squares technique is used to test our hypotheses.

This paper therefore fills gaps in and contributes to the family business, psychological capital, and the H&T literature by presenting a moderation model of SEW, FFPsyCap, and firm performance in family firms by illustrating a family firm-specific contingency, namely the interplay between SEW and FFPsyCap that affects firm sales in family firms in the H&T industry. While past empirical studies use indirect measures of SEW preservation (e.g., Pittino, Visintin, Lenger, & Sternad, 2016; Sánchez-Marín, Meroño-Cerdán, & Carrasco-Hernández, 2019), our study is among the first to directly measure SEW preservation in order to ascertain the true interaction between SEW and FFPsyCap on family firm performance. Second, since family firms exhibit idiosyncrasies with the co-existence of financial and family-centered non-financial goals (Chrisman, Chua, Pearson, & Barnett, 2012), such as the concern for SEW preservation (Gómez-Mejia et al., 2007), this investigation improves our understanding of the organizational conditions that enhance (or hinder) firm performance in the family business context in the H&T industry. Third, with contingency factors being important in determining the SEW-firm performance relationship, this study introduces FFPsyCap as a key contingent factor in determining the impact of SEW on firm performance in family firms in the H&T industry. The findings also build on the recent works that have begun to examine the differences among family firms by exploring how different conditions within firms may influence the firm performance (e.g., Chrisman et al., 2012) by examining the interactions between SEW and FFPsyCap in influencing family firm sales. Moreover, as our study provides empirical evidence to support the importance of non-economic dynamics in determining the financial family firm outcomes, family business advisors and owners can be more aware of the complex relationships among non-economic factors and family firm outcomes in the H&T industry.

In the remainder of the paper, we review the literature on family firms in the H&T, SEW, and FFPsyCap. We then develop hypotheses, describe the methodology, present the empirical findings, and discuss the theoretical and practical implications, limitations and future research implications of our study.

2. Theoretical overview and hypotheses

2.1. Family firms in H&T sectors

The extant literature has identified significant differences in firms' performance owing to the variant ownership types, governance, business structure, goals, and strategies (Getz & Carlsen, 2000; Martínez,

Stöhr, & Quiroga, 2007; Masset, Uzelac, & Weisskopf, 2019; Wang & Altinay, 2012). More specifically, in H&T sectors dominated by family-owned and operated small-and-medium size firms, family firms' managerial decisions and strategies may be partially based on financial goals in contrast to large firms while non-family owned ones primarily pursue economic goals such as sales maximization, revenue and profit maximization (Getz & Carlsen, 2000; Peters, Frehse, & Buhalis, 2009). The preservation of family values and interests and balancing these with moderate firm performance goals, rather than further business expansion is the key motivation for family (Morrison & Teixeira, 2004; Peters & Schuckert, 2014). Hence, the owner-managers' priorities are of crucial importance for competitiveness in the industry and for a better understanding of the determinants of performance in family firms (Haber & Reichel, 2005; Hallak, Assaker, & O'Connor, 2014; Peters, Kallmuenzer, & Buhalis, 2019). According to Hallak et al. (2014), ownership types and/or specifically being a "family business" are not the only reason for business success. Familial characteristics may also have a greater influence on firm performance.

2.2. SEW and firm sales

Family-oriented socioemotional wealth (SEW) preservation concerns (i.e., affective endowments of family firm owners) constitute a distinct feature of family firms distinguishing them from non-family firms (Berrone et al., 2012; Gómez-Mejía et al., 2007). Indeed, many family firms continue over generations in order to achieve primarily the family-centered goals such as employment and job security for family members, even though they may not be performing well financially (Gómez-Mejía et al., 2007; Morgan & Gomez-Mejia, 2014). On the one hand, the achievement of these non-financial goals may lead to the preservation of SEW encompassing family control and influence, identification with the firm, bindings social ties, emotional attachment, and renewal of family bonds to the firm through intra-family succession (Berrone et al., 2012). On the other hand, the loss of SEW can result in diminished or loss of harmony, lowered status, and inability to meet the family's expectations (Gómez-Mejía et al., 2007). Therefore, both financial and non-financial family firm goals play a critical role in organizational outcomes such as firm performance in family firms.

Specifically, the controlling family has considerable discretion and is often unencumbered by organizational restraints that may limit managerial authority in strategic decisions (e.g., Carney, 2005). In such decisions, SEW preservation tends to be a primary reference point of family business leaders and when strategic options decrease financial risk but endanger SEW, their choice will more likely be SEW preservation. Since avoiding potential losses to SEW can be more important than avoiding financial losses for family business decision makers, they tend to avoid business decisions that may elevate performance variability while paradoxically increasing the risk of poor firm performance (Gómez-Mejía et al., 2007).

Accordingly, recently family business researchers draw attention to the *dark side* of SEW preservation in firms by arguing that the pursuit of family-centric non-financial goals may elevate SEW, but this can be achieved at the expense of non-family stakeholders (e.g., Kellermanns et al., 2012). In line with this, Naldi, Cennamo, Corbetta, and Gomez-Mejia, L. (2013) examine whether SEW represents an asset or liability in family firms in Italy. The authors illustrate that family control can be an asset in industrial district contexts where tacit rules and social norms are relatively more important than others, whereas it can harm firm performance in stock exchange markets where compliance to formal regulations and transparency requirements are expected from both family and non-family firms. The authors also draw attention to the limited empirical research on the firm performance outcomes of non-financial utilities and call for more research in different country and industry contexts. Moreover, a recent conceptual work by Schulze and Kellermanns (2015) also highlights the importance of contingencies that may play a role in the link between SEW

and family firm outcomes. The authors suggest that SEW can be particularly important in industries where family involvement is more common, and it can signal quality and value to its constituents. In addition, in geographical locations and economies where family firms are prevalent and dominant, the preservation of SEW can be particularly valuable for the family business owners.

H&T industry is dominated by family firms across countries (Getz & Carlsen, 2000; Getz & Carlsen, 2005) in various sectors such as tour companies and resorts (Getz et al., 2004), and agritourism (Doh et al., 2017). Despite this, studies taking a closer look at family owned enterprises in H&T, particularly examining the impact of family firm non-financial idiosyncrasies (e.g., SEW preservation) on firm performance, are rare.

In an attempt to fill these gaps in the literature, we focus on family firms in the H&T industry to study the impact of SEW preservation on firm performance. We expect that SEW preservation would be particularly important for family firms in this particular service industry where a large portion of them are small-and-medium size and family involvement in the business can signal trust and quality customer care to the clients and other stakeholders. Nevertheless, family-centric goals such as SEW preservation is expected to result in loss aversion in terms of SEW and risk willingness in performance hazard by the family business strategic decision makers similar to those in family firms in some other industries. Such risk preferences of family business leaders can limit new products/services, capital investments, entry to new markets, and use of new business methods or models (Gómez-Mejía et al., 2007), which can create challenges in competing with larger well-established enterprises such as reputable franchises, consequently lowering firm sales in small-and-medium size family firms in the H&T industry. Therefore:

Hypothesis 1. Socioemotional wealth (SEW) preservation will be negatively related to sales in small-and-medium size family firms in the Hospitality and Tourism (H&T) industry.

While SEW can be a liability in small-and-medium size family firms in the H&T industry by placing higher value on family-centered needs and goals which can diminish competitiveness in the market via limited risk-taking, new services, products, and investments, other unique non-financial family firm strengths, such as family firm psychological capital (FFPsyCap), can alter this negative link between SEW preservation and firm sales by expanding family business leaders' horizons and shifting the focus to the greater good for the firm.

2.3. Family firm psychological capital and firm sales

Psychological Capital is rooted in the Positive Organizational Behavior perspective suggesting that human resource strengths and psychological capabilities can be measured, developed, and effectively managed for performance improvement. Individual-level psychological capital is a positive psychological state of development involving hope, self-efficacy, resilience, and optimism (Luthans, 2002; Luthans & Youssef, 2004; Luthans, Youssef, & Avolio, 2007). These components constitute a second-order construct (Luthans, Avolio, Avey, & Norman, 2007).

In the H&T field, studies on psychological capital have been mostly conducted at the individual level. Generally, these studies indicate a positive link between H&T employees' psychological capital and positive employee outcomes such as diminished tardiness and turnover intentions and increased job satisfaction, organizational commitment, citizenship behaviors, ambidexterity in tasks, work engagement, career adaptability, and performance (Bouzari & Karatepe, 2017; Jung & Yoon, 2015; Karatepe & Karadas, 2015; Paek, Schuckert, Kim, & Lee, 2015; Safavi & Bouzari, 2019). Additionally, limited studies have focused on organizational level performance outcomes of personal psychological capital (Mathe, Scott-Halsell, Kim, & Krawczyk, 2017). However, organizational level psychological capital, its antecedents,

and outcomes in H&T industry are still under-researched, specifically in the context of variations in SEW among family firms.

At the organizational level, Memili et al. (2013) introduce the family firm psychological capital (FFPsyCap) which can be important for small-and-medium size family firms, particularly if they face limitations in obtaining other forms of capital (e.g., financial or human capital). The authors also propose that family firms may exhibit higher levels of organizational psychological capital than non-family firms owing to unique socio-psychological dynamics such as family bonding, collectivity, shared history, culture, values, and long-term orientation (Steier, Chrisman, & Chua, 2004).

FFPsyCap involving hope, optimism, efficacy, and resilience may motivate owners to be resilient in their businesses in emerging economies and to fill the institutional voids (Jancenelle, Javalgi, & Cavusgil, 2018; Neubert, Bradley, Ardianti, & Simiyu, 2017). Similarly, the familial social system supporting family firms can provide a nurturing environment that facilitates strong ties with both internal and external stakeholders that can consequently generate financial returns (Le Breton-Miller & Miller, 2016; Zellweger & Nason, 2008).

While SEW preservation is a primary concern in family firms, the extent to which this impacts firm performance (e.g., sales) may be shaped by the family firm psychological capital leading the firm in such directions for not only family-centric non-financial goals, but also financial gains. Recent family business research emphasizes the heterogeneity of their population with mounting evidence suggesting that, while certain organizational behaviors and strategies are characteristic of family firms in general, there are others that are more specific to firms in particular contexts (Dibrell & Memili, 2018; Melin & Nordqvist, 2007). Particularly, there may be numerous and significant strategic differences among family firms in terms of ownership structure diversity (Bird & Zellweger, 2018), legacy orientation (Hammond, Pearson, & Holt, 2016), and complications owing to diversified trans-generational governance (Carr, Chrisman, Chua, & Steier, 2016).

In line with these, we recognize that the extent to which family firms in the H&T sector pursue high financial performance may be supported by the increased FFPsyCap. While family firms are primarily driven by SEW preservation, those with the higher FFPsyCap are likely to be those with the greatest emphasis to maximize returns that are aligned with the transgenerational sustainability of the firm as well as the future generations. Indeed, firm-level hope, optimism, resilience, and efficacy can elevate firm strengths and capacity to attain challenging goals such as higher sales by effectively dealing with obstacles such as the drawbacks of the family-centered goals such as the preservation of SEW in family firms. We expect that FFPsyCap would help broaden the family business leaders' perspectives as well as objectives by seeing the big picture rather than just focusing on the family agenda. Hence, we argue that the FFPsyCap will play a critical role in alleviating the negative effects of SEW on firm sales in small-and-medium size family firms in the H&T industry.

Hypothesis 2. Family firm psychological capital (FFPsyCap) will mitigate the negative relationship between socioemotional wealth preservation and firm sales in small-and-medium size family firms in the Hospitality and Tourism (H&T) industry.

3. Methodology

3.1. Sample and data collection

Using a cross-sectional research design, surveys were solicited from members of the Turkish family firms in the Hospitality and Tourism industry. The questions were originally in English. Then, they were translated into Turkish using a back-translation procedure (Brislin, 1976). Specifically, bilingual experts translated the questionnaire into Turkish. Thereafter, different bilingual experts with similar qualifications translated the questionnaire back into English. Through this,

possible translation related conceptual ambiguities in the survey were eliminated at the beginning of the data collection process. Before administering the survey questionnaire, a pilot study of 20 interviews with hotel owners in Ankara, the capital of Turkey, was conducted in July 2017 to identify potential issues and to test the feasibility of the proposed questionnaire. All respondents were interviewed in-person by the two co-authors of the current study who are experienced in the Tourism and Hospitality research, have networks in the industry, and whose native language is Turkish. There were no concerns expressed during the 20 interviews regarding the wording of the questions, use of the language, format and/or scaling. Therefore, all the questions were retained. The average response time to complete a questionnaire was approximately 20 min.

The sampling frame for the survey includes principal managers who were also the primary owners of hotels with 100 or fewer employees. We focused on the firms in İstanbul, Antalya, Ankara, and Nevşehir because these cities, as major tourist attractions, represent among the highest densities of hotel establishments in Turkey (Ministry of Culture and Tourism of Turkey, 2018). Accordingly, about 40% of 4822 hotels were located in these four destinations in 2017. Data for the main study were collected between August 2017 and December 2017. Face-to-face interviews were conducted with the participants by one of the research team members. The team consisted of three interviewers holding at least a master's degree in tourism and hospitality fields and two researchers (who also had carried out the pilot study) throughout a 5-month data collection process. During the data collection process, a total of 257 surveys were completed by a convenience sample. Approximately 50 surveys were obtained monthly which means that each member of the research team interviewed about 10 participants every month.

The participants were informed in advance about the contents of the questionnaire. Additionally, to minimize potential response bias, respondents were guaranteed absolute confidentiality in their responses, and how the confidentiality of the collected data would be protected was clearly explained by the interviewers at the beginning of the surveys. Nevertheless, a certain number of respondents avoided answering some of the questions (e.g. *performance question and other firm demographics*) after they started to fill out the survey. In such cases, interviewers did not interfere with the process in order not to pressure the participants. At the end of the data collection process, the respondents who did not fill out more than 15% of the survey responses and/or used "straight-lined" responses were eliminated by following Hair, Hult, Ringle, and Sarstedt's (2014) work. Thus, the final sample size, after applying aforementioned filters and applying casewise deletion, consisted of 192 firms.

3.2. Measures

The items of measures were assessed on a 1–5 Likert scale. Independent variable SEW was measured using the 27-item scale proposed by Berrone et al. (2012). The scale includes the following subscales: (i) family firm influence and control (6-items); (ii) identification of family members with the firm (6-items); (iii) binding social ties (5-items); (iv) emotional attachment of family members (6-items); (v) renewal of family bonds through dynastic succession (4-items). Appendix A provides the measurement model for the scale. The Cronbach's alpha for the five dimensions was 0.794.

The moderator variable family firm psychological capital (FFPsyCap) ($\alpha = 0.782$) was measured by using a scale of the PCQ-12 measure (Luthans, Avolio, et al., 2007, Luthans, Youssef, and Avolio, 2007) that was adapted for the family firm level by Memili, Welsh, and Kaciak (2014); Memili, Fang, Koç, Yildirim-Öktem, & Sonmez, 2018).

Dependent variable firm performance was measured by the sales revenue in 2016. The measure of sales was self-reported by the owner (*What were your total sales revenues "in \$" for each of the following years you were in business? 100.000 or less/100.001–250.000/*

Table 1
Sample descriptives.

	N	Mean	SD	min	max	1	2	3	4	5	6
1 Revenue 2016	192	1.9427	0.7103	1	4	1					
2 Socioemotional wealth	192	4.0646	0.3210	3.1852	4.7037	-0.2159*	1				
3 Family Firm Psychological Capital	192	4.0230	0.4570	1.6667	5	-0.2419*	0.6592*	1			
4 Immediate successor a first-born male	192	1.5885	0.4934	1	2	0.1415	-0.0957	-0.0391	1		
5 Count of female family members involved	192	0.4427	0.6992	0	4	0.0197	0.0196	0.0021	-0.2736*	1	
6 Number of family employees	192	2.8177	1.8257	0	10	0.1857*	-0.0847	-0.1680*	0.0732	0.1866*	1
7 Year established	192	2001	11	1956	2016	-0.2068*	0.2614*	0.1394	-0.0341	0.0108	-0.0551

Note. * $p < .05$ (two-tailed).

250.001–500.000/500.001 or more). Although the measure is objective in nature, it is self-reported and subject to reporting bias. Nevertheless, there are no archival sources available to draw actual sales information on private firms. Singh et al. (2016, page 214) state that “often consistent, reliable and comparable compatible objective data on organizational performance measures – particularly across countries and sectors – is difficult to come by” in their review of the studies on the differences in self-reported and objective measures of organizational performance (Singh et al., 2016). We are unaware of the availability of resources, such as the STR reports in the US, that can be used to measure objective occupancy data in Turkey. Furthermore, under the Turkish law, small businesses are not required to publicly disclose their financial information and tax returns remain confidential. Acknowledging the limitation of this self-report measure, a review of the studies on the validity of subjective measure of performance in Vij and Bedi (2016) provides assurance that reporting of sales information may not be strongly biased.

As control variables, we included the number of family employees involved in the firm (count). With an increasing number of family member involvement, performance could either be positively or negatively impacted. On the one hand, family members may go over and beyond the job description to improve service levels and thereby improve sales. On the other hand, family members may be entrenched and altruism towards them by the family business owner may increase inefficiencies to lower sales. Next, we controlled for whether the immediate successor is the firstborn male or not (1: Yes, 0: No). Studies have shown that the presence of first-born son systematically biases succession strategy, human capital investments in the successor, employment of non-family members, and long-term expectations of the family business owner (Ahrens, Landmann, & Woywode, 2015; Calabrò, Minichilli, Amore, & Brogi, 2018). Because the presence of first-born as a son could bias the level of familiness and influence sales, we include this control in the analysis. Building from this argument, the inclusion of female family members could not only increase the available family human capital in the firm, but may also allow for a better inclusivity in management of family firm (Bettinelli, Del Bosco, & Giachino, 2019; Cater & Young, 2019), thereby potentially improving firm sales. Finally, because firms are subject to the liability of newness (Bruderl & Schussler, 1990), we include year the firm was established as an additional control.

3.3. Methods

The measures included in our analysis are based on different scale types. Our outcome variable is an ordinal variable measured on a categorical scale. Our measure of SEW and FFPsyCap are based on a 5-point scale and these measures are subject to censoring at both ends of the response items. That is, in choosing 1 on an item for SEW scale item would be based on self-assessment of the lowest possible practical assessment of SEW for the firm and such assessments may vary from respondent to respondent. Similarly, for respondents choosing 5 on an SEW item may have significant variations in understanding what they construe as high level of SEW for the particular item. Thus, variations in

perceptions at high and low ends of the scale could add to the bias. Similar limitations apply to the FFPsyCap scale. Similarly, the OLS analysis assumes that the responses could be meaningfully averaged, that is responses of 3 and 5 on scale items may be averaged to 4, because the respondents may not equally weigh such scale items. Similarly, our control variables include two dichotomous measures (immediate successor) and count variables (number of family employees involved in the firm, the number of female members involved in the business, and the year firm was established).

The varying combinations of the scale items were considered in interpreting the results. Consistent with the extant studies in family business literature that use scale-based measures and dichotomous and count based covariates, despite aforementioned limitations, we use OLS.

4. Results

Table 1 presents the sample descriptives. Socioemotional wealth was negatively associated with revenue in 2016 ($r = -0.2159$, $p < .01$), and so was family firm psychological capital ($r = -0.2419$, $p < .01$). The number of family employees was positively associated with revenue in 2016 ($r = 0.1857$, $p < .05$), however, older firms had a lower reported revenue for 2016 ($r = -0.2068$, $p < .01$). Socioemotional wealth (SEW) was positively associated with organizational psychological capital ($r = 0.6592$, $p < .01$). To test for the potential variance inflation factor (VIF) in a regression model without interactions, the mean VIF was 1.35, with VIF of the socioemotional wealth of 1.89 and for family firm psychological capital of 1.82. As an additional multicollinearity test, based on Model 5 in Table 2, we report the covariance matrix. The covariance between SEW and FFPsyCap is low and negative ($= -0.020$).

Table 2 presents the results based on OLS estimates. Hypothesis 1 proposed that socioemotional wealth (SEW) was negatively associated with revenue (Table 2, Model 4: $\beta = -0.336$, $p < .05$). Hypothesis 2 proposed that family firm psychological capital (FFPsyCap) would mitigate the negative association between SEW and revenue (Table 2, Model 6: $\beta = 0.677$, $p < .05$). Fig. 1 shows that with increasing SEW, higher levels of FFPsyCap mitigates the decline in performance.

In Table 3, we use the mean reported revenue for 2015 and 2016 and find similar results.

5. Discussion and conclusion

The present research explores the relationship between SEW and firm sales in family firms within the H&T industry. We also examine the impact of family firm psychological capital (FFPsyCap) on this link. Our findings illustrate that SEW is negatively associated with sales in family firms in the H&T industry, and this relationship is attenuated by FFPsyCap. These findings have contributions and implications for the family business, organizational behavior, and H&T fields.

Table 2
OLS estimates.

Variables	(1)	(2)	(3)	(4)	(5)	(6)
	Revenue2016	Revenue2016	Revenue2016	Revenue2016	Revenue2016	Revenue2016
Socioemotional Wealth (SEW)	-0.478** (0.157)	-0.221 (0.207)	-2.401** (1.133)	-0.336** (0.160)	-0.0950 (0.209)	-2.787** (1.117)
Family Firm Psychological Capital		-0.274* (0.145)	-2.456** (1.124)		-0.255* (0.144)	-2.967*** (1.114)
SEW × Family Firm Psychological Capital			0.545* (0.279)			0.677** (0.276)
Immediate successor a first-born male				0.171 (0.105)	0.180* (0.104)	0.177* (0.103)
Count of female family members involved				0.0292 (0.0748)	0.0330 (0.0744)	0.0535 (0.0739)
Number of family employees				0.0585** (0.0277)	0.0507* (0.0279)	0.0511* (0.0276)
Year established				-0.00970** (0.00448)	-0.0101** (0.00447)	-0.0118** (0.00446)
Constant	3.884*** (0.639)	3.941*** (0.636)	12.61*** (4.475)	22.27** (8.836)	23.13*** (8.799)	37.17*** (10.40)
Observations	192	192	192	192	192	192
R-squared	0.047	0.064	0.083	0.110	0.125	0.153

Covariance matrix based on model 5

		1	2	3	4	5	6	7
1	Socioemotional wealth	0.044						
2	Family Firm Psychological Capital	-0.020	0.021					
3	Immediate successor a first-born male	0.002	-0.001	0.011				
4	Count of female family members involved	0.000	0.000	0.002	0.006			
5	Number of family employees	0.000	0.001	0.000	0.000	0.001		
6	Year established	0.000	0.000	0.000	0.000	0.000	0.000	
7	Constant	0.324	-0.070	-0.024	0.004	-0.013	-0.039	77.430

Standard errors in parentheses.

- *** $p < .01$.
- ** $p < .05$.
- * $p < .1$.

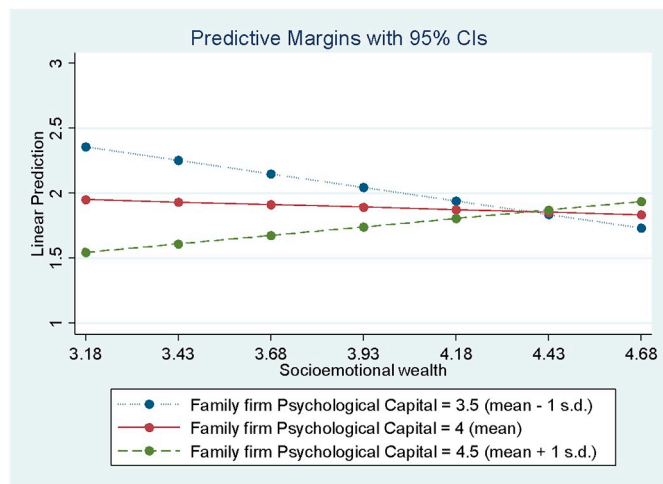


Fig. 1. Moderation plot.

5.1. Contributions to the literature and implications for future research

This study expands the current knowledge about family firms in the H&T industry (Getz & Carlsen, 2000, 2005). Indeed, the family firm idiosyncrasies and their impact on organizational outcomes have been under-researched. Our findings draw attention to the family-firm specific non-financial strengths (i.e., FFPsyCap) and goals (i.e., SEW) and the interplay between them, influencing family firm performance in terms of sales in this industry. Our findings open new avenues for future

Table 3
Additional OLS estimates for mean revenue for 2015 and 2016.

Variables	(1)	(2)	(3)
	Revenue	Revenue	Revenue
Socioemotional Wealth (SEW)	-0.322** (0.158)	-0.135 (0.204)	-2.406** (1.099)
Family Firm Psychological Capital		-0.204 (0.141)	-2.489** (1.095)
SEW × Family Firm Psychological Capital			0.570** (0.271)
Immediate successor a first-born male	0.118 (0.103)	0.124 (0.103)*	0.119 (0.102)
Count of female family members involved	-0.0158 (0.0737)	-0.0138 (0.0735)	0.00274 (0.0732)
Number of family employees	0.0622* (0.0270)	0.0561** (0.0272)	0.0562** (0.0270)
Year established	-0.0109** (0.00447)	-0.0112** (0.00446)	-0.0124** (0.00446)
Constant	24.70*** (8.788)	25.28*** (8.770)	36.84*** (10.28)
Observations	186	186	186
R-squared	0.116	0.126	0.148

Standard errors in parentheses.

- *** $p < .01$.
- ** $p < .05$.
- * $p < .1$.

research. Future research can expand on our findings by examining other non-financial (and financial) idiosyncrasies and their impact on various family firm outcomes, such as innovation, that may be unique to the H&T industry. For example, whether intra-family succession

intentions can enhance (or limit) innovativeness in the family firms in the H&T industry, can be explored by future research.

Our findings also contribute to the studies on psychological capital and firm outcomes among H&T firms. Recent research has been mostly on the individual psychological capital and employee outcomes in H&T industry (Bouzari & Karatepe, 2017; Jung & Yoon, 2015; Karatepe & Karadas, 2015; Paek et al., 2015). Our study extends this prominent stream of research by examining psychological capital at the family firm level in this particular industry.

In our study, we illustrate that FFPsyCap is influential on an important family firm outcome, namely the firm performance. Specifically, we demonstrate that FFPsyCap has buffering effects on the negative impact of SEW on firm sales. Indeed, FFPsyCap appears to be valuable for small-and-medium size family firms in H&T industry where they may be able to compete with reputable larger firms although they may be limited in other forms of capital (e.g., financial and human capital). Therefore, it would be also important to examine the determinants of FFPsyCap in the H&T industry. For instance, what could be the family firm specific factors elevating (or diminishing) FFPsyCap in the H&T industry?

Our findings also contribute to the family business literature by shedding light onto the industry-specific phenomena that inform the family firm heterogeneity (Fang, Memili, Chrisman, & Penney, 2017; Gu, Lu, & Chung, 2019). Our findings suggest that family-centric non-financial goals such as SEW may undermine the financial performance. However, these may be balanced or strategically managed by other non-financial idiosyncrasies such as FFPsyCap in attaining financial success. Accordingly, our findings suggest that SEW can indeed be an asset or liability in different contexts (i.e., industry, firm size, and country) coupled with other tangible and intangible assets such as FFPsyCap. More importantly, we highlight that the negative impact of family-centric non-financial goals can be mitigated by family firm-specific idiosyncrasies such as FFPsyCap.

5.2. Limitations and more future research directions

Aside from its contributions, this study has several limitations that represent opportunities for future research. First, causality is neither implied nor inferred. Ours is an association based study, and future studies drawing on experimental design or difference-in-difference approaches could draw more reliable inferences. Second, our sample focuses on H&T firms in Turkey, therefore, the generalizability of the inferences is limited to a single country context. Future studies could focus on samples from other contexts. Third, in line with previous studies on family firms, the micro-dynamics of perceptions, exercise, and diffusion of SEW in a firm could be studied in more depth through

qualitative studies. We call on future studies to more closely consider the qualitative aspects of the SEW and psychological capital dynamics.

5.3. Implications for practice

For small and medium-sized family business practitioners in the H&T field, these findings suggest the need for greater attention towards understanding how firms generate psychological strengths and capacity at firm level particularly when they face limitations or challenges in raising other forms of capital and attaining competitive advantages while dealing with larger size competitors. Our study shows that FFPsyCap helps enhance firm performance in the form of sales by mitigating the negative impact of family firm-specific drawbacks such as the preservation of SEW. Indeed, while family control and influence, binding social ties, identification with the firm, emotional attachment, and renewal of family bonds to the firm through intra-family succession can serve the family unity, continuity, and legacy throughout generations (Berrone et al., 2012), these can facilitate a family-centered outlook by undermining the value of financial successes, shifting the focus to family agendas, and limiting the required risk-taking for growth in the form of increased sales. The higher levels of FFPsyCap seem to have buffering effects on the negative effects of SEW on firm sales by aligning the non-financial goals with the attainment of financial success. Hence, family firm leaders and advisors in small and medium-sized H&T enterprises may want to make a concerted effort to create firm-wide psychological strengths such as FFPsyCap, which help elevate financial gains and competitiveness in the markets.

5.4. Conclusion

The increasing recognition of the prevalence of family firms in the H&T industry opens new avenues for future research. Our study illustrates both the positive and negative impacts of family firm-specific non-financial dynamics on firm performance. Our findings, grounded in SEW perspective and psychological capital theory, show that non-financial goals such as SEW preservation can limit small-and-medium size family firm performance in H&T industry. However, family firm psychological capital (FFPsyCap), can buffer such negative effects. If small-and-medium size family firms can capitalize on those valuable strengths and minimize the impact of family-centric non-financial goals on firm outcomes, they can attain transgenerational sustainability and success. As the H&T researchers continue to recognize the prevalence and importance of family firms in this industry, we hope our research findings can provide an impetus for further exploring how family firm-specific strengths can be geared towards the long-term success of family firms that can also advance the H&T industry.

Appendix A. SEW Scale Measurement Model

Item number	Factor loading	s.e.	Intercept	s.e.	error variance	variance of dimension	Cronbach's alpha
(F) Family influence and control							
sew1	Family members exert control over the company's strategic decisions	1	.	3.78	0.07	0.59	0.62
sew2	Most executive positions are occupied by family members	0.82	0.16	3.95	0.06	0.45	
sew3	Non-family managers and directors are named by family members	0.8	0.19	4.1	0.06	0.58	
sew4	The board of directors is mainly composed of family members	0.89	0.2	4.08	0.06	0.5	
sew5	The majority of the shares in my family business are owned by family members	0.62	0.16	4.15	0.05	0.43	
sew6	Preservation of family control and independence are important goals for my family business	0.86	0.2	4.24	0.06	0.53	
(I) Identification of family members with the firm							
sew7	Family members have a strong sense of belonging to my family business	1	.	3.98	0.06	0.44	0.56
sew8	Family members feel that the family business' success is their own success	1.01	0.18	4.2	0.05	0.3	
sew9	My family business has a great deal of personal meaning for family members	0.79	0.16	4.14	0.06	0.48	
sew10	Being a member of the family business helps define who we are	0.38	0.15	4.18	0.06	0.58	
sew11	Family members are proud to tell others that we are part of the family business	0.47	0.15	4.14	0.06	0.54	

sew12	Customers often associate the family name with the family business' products and services	0.51	0.17	4.09	0.06	0.71		
(B) Binding social ties								
sew13	My family business is very active in promoting social activities at the community level	1	.	3.9	0.06	0.35	0.27	0.54
sew14	Non-family employees are treated as part of the family	0.78	0.21	3.96	0.06	0.51		
sew15	Contractual relationships are mainly based on trust and norm of reciprocity	0.76	0.19	4	0.06	0.53		
sew16	Building strong relationships with other institutions is important	0.51	0.17	4.18	0.05	0.49		
sew17	Contracts with suppliers are based on enduring long-term relationships	0.68	0.18	4.17	0.05	0.4		
(E) Emotional attachment of family members								
sew18	Emotions and sentiments often affect decision-making processes	1	.	3.79	0.07	0.35	0.56	0.60
sew19	Protecting the welfare of family members is critical to us	0.53	0.1	4.15	0.05	0.36		
sew20	Emotional bonds among family members are very strong	0.76	0.13	4.19	0.06	0.34		
sew21	Affective considerations are often as important as economic considerations	0.25	0.1	4.14	0.05	0.52		
sew22	Strong emotional ties among family members help us maintain a positive self-concept	0.39	0.09	4.07	0.06	0.53		
sew23	Family members feel warmth for each other	0.19	0.08	4.04	0.05	0.53		
(R) Renewal of family bonds through dynastic succession								
sew24	Continuing the family legacy and tradition is an important goal for my family business	1	.	3.96	0.06	0.64	0.02	0.47
sew25	Family owners are less likely to evaluate their investment on a short-term basis	2.98	1.64	3.93	0.06	0.42		
sew26	Family members would be unlikely to consider selling the family business	2.85	1.62	4.07	0.06	0.55		
sew27	Successful business transfer to the next generation is an important goal for family members	2.34	1.22	4.16	0.06	0.62		

Model fit: $\chi^2 = 371.72$; $df = 303$; $\chi^2/df = 1.2$; RMSEA [90% CI] = 0.034; SRMR = 0.062; CFI = 0.891; IFI = 0.899.

Convergent validity: 6/27 items (22.2%) have a correlation coefficient with the score of their own dimension greater than 0.400.

Divergent validity: 22/27 items (81.5%) have a correlation coefficient with the score of their own dimension greater than those computed with other scores.

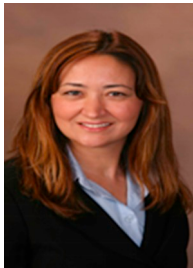
Note: Covariances added for: e.sew13*e.sew17 e.sew18*e.sew20 e.sew18*e.sew21 e.sew13*e.sew16 e.sew1*e.sew6 e.sew3*e > .sew4 e.sew16*e.sew17 e.sew24*e.sew27 e.sew1*e.sew2 e.sew21*e.sew22 e.sew13*e.sew15.

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