Socioemotional Wealth in Family Firms: Theoretical Dimensions, Socioemotional Wealth Perspective, and Empirical Evidence in Support of the Socioemotional Approach

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Abstract
The concept of socioemotional wealth (SEW) has gained significant attention in the field of family business research. It refers to the non-financial aspects of family firms, such as emotional attachment, family identity, and socio-economic goals. SEW is considered a critical factor in the long-term survival and success of family firms. This paper provides an overview of the theoretical dimensions of SEW, including its antecedents, consequences, and mechanisms. It also discusses various assessment approaches for measuring SEW, such as surveys, interviews, and case studies. Finally, the paper outlines an agenda for future research on SEW in family firms, highlighting areas such as cross-cultural differences in SEW, the role of non-family employees in SEW creation and preservation, and the impact of technology on SEW. Overall, this paper aims to contribute to a better understanding of SEW and its importance for family firms' sustainability and growth.

Keywords
Family firms; Socioemotional wealth; SEW dimensions

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1. Introduction

Early studies in the family business field faced methodological issues and mainly offered descriptions, lacking a theoretical foundation. Scholars presented paradigms from financial economics and strategic management, which are often used in publicly owned large corporations, in response to calls for theoretical rigour. These paradigms include agency theory, stewardship theory, and the resource-based view of the firm. In other words, existing paradigms have provided some understanding of how family-controlled firms operate, but there is a specific issue related to family firms, especially those that are not in the financial sector, that has not been fully explored or resolved. This suggests that there is a gap in research or understanding when it comes to this particular aspect of family firms. The lack of coherence in paradigms and the prevalence of a phenomenological tone in the family business literature calls for a more engaging and sequenced approach, that adequately deals with the uniqueness of family firms.

The family business field has struggled with theoretical interpretations that use logic to explain findings. As a result, Gomez-Mejia, Haynes, Nuñez-Nickel, Jacobson, and Moyano-Fuentes proposed a "homegrown" theoretical model (Hernández-Perlines et al., 2020), which was later developed by Gomez-Mejia, Makri, Larraza Kintana, Cruz, Berrone, and De Castro (Makó et al., 2016). This socioemotional wealth (SEW) model has its roots in prior studies on family firms and is grounded in the behavioral tradition within management. It suggests that family firms prioritize the preservation of their SEW or nonfinancial aspects and the affective endowments of family owners when making strategic decisions and policies. While the SEW model has several benefits, its methodological application poses challenges, particularly in empirical studies that have relied on SEW as a latent explanatory construct without direct measurement. This article aims to fill the gap by examining the content structure of SEW, suggesting more effective ways to measure it, and proposing research questions for future studies.

This study makes three distinctive contributions to the current literature on SEW. First, it proposes a set of prior research-based dimensions for SEW, which we have labelled as FIBER, which stands 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. Second, we directly address the operationalization of SEW, which poses the greatest challenge to the SEW model, by presenting a set of items that capture the SEW dimensions distinctly and discussing alternative ways of measuring them based on cross-disciplinary literature. Finally, we outline research questions for which the SEW model and the suggested dimensions serve as valuable analytical tools.
2. The Origin of the SEW Approach

Scholars generally agree that family-owned firms as opposed to non-family-owned firms, provide a unique and fascinating setting for research (Berrone et al., 2012). This claim is consistently supported by empirical data across many nations, including Ireland (e.g., Kalm et al., 2016), the United States (e.g., Ng et al., 2019), Germany and Switzerland (e.g., Nason et al., 2019), and Spain (e.g., Kosmidou, 2018). Gomez-Mejia et al., (2007) put forth a comprehensive "socioemotional wealth" model that accounts for many diverse observations. Wiseman and Gomez-Mejia initially formulated the behavioural agency theory in 1998, and Gomez-Mejia, Welbourne, and Wiseman expanded on it in 2000 (Debicki et al., 2016). This theory is an extension of agency theory that combines parts of prospect and behavioural theory elements. The many theories incorporated into behavioural agency theory have a correlation and a sequential order, and the resultant model effectively combines the strengths of each.

Fundamental to behavioral agency theory is the idea that firms make decisions based on the reference point of the firm's dominant principles. In this theory, individuals within the firm, such as managers or executives, are considered as decision-makers. These individuals take into account how their actions will impact the accumulated endowment or resources of the firm when making decisions. For family principals, preserving socioemotional wealth (SEW) becomes crucial for family business owners, who handle problems by assessing the effect on the stock of affect-related value that they derive from their controlling position in the firm. When there is a threat to this socioemotional endowment, family owners are willing to make decisions not based purely on economic logic. They may even be willing to put the firm at risk if it means preserving the family's endowment. The concept of socioemotional endowment includes a range of factors, such as unrestricted personal authority among family members, enjoyment of family influence over the business, and close identification with the firm, which often shares the family name (Gomez-Mejia, et al., 2018).

Although nonfamily principals and managers may experience some of the effects mentioned, the value of socioemotional wealth to the family goes beyond its extrinsic elements. It becomes an end and is deeply anchored in family owners, whose identity is intrinsically linked to the organization (Berrone et al., 2010, p. 87) According to the behavioral agency theory, when family principals perceive a threat to their socioemotional wealth (SEW), they prioritize avoiding potential SEW losses over achieving objectives that may benefit other principals, such as institutional investors, who do not share in these SEW utilities. The family members consider risk aversion to socioemotional endowment more critical than to financial losses, that reflect family values and interests.

In contrast, agency arguments indicate that family principals would avoid strategic choices that carry a high risk of financial losses. Hence, SEW preservation in a behavioural agency context contradicts a basic agency prediction: if maintaining the emotional and non-financial well-being of the family is the primary focus, and if
making decisions that reduce financial risk also threaten the family's socioemotional wealth, then the family will choose to prioritize preserving their emotional and non-financial interests over other options. Although SEW may not be unique to an organizational context where family ties are present. For family principals and employees, the firm becomes an integral and inescapable part of their lives, in contrast to nonfamily shareholders or hired managers and employees, whose relationships with the firm are more distant, transitory, individualistic, and utilitarian (Arzubiaga et al., 2021; Nason et al., 2019). In other words, SEW is the most critical feature of a family firm’s essence that separates it from other organizational forms.

3. Agency Theory, Behavioural Agency Theory, and Socioemotional Wealth

Agency theory, behavioural agency theory, and socioemotional wealth are all frameworks that help us understand how people behave in organizations. Agency theory is based on the idea that organizations have a principal-agent relationship. The principal is typically the owner or shareholder of the organization, while the agent acts on behalf of the principal (such as a manager). The theory assumes that agents may act in their self-interest rather than in the principal's interest, which can lead to agency costs. To mitigate these costs, principals may use incentives or monitoring mechanisms to align the interests of agents with their own.

Behavioural agency theory builds on agency theory by incorporating insights from psychology and behavioural economics. It recognizes that agents may not always act rationally or in self-interest and that social norms and cognitive biases may influence their behaviour (Memili et al., 2020).

Therefore, behavioural agency theory suggests that principals should consider these factors when designing incentive systems and monitoring mechanisms. Nevertheless, socioemotional wealth is a concept that emphasizes the importance of non-financial goals and values for family-owned businesses. According to this perspective, family-owned businesses are motivated by financial performance and factors including family identity, legacy, and social responsibility (Marett et al., 2018). Thus, socioemotional wealth theory suggests that family-owned businesses may prioritize these non-financial goals over financial performance. Although these theories are distinct, they are related in several ways. For instance, agency and behavioural agency theories focus on the relationship between principals and agents in an organization. Behavioural agency theory builds on agency theory by incorporating insights from psychology and behavioural economics to explain agent behaviour. Socioemotional wealth theory is often applied to family-owned businesses, which may face unique challenges related to agency problems. By considering financial and non-financial factors that motivate behaviour in organizations, managers can design more effective incentive systems and monitoring mechanisms that align with the goals of both principals and agents (McLarty et al., 2019).
4. **Empirical Evidence in Support of the SEW Approach**

Evidence suggests a negative correlation between framing issues and socioemotional endowment (SEW) preservation, regarding family-owned businesses and their economic decisions. (Gomez-Mejia et al., 2018) found that even if financially beneficial, family-owned olive oil mills will choose to remain independent rather than join cooperatives, which would mean a loss of SEW (Vardaman and Gondo, 2014). Only if appropriate compensation is provided will selling the firm become an option. Additionally, (Miller, Le Breton-Miller, and Lester, 2011) utilize the SEW approach to examine whether pursuing SEW objectives leads to more strategic conformity among large and publicly listed family firms (Arzubiaga et al., 2021). Their results reveal that the more the family is involved in ownership and management, the more likely strategic conformity will occur; this serves as a signal to external stakeholders regarding the family's priorities for the preservation of SEW, which then requires further effort by the family firms to achieve legitimacy by demonstrating conformity to industry norms (Gomez-Mejia et al., 2018).

Behavioural agency theory suggests a common theme observed in the studies mentioned above, revealing that family-controlled organizations prioritize the preservation of SEW in their decision-making. As a crucial noneconomic reference point, strategic choices may be unrestricted through an economic or risk-averse financial perspective. Moreover, some of the studies take a step further to introduce variations in the reference points, which vary depending on the external threats faced by the organization (Naldi et al., 2013). However, these studies indicate that in case of poor performance, the family owners' loss framing alters and SEW preservation is no longer the primary reference point. Instead, it becomes an informational cue, triggering the possibility of severe financial hardship for the family's standard of living and the potential extinction of SEW. Based on empirical results, family-controlled firms only undergo a shift in perspective towards SEW as a critical reference point when forced to reconsider their approach (Palalić and Smajić, 2021).

5. **Advantages of the SEW Model**

The SEW model has proven to be a valuable tool for analyzing various family firm phenomena because of its extensive coverage. However, despite its effectiveness, the SEW construct is still in its early stages, and it presents a unique opportunity for further family business research. There are several reasons why this is the case. The SEW approach is grounded in behavioural agency theory, providing a solid conceptual foundation. Moreover, the SEW preservation concept recognizes the primary argument of the agency perspective that family members can take advantage of opportunities. The SEW idea argues that they prioritize safeguarding their socioemotional endowment, even if it results in a financial loss, rather than pursuing other objectives. For instance, Gomez-Mejia et al., (2008) found that family-controlled mills were three times less prone than non-family-controlled mills to join a
cooperative, a lucrative option, because doing so would mean sacrificing their families' SEW.

The SEW model offers a new perspective that explains unusual results and inconsistent predictions made by the agency theory by considering differential risk preferences within families. Family firms often diversify less and embrace significant business risks to preserve their SEW rather than take a conventional agency-based approach. It also addresses some collaborative behaviours and emotional aspects of family firms, often overlooked by the agency theory. The SEW model aligns more with the basic tenets of stewardship theory, although it does not assume that family members do not pursue selfish objectives (Paul et al., 2020). Family firms are likely to bear the cost and uncertainty involved in specific actions driven by a belief that the risks are worth the noneconomic benefits they offer. Recent studies propose that the agency and stewardship views have applications in the family business context. The degree of embeddedness of family actors in the family and business determines which view would be applicable (Marett et al., 2018).

Since SEW explains the behaviours in the decision-making process, it is informative regarding the seemingly mixed arguments suggesting that families can negatively and positively impact firm outcomes (Miller et al., 2014). Unlike other methods that have difficulty adapting to the unique circumstances of family businesses, The SEW model is based on the reality that family firms have multiple essential objectives that are influenced by family values and can change over time. For example, Paul et al., (2021) and (Pla-Barber et al., 2021) gain insights and understanding from the large volume of research that has been created over the past three decades in the family business arena. In particular for family business scholars, the SEW model is primarily relied on and is developed from the body of research in family business. A "homegrown" theoretical framework provides legitimacy and positions the area of family business studies as a rigorous, distinctive, and solid field. As a result of all these advantages, the SEW approach has the potential to become the dominant paradigm.

6. Socioemotional Wealth (SEW) Dimensions

SEW is a multifaceted approach encompassing the emotional investment of family business owners, encompassing their desire for power, appreciation of family influence, preservation of clan membership within the company, designation of trustworthy family members to key positions, maintenance of a strong family identity, continuation of the family dynasty, and more (Gomez-Mejia et al., 2008). The concept of SEW is, therefore, multidimensional by nature. Due to the nature of prior research conducted on the subject, most studies relied on archival data sources. They used secondary univariate measures (such as ownership distribution, the percentage of family members on the board, and CEO family status) as proxies for the supposed importance of SEW. As a result, earlier research has yet to delve into the dimensions of the SEW construct in depth. Using prior research from the
literature on family businesses and fundamental social science fields that support it, we aim to disentangle the various dimensions of SEW. We have identified five primary dimensions of SEW, which we have packaged under the acronym FIBER.

6.1 Family control and influence

Family members have the power and influence to make strategic decisions in family businesses, a unique aspect of these enterprises (Baixauli-Soler et al., 2021). The control can be either direct, such as through the CEO or chairperson of the board, or indirect, such as by appointing top management team (TMT) members. The founder of a dominant family alliance can exercise control as well. Strong ownership, ascribed status, or personal charm can all contribute to family members' ability to wield authority. Family owners often take on multiple roles within their businesses to exert their official and informal control (Ng, P. Y., Dayan, M., & Di Benedetto, A., 2019). Because control and influence play a significant role in the emotional and non-financial well-being of family members, they actively work towards maintaining continuous control over their companies to achieve their desired goals (Li et al., 2016). Consequently, family businesses are more inclined to retain direct or indirect control and influence over their affairs, regardless of financial concerns (Gomez-Mejia et al., 2007).

6.2 Identification of family members with the firm

Identifying family members with the firm is the crux of maintaining a unique identity among family businesses. As the family and business merge, the proprietor's identity and the company's name become inextricably linked; this generates a sense of responsibility toward the quality of service, internal procedures, and employee attitudes (Hernández-Perlines et al., 2021). Family reputation and image may be at risk because external stakeholders, like customers and suppliers, view family members as the company's representatives (Gjergji et al., 2018). For this reason, family enterprises always strive to maintain public approval while keeping a close eye on corporate social responsibility and community citizenship (Berrone et al., 2012). Empirical data have shown that family firms have a sense of responsibility and an emotional attachment to their name. However, public disapproval could cause emotional damage (Labelle et al., 2018).

6.3 Binding social ties

The social ties that bind family businesses extend beyond just kinship (Zahra, S. A. et al., 2004) noted that family businesses benefit from shared social capital, relational trust, and a sense of solidarity among members. These benefits are not limited to familial relationships, as long-standing vendors and non-family employees also share a sense of belonging to the enterprise. Such reciprocal relationships foster deeply rooted kinship links, bolstering social bonds with the larger community. Thus, Nordqvist, M., & Melin, L. (2010) showed that family businesses prioritize the
welfare of surrounding individuals, even without evident transactional gains. Additionally, family enterprises frequently support community organizations and activities motivated by a desire for recognition, altruism, or both (Berrone et al., 2012; M Alonso-Dos-Santos, O Llanos-Contreras, 2019).

6.4 Emotional attachment of family members

The fourth dimension of SEW is the emotional attachment of family members, which concerns the role of emotions in the family business environment and deals with the affective content of SEW. Emotions are an integral and inseparable part of everyday organizational work (Memili, E., et al., 2020). In organizations where family relationships dominate, shared experiences and past events converge to influence and shape current activities, events, and relationships. Many academics consider blending emotional variables arising from family engagement with business issues a distinguishing feature of family businesses (Filser et al., 2018). Families encompass a broad spectrum of emotions, both positive and negative. These include feelings of warmth, compassion, love, wrath, fear, loneliness, anxiety, melancholy, disappointment, and despair (Debicki, et al., 2017).

These emotions emerge through critical events in each family business system, such as succession, divorce, illness, family or business loss, or economic downturn (Craig and Newbert, 2020). They are not static as they evolve through these critical events. Emotions pervade the organization because the lines between family and corporate in family enterprises are blurred (Berrone et al., 2012) and influence decision-making in the family firm (Arzubiaga et al., 2021). The family's psychological appropriation of the company to preserve a positive self-concept is also a part of the emotional connection. The company becomes the site where the requirements for belonging, emotion, and intimacy are satisfied through family members' social connections within and outside their firms (Kushins and Behounek, 2020). Emotional commitment to the company allows individuals to maintain a sense of self-continuity by establishing a connection between their desirable past self, their present self, and their future self, representing the person they are becoming (Kalm and Gomez-Mejia, 2016). It strengthens the family's feeling of legacy, as most owners find the loss of their company very painful (Brigham and Payne, 2019).

6.5 Renewal

Dynastic succession in family businesses aims to maintain the enterprise for future generations, thus promoting transgenerational sustainability - an essential element of SEW, according to Zellweger and Astrachan (2008). However, family shareholders take into account the family's history and traditions in addition to the asset value of the company when making decisions. The firm represents a long-term investment for the family, intended to be passed down to future generations as an inheritance, thereby preserving its foundation within the family. According to Nason et al., (2019), many family businesses have longer planned horizons and goals of
preserving family values through the enterprise. Strategies of succession planning and the perpetuation of family values through the company foster a "generational investment strategy that creates patient capital" (Memili et al., 2020, p.201) as shown in Table 1.

A major asset of SEW in family businesses is these five dimensions. These are significant advantages and benefits that family firms have over non-family businesses, despite the fact that they are intangible. According to Berrone et al., "the main point of SEW is that when there is a high level of family involvement, firms are more likely to bear the cost and uncertainty associated with pursuing certain actions, driven by a belief that the risks associated with such actions are counterbalanced by noneconomic benefits rather than potential financial gains" (Berrone et al., 2012, p. 261).

Table 1. Summary of SEW Dimensions

<table>
<thead>
<tr>
<th>FIBERs</th>
<th>Description</th>
<th>Example(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Family control and influence (F)</strong></td>
<td>Control of the overall strategic decisions and operations in the firm</td>
<td>CEO/business owner imposes all strategic decisions that will be implemented through the firm operations</td>
</tr>
<tr>
<td><strong>Identification of family members with the firm (I)</strong></td>
<td>Association of family members to the family business (one identity)</td>
<td>A business in the neighbourhood is known as a famous family name</td>
</tr>
<tr>
<td><strong>Binding social ties (B)</strong></td>
<td>Building a constant “symbiotic life” with society for the mutual benefits</td>
<td>A family firm gives support to society’s welfare (sponsors a variety of activities)</td>
</tr>
<tr>
<td><strong>Emotional attachment (E)</strong></td>
<td>Psychological impersonation of family members to the firm, which implies family bonds based on long-term tradition and heritage</td>
<td>I cannot leave the business, because it was my whole life, the current as well as future one, and this the life of my family.</td>
</tr>
<tr>
<td><strong>Renewal of family bonds to the firm through dynastic succession (R)</strong></td>
<td>Continuation of the family business through the family dynasty</td>
<td>Children continue to run the family business after the retirement of the business father or his death</td>
</tr>
</tbody>
</table>

Source: Based on Berrone et al. (2012)

7. Measuring FIBER Dimensions of SEW

Despite the demonstrated value of the SEW model, researchers still need to investigate an essential element: mapping out the domain of SEW and developing instruments to assess its various dimensions. SEW has frequently been utilized as a comprehensive yet singular explanatory concept without direct measurement. The most common proxy used to capture the intensity of SEW is relatively coarse, namely, stock ownership in the hands of family members (Gomez-Mejia et al., 2018). The control dimension of SEW, personal financial dependence, and the degree of personal attachment, identification, and emotional bonds between family members and the firm are all reinforced, which demonstrates that as the concentration of firm
ownership in family hands rises, the family has a greater impact on the firm's strategic decisions. While secondary proxies may serve as a reasonable initial approximation to socioemotional wealth (SEW) and may be the only viable alternative when utilizing large archival databases, they are unlikely to fully capture the complete range or spectrum of SEW. "secondary proxies" refers to substitute measures or indicators that are used as a substitute for directly measuring socioemotional wealth. These proxies are used when direct measurement of SEW is not feasible or when working with large archival databases. However, it is noted that these secondary proxies may not fully encompass or represent the entire spectrum of socioemotional wealth. For instance, sentiments, emotions, and connections within the family controlling a firm may differ from one firm to another and inside the firm, from one point in time to another, even with the same level of ownership. As a result, the issue of how to measure SEW merits further investigation and a better assessment (Kalm and Gomez-Mejia, 2016). The following sections discuss various approaches to addressing this methodological gap, including surveys, content analysis, laboratory experiments, and case studies.

7.1 Surveys

Although prior studies on publicly traded family firms mainly use archival data (e.g., Lohe et al., 2021; Berrone et al., 2012; Gomez-Mejia et al., 2018), surveys are frequently used in studies of privately held family firms (e.g., Davila et al., 2022; Pla-Barber et al., 2021). Scholars have proposed various concepts as drivers of noneconomic goals, such as altruism, justice, fairness, and generosity (e.g., Prügl, 2018; Pazzaglia et al., 2013). In contrast to financial goals, surveys have been employed to assess how important noneconomic goals are to family owners (Ng et al., 2021; Miller et al., 2014). However, no attempt has yet been made to comprehend the SEW construct using psychometric tools. Surveys can be valuable tools for measuring SEW based on scholars’ extensive knowledge and experience in the field. Thus, we have generated a set of 30 items as shown in Table 1 that will serve as a solid base for carrying out questionnaires and have been designed to reflect the various dimensions of SEW. The items have been derived from prior studies and are thought to represent the five FIBER dimensions of SEW. The relevant literature on which they are based is also presented for each set of items. Items were also taken from scales such as the Family Business Commitment Questionnaire developed by Carlock and Ward (2001), the F-PEC scale for Family Businesses (Kwan and Zhu, 2021), the Caring Contract scale used by (Martín et al., 2013), and the items used to capture intentions for transgenerational control (Marett et al., 2018). Therefore, the FIBER scale has its foundation in previous literature and derives from various sources. The items were formulated at the individual level, as the individual family member is the appropriate unit of analysis for data collection. However, since the SEW construct is based on collective family identity, the questions were structured in most cases to capture individual perceptions of group (family) attitudes toward the five dimensions mentioned above.
<table>
<thead>
<tr>
<th>SEW dimensions and suggestive studies</th>
<th>Suggested items</th>
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| **Family Control and Influence:** Berrone *et al.*, (2012), Filser *et al.*, (2018) | • Most of the shares in my family business are owned by family members.  
• In my family business, family members exert control over the company's strategic decisions.  
• In my family business, most executive positions are occupied by family members.  
• In my family business, nonfamily managers and directors are named by family members.  
• The board of directors is mainly composed of family members. |
| **Identification of Family Members with the Firm:** Berrone *et al.*, (2012), Filser *et al.*, (2018) | • Family members have a strong sense of belonging to my family business.  
• Family members feel that the family business's success is their own success.  
• My family business has a great deal of personal meaning for family members. Being a member of the family business helps define who we are.  
• Family members are proud to tell others that we are part of the family business. |
| **Binding Social Ties:** Berrone et al. (2012), Filser et al. (2018) | • My family business is very active in promoting social activities at the community level.  
• In my family business, nonfamily employees are treated as part of the family.  
• In my family business, contractual relationships are mainly based on trust and norms of reciprocity.  
• Building strong relationships with other institutions (i.e., government agents, professional associations, other companies, etc.) is important for my family business. |
| **Emotional Attachment of Family Members:** Berrone *et al.*, (2012), Filser *et al.*, (2018) | • Emotions and sentiments often affect decision-making processes in my family business.  
• Apart from personal contributions to the business, protecting the welfare of family members is critical to us.  
• In my family business, the emotional bonds between family members are very strong.  
• In my family business, affective considerations are often as important as economic considerations.  
• Strong emotional ties among family members help us maintain a positive self-concept. |
| **Renewal of Family Bonds Through Dynastic Succession:** Berrone *et al.*, (2012), Filser *et al.*, (2018) | • Continuing the family legacy and tradition is an important goal for my family business.  
• Family owners are less likely to evaluate their investments on a short-term basis.  
• Family members would be unlikely to consider selling the family business.  
• Successful business transfer to the next generation is an important goal for family members. |

Note. SEW = socioemotional wealth.
Although Table 2 illustrates items drawn from prior research, it is essential to test them to pass standard psychometric procedures (i.e., exploratory and confirmatory factor analyses) to verify the hypothesized content structure of SEW, and ensure the items’ internal consistency and interrater reliability. This helps to maintain the credibility of this field as a whole, as emphasized by Pearson and Lumpkin (2011) when they stated, “Without progress in developing psychometrically sound constructs and measures, we risk the credibility of the field as a whole” (p. 290). Despite the power of survey instruments, they are subject to certain limitations. For example, respondents may exhibit bias by presenting a socially desirable image of themselves or their business (Paul and Criado, 2020). Furthermore, rather than purely random samples, family business research sometimes relies on convenient samples when conducting surveys (Prügl, 2018), leading to problems of endogeneity, self-selection, omitted variables, and other such issues that are common in the field (Miller et al., 2014) but have only been tackled by a few exceptions (e.g., Berrone et al., 2012). Consequently, it is essential to be aware of these challenges and to take measures to address them. Family researchers frequently use convenient samples. However, it is still necessary to justify the selection on theoretical grounds rather than statistical aptness and find alternatives to surveys when questionnaires are unsuitable.

7.2 Content Analysis

One way to capture the FIBER dimensions of SEW is through content analysis, which involves analyzing narrative texts such as annual reports, speeches, and shareholder letters. This approach allows family business scholars to study mental models, perceptions, and deeply ingrained beliefs among family owners. While content analysis is a commonly used tool among organizational and strategic management scholars, its application in the family business context is still nascent and could benefit from further exploration.

This methodology boasts several benefits and advantages compared to other techniques like interviews. One attribute that differentiates content analysis is its ability to capture non-intrusive managerial cognitions (Palalić and Smajić, 2021). Furthermore, content analysis mitigates recall biases and is widely implemented when unavailable information needs to be obtained (Kabanoff et al., 1995; McLarty et al., 2019). Finally, content analysis is a highly regarded source of information because of its reproducibility and reliability, making it a preferred option for gathering data through analyzing organizationally produced texts (Paul et al., 2020).

Despite its advantages, content analysis may be a tedious task that necessitates rigorous procedures by researchers to assure the reliability of data coding and subsequent analyses. To address these challenges, researchers use computer-assisted content analysis to code organizationally produced texts more efficiently (Makó et al., 2016).
7.3 Other Alternative for measuring FIBER dimensions of SEW

As discussed earlier, using ownership as a proxy of SEW requires the assumption that variables have an isomorphic behavioural and emotional counterpart, which is a significant challenge. Furthermore, formal studies employing quantitative methods often use correlational techniques and limiting causal inferences. One method for overcoming these challenges is to conduct laboratory experiments. Researchers can generate variables of interest and manipulate them to isolate their effects, resulting in more robust inferences about their causal effects (Debicki et al., 2017).

Choice is a powerful tool for examining one of the fundamental principles of the SEW perspective. According to this theory, family firms prioritize the protection of SEW over maximizing economic gains, even when faced with a difficult decision that may result in uncertainty and economic loss. However, it can be more complex. In some situations, when family firms work too hard to protect their SEW, they may accidentally make decisions that can ultimately harm their economic value and even put them out of business. These extreme cases show that the influence of SEW preferences is not always as great as previously imagined, and that economic logic might take precedence (Arzubiaga et al., 2021).

While case studies may not be a designated measurement method, they can still offer valuable insights into the nature of SEW. This approach can offer a deeper understanding of situations involving SEW debates. When families aim to protect their SEW, it can lead to better environmentally friendly practices (Berrone et al., 2012). However, in order for this to happen, families must be allowed to make decisions that will have an impact on non-family shareholders (Davila et al., 2022).

When families have limited control, no matter how necessary and urgent their desire to protect the environment may be, their strategies may not be implemented due to the lack of influence on non-family shareholders. The family's perspective becomes increasingly important as a family's involvement in a business grows, making it simpler for the company to pursue environmentally friendly policies with fewer constraints (Debicki et al., 2016).

Case studies offer a valuable opportunity to understand the interconnected dimensions of SEW and how they impact decision-making (Hernández-Perlines et al., 2020). Case studies, as opposed to laboratory experiments, depict real-world scenarios, offering a rich and comprehensive context in which the phenomena occur (Kwan and Zhu, 2021).

This is particularly important for family businesses as the boundaries between social environment, family, and business tend to be blurred (Berrone et al., 2012). Moreover, because case studies demand theoretical sampling, they are chosen for their appropriateness to better comprehend and extend links across constructs, ensuring greater precision and validity in the research (Eisenhardt and Graebner, 2007).
8. Future Areas for Development of the SEW Approach

Numerous studies have been conducted on family businesses, however many aspects are still unexplored. To shed more light on this topic, we suggest applying the SEW approach, which considers nonfinancial factors that make family businesses unique. However, more research is needed to confirm its effectiveness. It would be interesting to find out if these five dimensions overlap, as we believe they are not redundant. Gomez-Mejia et al., (2018) identified a recent review about the following areas that might benefit from further attention and resources to enhance the SEW approach.

8.1 The Role of Emotions and SEW

Emotions play an essential role in family business, and their impact on the firm's formation and functioning is crucial. While the existing literature focuses on the positive emotions in family business, such as trust and harmony, it fails to explain the adverse effects of emotions like relationship conflicts that arise among family members. According to recent studies, family-owned businesses are more likely to suffer from relationship conflicts that can negatively impact the firm's performance and even lead to ownership stake selling. Moreover, the emotional attachment to the family firm complicates the job satisfaction of family members who must fulfil the dual role of a family member and family firm employee. This leads to role conflicts that not only reduce job satisfaction but also decrease employees' commitment, eventually leading to the desire to leave the organization (Davila et al., 2022). However, in family firms, emotional attachment prevents family members from leaving and perpetuates conflicting relationships, also known as the "family handcuff".

To summarize the prior discussion, consider the following research questions (RQ):

RQ1: Which emotions positively/negatively impact SEW formation?
RQ2: Is it possible to restore SEW after pervasive conflicts?
RQ3: How does the emotional aspect of SEW influence relationship and role conflicts within the organization and family members?

8.2 Family Firms’ Heterogeneity and SEW

Family firms have much differentiation regarding their emphasis on societal, environmental, and welfare (SEW) considerations. While treating family firms as a homogeneous group concerning SEW is usually more straightforward. Thus, it is important to pay special attention to the variances within these firms since these distinctions might result in various degrees of SEW and its sources. For instance, firms tend to have the highest attachment to family members when the family’s founding members manage and own the company. This attachment dims as the firm moves into subsequent generations. Additionally, when the firm grows more than SEW, financial considerations become more critical. Therefore, it is essential to
determine the causes behind the differences between the sources and degrees of SEW (Nason et al., 2019). We might research the impact of different factors (e.g., external environments, composition of top management teams (TMTs), and industry types) on SEW and ways of prioritizing SEW considerations concerning different interest groups. The following research questions might shed some light on these issues:

1. **RQ4**: Explores why some family-owned businesses adhere to SEW more closely than others?
2. **RQ5**: Explores the evolution of SEW over time?
3. **RQ6**: Investigates how family generations and the number of controlling firms affect the weights of SEW?
4. **RQ7**: Explores the role of stakeholder pressures in establishing priorities for SEW?
5. **RQ8**: What other factors determine the different weights assigned to the dimensions of SEW?

### 8.3 Family Firm Governance and SEW

The importance of SEW in guiding family firms’ strategic decision-making has been highlighted through numerous studies. However, family owners must possess enough discretion within the organization to impose their SEW preservation goals, and this has led scholars to explore the link between family governance variables and socioemotional aspects. (Block, J., De Vries, G., & Sandner, P., 2018) suggest that SEW will be of greater significance when the CEO belongs to the family and holds the board chair position. The role of other owners, including institutional investors, in family firms is a topic of ongoing debate. Some evidence suggests that the presence of these owners may diminish the emphasis on preserving socioemotional wealth (SEW). Governance structures that facilitate or inhibit family power and discretion within the organization warrant further research (Kosmidou, 2018). Furthermore, as more families run a portfolio of firms, the implications of governance issues and how SEW considerations are affected by these arrangements require attention. While existing literature has primarily focused on the sociopolitical aspects associated with boards of directors, research on family firms emphasizes the significance of the affect-related value that the family has invested in the firm. Hence, the following research questions are suggested:

1. **RQ9**: How much discretion should family members have to impose their SEW goals over non-family shareholders?
2. **RQ10**: Which FIBER dimensions are most crucial for non-family members when setting SEW objectives?
3. **RQ11**: How do FIBER dimensions vary and interact depending on whether a family runs a single enterprise versus many firms?
4. **RQ12**: How are boards and family councils involved in creating SEW objectives?
8.4 SEW and Financial Outcomes

The SEW model, which is based on behavioural agency theory, assumes that family principals may make decisions that protect and enhance their socioemotional well-being, even if those decisions are not financially rewarded. While these decisions may not always lead to economic gain, long-term decisions based on socioemotional aspects, such as caring for the environment, can create a competitive advantage and improve financial performance over time. However, the SEW perspective also recognizes the negative aspects of family firms, such as managerial entrenchment and succession conflicts. When examining the SEW-financial performance relationship, it is essential to understand if family firms make decisions based solely on SEW concerns or whether financial outcomes are also considered. The emphasis on SEW concerns may be reduced in favor of financial considerations (Vardaman and Gondo, 2014). Family firms are more likely to diversify and invest in R&D as performance hazards increase. It would be intriguing to investigate whether there exists a specific threshold at which the perspective shifts from socioemotional wealth (SEW) to financial considerations, and whether this threshold varies among different family firms. Overall, the SEW method provides extensive insights on family business behavior, however there is still much that needs to be understood (Prügl, 2018). It would be interesting to conduct research about the factors that influence whether SEW adoption has a positive or negative impact on firm performance. Compelling anecdotal evidence suggests that socioemotional wealth (SEW) can enhance the value of a firm, particularly in situations where patient capital is highly sought after or when tacit knowledge plays a significant role. Additionally, it would be crucial to pinpoint the groups of stakeholders whose interests would be most served by the family principals' prioritizing of strategic actions aimed towards SEW preservation. Finally, examining how SEW evolution can affect performance outcomes is a crucial area for future research. Villalonga and Amit (2006) showed that family ownership only creates value when the founder occupies the role of CEO or chairman with an appointed CEO. Furthermore, the findings indicate that the involvement of the founder's progeny as CEO leads to a decline in the firm's value (Debicki et al., 2016). However, the correlation between SEW evolution and value creation/destruction remains unanswered. Therefore, the following research questions may constitute important avenues for future research:

RQ\(_{13}\): When do economic objectives precede SEW-related goals?
RQ\(_{14}\): Which FIBER dimensions, alone or together, have the most or least beneficial impact on financial objectives.
RQ\(_{15}\): Explores the financial thresholds at which SEW objectives can be disregarded.
RQ\(_{16}\): Seeks to identify how prioritizing SEW preservation can affect firm performance.
RQ\(_{17}\): Investigates the long-term relationship between SEW and financial performance.
8.5 Family Entrepreneurship and SEW

Entrepreneurship is vital to a firm's success as it increases profitability, revenue streams, and growth; this has led to a fascinating avenue of research exploring the influence of SEW concerns in promoting entrepreneurship in family businesses. While previous literature has linked some of the proposed SEW dimensions to entrepreneurial outcomes, the results have been inconclusive. Some argue that kinship ties in family firms positively affect entrepreneurial opportunity recognition (Nanda and Banerjee, 2021). In contrast, others believe that the desire to protect family wealth leads to a conservative approach toward risk-taking. It is worth noting that the relationship between entrepreneurial orientation and performance is more complex in family firms. According to some studies, risk-taking has been negatively associated with a firm's performance (Habbershon, T. G., & Williams, M. L., 2018). Future research should investigate how SEW influences the desired performance outcomes of most family firms, which are often based on both financial and non-financial goals. The following research questions review the previous discussion:

RQ19: How do the different SEW dimensions contribute to the entrepreneurial journey?
RQ20: What is the impact of risk preferences on SEW preservation in entrepreneurial settings?
RQ21: How do the different SEW dimensions impact the entrepreneurial orientation within family businesses?

9. Discussion and Conclusion

Gomez-Mejia et al. (2018) and Cruz et al. (2018) convinced researchers to develop new theories that take advantage of the unique context of family business research. There have been various attempts in this direction (e.g., Paul et al., 2021; Davila et al., 2022) but none have been successful enough to become the prevailing framework. We argue that the SEW perspective, which is firmly grounded in the family business literature, allows for differential risk preferences, accounts for nonfinancial aspects, and considers both positive and negative consequences of these non-economic aspects, has the potential to become a dominant perspective in the family business field. Thus, we propose the SEW approach as an umbrella under which all existing theories and evidence related to explaining why family firms behave differently can be combined. The studies described in this review have contributed to this objective, but there is still more interesting research to be done. The SEW approach is still in its infancy, which presents various challenges, including its dimensions and measurement. Nevertheless, the limits of a theoretical approach are discovered by application and observation of how the boundaries evolve.

We need to better understand the conditions that allow the beneficial powers of family involvement to be triggered and directed toward both economic and non-economic objectives. We also need to understand the reasons, circumstances, or mechanisms by which pursuing non-economic goals could provide favorable
performance outcomes. We have presented 21 research questions that will enhance our understanding of how family firms are formed, how they operate, and how they evolve. Answering these questions might provide an alternate explanation for claims that family presence influences firms’ overall performance by demonstrating how socioemotional factors influence strategic choices or their implementation and hence performance outcomes.

In this field, there have been contradictory results. However, we hope to provide a road map for eager researchers to use the SEW approach in their research agendas. The SEW approach offers numerous benefits and nuances that can help theory-based research create a more comprehensive picture of the area. Additionally, it can support the growth of a robust scientific community. Nevertheless, there are substantial difficulties in measuring this non-economic endowment. We have included theoretical insights and methodological practices that will enhance the validity of SEW measurement. Furthermore, examining how SEW evolves and changes and how these changes contribute to value creation is an exciting opportunity, especially given the highly heterogeneous group of family firms with different levels of family involvement and emotional attachments.

References


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