CALL FOR PAPERS
FAMILY BUSINESS REVIEW **SPECIAL ISSUE ON**

PSYCHOLOGICAL FOUNDATIONS OF MANAGEMENT IN FAMILY FIRMS

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Prior literature has extensively documented the impact of family-related characteristics on entrepreneurial initiatives (Goel & Jones, 2016), strategic choices and capabilities (Chrisman, Chua, De Massis, Frattini, & Wright, 2015; Pukall & Calabrò, 2014), organizational leadership (Edwards & Meliou, 2015), and firm performance (Pindado & Requejo, 2015). Interestingly, some of this literature has acknowledged that entrepreneurial and strategic decisions in family firms are not always driven by *economic evaluations*, since family members also consider noneconomic goals, such as job security, family harmony, family reputation, and so forth (Gagné, Sharma, & De Massis, 2014; Holt, Pearson, Carr, & Barnett, 2017). One approach to enhancing our knowledge of family businesses is to explore the characteristics of *actual* judgement and decision processes within such firms (De Bondt & Thaler, 1995). These processes are informed by psychology research, which aims to describe, predict, explain, and change human and social behavior (Pastorino & Doyle-Portillo, 2013), and has the potential to align with the boundary-spanning nature of family business research (Holt, Pearson, Payne, & Sharma, 2018). Thus, psychology research may enable family business scholars to extend and enrich the current predictions about family firm behavior. **We call for papers that make use of psychological research and especially, research on the psychology of social relationships, to advance family business studies** (Zahra & Newey, 2009). We believe that a deeper understanding of the psychological foundations of management in family firms will not only further the current debate, but also pose new challenges on investigating the entrepreneurial and strategic behaviors and performance of family firms (Levinthal, 2011; Powell, Lovallo, & Fox, 2011).

Psychological studies explore a wide array of behavioral traits, including individual cognitive processes (Groome, 2013), personality disorders (Tyrer, Reed, & Crawford, 2015), sensation and perception, attention, motivation, attachment, and so forth (Kalat, 2013). Furthermore, some scholars expand the spectrum of analysis to the level of group dynamics considering, for instance, the role of power (Tarakci, Greer, & Groenen, 2016) and the importance of identity continuity (Smeekes & Verkuyten, 2015). We believe this domain is helpful to determine the psychological foundations of management in family firms by exploring three aspects. First, we call for explorations of how family idiosyncrasies affect the emergence of specific psychological biases and heuristics, such as overconfidence or hubris (Hayward & Hambrick, 1997; Li & Tang, 2010; Picone, Dagnino, & Minà, 2014), and humility (Ou, Tsui, Kinicki, Waldman, Xiao, & Song, 2014; Owens, Johnson, & Mitchell, 2013). The *overlap between family life and work* provides a unique context for specific psychological heuristics to emerge. For instance, “owner-father-president can retreat into his role of father, and treat his son-subordinate like a child” (Tagiuri & Davis, 1996, p. 202). Additionally, since the family provides financial resources, the *ownership identity effect* and extensive wealth commitment (Arregle, Hitt, Sirmon, & Very, 2007; Zahra, 2005) may affect cognitive processes in family firms. For instance, exploring escalation of commitment in family firms, Chirico, Salvato, Byrne, Akhter, and Arriaga Múzquiz (2018) draw on emotional ownership and self-justification arguments. Similarly, the reluctance toward non-family executives that may "fulfill the pre-requisites of professionalization through formal competence indicators, such as education and prior experiences" (Sanchez-Famoso, Akhter, Iturralde, Chirico, & Maseda, 2015, p. 20) is frequently accredited to the ownership identity effect. As another example, the family's typically strong attachment to the past and tradition (Zellweger, Nason, & Nordqvist, 2012) may determine a distinctive bias that leads family firm decision makers to give excessive weight to history and tradition, with potential effects on family firm behavior in terms of innovation and change management (De Massis, Frattini, Kotlar, Messeni-Petruzzelli, & Wright, 2016).

Second, we call for research into how "the fundamental appraisals individuals make about their self-worth and capabilities" (Ferris, Johnson, Rosen, & Tan, 2012, p. 81; Hiller & Hambrick, 2005), political and religious ideologies (Briscoe, Chin, & Hambrick, 2014), social dominance and political tensions (Johnson, Schnatterly, & Hill, 2013) influence the risk-taking and resource orchestration processes in family firms. Since "the ultimate authority in family governance is literally *incorporated* in the person of an owner–manager" (Carney, 2005, p. 255), s/he is more likely to have more discretion and her/his psychological attributes will be reflected to a greater extent on the firm's strategies and performance than in nonfamily businesses (Finkelstein & Hambrick, 1990; Nicholson, 2008). In other words, personality in family business is expected to amplify the effect of owner-manager traits and biases on strategic choices and performance (Judge, Piccolo, & Kosalka, 2009), and as a consequence,"we urge researchers to examine interactions among different personality traits, and between traits and contextual and affective variables which play a critical role in personality–outcome relationships" (Klotz & Neubaum, 2016, p. 7).

Third, since family members' decision processes consider both economic and noneconomic goals (Berrone, Cruz, & Gomez-Mejia, 2012; Chrisman, Chua, Pearson, & Barnett, 2012; Gomez-Mejía, Cruz, Berrone, & De Castro, 2011; Kotlar & De Massis, 2013), we call for exploring strategic and entrepreneurial family leaders' heuristics. We hope to increase the explanatory power of theoretical predictions rooted in socioemotional wealth (SEW) research. Indeed, unveiling the psychological foundations of management is helpful to understand under which conditions family members focus on economic over noneconomic goals, and vice versa. In such a perspective, Jiang, Kellermanns, Munyon, and Morris (2018, p. 150) claim that "scholars increasingly call for research to dive deeper into SEW's theoretical mechanisms and better delineate cause-and-effect relationships, psychological tenets consistent with SEW's social psychological roots and behavioral traditions can serve as starting points for several future research opportunities".

Contributions may address, but are not limited to, the following topics:

- Do the distinctive traits of family firms (such as higher managerial discretion) vis-à-vis nonfamily firms affect the emergence of specific biases (for example, placing own performance above those of others)? If so, how?
- What are the main sources of managers' and entrepreneurs' cognitive biases and how does family involvement matter? What is the relationship between leaders' social dominance – recurrent in family firms – and the emergence of hubris bias?
- Do the characteristics of family firms determine the emergence of Machiavellianism (i.e., goal-oriented behavior that justifies manipulating and exploiting others) in the second or third generation?
- Are family managers and entrepreneurs more likely to be affected by narcissism than professional executives? Why? Is there a difference between managers and entrepreneurs in the first generation compared to those in the second or third?
- How may the psychological heuristics used by the founder and other family members affect the dynamics of firm governance (for instance, CEO turnover)? Do the typical social issues of family firms (such as trust and loyalty) reinforce the affirmation of some heuristics?
- What are the psychological foundations of family entrepreneurship choices? How do specific heuristics of the family entrepreneur affect the discovery of opportunities?

- How do managers' and entrepreneurs' heuristics affect the relationship with workers in a family business? What are the implications for strategic human capital development?
- Are some founders' psychological attributes (e.g., conscientiousness and openness) able to explain, at least partially, the effectiveness of succession planning?
- Does the impact of managers' and entrepreneurs' heuristics on economic and noneconomic outcomes differ between family and nonfamily firms?
- How do the family-manager's heuristics influence the family firm's corporate diversification and/or international growth strategy decisions? What kind of diversification (product or international) would a narcissistic family leader prefer?
- Do family owners' agreeableness and extraversion affect family and nonfamily members' behaviors and, in turn, the performance and longevity of family firms?

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