Family Relationships, Trust and Commitment in Family Enterprise: Challenging Orthodox Practice

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DOI: 10.6007/IJARBSS/v7-i12/3775 URL: http://dx.doi.org/10.6007/IJARBSS/v7-i12/3775

Abstract
Commitment, trust and relationships have been seen as very important in the literature of family enterprise for the success of family enterprises and their business longevity. But, the difference in the processes, nature, dynamics, consequences and antecedents of commitment, trust and family relationships remain underexplored in family enterprise. The articles intend to bridge this conspicuous gap by making available a more detailed and granular understanding of the intricacies of commitment, trust and family relationships in family enterprise, always challenging established models and experience. This article recapitulates the subject matter and presents many hints for future research.

Introduction
Business Longevity can be defined as the continued existence of enterprises even after the death of the founder (Haugh & Talwar, 2010). According to Sharma and Salvato’s (2013) business longevity is the continuity of the enterprise beyond the life span of its founders. It has become frequent to see a lot of businesses last only an average years, therefore, increase of mortality of family enterprise has been a re-occurring happening especially following serious financial and economic events worldwide (Alayo, Iturralde, Maseda, & Arzubiaga, 2016; Iwasaki, 2014; Gallo, 2004; Chandler, & Hanks, 1993; Cochran, 1981). In order to continue in an unpredictable business dynamic climate, it is vital for family enterprises to invest in attaining business longevity in the area of managerial processes that involves trust, commitment and family relationships for the longevity of such enterprises (Jeston, & Nelis, 2014; Mir, & Pinnington, 2014). Several studies have reported that the major threat to the family firm growth, survival, performance, longevity and success is quite related to commitment, trust and relationships (ward 2004, Venter, 2003; Koiranen, 2002; ward 1997; Goldberg 1996) and also some suggested more research on family values such as commitment, trust, family relationships and many more in other different context both empirical and conceptual in relation to family enterprises (Tàpies, & Fernández Moya, 2012; Van der Merwe, Venter, & Farrington, 2012; Ibrahim, McGuire, & Soufani, 2009; Koiranen, 2002). However, this study add to fill the gap by making more detail contributions to the literature on commitment, trust and relationship in family enterprise and different context.
Commitment and trust are two basic pillars of which a larger number of the positive approach towards family enterprise is developed. These concepts are always used to describing definite qualities of family enterprises like social capital. Socio emotional wealth, reciprocal altruism, familiness, stewardship and family firm identity (Vandekerkhof, Steijvers, Hendriks, & Voordecker, 2017; Schulze, & Schulze, 2016; Zellweger, Kellermanns, Eddleston, & Memili, 2012; Dibrell & Moeller, 2011; Frank, Lueger, Nose’, & Suchy, 2010; Davis, Allen, & Hayes, 2010; Irava & Moores, 2010; Zellweger, Eddleston, & Kellermanns, 2010; Pearson, Carr, & Shaw, 2008; Eddleston, Kellermanns, & Sarathy, 2008; Lubatkin, Durand, & Ling, 2007; Arregle, Hitt, Sirmon, & Very, 2007; Eddleston & Kellermanns, 2007; Sirmon & Hitt, 2003) among others. However, while the concepts of commitment and trust are frequently used to characterize the difference of family enterprises (Eddleston, Chrisman, Steier & Chua, 2010; Sundaramurthy, 2008; Steier, 2001), in and of themselves are conflictingly defined and under investigated. This vital issue intends to analyze these concepts in greater depth. The purpose of this is to make the concepts more researchable, granular and more importantly useful to family enterprise, marketing and management researchers. Family firms are different because of the family relationships within the business (Aldrich & Cliff, 2003). So, this results to both positive and negative relationship issues in the family domain which affect relationships at work in the business and vice versa (Pieper, Astrachan, & Manners, 2013; Eddleston & Kidwell, 2012). While a predominance of research mentions how the business and family and its domains are connected in family firms (Eddleston, Kellermanns, & Zellweger, 2012; Olson, Zuiker, Danes, Stafford Heck, & Duncan, 2003; Gersick, Davis, Hampton, & Lansberg, 1997; Lansberg, 1983), many research on family harmony and relationship conflict in family enterprise has focused only on relationships at work (Zellweger & Nason, 2008; Eddleston & Kellermanns, 2007; Kellermanns & Eddleston, 2004; Davis & Harveston, 2001) without reviewing the relationship between the two domains.

In addition, however commitment and trust are always portrayed as distinct resources of family businesses due to their kinship roots (Sirmon & Hitt, 2003), little research has explored how the establishment of commitment and trust in the family domain moves to the domain of business. Also, we do not know how family enterprise commitment and trust to develop and encourage social capital and joint inter-organizational relationships. Therefore, in attempting to know interpersonal relationships within family enterprises and as also the inter-organizational relationships that family firms align with partners, this important issue gives new viewpoints on commitment and trust of family businesses.

Although commitment is mostly used to describe family business relationships, the little study in the area has tried to stress on such as commitment to one’s job that is non-relational domains (e.g., Sieger, Bernhard, & Frey, 2011; Carmon, Miller, Raile, & Roers, 2010), instead of relational domains like commitment to family, other group or partner. The lack of attention to relational domains is difficult to deal with, given the connectivity and ubiquity of close relationships in family firm (Astrachan, 2010). In specific, both business and family relationships in family firms give many targets and means for commitment that can be in agreement with one another which makes the fact an interesting subject of study.

Additionally, behavior linked with the family and business systems always compete in family businesses (Lansberg, 1983) that can have influence on commitment of the family members’ to

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the enterprise and willingness to work together (Corbetta & Salvato, 2004; Aldrich & Cliff, 2003). For instance, although members of the family may not have to the firm affective or normative commitment, they may be part of it and still be employed at the family enterprise due to calculative commitment (Sharma & Irving, 2005) that makes them to wish to guard their inheritance rights and means to firm resources (Eddleston & Kidwell, 2012). Therefore, family members may want to have position in the family firm because they wish to protect their own kids’ place in the family firm and to obtain the financial advantages connected with the enterprise but not because of the commitment to its goal or success (McCann, 2000).

Therefore, studies has argued and confirmed that, those family businesses that direct family members’ commitment toward achieving the family firms’ objectives and future goals will experience the greatest growth and entrepreneurship (Eddleston, & Morgan, 2014; Eddleston et al., 2012; Astrachan, 2010; McGuire, & Soufani, 2009; Zahra, Hayton, Neubaum, Dibrell, & Craig, 2008; Zahra, Hayton, & Salvato, 2004). In addition, so many articles in our special issue emphasize the significant role of commitment in further improving family business performance. Commitment is also shown to be connected to trust in some studies (Smith, Hair & Ferguson, 2014; Van Der Marwer, 2012; McGuire, & Soufani, 2009).

The concept of trust is frequently mentioned in family business research, nevertheless not frequently studied directly. But, trust can take place at other levels – the inter-group, individual, inter-organizational, interpersonal, or the entire society (Eddleston et al., 2010). Also, trust can be advantageous in such a way when it betters expectedness and limits agency costs (Steier, 2001), or it can be demeaning in a way that leads to being gullible and not following moral rules of familism (Kidwell, Kellermanns, & Eddleston, 2012). Thus, it is important to know what trust entails within the family firm context; how trust can have both positive and negative effects and how best to be assessed in family businesses.

Trust seems to twist through many ranks in family enterprise, serving to organize and develop dependable relationships. In an organization, trust can develop simultaneously through connected relationship and within an organization (Currall & Inkpen, 2006) and business relations between organizations can start from trust loaded with personal relationships (Van de Ven & Ring, 2006). Because the family is fixed in many social systems, the relationship between governance and trust in family enterprise is very great and different. Trust controls family businesses’ willingness to depend on members of the family for help (Cruz, Justo, & De Castro, 2012) and to build relationships network (Lester & Cannella, 2006). Some researchers suggest that family enterprise may be specifically skilled at capitalizing on trust (i.e., Sundaramurthy, 2008; Steier, 2001). However, there is also a negative side of the trust that can result to blind faith, opportunism and complacency (Eddleston & Kidwell, 2012; Sundaramurthy, 2008; Steier, 2001). Thus, trust may tend to control the intrinsic strengths and weaknesses of family enterprise and to explain how family firms are different from others more especially non-family firms.

We envisage this topic of discussion to go beyond the knowledge of commitment, trust and relationships in family business at different point of views of analysis by importantly focusing on their unique nature, process dynamics, antecedents and consequences. Consequently, the writing featured in this topic of discussion emanates from authors of different disciplines and
make use of a wide range of theories, samples and methodologies. With everything combined, they give complicated knowledge of family firms and always challenge orthodox practice on family firm commitment, trust and family relationships.

**Articles in this Topic of Discussion**

In this important topic of discussion, the first article is by Cater and Kidwell (2014) focusing on leadership succession in family firm, and particularly teams of successor leadership – a fact that has recently became popular in family business practice but not very often investigated on the research side. Using an inductive, case-based methodology, the function and governance of successor leadership teams was studied and at the end develop a conceptual model with a set of inclusive plan of actions stating the changes affecting the result needed in successor leadership teams. The authors suggest that too much competition among group of successor hampers group effectiveness, while cooperation and the development of trust improve effectiveness of successor leadership team. Their research disputes the belief that family firm leaders choose many successors because they are indecisive or due to unwillingness to trust one successor, but to show that the use of many successors is an indication of trust for the group of successors and their ability to work as a group. At the end, their findings suggest that shared leadership can promote trust not only within successors but also among the next generation. Thus, Cater and Kidwell’s study stresses the importance of trust in family firm leadership and contributes to our knowledge of how the process of succession can develop within and maintain trust across generations.

Secondly the study of Craig, Dibrell, and Garrett (2014), the researchers combine both previous research and literature on schematic frameworks, resource based view and upper echelons theory to examine the complicated relationship among family business culture and flexible planning systems, family influence, and their effect on firm innovativeness and performance. Using small and medium-sized family businesses the result shows that family influence positively affects family business culture, which increase the ability of families to be tactically flexible, which in turn influences firm innovativeness, and eventually increases firm performance. As such, the study proposes that the family is the foundation for success in family businesses. That is, their findings propose that a family’s influence and family involvement in the firm create a family business culture that shows support for the goals of the enterprise and pride in the business, which thereby ultimately influence innovativeness and performance levels of the enterprise. Thus, their study shows how the link between the business and family domains may offer resource for family enterprises (Sirmon & Hitt, 2003). As such, the study pinpoints the impact of family business culture and family influence on strategic firm behavior and organizational outcomes that inform future study in strategic management and family business.

The third article was on the difference in strategic posture and performance between family enterprise and nonfamily enterprise by Madison, Runyan, and Swinney (2014). Drawing on previous literature and theory, this remarkable group of researchers develops the construct of small business orientation which refers to a strategic posture that leader of an enterprise can pursue both. In comparing both family enterprises versus nonfamily enterprise, using statistical
model the researchers find that EO has no significant influence on the performance of family firms. Instead, family enterprise adopting a small business orientation enjoyed significant performance increases. In a counter finding disputes the belief that what works for one type of enterprise equally applies to family businesses. It also disputes research that has called for family firms to be more entrepreneurial for increase in their performance. EO was shown to be positively linked with family firm performance. The researchers argue that leaders of family firms who show simultaneous commitment to the business and family may experience the greatest performance.

The next article was by Smith, Hair, and Ferguson (2014) on the effect of family influence on the commitment–trust relationship in retailer–vendor strategic partnerships. While the theory of commitment–trust has been proven and applied in several contexts (Morgan & Hunt, 1999; 1994), this is among the first empirical study in the context of family firm. Using statistical model the researchers empirically test the degree to which relationship commitment and trust mediate the link between family influence and relationship value. The finding confirms the commitment–trust theory presenting positive relationship between trust and relationship commitment. But, contrary to the authors’ opinions, trust come about as a key mediating construct between family influence and relationship value, that is no significant relationship between trust and relationship value. Instead, the effect of trust on relationship value was mediated by commitment relationship. These results suggest that trust helps to start and develop long-term relationships among organizations through its effect on relationship commitment. Accordingly, their study shows the importance of managing family firm partnerships to gradually have trust given the strong connection between relationship commitment and trust that their study disclosed.

The last special article in this issue was on family enterprise social capital by Stanley and McDowall (2014), which is one of the few empirical studies that contributes to the understanding of trust and inter-organizational relationships of family enterprises. Particularly, the researchers paid attention to two parts of family firm social capital, namely inter-organizational trust and organizational efficacy and evaluate their effect on firm performance. Based on social capital and family firm study, the authors suggest that family business show higher levels of organizational efficacy and inter-organizational trust than non-family business. However, contrary to the researchers’ opinions, the results of their study show that organizational efficacy and inter-organizational trust are the same in terms of predicting the family firm performance and also nonfamily firms. In addition, the study discloses that there was no difference significantly in the levels of inter-organizational trust or organizational efficacy between family and non-family firms. Fascinatingly, the results propose that the interaction between inter-organizational trust and organizational efficacy increases family business performance, but not in nonfamily business. As the researchers point out, these results supports for the view that the combination of resources is most powerful among family business. The results provide motivation for further investigation on the impact of social capital factors on family firm performance and other organizational outcomes. They also urge for more research in the feature so as to have better knowledge of sources of commitment and trust in
inter-organizational relationships and when family business are capable of leveraging combinations of resources than non-family business.

Conclusively, commitment and trust as well as family relationship are under research or given less attention when it comes to family business especially on how it affects longevity of family business. In some few studies deliberated empirically or otherwise on commitment, trust and family relationships either within workers or organizational on how it impacts on family business survival (Cater & Kidwell, 2014; Stanley & McDowell, 2014; Kidwell et al., 2012; Eddleston & Kidwell, 2012; Zahra, Yavuz, & Ucbasaran, 2006). Commitment, trust and family relationship within family business need to be extensively research on how it affects the survival and longevity of family enterprises by future studies.

Suggestions for Future Research

Almost 30 years back, a reviewed of organizational commitment literature was done by Reichers (1985) and proposed that, in addition to employee commitment to organization worldwide they also have many targets of commitment within the business and at various outside constituencies related or otherwise to their work. These expected areas of achievement from commitment can include supervisors, top management, co-workers, unions, churches, their families, and many others (Reichers, 1985). Since then, scholars have analyzed various ways to commitment to know the behaviors of persons’ dedication to their employer and other entities. Focusing on their research questions, scholars have examined such issues as how commitments to various constituencies cause conflict (Reichers, 1986), the effect of interpersonal relationships with customers (Becker, 2009) and the influence of culture (Cohen, 2006). Also, present research has proposed that trust is a defining principle that underlines family business relationships at various levels including intra-organizational, interpersonal, and inter-organizational relationships (Eddleston et al., 2010). The researchers argue that an individual commitment can be to either the family, business or both which is not only the vital here but the concentration on trust as well for fully understanding the connection between business and family and in family business, family can be the greatest source of strength or weakness in the family business. This field of research is a very productive area for analyzing and better understanding of other problems in family business related to trust and relationship commitment. What are the dynamics of each family member’s “portfolio” of trust and commitment when working in the family’s enterprise and how do these portfolios vary from situations of other forms of employment? Known that we know the dark side of trust exists (e.g., Kidwell et al., 2012; Eddleston & Kidwell, 2012; Zahra, Yavuz, & Ucbasaran, 2006), what is the tilting point that leads trust to have negative consequences? Similarly, research proposed that it is damaging to family enterprise when there is too much commitment to the family enterprise (Barnett, Eddleston, & Kellermanns, 2009). Can there be too much trust or commitment to the business versus the family? Or are there other factors that make trust and commitment become threat in the family enterprise?

Added that, is a lack of commitment and trust more likely to lead to turnover and job performance problems in nonfamily businesses? Are family member workers more committed
to customers than non-family employees in family firms? do the disagreements that arise while working in a family firm tend to be tempered by a family member’s trust in, and commitment to, the various constituencies they are engaged in, when related to that of non-family employees? For marketing researchers, are family businesses employees more committed to suppliers and customers than are employees of non-family businesses? Answers to these questions, and other similar ones, would add more to the understanding of the strengths and competitive liabilities of family enterprises, the successful management of these enterprises, and the outcomes for customers. We hope this special issue encourages such study and leads scholars to further investigate commitment, trust and family relationships in businesses.

REFERENCES


