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Family Firm Values Explaining Family Firm Heterogeneity

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Abstract

Family firm heterogeneity results in reduced predictability of firm behavior as well as inconsistent results regarding research on family firm behavior. We argue that family firm heterogeneity is based, among other factors, on values heterogeneity. In order to lay the ground for future research, we develop a taxonomy of family firms based on values. Using values theory, we identify six value categories, resulting in five family firm types with five distinct value profiles. Second, we posit family firm values profiles are distinct to the group of family firms as nonfamily firms do not display similar value profiles.

Keywords

values, family business heterogeneity, content analysis, factor analysis, values theory

Introduction

Family firms are heterogeneous (Chua, Chrisman, Steier, & Rau, 2012); thus, if we want to understand or predict family firm behavior, we need to better understand the sources of this heterogeneity. Family firm heterogeneity results in reduced predictability of family firm behavior as well as inconsistent results regarding research on family firm behavior. "Consequently, theoretical development should focus on the causes of heterogeneity in family firms so as to better understand their behavior and performance" (Chua et al., 2012, p. 1104). Research addressing socioemotional wealth (SEW) as the distinguishing reference point of family firms (Gómez-Mejía, Cruz, Berrone, & De Castro, 2011) implicitly as well highlights heterogeneity, albeit "the sources of his heterogeneity are not precisely specified" (Nason, Mazelli, & Carney, 2018, p. 12). To advance the understanding of family firm heterogeneity and the resulting reference points, we address the underlying value structure of these firms as roots of heterogeneity can be found in governance structures (Carney, 2005), in resources and capabilities (Arregle, Hitt, Sirmon, & Very, 2007), and in goals and values (Chrisman, Chua, Pearson, & Barnett, 2012).

Family firm values are at the core of family firm specificities. On one hand, researchers identify values as the distinguishing feature between family and nonfamily firms as well as among family firms (e.g., Chrisman et al., 2012; Dyer 2006; James, Jennings, & Breitkreuz, 2012; Jaskiewicz, Heinrichs, Rau, & Reay, 2016). Values serve as reference points for decisions as well as for behavior (Gehman, Treviño, & Garud, 2013; Ward, 1987). Family firm values thus play a crucial role in strategy, structure, and culture (Ward, 1987, 2008). On the other hand, scholars highlight that values affect family firm performance by providing a sustainable competitive advantage (Habbershon, Williams, & MacMillan, 2003). Values enhance firm performance, especially in terms of long-term survival, because they contribute to a long-term vision (e.g., Aronoff & Ward, 2000; Sharma & Nordqvist, 2008) and serve as reference point in decision making not only for the business-owning family but as well for the management and the employees (Kotlar, De Massis, Fang, & Frattini, 2014).

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Values are transmitted in families as well as in firms through value work, "... the sayings and doings in organizations that articulate and accomplish what is normatively right or wrong, good or bad, for its own sake ..." (Gehman et al., 2013, p. 84). In consequence, family firms transmitting different values would result in diverse culture, structure, and strategy (Klein, 1991). Thus, family firm values offer a rationale for the observed high heterogeneity within the group of family firms (Chua et al., 2012).

In order to better understand family firm heterogeneity, we develop a taxonomy of family firm value profiles, a categorial approach where we empirically derive patterns of value profiles that can help to distinguish different types of family firms. As an extended robustness check, we as well derive value profiles for nonfamily firms, which differ fundamentally from those of the family firms. Assuming that individuals pursue what they see as "the good" in a way that they feel is "right" (e.g., Foot, 2001; Joas, 1999), individuals of the dominant coalition in any organization will have to compromise when, implicitly or explicitly, defining the good (terminal values) and the right way (norms or moral standards). Values are transmitted during upbringing and education, through role models, and through the sayings and doings (Gehman et al., 2013) and are more or less stable during adult life (Klein, 1991; Rokeach, 1973). Value profiles serving as reference points differ in their respective foci: They can be either internally or externally oriented, and thus have a different spatial focus, and furthermore, they can support a backward-oriented or a forward-looking perspective, and thus have a different temporal focus (Nason et al., 2018). Once a taxonomy is derived, future research can address the different impact different foci of value profiles might have on firm and family outcomes.

In family firms the values of the dominant coalition are more alike because of similar upbringing, education, and experience, and they become more ingrained in the company because of long tenure and transgenerational transfer of social capital (Arregle et al., 2007; Jaskiewicz, Combs, & Rau, 2015; Nason et al., 2018). The family firm itself is exposed to at least two dominant institutional logics, the commercial logic and the family logic (Jaskiewicz et al., 2015). We assume the value profiles of family firms, contrary to nonfamily firms, to be more deeply rooted, more distinct, and more heterogeneous across the population of family firms. This is due to the same values members of the dominant coalition are exposed to during upbringing or, at least, similar values when there is more than one core family but these families are composed by relatives such as cousins, aunts, uncles, and so on. The distinct value profile of a family firm serves as common ground when it comes to taking strategic decisions, guiding communication with stakeholders, and providing direction for owners, top managers, and employees especially when they are facing unknowable, unpredictable events (e.g., Weick, 2006). Therefore, we pose the following research question: How can we distinguish between family firms based on their value profiles?

In nonfamily firms, members of the dominant coalition have been brought up viewing unrelated, different role models, listened to unrelated sayings and observed doings different for each of them. Their value profiles have formed without any close relationship to one-another. On one hand, in companies with nonfamily owners the dominant coalition is more heterogeneous in upbringing, education, and experience than in family firms; on the other, tenure of members of the dominant coalition is shorter (thus, dominant coalitions of nonfamily firms experience more frequent exchange of members; Cruz, Gomez-Mejia, & Becerra, 2010; Ruben Boling, Pieper, & Covin, 2016), and therefore the common denominator for defining joint values is smaller. We thus expect the value profiles of nonfamily firms to differ to a lesser extent across their population as top management team members change affiliation more often. At the same time, in nonfamily firms the commercial or market logic is prevalent while family logic is not relevant for deriving a value profile. We, thus, hypothesize that value profiles of family firms as well as those of nonfamily firms are distinct to the respective group of organizations.

Building on values theory and following Kabanoff, Waldersee, and Cohen (1995), we employ content analysis. Values, a construct of a high level of abstraction, have to be communicated in order for serving as a reference point for decisions. We follow Gehman et al. (2013, p. 86) who state that values have to be practiced in organizations, and they are manifest in various organizational artifacts. Among other arenas, websites of firms communicate, implicitly or explicitly, values that can be analyzed without intervening directly within the organization. More specifically, we use the exploratory content analytic approach adapted by McKenny, Short, Zachary, and Payne (2012) as a methodological technique to capture the specific values of private family firms in organizational narratives.

For comparison, we also analyzed nonfamily firms from the same industry.

Our article makes three contributions. First, based on the theory of value development in family firms, we argue that when dominant coalitions define joint values, they arrive at specific rather than generic values. Furthermore, whether values serve as a reference point differs to a great extent within the group of family firms. When they do, we find differences in terms of the temporal focus (future or past oriented) and the spatial focus (internal vs. external) of the reference point (e.g., Nason et al., 2018). Second, values of family firms explain family firm heterogeneity while value profiles of nonfamily firms are more homogeneous. This outcome is rooted in the development of a joint and communicated value profile of a respective company. The (ongoing) process of value definition within the dominant coalition of family and nonfamily firms, due to different boundary conditions, yields different results. Theoretically this is ingrained in the different reference points of the respective dominant coalitions and their members. Third, we add to the discussion of whether all family firms have a clearly defined and articulated value profile (Distelberg & Sorenson, 2009; García-Àlvarez & López-Sintas, 2001; Ward, 1987, 2008). We show that one third of the analyzed family firms do not communicate values at all. Even if some of these firms have values, without communicating them value work is at least reduced if not impossible. The derived taxonomy of family firm values can serve as a valid starting point for future research, which we address in our Discussion section.

The remainder of the article is organized as follows. First, we discuss values theory, especially how joint values are (re-) developed within the dominant coalition in family firms. We then establish the values that family firms espouse and how family firm values can be assessed. To do so, we describe our research setting, methodology for developing the value taxonomy, and the resulting value profiles. As an extended robustness test we analyze nonfamily firms' value profiles and compare them to those of the family firms of the same branch. Last, we discuss the outcomes for family firms and derive propositions for future research.

Theoretical Background

Values of the Family Firm

Values, which are at the core of family firm success, are "transituational goals, varying in importance, that serve as guiding principles in the life of a person or a group" (Schwartz & Rubel, 2005, p. 1005). Researchers identify values as the distinguishing feature of family firms as a result of specific family influence (e.g., Dyer 2003, 2006; James et al., 2012). Families here are social groups within society that are "related by marriage, biology, or adoption, as well as people related through affection, obligation, dependence, or cooperation" (Rothausen, 1999, p. 820). Interaction with other family members develops individual identities. In this process, values are attained, appraised, and shared (Burgess, 1926; Kluckhohn, 1951). As families socialize their children, these values are both attained early in life and transmitted from one generation to the next. This process involves value practices, "the sayings and doings . . . that articulate and accomplish what is normatively right or wrong, good or bad, for its own sake . . ." (Gehman et al., 2013, p. 84). While Gehman et al. postulate value practices for organizations, the mechanisms of value transmission through value work happen in families alike. In the same vein, these values are transmitted from the family to the business, a process that requires a constant and close interaction of the family and the firm (Arregle et al., 2007) and is, thus, unique to family businesses. In nonfamily firms, the individual working in the top management team is bringing his or her values to the table, but close interaction of his or her family of origin and the employer is unlikely. Value work here is an ongoing process as "stakeholder engagement is fluid, concerns are emergent, and values practices are performed over time" (Gehman et al., 2013, p. 106). Values provide a firm with a central, distinct, and enduring identity (Albert & Whetten, 1985). Contrary to nonfamily firms, in family firms, values (among other features) can provide the firm with an identity that is rooted in the family (Albert & Whetten, 1985; Dyer, 2003). Accordingly, Aronoff (2004, p. 57) emphasizes "the importance of family values as the pillars of the family business's culture . . . enabling the company to be differentiated from other enterprises." As such, the existence of values can help to distinguish family firms from one another as they pervade every aspect of a family firm and drive key decisions regarding strategy, structure, and culture (Ward, 1987, 2008).

On the other hand, scholars highlight the significance of values to family firm success, linking them to the firm's long-term survival. Shared values among family members and family involvement in firm ownership and management can significantly reduce agency costs, thereby enhancing the firm's performance (Dyer, 2006; Jaskiewicz

& Klein, 2007). Thus, values provide a sustainable competitive advantage to family firms (Habbershon et al., 2003), as the presence of strong values favors the development of a distinct organizational culture (Astrachan, Klein, & Smyrnios, 2002). Aronoff and Ward (2000) suggest that values positively contribute to performance as they support the long-term survival of family firms through configuring a long-term vision.

Empirical research examining the specific influence of values on the family firm sphere is generally scarce (e.g., Chrisman, Chua, & Sharma, 2003; Sharma, 2004). We know only of two studies that have tried to identify and explicitly name the values relevant to founders or family firms (García-Àlvarez & López-Sintas, 2001; Koiranen, 2002). These studies have been limited to the family sphere and rely on self-reports of family members, thus making their findings particularly prone to social desirability bias (Meglino & Ravlin, 1998). This might also explain why research on values tends to assign family firms more or less the same values, ranging from long-term orientation to virtuousness to moral values such as fairness and humility (e.g., Koiranen, 2002, Payne, Brigham, Brober, Moss, & Short, 2011; Ward, 2008). Family firms are thus largely assumed and examined as being predisposed to behave in a homogeneous manner (James et al., 2012).

In order to lay the groundwork to examine the inconclusive results regarding the family firm values–family firm behavior link, we therefore follow the call of James et al. (2012) to challenge this grounding assumption. They (p. 94) argue that family firm heterogeneity arises from the "striking diversity of family structures, values, and interaction patterns evident to even the casual observer." In line with this notion, scholars have developed a variety of different classification schemes that focus on the family as a discriminating factor among family firms (e.g., Basco & Perèz Rodríguez, 2009; Birley, 2001; Dyer, 2006; Sharma, 2004; Sharma & Nordqvist, 2008). For example, Dyer (2006) uses agency costs, familial liabilities, and familial assets as bases for typologizing family firms, while Sharma (2004) creates a framework for the conceptualization of family firm performance, with reference to both financial and emotional capital.

These typologies, however, fall short in explaining why families act the way they do with regard to the business, fueling the need to "develop better theories about why certain families embrace nepotism while others do not; why do some families co-mingle family and firm assets while others eschew such practices; and why do certain families share common goals, while others do not" (Dyer, 2006, p. 269). Jaskiewicz et al. (2015) build on that by showing that different family cultures lead to different approaches to managing potentially competing family and business prescriptions.

Of the numerous psychological factors on which families and their businesses may differ, values emerge as particularly central. Values differ from other attributes in two important ways. First, unlike specific goals or attitudes, which usually refer to specific objects or situations, values transcend specific situations and are relatively stable over time (Klein, 1991). Thus, as families socialize their children, these values are both acquired early in life and transmitted from one generation to the next (e.g., Hoy & Sharma, 2010; Jaskiewicz et al., 2015). One could speculate that integrating new employees, a process similar to that within a family takes place within the business: namely, the transmission of values. Second, values differ from other attributes because they are ordered by their subjective importance, forming a hierarchy of value priorities; the higher a value, the more likely it is to affect the way one perceives and interprets situations and events, as well as one's preferences, choices, and actions (Schwartz, 1992). The importance of a specific value within a value hierarchy may highly depend on whether or not a family and the related business are aware of the value. Thus, research suggests that behavior will be more consistent with a value when the value is recognized and communicated (Bargh & Chartrand, 2000; Maio & Olson, 1995; Verplanken & Holland, 2002).

We argue that values, when studied within a family firm context, must include a variety of dimensions. Until now, research in this area tended to assign more or less the same values to family firms, thus assuming firms to behave in a homogeneous manner (James et al., 2012). However, we follow Distelberg and Sorenson (2009, p. 67) who argue that there are a variety of family systems to consider: "Each family has its own *values*, goals, and development." Furthermore, values and resulting profiles, serving as reference points for decisions, differ in terms of temporal focus (future or past oriented) and spatial focus (internal vs. external). While some families-in-business are rather past oriented, naming tradition and former family business achievements as important, others are driven by the future, emphasizing exploration and ambition. On the other dimension, some families have developed their own internal reference point, which is family specific, while others define themselves as members of a specific group or class and, thus, adopt the reference points of this group or class (Jaskiewicz & Combs, 2019; Nason et al., 2018). Therefore, in order to capture the values construct within a family firm context, we take an exploratory approach as these values may be viewed neither as independent dimensions nor as necessarily related to one another, as proposed by Schwartz (1992). Consequently, we develop a taxonomy that is empirically driven rather than a typology that would be theoretically driven.

Methodology

Rokeach (1979) explored five different means for measuring organizational values, one of which was content analysis. Building on the methodology set forth by McKenny et al. (2012) for espoused goal, we use a content analytic approach in order to capture espoused values and the resulting value profiles of private family firms. For a comparison we as well analyze the values and value profiles of nonfamily firms of the same industry. Content analysis is a method by which a text is classified or categorized by following a predetermined set of procedures (Weber, 1990), and its use has been consistently growing over the past 30 years (Duriau, Reger, & Pfarrer, 2007). One of the strengths of content analysis is the ability for researchers to access the "perceptions and beliefs" of the author of a text (D'Aveni & MacMillan, 1990, p. 639). The core assumption underlying this strength is that organizations leave traces of their distinctive value patterns in their documents and that these traces can be observed and measured. For instance, Kabanoff et al. (1995) cluster public organizations based on the identification of organizational values in shareholder letters, annual reports, and mission statements. Kabanoff and Holt (1996) study changes in values in Australian organizations using the same method. In a more recent study, Aust (2004) assessed the identity of organizations by identifying communicated values through a content analysis of organizational documents.

In the family firm context, researchers also increasingly employ content analysis to capture specific complexity and the dynamics unique to family firms (Nordqvist, Hall, & Melin, 2009). Content analysis has mainly been applied to investigate espoused goals in private family firms (McKenny et al., 2012), market orientation (Zachary, McKenny, Short, & Payne, 2011), and entrepreneurial orientation (Short, Payne, Brigham, Lumpkin, & Broberg, 2009). However, Payne et al. (2011) use content analysis to identify and compare organizational virtue orientations of publicly traded family firms and nonfamily firms. In line with these studies, we use a content analytic approach adapted from McKenny et al. (2012) to capture the specific value profiles of private family firms.

Sample

Our sample is drawn from the German machine tool industry using the buyer's guide *Wer baut Maschinen* (*Who Makes Machinery*) and the *Handbuch der Investitionsgüterindustrie* (*Handbook of Investment Goods Industry*) as previously utilized (e.g., Coad & Günther, 2014; Decker & Günther, 2017). Germany is known, together with Japan and Italy, for its strong and often old family firms. "Germany has more than 1,000 companies that have been in the same family for generations but can compete with the world's best" (*The Economist*, 2016). We selected one industry to control for industry influence and looked deliberately for a rather old industry to control for age. As values are transmitted over generations, we assume that differences between value profiles of different family firms as well as between family and nonfamily firms also grow more distinct over generations. The German machine tool industry is mature and largely characterized by medium-sized, relatively old firms (Decker & Günther, 2017). As more than one quarter of these firms can be classified as (private) family firms with the owner family present and a family member in management, we believe this sample to be suitable to develop a value taxonomy. From a total of 821 firms, we identified 219 family firms that are in their second generation and beyond. We deliberately excluded first-generation family firms/founder firms because values develop over time and it is often hard to tell whether first-generation firms are true family firms (D. Miller, Le Breton-Miller, Lester, & Cannella, 2007). We also excluded those that went bankrupt, are holdings, or do not have an active website. A total number of 170 family firms were included in the analysis, which took place between April 2012 and January 2013. Furthermore, we analyzed 80 companies of this industry that were neither owned nor managed by a family in order to understand whether and if, in what respect, the phenomenon of values is specific and distinct to family firms.

Source of Text Data

There are a variety of outlets in which private (family) firms may espouse their values. In general, private family firms are not required to provide shareholder letters or annual reports; however, these firms do produce a number of relevant documents that previous research has used for content analysis, including websites (Lamertz, Heugens, & Calmet, 2005; Micelotta & Raynard, 2011), press releases (Froehlich & Rudiger, 2006) or mission statements (O'Gorman & Doran, 1999), and e-mails (Jun & Cai, 2001). Ideally, the narrative of choice should be one where the producer of the narrative is unaware of the analysis, minimizing contamination of the narrative's content (Krippendorff, 2004). This can be accomplished by relying on texts that can be collected without direct solicitation of the producer or that were produced in the past (Krippendorff, 2004).

Organizational websites provide a unique insight into an organization's culture and convey information about its purpose and values (see Lamertz et al., 2005; Overbeeke & Snizek, 2005). As recommended by McKenny et al. (2012), we used websites as the source of text data. We included any firm where we could find the "About Us" website or the sections referring to the firm's philosophy, mission statement or profile, the history of the firm, and value statements. From the 170 family firms in our sample, we collected "About Us" website text for 162 companies, firm history for 116 firms, philosophy/mission statements for 51 firms, and value statements for 13 firms. From the 80 nonfamily firms in our sample that we analyzed for an extended robustness test, we were able to collect "About Us" websites for 76 companies, firm history for 54 firms, philosophy/mission statements for 21 firms and value statements, and/or code of conduct for 6 firms.

Identifying Different Value Categories in Family Firms: An Exploratory Factor Analysis

Measuring Values. Adapting the methodology set forth by McKenny et al. (2012), we first used a deductive process following theory on values to develop our dictionary of value dimensions independent of our sample. We based our dictionary on Schwartz's (1992) empirically validated scheme of 10 basic human values as well as on value dimensions that have been identified in the family business context (e.g., Koiranen, 2002; Ward, 2008). We then used an inductive process to complement and complete our dictionary by coding a subsample of our data.

We then examined the sample of organizational narratives, identifying and tabulating any references to family firm values. In content analysis, a variety of units of data collection are possible (Neuendorf, 2002). For example, researchers may delimit their coding by clause, sentence, paragraph, or overall narrative. Because more than one value maybe indicated within a sentence, we coded at the clause level of analysis. As with most qualitative analyses, the coder uses educated judgment in each case to identify a value and, if yes, which value is being conveyed (Short et al., 2009). We then identified values within the organizational narratives and categorized them using the identified set of value dimensions mentioned previously. We tracked the total number of times each value was referenced in the narratives and assigned these to predetermined frequency classes (see Short & Palmer, 2003).

Two authors then independently reviewed our dictionary and recommended two additional value dimensions. Thus, we added "Faith" and "Home" to our dictionary. Resulting in a total of 28 dimensions. To determine interrater reliability of our coding scheme (rater agreement or disagreement), we used Holsti's method (1969): PAO = 2A/(nA + nB), where PAO is the proportion of agreement observed, A is the number of agreements between the two raters, and nA and nB are the number of elements coded by the two raters, respectively. Interrater reliability of our coding scheme was 81%, which compares favorably with heuristics for high reliability of 70% to 80% and with similar studies in the literature (e.g., Ellis, 1994; Short et al., 2009).

Exploratory Factor Analysis. To uncover different underlying value categories, we performed an exploratory factor analysis, that of principal component analysis (PCA). In the following we will describe the analysis of the family firms in the sample in more detail as they are the main focus of our research. The analysis of the nonfamily firms follows the same methodology but renders different results, which we will briefly present and discuss in an extended robustness test following the Results section. The quality and appropriateness of the data set for conducting a PCA are evaluated by assessing the degree of interrelatedness (Hair, Black, Badin, Anderson, & Ronald, 2006). The Bartlett's test of sphericity and the Kaiser–Meyer–Olkin measure of sampling adequacy

(MSA; 0.750) both indicate that the data matrix has sufficient correlations to justify the application of a PCA. Therefore, we expect that the analysis will yield distinct and reliable factors (Field, 2009).[1]

Based on orthogonal factor rotation, the PCA generated a six-factor model, which accounts for 58.88% of the total variance. By conducting an orthogonal rotation (varimax), the factor solution resulted in noncorrelating factors (Hair et al., 2006). The number of factors is determined based on the Kaiser criterion, which considers only factors with an eigenvalue of greater than 1 as being significant. For the interpretation of the factor solution presented in Table 1, variables are considered as belonging to a specific factor when their factor loadings are $>.50$.

Through the factor analysis, highly correlated variables are grouped together and new composite measures are created to represent these variable groups. As Table 1 indicates, six factors were obtained with regard to the values of family firms. Each factor was then labeled and defined in accordance with the variables of which it is composed (see Table 2). Cronbach's alpha coefficient gives an indication of the internal consistency, which has a general threshold value of .60 for exploratory factor analysis (Hair et al., 2006). For social science data, a value of .50 is considered acceptable (Kline, 1999). Cronbach's alpha for Factor 4 is below .50; however, how high the alpha should be for a data set with a particular amount of items is still a point of discussion (Cortina, 1993). Cortina argues that a higher amount of items can account for a higher alpha, and highlights the significance of context in any judgment of adequacy. As Factor 4 consists solely of two factors, a lower alpha in relation to the other retained factors is plausible. Additionally, in the context of our research, as cohesion considerations are essential to families (Handel, 1985; Michael-Tsabari & Lavee, 2012; Penney & Combs, 2013), they should be included in our analysis.

To validate the factor solution, we assessed the robustness of the solution across the sample by randomly splitting the sample into two subsets and estimating the factor model for each subset to test for comparability (Field, 2009; Hair et al., 2006). The varimax rotation solutions for the split samples are highly comparable both in terms of factors retained and the allocation of variables to the factors.

Results of the exploratory factor analysis indicate that the concept of family firm values entails six different categories. For comparison, the values of nonfamily firms are captured by only four different categories. This implicates that family firms can dispose of various value profiles depending on the strength of each value category while nonfamily firms might dispose of less profiles. From a theoretical point of view, however, these six (respectively, four) categories might not be useful for family firm differentiation. Thus, we need an empirical technique to assess where and in which type a firm is located.

Identifying Different Types of Family Firms: A Cluster Analysis

We used cluster analysis, an ideal approach to sort observations into similar sets or groups and develop a taxonomy (Hair, Anderson, Tatham, & Black, 1998; Ketchen & Shook, 1996), in order to detect different value profiles based on differing specifications of the identified value categories. The six cluster variables underlying this analysis are the six identified value categories (see Table 2). Lehman (1979) suggested that the number of clusters should be between $n/30$ and $n/60$, where n represents the sample size. Thus, the number of clusters from our data should be between 3 and 6 (170/60 and 170/30). We used hierarchical cluster analysis in order to get a sense of the appropriate number of clusters because it produces a unique set of nested categories or clusters by sequentially pairing variables, clusters, or variables and clusters.

Accordingly, we generated a hierarchical dendrogram, a visual representation of the steps in hierarchical cluster analysis, and an agglomeration schedule table that shows the combined clusters and the values of the coefficients at each step. The agglomeration coefficient is the squared Euclidean distance between the two causes of combined clusters. A large percentage change in the agglomeration coefficient indicates that two nonhomogeneous groups will be combined in the further agglomeration (Hair et al., 1998). In this study, the percentage of change in the agglomeration coefficient is relatively high and increases suddenly when the group number is changed from five to four, thus indicating that five clusters were sufficient to describe the sample.

As hierarchical cluster analysis is more suitable for smaller sample sizes (Hair et al., 1998), however, we also conducted K-means cluster analysis to generate the five clusters. To ensure stability of the results, we iterated by generating three, four, and six clusters. Results

Table 1. Factor Loadings for Varimax Rotated Six-Factor Model of Values of Family Firms.

	Factor					
Value dimensions	F1	F2	F3	F4	F5	F6
Reliability	.767					
Sustainability	.699					
Community	.587					
Competence	.541					
Responsibility	.540					
Equality		.765				
Tolerance		.738				
Respect		.709				
Family			.819			
Success			.719			
Tradition			.577			
Being challenged				.651		
Loyalty				.607		
Dominance					.840	
Creativity and exploration[a]					.497	
Ambition[a]					.481	
Home						.723
Solidity						.658
Reputation						.620
Accumulated % of variance explained	12.87	23.56	32.97	41.87	50.73	58.88
Cronbach's α	.71	.63	.60	.45	.56	.50
KMO index	0.75					
Bartlett's significance test of sphericity	0.000					

Note. KMO = Kaiser–Meyer–Olkin.
[a]These variables have a factor loading <.50 but are kept in the final solution as they bring the Cronbach's alpha level of Factor 5 to an acceptable level, that is, .60 (see Dekker, Lybaert, Steijvers, Depaire, & Mercken, 2013).

indicate that five clusters represented the best solution with the strongest values.

A Taxonomy of Family Firms Based on Family Firm Values: Results

Multivariate analysis of variance was conducted to test for differences in the value categories among the five clusters. Table 3 shows the cluster means, and relative levels (very high, high, medium, low, and very low) of the five value categories within each cluster. The F values indicate that the five clusters significantly differ from one another. The five clusters are described in the following sections.

We found six categories on which family firms espouse values, namely, Universal Responsibility, Benevolence, Family Tradition, Cohesion and Solidarity, Power and Innovation, and Embeddedness. These categories evolved from the factor analysis and consist of two up to five values categories. Universal Responsibility, which we define as the understanding of one's responsibility for and protecting the welfare of all people and nature, is the only category that comprises more than three value dimensions: reliability, sustainability, community, competence, and responsibility. Quotes in this value category highlight the higher purpose that is assigned to the family firm: "We have responsibility for our environment and our society," "economically and ecologically worthwhile and therefore sustainable," or "It is our way of life to adapt to the conditions of nature." Benevolence consists of three value dimensions, namely, equality, tolerance, and respect, and is defined as understanding and appreciating the dignity of human beings. The value category Family (Firm) Persistence, for example, respecting and being

Table 2. A Six-Factor Framework of Values of Family Firms.

Value category	Definition	Value dimensions	Example
Universal Responsibility	Understanding one's responsibility for and protecting the welfare of all people and nature	Reliability	"An active and trusting partnership is the foundation for a long-term cooperation . . ."
		Sustainability	"It is our way of life to adapt to the conditions of nature"; "economically and ecologically worthwhile and therefore sustainable"
		Community	"We are at the side of our customer as a real partner . . ."; "Why not do it together?"
		Competence	"Our heart beats technical . . ."; "It is competence that unites us . . ."
		Responsibility	"We have a responsibility for our environment and our society . . ."
Benevolence	Understanding and appreciating the dignity of human beings	Equality	"Fair and frank behavior is important to us"
		Tolerance	"We respect their traditions and customs . . ."
		Respect	"We value our employees . . ."
Family (Firm) Persistence	Respecting and being proud of and committed to the history, customs, and achievements of family	Family	"We are a family business . . ."
		Success	"The firm has developed very successfully . . ."
		Tradition	"Progress because of tradition . . ."; "Success is our tradition . . ."
Cohesion and Solidarity	Accepting challenges and standing together, even in times of struggle	Being challenged	"We always confront the latest challenges of our time . . ."
		Loyalty	"We do not leave our customers out in the rain . . ."
Power and Innovation	Valuing and aspiring independence and control over people and resources	Dominance	"We are a globally leading supplier of . . ."
		Creativity and exploration	"Innovation has a long standing tradition in our firm . . ."
		Ambition	"It is our continuous ambition to be better"
Embeddedness	Being proud of, appreciating, and wishing to preserve one's origins	Home	"Agriculture and artisanry have been ingrained in our region for centuries . . ."
		Solidity	"The stability of our firm and its associated jobs . . ."
		Reputation	"We enjoy a distinguished reputation with our customers . . ."

proud of and committed to the history, customs, and achievements of the family; consists of family ("We are a family business . . ."), success, and tradition ("Success is our tradition"). Cohesion and Solidarity, here accepting challenges and standing together, even in times of struggle, consists of only two value dimensions, namely, being challenged and loyalty ("We do not leave our customers out in the rain . . ."). The category Power and Innovation, consisting of dominance ("We are a globally leading supplier of . . ."), creativity and exploration, and ambition, is summarized as valuing and aspiring independence and control over people and resources. And last, Embeddedness, which we define as being proud of, appreciating, and wishing to preserve one's origins, consists of the value dimensions of home ("agriculture and artisanry have been ingrained in our region for centuries"), solidity ("the stability of our firm and its associated jobs . . ."), and reputation. The different combinations of value categories and their specific markedness are described in the following:

Cluster 1 (Blurred): This cluster contains family firms that place little importance on Benevolence and feel only a little sense of Universal Responsibility. In these firms, Cohesion and Solidarity do not seem to drive decisions or behavior, neither do Power and Innovation. Embeddedness considerations appear to be more or less insignificant, whereas Family (Firm)

Table 3. Cluster Output Based on the Six-Factor Framework of Family Firms.

Value category	Blurred Cluster 1 (*n* = 56)	Balanced Cluster 2 (*n* = 40)	Traditional Cluster 3 (*n* = 30)	Dominance Cluster 4 (*n* = 28)	Steward Cluster 5 (*n* = 16)	*F*
Universal Responsibility	Low	Medium	Medium	Medium	Very high	
Cluster mean	0.6357	0.905	0.9133	1.2714	1,975	39.897**
Benevolence	Very low	Very low	Very low	Very low	Low	
Cluster mean	0.0298	0.0333	0.0111	0.1429	0.3542	10.599**
Family (Firm) Persistence	Low	Low	Very high	Medium	High	
Cluster mean	0.4762	0.55	1.7556	0.8214	1.6667	69.666**
Cohesion and Solidarity	Very low	Very low	Very low	Low	Medium	
Cluster mean	0.1339	0.2125	0.2833	0.4464	0.8125	11.144**
Power and Innovation	Very low	Medium	Medium	Very high	High	
Cluster mean	0.2857	1.0083	0.9556	1.7024	1.5417	119.329**
Embeddedness	Very low	Low	Low	Low	Medium	
Cluster mean	0.1964	0.4083	0.3667	0.3452	0.8542	10.528**

**$p < .001$.

Persistence seems to be of relative importance. Family firms in this cluster score relatively low on all six value categories. A total of 32.94% of the family firms in the data set belong to this cluster.

Cluster 2 (Balanced): This cluster, which contains 23.53% of the family firms from our data set, is characterized by a balanced value profile with, on average, medium scores on all value categories. These firms place little emphasis on Benevolence considerations, whereas they feel a solid sense of Universal Responsibility. Similar to Cluster 1, these firms do not particularly consider Cohesion and Solidarity in their decisions; however, they do include Power and Innovation as well as Family (Firm) Persistence considerations in their decisions and ultimate behavior. By contrast, Embeddedness considerations play a somewhat subordinate role.

Cluster 3 (Traditional): Family firms that have been assigned to Cluster 3 are in many regards similar to Cluster 2 in that they exhibit a similar pattern on the first five value categories with scores only insignificantly different. However, they score very high on Family (Firm) Persistence, making the degree of Family (Firm) Persistence considerations the highest with regard to all five clusters. The number of family firms belonging to Cluster 3 is at 17.65%.

Cluster 4 (Dominance): This cluster contains family firms that are characterized by a balanced value profile with overall high to medium scores on all value categories except for Benevolence (little to no emphasis) and Power and Innovation (very high emphasis). The degree of Power and Innovation considerations is the highest with regard to all five clusters. Furthermore, these firms have a solid sense of Universal Responsibility as well as of Family (Firm) Persistence, whereas Embeddedness and Cohesion and Solidarity considerations play a somewhat subordinate role. Their dominant value category Power and Innovation comprises dominance, creativity and exploration, and ambition, showing that their focus is future oriented. The number of family firms belonging to Cluster 4 is at 16.47%.

Cluster 5 (Steward): This is by far the smallest cluster, containing 9.41% of the family firms in our data set. Family firms in this cluster are characterized by a balanced value profile with overall medium to high scores on all value categories except for Benevolence (small emphasis). In these firms, Universal Responsibility considerations play a major role in decision making and behavior (highest score across all clusters). Additionally, these family firms place high importance on both Power and Innovation as well as on Family (Firm) Persistence, substantiated by a solid sense of both Embeddedness and Cohesion and Solidarity.

The five clusters constitute the proposed family firm value taxonomy. It is interesting that Benevolence, defined as understanding and appreciating the dignity of human beings, scores very low in Clusters 1 to 4 and only low in Cluster 5. The five family firm types derived from cluster analysis are represented in Figure 1 with respect to the six value categories. Scales are constructed based on the scores of the cluster analysis.

A Taxonomy of Family Firms Based on Family Firm Values: Different Types of Family Firms

The derived taxonomy of family firm values suggests that there are five different types of family firms when analyzed following their espoused values. In the following, we discuss these five types and—where possible—derive propositions concerning their specific spatial and temporal focus.

Cluster 1 (Blurred): Cluster 1, with its comparatively low scores on all value categories, does not provide a clear value profile. Whether or not these family firms do not have or do not communicate values cannot be assessed from our data. We assume that the majority of them, at least, are not aware of values and that these owner-managed firms exist as a means to an end, namely, to earn a living (García-Àlvarez & López-Sintas, 2001). With the data at hand, we cannot determine the temporal or spatial focus of their respective reference point.

Cluster 2 (Balanced): This type represents family firms whose value profile is equilibrium oriented. We believe these firms to be comparable to the selective family firm type developed by Jaskiewicz et al. (2016, p. 804), who identify family firms that are "pragmatic, flexible, and rational." As owner families in these firms desire continuity, they understand the responsibility this means not only for them but also for their environment. Thus, they regulate family influence in the firm in a way that organizational decision making and behavior is guided by family interests only if it does not conflict with economic efficiency or power considerations. As in Cluster 1, to determine the temporal or spatial focus of their reference point would be too far-reaching.

Cluster 3 (Traditional): This type represents persistence oriented family firms that are predominantly guided by their sense of commitment to the history, traditions, and achievements of both the family and the firm. Because they want the family and the firm to continue, they emphasize family outcomes over firm outcomes. Compared to the clear and greater focus on family firm persistence across all clusters, the other five value categories seem to be of less significance in organizational decision making and behavior. Thus, whereas the wish to continue as a family remains, Cohesion and Solidarity scores low (Jaskiewicz et al., 2016), making these family firms somewhat stagnant instead of being future oriented. Here, family tradition plays a pivotal role while Power and Innovation and Benevolence are of minor relevance. Looking more closely into the definition of Family (Firm) Persistence, namely, "respecting and being proud of and committed to the history, customs, and achievements of family," we can conclude that these firms are rather past oriented and at the same time have an internal focus.

Cluster 4 (Dominance): The family firms in this cluster are predominantly driven by power considerations. Thus, firm outcomes are much more important than family outcomes. With the highest score across all clusters for the value category Power and Innovation, these firms are highly comparable to those "business first" firms identified by Ward (1987). As these firms feel responsible for and protective of the firm, they consequently exclude family interests from organizational decision making, preventing potential family conflicts from spilling over into the firm. In this context, Jaskiewicz et al. (2016) identify them as commercial family firms that are characterized by somewhat disconnected families that do not consider family unity to be relevant in the context of organizational behavior. As these firms emphasize economic power and innovation, they can be described as future oriented and, thus, not bound by feelings of embeddedness. With relation to the spatial dimension, our assumption is that we will find an external rather than an internal reference point as this value profile exhibits a solid sense of competition with an external reference group. In terms of the temporal focus of this cluster, it is clearly future oriented.

Cluster 5 (Steward): In these cohesion-oriented family firms, commitment to the responsibility for the welfare of all is the main driver for organizational decision making and behavior. Aspiration for outcomes is therefore balanced between firm and family outcomes and between financial and socioemotional

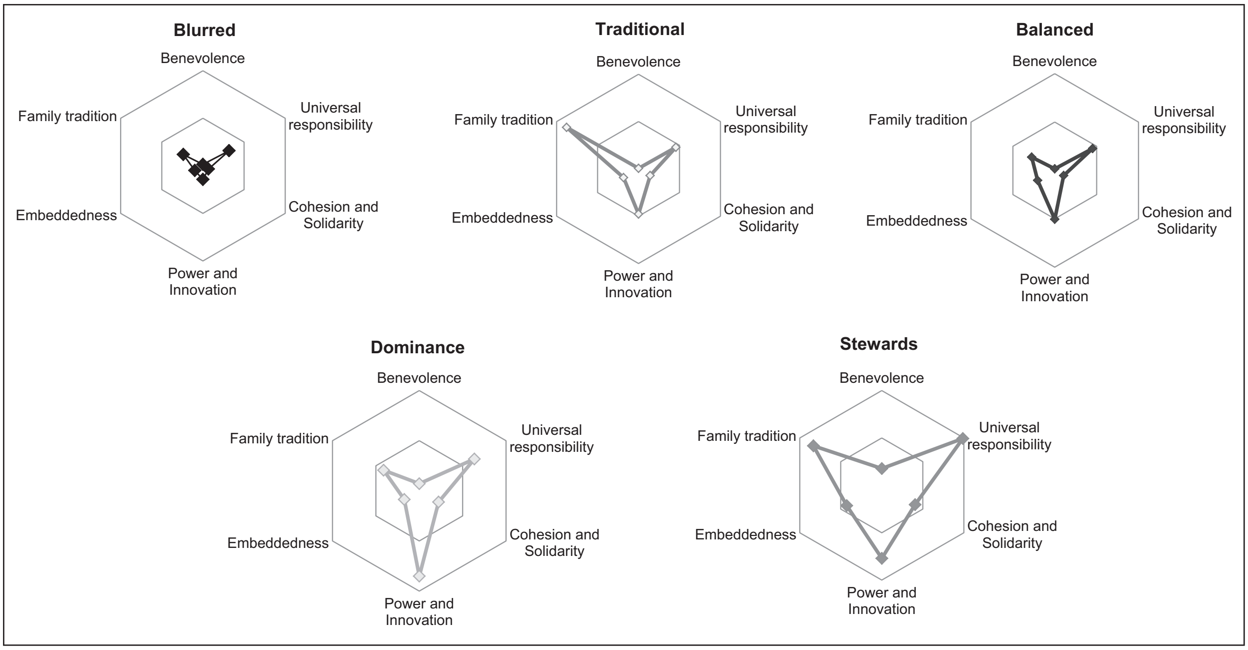

Figure 1. Five family firm types in a six-dimensional family values framework.

outcomes alike. Long-term family and firm goals, therefore, are isomorphic, with the family attempting to meet both firm and family needs. Accordingly, both, Power and Innovation as well as Family (Firm) Persistence considerations are important reference points driving decision making and subsequent firm behavior. This is in line with the "interwoven" family firms identified by Jaskiewicz et al. (2016, p. 796) in which "both family and commercial logics influenced firm behavior since they were considered to be two sides of the same coin." Interestingly, the scores on all value categories in this cluster are comparatively high, indicating that organizational behavior is regulated and made predictable by the group's shared goals, norms, and values (Dyer, 2006). Firms belonging to this cluster put equal emphasis on financial and socioemotional outcomes and are closest to the type of firm described by Gómez-Mejía, Haynes, Nuñez-Nickel, Jacobson, and Moyano-Fuentes (2007) of having SEW considerations as their primary reference point. Stewards thus follow a classical stakeholder approach when it comes to firm outcomes, including financial returns as a necessary precondition for firm reputation and sustainability. Family outcomes are equally important, with family tradition and legacy as well as family reputation and community embeddedness seen as pivotal. These family firms are both past and future oriented and have a reference point external to their firm (Universal Responsibility).

To conclude, we identify five types of family firms, each composed of a distinct value profile. We are able to show the particular heterogeneity of family firms as a result of values heterogeneity. We also identify a further dynamic in these value profiles, providing us with additional behavioral implications: Whereas Clusters 2, 3, and 4 (i.e., Balanced, Traditional, Dominance) are characterized by balanced value profiles with, on average, medium scores, it is Cluster 1 (Blurred) and Cluster 5 (Steward) that stand out. In general, research argues that owner families have a strong desire to infuse their values into the business, which are powerful behavioral drivers across generations, as they spring out of a strong and distinct organizational culture (Astrachan et al. 2002; Gómez-Mejía et al., 2011; Hall & Nordqvist, 2008). However, whereas we find a strong and distinct value profile in Cluster 5 that scores comparatively high on all value categories, Cluster 1 scores low on all value categories, indicating that these firms are not necessarily aware of the owner family's value profile (Verplanken & Holland, 2002). Only value profiles of which owner-managers are aware are transferred into distinct organizational features (Klein, 1991; Verplanken & Holland, 2002). From our five profiles we can conclude that firms in Cluster 1 most likely are not aware of values and, thus, are less likely to show central, distinct, and enduring features unique to their organization (e.g., Albert & Whetten, 1985) while firms in Cluster 5 most likely will do so. Under which circumstances firms in Clusters 2, 3, and 4 show distinct features based on their values remains to be determined.

Extended Robustness Check: Nonfamily Firm Value Profiles

Are we sure that the described profiles are distinct to family firms? To answer this question, we assessed the robustness of the factor and cluster solution by analyzing the 80 nonfamily firms as described earlier. Following the same methodology and using the same dictionary as we did analyzing the family firms, we identified values within the organizational narratives and categorized them. We tracked the total number of times each value was referenced in the narratives and assigned these to the same predetermined frequency classes as before.

We then performed exploratory factor analysis (a PCA) in order to uncover underlying value categories of these nonfamily firms. Again, the Bartlett's test of sphericity and the Kaiser–Meyer–Olkin MSA (0.701) both indicate that the data matrix has sufficient correlations to justify the application of a PCA. Using orthogonal factor rotation, the PCA generates a four-factor model, which accounts for 62.56% of the total variance. The number of factors was determined based on the Kaiser criterion. Furthermore, for the interpretation of the factor solution presented in Table 4, variables are considered as belonging to a specific factor when their factor loadings are $>.50$. As Table 4 indicates, four factors were obtained with regard to the values of nonfamily firms.

We then used hierarchical cluster analysis in order to get a sense of the appropriate number of clusters in our sample of nonfamily firms, indicating that three clusters were enough to describe the sample, as shown in Table 5. We further conducted *K*-means cluster analysis to generate the three clusters, with results indicating that the three clusters represented the best solution. Furthermore, multivariate analysis of variance was conducted to test for differences in the value categories among the three clusters. Table 6 shows the cluster means, and relative levels (very high, high, medium, low, and very low) of the four value categories within each cluster. The *F* values indicate that the three clusters significantly differ from one another.

Comparing these results with our analysis of family firms, we found several important differences. First, nonfamily firms of this branch name a value that was not named by family firms, namely, Courage, while, at the same time, they did not mention Family, Tradition, Being challenged, Reliability, Reputation, Solidity, and Loyalty. Overall, nonfamily firms mentioned less values, and the values they named are less diverse in terms of temporal and spatial focus. For example, while family firms emphasize values that refer to the past or build on it (Family, Tradition, Reputation, Loyalty), nonfamily firms concentrate more on values that are related to economic success (Dominance, Success, Ambition).

Second, our factor analysis rendered only four factors and these factors differ from those we found in family firms in composition as well as in similarity to each other. Both family and nonfamily firms emphasize economic success, but beyond this the composition differs. While in some family firms values like Universal Responsibility play a role, in nonfamily firms we find only one factor that is not related to economic success, namely, Stakeholder Orientation. The other three factors, Team Orientation, Competence and Success, and Power and Innovation (without ambition) are clearly linked to being successful as a business. This result supports the theoretically derived notion that while family firms have to balance prescriptions from family and commercial logic alike, nonfamily firms are mostly driven by commercial logic.

Third, the cluster analysis rendered only three clusters for nonfamily firms. Again, we can conclude that in respect to espoused values the nonfamily firm of our analysis are more alike than the family firms. As we only analyzed 80 nonfamily firms, a more in-depth analysis should be conducted to confirm or reject our results. But we are sure that the overall value profiles nonfamily firms communicate differ substantially from those of family firms. While the distribution of family firms over the five clusters is imbalanced (with Cluster 1 representing one third while Cluster 5 represents less than 10%), the distribution over the three nonfamily firm value cluster is rather balanced (28%, 34%, 38%). *NFF (Nonfamily firms) Cluster 1 (Innovation Champions)*

Table 4. Factor Loadings for Varimax Rotated Four-Factor Model of Values of Nonfamily Firms.

	Factor			
Value dimensions	F1	F2	F3	F4
Equality	.827			
Respect	.793			
Responsibility	.763			
Home	.663			
Sustainability	.602			
Courage		.790		
Community		.776		
Tolerance		.651		
Ambition		.522		
Competence			.786	
Success			.633	
Dominance				.840
Creativity and Exploration				.618
Accumulated %of variance explained	22.46	38.4	51.39	62.56
Cronbach's α	.75	.56	.43	.54
KMO index	0.701			
Bartlett's significance test of sphericity	0.000			

Note. KMO = Kaiser–Meyer–Olkin.

Table 5. A Four-Factor Framework of Values of Nonfamily Firms.

Value category	Definition	Value dimensions	Example
Stakeholder Orientation	Serving all stakeholders beyond purely economic goals	Equality	"Fair and frank behavior is important to us"
		Respect	"We value our employees . . ."
		Responsibility	"We have a responsibility for our environment and our society . . ."
		Home	"Agriculture and artisanry have been ingrained in our region for centuries . . ."
		Sustainability	"It is our way of life to adapt to the conditions of nature"; "economically and ecologically worthwhile and therefore sustainable"
Team Orientation	Teamwork as an underlying key to success	Courage	". . . being courageous when confronted with adversities . . ."
		Community	"We are at the side of our customer as a real partner . . ."; "Why not do it together?"
		Tolerance	"We respect their traditions and customs . . ."
		Ambition	"It is our continuous ambition to be better"
Competence and Success	Understanding that competence is the key to success	Competence	"Our heart beats technical . . ."; "It is competence that unites us . . ."
		Success	"The firm has developed very successfully . . ."
Power and Innovation (without ambition)	Valuing and aspiring independence and control over people and resources	Dominance	"We always confront the latest challenges of our time . . ."
		Creativity and Exploration	"Innovation has a long standing tradition in our firm . . ."

Table 6. Cluster Output Based on the Four-Factor Framework of Nonfamily Firms (NFF).

Value category	Innovation champions NFF Cluster 1 (n = 22)	Economic achievers NFF Cluster 2 (n = 27)	Technological champions NFF Cluster 3 (n = 31)	F
Stakeholder Orientation	Low	Low	Very low	
Cluster mean	0.35	0.29	0.14	2.697
Team Orientation	Medium	Medium	Low	
Cluster mean	0.63	0.46	0.23	6.886**
Competence and Success	Medium	Very high	High	
Cluster mean	0.75	1.94	1	43.196***
Power and Innovation (without ambition)	High	Very high	Low	
Cluster mean	1.09	1.81	0.27	117.118***

***$p < .001$. **$p < .01$.

puts the highest emphasis on Power and Innovation, scoring medium for Team Orientation and Competence and Success. *NFF Cluster 2 (Economic Achievers)* scores very high on both, Competence and Success and Power and Innovation and *NFF Cluster 3 (Technological Champions)* scores high only on Competence and Success and scores low or very low on all other factors. Similar to the family firm, though, we see the least differentiated cluster to be the largest one. Interestingly, all three nonfamily firm value clusters do not emphasize Stakeholder Orientation (low, low, and even very low).

We thus can conclude that value profiles of family firms are distinct from those of nonfamily firms in various aspects. They name different values, and they differ in terms of combination of factors, number of factors and clusters, and their sole emphasis on economic orientation. The family firm value taxonomy therefore can be seen as specific to this type of organization.

Discussion

Values that are considered as roots of family firms' identity, longevity, and performance (Distelberg & Sorenson, 2009; James et al., 2012). So far, research has postulated a homogeneous set of values for all family firms (Koiranen, 2002; Schwartz, 1992). In contrast, the deductively and inductively derived list of values and the importance the family firms assort to them by communicating them on their websites point to specific rather than generic values. While some of the generic 10 human values of Schwartz (1992) are espoused by the family firms, some like hedonism, self-direction, and conformity are not. Even more interesting, the list of espoused values by the family firms shows values not incorporated in the 10 values of Schwartz (1992), especially community, responsibility and reliability, family and home, equality, and solidity. Consequently, the resulting value taxonomy of family firms shows a rich picture of very different types of family firms based on their espoused values.

Communicated values serve as reference points for decisions (Gehman et al., 2013; Kotlar et al., 2014). As Nason et al. (2018) argue, the reference points of family firms differ in spatial and temporal foci. For two of the five value profiles of the family firms, named Blurred and Balanced, we could not determine a temporal focus, and thus, whether the respective firms are either future or past oriented. As these firms are not communicating a value profile with an internal reference point, one could assume that their reference points are rather set by external stakeholders such as customers, banks, or the wider public than by themselves. A confirmation of this assumption as well as research concerning its impact on the firm and on the firm's output has yet to be conducted. For the other three espoused value profiles, namely, Traditional, Dominance, and Steward, we see differences in spatial and temporal foci. While Traditional is rather past oriented and has an internal focus, Dominance is future oriented with an external focus. The cluster Steward is both past and future oriented with an external focus. From our results, we thus can conclude that family firms espouse different value profiles with different temporal and spatial foci. Several questions arising with this are especially interesting. Do these foci, as argued by Nason et al. (2018), change over time, and if so, how? Are family firms with an espoused value profile of Blurred or Balanced more apt to be influenced by external stakeholders? Are past-oriented family firms with an internal focus, that is, the Traditional cluster, more endangered by disruptive developments in the market? Are the communicated value profiles of the family firms rooted in the specific type of family (Olson, 2000)? "Researchers will need to build upon what is known about heterogeneity across families in order to describe families' different reference point postures and construct theory linking such differences to family firms' strategic choices and outcomes" (Jaskiewicz & Combs, 2019, p. 2)

Consistent with the theoretical argument on how values are discussed in family and nonfamily firms, we find more diversity in family firms and especially more noneconomic value categories than in nonfamily firms of the same industry. As nonfamily firms are not exposed to prescriptions of family logic as are family firms, it seems logical for nonfamily firms to concentrate on market logic prescriptions only. Although Stakeholder Orientation is a factor of nonfamily firm value profiles, all clusters show low or very low scores here. It will be interesting to dig deeper into the motivation of why nonfamily firms communicate Stakeholder Orientation (Equality, Respect, Responsibility, Home, and Sustainability) but do not emphasize it in their final profiles. One interpretation could be that while families-in-business are relatively free as to which values they communicate, nonfamily firms have to respond to institutional pressure requiring more environmental and social responsible behavior. The discussion on corporate social responsibility (Bansal & Hee-Chan, 2017) as a requirement versus a true corporate goal would profit from juxtaposing family and nonfamily firms.

A general assumption that all family firms' behavior is guided by values seems at least questionable. In this realm, the general statement that ". . . socioemotional wealth is the defining feature of a family business" (Gómez-Mejía et al., 2011, p. 692) should be viewed with caution. Looking at our sample we found that the majority of family firms did not refer to more than one of the SEW dimensions and roughly one third not even to a single one. Although this has to be verified in future research, it suggests that not all family firms are driven by SEW considerations or even by basic values of which they are aware. This offers another explanation for inconclusive results when it comes to the family firm–performance relationship (see van Essen, Carney, Gedajlovic, & Heugens, 2015, for an overview). Less than 10% of the family firms in our sample communicate values often referred to when values and family firms are discussed (Distelberg & Sorenson, 2009). Perhaps theories should consider not family firms overall but rather different types of family firms.

Finally, we can take a fresh view on the family firm–performance link by taking the respective value profile of the firm as a starting point, as ". . . goals within systems are related to values" (Distelberg & Sorenson, 2009, p. 70). Instead of linking value profiles directly to predefined performance measures, we propose that the dominant coalition of the firm, in most cases the business-owning family, sets the aspired goals against which performance is assessed. Setting out goals is driven by the firm's value profile. The different aspired goals resulting from different value profiles of family firms provide an explanation for the inconsistencies concerning the family firm–performance link. To overcome these inconsistencies resulting from the use of "generalized abstract conceptualization of performance in theory building (the latent multidimensional approach) coupled with the adoption of one or two narrow aspects of performance in the empirical work" (C. C. Miller, Washburn, & Glick, 2013, p. 948), theory can be developed that links value profiles of family firms with potential intended outcomes (Holt, Pearson, Carr, & Barnett, 2017).

Our study also offers at least two practical implications. First, there is no "good" or "bad" family firm but there are coherent practices within each one of our five identified types. In other words, to make coherent decisions in both arenas—family and firm—an owner family's value profile should be known to both family firm owners and advisors, as this influences organizational decision making and behavior. Or, as Gehman et al. (2013, p. 106) put it, ". . . specific values practices are only as strong and durable as the network of social and material actors they are able to enroll, and the trials they can endure." Second, when working with family firms, advisors should consider the benefits of identifying an owner family's value profile as a starting point, which can provide clues about owner families' priorities regarding family and business interests and performance aspirations. Such a quick and at the same time deep understanding of the family's perspective can facilitate professional–client interactions. Whether or not families-in-business and their respective firms are able to take in new knowledge and, thus, shift their reference points (Jaskiewicz & Combs, 2019; Nason et al., 2018) depends, at least partly, upon their value profile. Furthermore, family value profiles can provide a range of solutions based on values and represent a valuable tool that reveals contradictions and weaknesses by comparing the results obtained from the consultation process.

Outlook and Future Research

Our study comes with limitations that offer opportunities for future research. The qualitative, content-analytic approach renders detailed, in-depth findings; however, there are also questions about the degree to which these findings can be generalized. Data were gathered solely from the German context. Since "family" is one of the major institutions of every society (Friedland & Alford, 1991), family firm values may differ over countries, contexts, and subgroups. Different cultural views on family could lead to different value patterns and related value practices in family firms. Although these findings might be applicable to Western industrialized countries, it would be beneficial for the framework's validity to explore a variety of other cultural settings.

Furthermore, future research may also benefit by exploring the differences between private family firms and publicly held family firms in their emphasis on different value categories. This might also serve as a confirmation of our findings: Due to the lack of prior empirical research on the topic of family firm values, we were not able to apply existing measurement scales. Based on the insights of previous research and relying on values theory, however, we outlined the key value categories and contribute to the in-depth understanding of family firm values. Our study is thus a first step in the empirical demarcation of family firm values when studied holistically. Future studies should thus aim at confirming the exploratory results.

Next, we suggest to develop a values–family firm outcome framework as a first step in exploring the heterogeneity of family firms, which then could be extended in various ways. How values affect other relevant decisions such as succession, change, or conflict resolution offers fertile ground for future research. Concerning the intended framework itself, multiple questions await further study, for example, context dependency of the suggested value profiles, development of value profiles and value practices over time and over the course of the family firm's life cycle, and aspired goals and related performance measures in various industries. As we studied the espoused values of the firms, future research might look into the link of the family's values and the espoused values of the firm and explain why, for example, similar families come up with different value profiles for their firms.

Finally, our study produced a finding that future research should analyze closely. There are many family firms whose value profile remains unclear (Cluster 1: Blurred). We believe that these firms are not aware of the underlying value profile and that they may act in ways inconsistent with this profile. In this vein, values theory suggests that behavior will be more consistent with a value when the value is known than when it is not made aware (Bargh & Chartrand, 2000; Maio & Olson, 1995; Verplanken & Holland, 2002). Future research should delve deeper into this phenomenon, analyzing the reasons for this "unawareness" and the performance implications of such value inconsistent behavior not only for family firms but also for organizations in general.

Last, the focus of this article was to deliver a first step toward a taxonomy of family firms based on value profiles. Therefore, we analyzed family firms (and nonfamily firms) on the level of the organization. Future research may develop a more nuanced picture by investigating in how far intraorganizational or intrafamily differences, such as the degree of family involvement, family structure, or different generations, shape the family firms' value profile.

To conclude, our study shows that family firms are heterogeneous in terms of their espoused value profiles. Our findings provide a taxonomy distinct to family firms based on values. We hope that our insights will help family firms and advisors to think about and classify organizational behavior according to the identified value profiles, thereby improving their understanding and helping researchers to advance scholarly work in this regard.

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Note

1. Eight variables were excluded from further analysis in the family firm sample due to an MSA index lower than 0.5 or due to a factor loading beneath the threshold value of .50. (see Dekker et al., 2013), namely, Wealth, Courage,

Honesty, Faith, Duty, Modesty, Security, and Continuity. For the nonfamily firms, 15 variables were excluded, namely, Wealth, Faith, Modesty, Family, Tradition, Being challenged, Honesty, Duty, Independence, Reliability, Security, Reputation, Continuity, Solidity, and Loyalty

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