



Can we make family social capital flourish? The moderating role of generational involvement

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Abstract

The special features displayed by family firms characterize and shape their family social capital and make them unique. The participation of both the family and the firm creates distinctive resources and capabilities in the family firm. As new generations arrive, opposing forces begin to shake the firm, and while some embrace change others expect the continuity of the family influence. Likewise, the influence of the family in the firm conditions its performance. In this study, we empirically address how family influence promotes the development of family social capital that, in turn, impacts on the organizational effectiveness of family firms. Furthermore, we observe the moderating role of generational involvement by considering generations an important source of heterogeneity in family firms. We test the hypotheses on a sample of Spanish family firms, analyzing the data using partial least squares (PLS). Results indicate that the family influence positively affects the development of family social capital and, therefore, the organizational effectiveness of the family firm. However, generational involvement can moderate both relationships in a negative way, by reducing the development and exploitation of the family social capital.

Keywords Family social capital · Generational involvement · Organizational effectiveness · Family influence

Introduction

Social capital in family firms stems from the social capital concept by Nahapiet and Ghoshal (1998, p. 122), defined as “the sum of the actual and potential resources embedded within, available through, and derived from the network of relationship possessed by an individual or social unit”.

In the family firm, both the family and the business are ‘inextricably intertwined’ (Aldrich & Cliff, 2003). Within the family firm, ‘family social capital’ could be defined as the relationships between individuals inside the family firm that facilitate action (Arregle et al., 2007). While in managerial literature social capital includes the relations between organizational members (internal social capital) and the relations with external stakeholders (external social capital) (Adler & Kwon, 2002), the family firm literature refers to ‘family social capital’ as exclusively an internal social capital (Arregle et al., 2007). Therefore, we follow previous research and focus on the internal view of social capital, as it seems to be the most consistent with the familial concept of interaction and involvement of the family (Pearson et al., 2008).

Family social capital developed within the family is unique (Herrero, 2018) and probably one of the most durable and powerful forms of social capital because the social capital created in family firms is based on distinctive characteristics (Arregle et al., 2007). Because social capital can be a source of competitive advantages for family firms over time (Pearson et al., 2008), previous research has improved the conceptualization and understanding of

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family social capital during the last few years (e.g., Herro, 2018; Sanchez-Ruiz et al., 2019; Sanchez-Famoso et al., 2019). However, the analysis of the literature on family social capital is still incomplete and there is yet a need to examine empirically their sources and outcomes (Carr et al., 2011; Herrero, 2018). This study tries to address this gap by providing empirical evidence on the relationship between family influence and family social capital, which in turn influences organizational effectiveness in family firms. With this aim, organizational effectiveness is defined as a general measure of good functioning of the firm over time (Cameron, 2015), referring to the extent to which firms develop permanent activities and organizational processes that create better results relative to its competitors (Patel & Fiet, 2011; Zheng et al., 2010). Thus, this research proposes that family social capital promotes certain behaviors or processes in the firm that are continuously adapted and lead to economic and non-economic returns.

Furthermore, Sanchez-Ruiz et al. (2019) have found differences in family social capital as the result of the heterogeneity in the family firms. Previous scholars have also considered family firm heterogeneity as essential to understanding family firm strategic decisions and outcomes (Chrisman & Patel, 2012; Gomez-Mejia et al., 2007). One of the most important sources of heterogeneity in family firms has to do with generations within the family firm (e.g., Gómez-Mejía et al., 2011). Several researchers have argued that generational effects alter the dynamics among family members (Schulze et al., 2003). In particular, the arrival of next generation family members is considered likely to alter the structural ties within the network and has potential to disrupt different aspects of family social capital as well (Sanchez-Ruiz et al., 2019). In spite of this, it is still possible to advance the analysis of the positive or negative impact of these changes on family social capital. Accordingly, this study addresses this gap by taking the idea of previous scholars who envision a potential dark side of adding generations to the family firms (e.g., Gersick et al., 1997; Chirico et al., 2011; Sanchez-Famoso et al., 2019). Thus, we explore the negative moderating role of generational involvement in both the development and exploitation of family social capital. Among the different concepts related to the generations in family firms, we focus on generational involvement, which refers to the number of family generations simultaneously involved in the family firm (Sciascia et al., 2013).

Our study makes two main contributions to the family firm literature. First, our research sheds light on how the family influences the development of family social capital and how this family social capital promotes the conditions for the continuing development of activities and organizational processes, contributing then to family firm effectiveness.

In this sense, there is a lack of empirical studies aimed at measuring the antecedents and consequences of family social capital (Carr et al., 2011; Herrero, 2018). Regarding the antecedents, there is a need for the empirical validation of the potential implications that family involvement could have on the internal social capital of family firms (Sanchez-Famoso et al., 2020). With regard to the consequences, this study responds to calls for further research aimed at fully understanding family social capital and its effects (Sanchez-Ruiz et al., 2019). Second, this research explains how generational involvement, as a source of heterogeneity in family firms, negatively moderates the relationships between family influence and family social capital, and between family social capital and organizational effectiveness. Thus, we respond to the call for research that considers that a moderator of social capital creation may be a type or category of the family firm (Pearson et al., 2008). In line with this, Arregle et al. (2007) suggest that family social capital depends on the number of generations in the family firm, as important to understanding its potential effects. From a broader perspective, our research model follows the theoretical model of Pearson et al. (2008) to further explore the mediating and moderating effects of organizational and environmental variables that may affect or may be affected by social capital and, thus, advance the understanding of this important family business characteristic.

Theoretical background

Research in family social capital

The internal social capital view focuses on internal linkages among individuals and groups within a collective, including those that contribute to cohesiveness and foster collective action (Adler & Kwon, 2002). In family firms, the family unit, as a distinct faction within a firm, provides the possibility of using a unit of analysis that is a consistently dominant group possessing the ability to alter the vision and direction of the overall collective (Chua et al., 1999). Therefore, placed within the context of the family firm, the process associated with creating social capital is strongly linked to the structural components of the family members in the firm, which leads them to take advantage of their family ties and relationships for the benefit of family firms (Arregle et al., 2007). These characteristics are based on social interaction, family structure, and the strength of the links that exist within the family, which are transmitted to the firm. In this respect, the involvement of the family can result in a social network of relationships rooted in family ties that create a form of social capital that is complex and relates to shared norms, values, vision, purpose, trust, and

collective goal orientations within the family firm (Leana & Van Buren, 1999). However, the majority of the commented literature has theoretically proposed this influence of family involvement on family social capital. In this line, studies on social capital typically view this construct as exogenous and do not provide empirical insight into its antecedents (Shi et al., 2015).

According to the conceptualization developed by Nahapiet and Ghoshal (1998), social capital is composed of three dimensions; structural, cognitive, and relational. Structural social capital refers to the structure of ties between family members that can be utilized by the family firm (Arregle et al., 2007). In other words, the social structure of the family members can be transferred to the firm, allowing the appropriation of those ties by the firm (Coleman, 1988; Pearson et al., 2008). Regarding relational social capital, interactions between family members improve their relationships, establishing trust over time (Arregle et al., 2007). Additionally, the family-specific norms and identity enhance relatives to create unique ties among them (Sánchez-Ruiz et al., 2019), which also allow the development of mutual reliance among these relatives (Carr et al., 2011). Finally, cognitive social capital is also present in family firms. Since family members have a shared history along time, family members converge more easily toward similar values (Sánchez-Ruiz et al., 2019). Furthermore, it is more likely that family members understand family values and the firm, which allow a common understanding necessary for achieving the family goals in the firm (Pearson et al., 2008). In sum, the structural, relational, and cognitive dimensions of social capital can be developed in terms of family social capital.

Regarding the consequences of family social capital, previous research has found that family social capital can provide benefits to family firms (Chrisman et al., 2009) because this type of capital can be used for business purposes (Carr et al., 2011; Sorenson & Bierman, 2009). In this sense, previous research has found that family firms can have three different configurations of social capital, which have different consequences on the economic and non-economics outcomes of these firms (Sanchez-Ruiz et al., 2019). Among the non-economic outcomes, family social capital facilitates knowledge sharing and knowledge integration (Chirico & Salvato, 2008). Additionally, family social capital positively influences the innovative capabilities of family firms (Sanchez-Famoso et al., 2014, 2019). Each dimension of family social capital can contribute to develop different organizational capabilities that ultimately lead to firm success (Carr et al., 2011). Regarding economic outcomes, previous research has found that family social capital improves the performance of family firms (Anderson & Reeb, 2003; Herrero, 2018), although this influence may have limits, especially in the case of structural social capital (Herrero

& Hughes, 2019). Furthermore, this positive relationship between family social capital and family performance can be mediated (Tasavori et al., 2018) or moderated (Herrero & Hughes, 2019) by different variables such as participative governance capability or organizational social capital respectively. To recap, family firms can develop a social capital which is usually difficult to replicate in other firms, such that it can provide a source of competitive advantage (Pearson et al., 2008), generating family firm wealth and value creation (Habbershon et al., 2003) in both economic and non-economics terms.

Research in generational involvement

Family firms are developed through different generations. The participation of the generations in the ownership and/or in management positions in the boards of the firm allows for accumulated experience to be gained (Klein et al., 2005). Indeed, previous scholars agree that each succession adds considerable and valuable business experience to the family and the firm (Astrachan et al., 2002). Previous research has considered that the strategic decisions can be crucially influenced by the degrees of generational involvement in family firms (Carnes & Ireland, 2013; Chirico et al., 2011). Generational involvement refers to the number of family generations simultaneously involved in the family firm (Sciascia et al., 2013). These generations can be involved either in the ownership, by being active in the management board, or by being active on the board of directors.

The effects of generational involvement have been addressed in the literature from a positive (e.g., Craig et al., 2008; Kellermans et al., 2008), negative (e.g., Gersick et al., 1997; Chirico et al., 2011; Sanchez-Famoso et al., 2019), and even a mixed perspective (e.g., Sciascia et al., 2013; Arzubiaiga et al., 2019). Regarding the positive perspective, the diversity in terms of knowledge, expertise, and viewpoints added by more generations may facilitate the identification of the needs and interests of potential customers and markets (Craig et al., 2008). Additionally, involvement by multiple generations signals an inclusive working environment where multiple perspectives are appreciated and considered (Kellermans & Eddleston, 2004). The number of generations involved is positively related to the entrepreneurial behavior of the family firm (Kellermans et al., 2008). Finally, generational involvement also positively moderates the relationship between knowledge sharing practices and the development of technological capabilities in family firms (Zahra et al., 2007).

Related to the negative perspective, as generational involvement increases, the probability that separate camps or factions will be established with each generation of ownership also increases, particularly since family members in

subsequent generations are likely to believe that they have the same say in the direction of the firm than previous generations (Gersick et al., 1997). Furthermore, research has considered that increased generational involvement significantly heightens conflict within family firms (Chirico et al., 2011). Indeed, Kellermanns and Eddleston (2007) found that cognitive conflict is detrimental to family firm performance when ownership is spread through multiple generations. Additionally, the entry of new family generations can influence family firm behavior by canceling out existing capacities, delaying the development of new capabilities, and by making cooperation dysfunctional (Gómez-Mejía et al., 2001; Schulze et al., 2001, 2003).

Finally, regarding the mixed perspective, Sciascia et al. (2013) found an inverted U-shaped relationship between generational involvement and entrepreneurial orientation, where moderate levels of generational involvement are associated with the highest level of entrepreneurial orientation. Furthermore, Samara et al. (2018) have found that both low and high family involvement can catalyze the environmental social performance of the family firms. Additionally, generational involvement positively moderated the relationship between explorative innovation and firm performance and, at the same time, negatively moderated the relationship between exploitative innovation and firm performance (Arzubiaga et al., 2019).

Considering findings of generational involvement in the literature, both the antecedents and consequences of family social capital could also be conditioned by the participation of family generations in the ownership and management as well as direction of the firm (Sharma & Carney, 2012). Thus, this research demonstrated that the involvement of multiple generations in family firms reduces the effectiveness of the strategic decision-making process necessary to coordinate resources embedded in family and non-family social capital towards innovation outputs (Sanchez-Famoso et al., 2019). We decided to follow this line in our study.

Hypotheses Development

We defined family influence as “tap[ping] the primary means by which a family can exert influence over a business” (Cliff & Jennings, 2005, p. 342). Family influence has been captured through two approaches, the involvement approach and the essence approach, that dominate the debate concerning the behavior of the family firm (Chrisman et al., 2005; Siebels & zu Knyphausen-Aufseß, 2012). The involvement approach (Chua et al., 1999; Miller et al., 2007) is based on the degree of presence of family members in the firm’s ownership and management. Therefore, researchers consider that the influence of the family

is explained by the domination exerted through financing the firm and through the management and/or control of the firm (Klein et al., 2005). The essence approach (Chua et al., 1999; Gómez-Mejía et al., 2007; Habbershon et al., 2003; Holt et al., 2010; Klein et al., 2005) focuses on the family essence that reflects to what extent the objectives and family values align or overlap with those of the firm; in other words, it highlights the quality of this participation and its effect on family firm behavior, considering the intangible characteristics which transmit family values and culture to the firm (Astrachan et al., 2002; Holt et al., 2010; Klein et al., 2005). We integrated both approaches in our study.

The influence of the family in the firm through ownership, government, and management usually conditions the transfer and accumulation of family resources in the firm (Chrisman et al., 2005; Chua et al., 1999), the configuration of family social capital being one of those family resources (Zellweger et al., 2010). When the family is involved in the business, the family and the firm do not coexist as separate entities, but rather, exist as interlocking domains that create a network of intertwined relationships (Pearson et al., 2008). In this way, family members within family firms are able to take advantage of their own family ties and build upon their existing patterns of relationships to benefit the family firm (Arregle et al., 2007). This ability to leverage the family structure in order to help the organization happens because the relationships in one social structure can easily be transferred to another (Coleman, 1988). Through the interaction in this structure, the family builds trust, which may provide the development of the principles of reciprocity and exchange (Bubolz, 2001). As family members are embedded in their family’s networks, their privileged positions in the family firm allow them to transmit its main characteristics (norms and values) to family social capital (Arregle et al., 2007).

In addition, family member ownership and involvement in the management board endows them with great power in family firms. As a powerful group, they could shape and pursue the vision of the business for long periods, which might benefit those within the family firm enormously, and in turn, affect the ability to develop social capital (Arregle et al., 2007; Gersick et al., 1997). Moreover, research has shown that family members within family firms often have a deeply embedded and collective understanding of their firm’s culture, i.e., the essence of family firms. This essence may encourage the family firm to forge a strong degree of social understanding, and thus develop greater family social capital (Carr et al., 2011). In sum, the particular characteristics of family firms suggest that social capital is especially related to the family’s influence in the firm, providing the specific behavioral and social resources derived from the

family influence (Pearson et al., 2008). These arguments allow us to state:

H1: Family influence is positively related to family social capital.

Organizational effectiveness refers to the extent to which firms develop permanent activities and organizational processes that help gain and maintain a sustainable competitive advantage (Patel & Fiet, 2011; Zheng et al., 2010), allowing the firm to pursue its goals (Daft, 1995). According to Gold et al. (2001), these processes give firms the skills to cope with market changes and maintain the capacity to anticipate unexpected changes. More specifically, the way to achieve this organizational effectiveness is finding solutions for clients, adapting the business plan, defining decision-making protocols, selecting business limits for administering complementary and control platforms, and building loyalty and commitment in the firm (Teece, 2007). This organizational effectiveness has positive consequences on how successful the firm is in capturing bigger market shares, performing better, and achieving superior growth and innovation compared to its competitors (Zheng et al., 2010).

Since a family is the social group of reference in family firms, family social capital plays a dominant role in shaping decision-making processes and a firm's managerial practices (Arregle et al., 2007). In particular, the presence of structural, cognitive, and relational dimensions of social capital in family firms can lead to organizational processes or capabilities and, finally, to family firm value creation (Pearson et al., 2008). More specifically, the structural networks between family members can lead to the efficient exchange and combination of information (Pearson et al., 2008). This structural dimension among family members can also encourage access to other resources (Nahapiet, 2008) such as relevant knowledge because family members can inform the family group about this knowledge (Smith et al., 2005). Regarding the cognitive dimension, family members with similar understanding, culture, and goal setting objectives network enable resource exchange (Chirico & Salvato, 2008). Therefore, family members with high shared values are more likely to obtain valuable resources, such as knowledge from their ties (Chrisman et al., 2009; Sirmon & Hitt, 2003). Additionally, Patel & Fiet (2011) maintain that family members with a strong identity and cognitive cohesion use a common language that makes them better at sharing and combining their knowledge. Finally, regarding the relational dimension, family social capital fosters the exchange of information in a context of trust, thus promoting the recombination of the individual and organizational expertise (Leana & Pil, 2006). Furthermore, if the family members are trust worthy, they can easily encourage other family members to focus upon the goals of the firm through cooperative action (Pearson et al., 2008). When family firms

have to adapt to environmental conditions, the communication, the closeness of relationships, and the family member trust are vital to the firm's effectiveness when conducting these activities (Anderson & Reeb, 2003).

To summarize the previous reasoning, we can state that different family firm capabilities could be the result of the idiosyncratic combination of the structural, cognitive, and relational dimensions of social capital (Pearson et al., 2008). In this sense, family social capital can encourage the family firm to take advantage of the opportunities in the environment and make them available to the family firm, allowing the firm to respond to changes in the environment by adapting its capabilities (Chirico & Salvato, 2008; Kogut & Zander, 1992; Zahra et al., 2007; Zollo & Winter, 2002). This is close to the concept of organizational effectiveness. Furthermore, family social capital allows family members to understand the potential value of integrating and combining their resources (Chirico & Salvato, 2008, 2016) that lead family firms to develop a dynamic strategic adaptation (Salvato & Melin, 2008). Additionally, the importance of social capital as a determinant of organizational innovation has received important attention over the last few years (Arregle et al., 2007; Salvato & Melin, 2008). In this respect, results provide evidence that family firms can manage internal relationships to stimulate knowledge acquisition and exchange, also reinforcing innovation activities and outcomes (Sanchez-Famoso et al., 2014; Chirico & Salvato, 2016). Innovation is also very related to organizational effectiveness. Finally, previous research has recognized that family social capital is one of the main instruments that can impact organizational performance (Herrero, 2018; Sorenson & Bierman, 2009). All these arguments allow us to posit the following:

H2: Family social capital is positively related to organizational effectiveness in the family firm.

As pointed out, the development of family social capital is conditioned by the participation of family generations in the ownership and management as well as direction of the firm (Sharma & Carney, 2012). When multiple generations are involved in the family firm, the presence of siblings, parents, cousins, and other family create a recurring opportunity for both interdependence and interaction in social ties (Pearson et al., 2008). Therefore, the generational involvement, i.e., the number of family generations simultaneously involved in the family firm (Sciascia et al., 2013) may be related to the development of family social capital through family influence. As Gersick et al. (1997) contend, when familial distance increases, the values, beliefs, and consensus of the family become more diluted. In this sense, social ties among family members may become weaker with each succession (Gomez-Mejia et al., 2007) because each generation usually creates their own family unit, thus reducing

contact and communication among the different family branches (Blanzo-Mazagatos et al., 2016).

Previous research also considers that the benefits of social relationships are best experienced in closely held groups. This is related to the fact that some family members, such as siblings, stepsiblings, cousins, etc. may not share a long history of prior interaction, thereby reducing the chance for shared communication, values, beliefs, and trust (Ensley & Pearson, 2005). Moreover, family bonds tend to be weaker both between family members of the same generation and between those of different generations (Gersick et al., 1997; Schulze et al., 2001, 2002) since the differences among them may get stronger, thus harming the development of a shared vision (Jaffe & Lane, 2004; Miller et al., 2013).

To recap, the co-presence of many generations together increases the kinship distance among family managers, thus worsening the relational and cognitive contexts of social relationships (Grant, 1996). As Ensley and Pearson (2005, p. 269) explain “the greater kinship distance and dispersion of the family members in the familial teams will serve to dilute the strong central beliefs and ties of a more closely knit social group”, which can hinder the development of social capital through family influence. For these arguments, we state:

H3: The number of generations in the ownership and management of the family firm negatively moderates the relationship between family influence and family social capital.

Previous research considers that the entry of new family generations can influence family firm behavior by canceling out existing capacities, delaying the development of new capabilities and by making cooperation dysfunctional (Gómez-Mejía et al., 2001; Schulze et al., 2001, 2003). This is mainly due to the divergence of objectives between the new family generations and the previous ones regarding the future and management of the firm (Eddleston et al., 2008). Since family firms must manage their family social capital to enhance its benefits (Herrero, 2018), it is possible that the generational involvement, i.e., the number of family generations simultaneously involved in the family firm (Sciascia et al., 2013) can be related to how the family firm exploit family social capital in order to gain (or not) organizational effectiveness.

Following Gersick et al., (1997), the complexity of family firms increases as the family, the firm and the ownership subsystems gradually develop. This leads to a greater number of family members and generations in control, and the more each person feels that this control gives them authority to decide, the more complex becomes the decision-making process (Kellermanns & Eddleston, 2004). Since family members from different generations often have different points of view, divergences which can sometimes spark

conflicts (Gersick et al., 1997). Conflicts are common in family firms as a result of the transfer of family relationships, as well as issues such as sibling rivalry, marital problems, and children’s desire for independence from their parents (Eddleston & Kellermanns, 2007; Samara et al., 2018). Conflicts are particularly detrimental to family business processes as it ‘typically includes tension, animosity, and annoyance’ (Jehn, 1995, p. 258), and persists in most aspects of family members’ life, including both family and business environments (Kellermanns & Eddleston, 2004).

These conflicts are heightened by the incorporation of successive generations of family members (Davis & Harveston, 1999), as evidenced by previous research (e.g., Chirico et al., 2011). When multiple generations are involved in the family firm, family relationships may become more complex and create conflicting family members’ business objectives, so as to inhibit the potential advantages of knowledge diversity between family members belonging to different generations. The disadvantage of generational involvement has a relational nature rooted in increased relationship conflicts among family members of different generations, which hamper constructive debate and innovation (Sciascia et al., 2013). Furthermore, conflict is often portrayed as a recurring characteristic that diminishes the performance of family firms (Levinson, 1971). Overall, these arguments suggest that the involvement of multiple generations in family firms lessens the effectiveness of the strategic decision-making process required to coordinate resources embedded in family social capital towards innovative outputs (Sanchez-Famoso et al., 2019) and other outputs also related with organizational effectiveness. Therefore, we state that:

H4: The number of generations in the ownership and management of the family firm negatively moderates the relationship between family social capital and the family firm’s organizational effectiveness.

Figure 1 shows the model used in our study.

Methodology

Data collection and sample

In order to test our research model, a questionnaire for family firms was structured and designed. Specifically, the Spanish context has been used to test the research model. The reason is that family firms in Spain are the predominant business structure with strong family participation and leadership in the ownership and in the administration and management boards (Cabrera-Suárez & Martín-Santana, 2015). Indeed, the participation of family firms in the Spanish business reaches 90% of all companies (Instituto de Empresa Familiar, 2015). Therefore, the Spanish business context

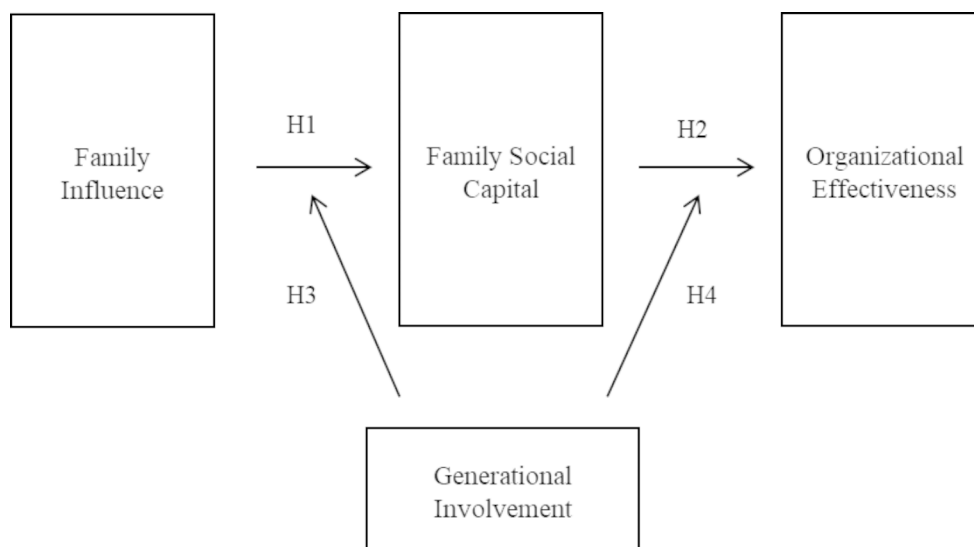


Fig. 1 Research model

has a strong component of mature family businesses where relationships, both at the management level and in their relationships with stakeholders, give it a special character with important participation at the level of policy generation.

The concept of family business has been configured according to standard criteria such as ‘family participation in the business’, which have been used in previous studies (Basco & Pérez Rodríguez, 2011; Claver et al., 2009; Chua et al., 1999). Two restrictions are established to determine the family firms that are included in the research. First, listed family firms are omitted because their ownership, structure, and management have a defined organization that separate the family from the firm and thus limits the opportunity for relational bonds to impact the firm. In addition, listed family firms do not generally maintain the familiarity that characterizes the organization in their early history due to the dilution of township caused by segmentation (Basco & Pérez Rodríguez, 2009). Second, because Spain does not have official statistics on family firms and no common definition of family firm exists in the literature (Cruz & Nordqvist, 2012), this study imposes particular parameters to identify family firms (Astrachan et al., 2002; Chua et al., 1999). Firms must meet two characteristics to be defined as a family firm: family members must be committed to the ownership of the firm and to the boards of governance and management and the family must have intentions of transgenerational control. These elements are recognized *ex post* in agreement with the collection of the study’s data (Claver et al., 2009). Specifically, 99% of the respondents state that their companies are family-owned with 87% family involvement in the capital of the firm, with the presence of members family members on their boards of directors (95%) and on their management boards (98%), and 93% of them

expect the future CEO of their firm to be a family member. The indicated aspects conform to the restrictions established in the operational definition adopted for this study, that is, participation of family members in the ownership, in the direction and management boards, and the intention of transgenerational family control (Basco & Pérez Rodríguez, 2011; Chua et al., 1999; Claver et al., 2009).

The database selected was the ranking of the 5,000 largest firms in Spain, published in 2012 by the journal “Actualidad Económica” (ranking defined according to sales volume). However, in order to purge the selected database, companies or subsidiaries of transnationals, public capital, financial and insurance companies were identified and removed from the base. Moreover, to ensure a homogeneous sample from the point of view of size, a proportional stratified sample was used. The final sample included 1,656 companies. The survey was prepared according to the research model and was based on the use of measurement scales used in the previous literature. Since most of the literature is in English, the variables and their measurement scales were translated into Spanish. This activity was developed and verified by a bilingual native English professional. To verify the adequacy of the translated measurement items and to maximize their understanding by respondents, preliminary tests were carried out with family firm owners and managers of companies belonging to the Family Firm Association of Castilla y León. The survey was sent by mail to the CEO or manager of the firm. Surveys were sent out and received between May and September 2013. A total of 135 surveys were received, representing a response rate of 8.15%, similar to that obtained in other studies in the context of family firms (Lindow et al., 2010). There were 125 valid surveys, of which 17 were identified as non-family firms and six as

Table 1 Main characteristics of the sample

Age	N	% of total	Employees Size	N	% of total
< 10	5	4.9	< 50	12	11.8
10–25	24	23.5	50–100	10	9.8
26–50	34	33.4	101–250	26	25.5
51–75	24	23.5	251–500	25	24.5
> 75	15	14.7	> 500	30	29.4
TOTAL	102	100.0	TOTAL	102	100.00
Industry			Number of Generations (Ownership)		
Manufacturing	59	57.8	One	68	66.7
Service	43	42.2	Two	31	30.4
TOTAL	102	100.0	Three	3	2.9
			TOTAL	102	100.0
Number of Generations (Management Board)			Number of Generations (Board of Directors)		
One	75	73.5	One	59	57.8
Two	26	25.5	Two	41	40.2
Three	1	1.0	Three	2	2.0
TOTAL	102	100.0	TOTAL	102	100.0

family firms listed on the stock exchange, resulting in 102 useful surveys. Table 1 shows the main characteristics of the sample.

In order to check non-response bias, we divided the sample into three groups and compared the first with the last respondents. The underlying assumption is that the group who responded later is similar to those who did not respond (Armstrong & Overton, 1977). The ANOVA shows statistically nonsignificant differences between the first and last responses at the 99% significance level. We can thus state there are no problems with regard to non-response bias.

In addition, another possible limitation of our data concerns the subjective evaluation of a principal informant, which may lead to common method bias (Doty & Glick, 1998). To solve this, we applied the common method factor procedure (Liang et al., 2007), which consists of adding a first-order factor to the theoretical model with all of the measures as indicators. Using partial least squares (PLS), we converted each indicator into a single-indicator construct, making all major constructs of interest second-order constructs. We add a common method factor by creating a second-order construct whose indicators include all the principal constructs' indicators and are linked to all the first-order constructs. We calculated each indicator's variances substantively explained by the principal construct and by the method (Williams et al., 2003). The results demonstrated that the average substantively explained variance of the indicators was 0.607, while the average method-based variance was 0.034. The ratio of substantive variance to method variance was about 18, and most method factor

loadings were not significant. The appendix provides the results. The theoretical model must also be tested with and without the common method factor procedure to examine the significance of the structural parameters (Podsakoff et al., 2003). Our results showed that (i) the factor loading in both models was significant and of similar magnitude and (ii) the direction and the p-value level of path coefficients was the same in the two models. As a result, we concluded that the common method bias was unlikely to be a serious threat in our research.

Measures

Family influence. We measured family influence with the F-PEC scale (Astrachan et al., 2002; Klein et al., 2005), which has been applied in previous research (e.g., Holt et al., 2010; Chrisman et al., 2012). This scale proposes measuring the involvement and essence of the family in the firm through two dimensions: power, and essence. Power has been assessed through the percentage of family members who participate directly and / or indirectly in the board of directors and in the management boards. Regarding essence, we have considered the intention of transgenerational family control and family commitment to put into practice the essence variables of the family (Chrisman et al., 2012). In this sense, the culture sub-scale of F-PEC was adapted to measure the essence of the family in the firm with four items, in accordance with Holt et al., (2010) and Chrisman et al., (2012).

Family social capital. We followed previous research in family firms, which recognizes the multidimensional nature of family social capital but treat its solely as a unidimensional construct (Carr et al., 2011; Sanchez-Famoso et al., 2014; Tasavori et al., 2018). Therefore, social capital has been measured in line with an adaptation of the scale proposed by Carr et al., (2011), employing nine items based on the three dimensions of social capital: structural, relational, and cognitive.

Organizational effectiveness. This variable was measured in accordance with the micro-foundations proposed by Teece (2007). The six items included are intended to identify the degree of permanent development of activities and organizational processes in the family firm in order to adapt to the environment.

Generational involvement. The generational participation of family members in the firm was measured with three items addressing: (a) the number of generations of the family in the firm's ownership, (b) the number of generations of the family in the board of directors, and (c) the number of active generations in the management board (Holt et al., 2010).

Table 2 Operationalization of the constructs

Construct	Sources
Operational question	
Power	
Pow_1. Percentage of family member participation in the management board.	Adapted from Holt et al., (2010) Chrisman et al. (2012)
Pow_2. Percentage of family member participation in the board of directors.	
Essence	
Family members who work in the firm:	
Ess_1. They feel loyalty towards the firm.	
Ess_2. They are in agreement with the objectives of the firm, its plans and policies.	
Ess_3. They have and share the same values in the firm.	
Ess_4. They are willing to make a great effort to help the firm succeed.	
Family social capital	
Family members who work in the firm:	Adapted from Carr et al. (2011)
Intsoccap_1. They maintain open communication with one another.	
Intsoccap_2. They are willing to share information with one another.	
Intsoccap_3. They show great integrity in their relationships.	
Intsoccap_4. They trust one another.	
Intsoccap_5. When making decisions, they take into account the feelings of others.	
Intsoccap_6. They are committed to the firm's objectives.	
Intsoccap_7. They share the firm's vision and mission.	
Intsoccap_8. They see themselves as partners when planning global business decision making.	
Intsoccap_9. They have a shared vision of what the future of the firm should be.	
Organizational effectiveness	
Your firm constantly engages in:	Adapted from Teece (2007)
Orgeff_1. Internal research and development activities.	
Orgeff_2. Activities to identify changes in customer needs.	
Orgeff_3. Processes to take advantage of technological developments.	
Orgeff_4. Business model adaptation processes.	
Orgeff_5. Task rotation activities, regular meetings at different levels, newsletters, blogs, configuration of multifunctional equipment.	
Orgeff_6. Processes of adapting resources to take advantage of new opportunities.	
Generational Involvement	
Geninv_1. The number of the generation that own the firm.	Adapted from Holt et al., (2010) Chrisman et al. (2012)
Geninv_2. The number of the generation that are active in the management board.	
Geninv_3. The number of the generation that are active in the board of directors.	
Control variables	
Convar_1. Firm's age	Chrisman et al. (2004)
Convar_2. Number of employees	
Convar_3. Industrial sector	

Control variables. We included three control variables commonly used in previous research related to family firm behavior; age, size and the industrial sector to which the firm belongs (Chrisman et al., 2004). Age was measured in terms of the number of years the firm had been operating. Size was evaluated according to the number of employees. Industry was measured with a dummy regarding the family firms belongs to manufacturing or service industry (0 = manufacturing; 1 = service). Regarding age, 28% of the firms in the sample were less than 25 years old, and 55.9% were between 26 and 75 years old. As regards size, 34.3% of the firms had between 51 and 250 employees, and 51.9% had over 250 employees. The 58% of the family firms were manufacturing and 42% of these firms belonged to the services sector. The constructs and their measurements are summarized in Table 2.

Analysis and results

Analysis techniques

We used partial least squares (PLS), a model of structural equations (MEE) to validate our research model (Ringle et al., 2005). The characteristics of PLS-MEE have led to an increased use of this technique in family firm research (Chua et al., 1999; Ruiz et al., 2015; Vallejo, 2009). Recent studies emphasize the usefulness of this model as a research tool in the field of family firms (Sarstedt et al., 2014) because PLS is very valuable to assess the strength of complex relationships between constructs pertaining to the family and business domain (Hair et al., 2021). The following characteristics make PLS-MEE particularly suited to our study. First, PLS can handle both reflective and formative constructs (Chin, 1998), and allows first-order and second-order constructs to be modeled. Second, PLS-MEE establishes data normality assumptions (Chin, 1998) and can be used in small samples (Kyu Kim et al., 2011). Third, it can analyze structural models with multi-item constructs as well as direct and indirect relationships (Vallejo, 2009). Finally, PLS can deal with data issues that routinely occur in family business research related to over-surveyed respondents and decreasing response rates (Hair et al., 2021). The software used was Smart PLS 2.0.

Estimation with PLS is carried out through simple and multiple regressions and the required sample is the one that serves as the basis for the most complex multiple regression that can be found (Barclay et al., 1995). This can be determined by multiplying by ten the highest result obtained from the following options: (1) the number of indicators of the most complex training construct, or (2) the largest number of structural routes addressed to any of the model constructs

(Chin, 1998). Since the largest formative construct in our model had three items and there were at least two structural routes that led to any construct, the minimum size required for the sample in our study was 30. Therefore, the sample of 102 observations was adequate.

Measurement model

The research model presents measures associated with the first-order constructs of a reflective nature. In PLS, reflective indicators are determined by the construct and covariate at this level (Hulland, 1999). Therefore, the constructs of power, essence, family social capital, organizational effectiveness, and family generations were modeled in a reflective manner.

Family influence was conceptualized as a type II second order construct (reflective first order - formative second order) (Diamantopoulos & Winklhofer, 2001; Jarvis et al., 2003; Ringle et al., 2012), constituted starting from the constructs of first order power and family essence. According to the criterion of Jarvis et al., (2003), in order to establish whether this new construct could be modeled in a reflective or a formative way, in the family firm literature, power and family essence are factors that affect family influence. These factors combine to produce the family influence construct, and if these factors change, this will affect the underlying meaning of the construct (Grant, 1996). In addition, the factors are not interchangeable; in other words, they do not have the same content, and each one describes in a significantly different way how it affects family influence. Moreover, they cannot substitute for one another.

The measurement model was evaluated by examining the reliability of each item, the internal consistency and the convergent and discriminant validity (Roldán & Leal, 2003). The internal reliability of each item was determined by the item loadings and was expressed as the percentage of the variance of the item related to the construct. For good item reliability, all the loads must be greater than 0.7 (Carmines & Zeller, 1979). All item loads exceeded the limit of 0.7 except for the family social capital construct, whose load was close to 0.7, which is considered acceptable when the scales are in the early stages of development (Chin, 1998). Internal construct consistency was evaluated by examining Cronbach's Alpha and composite reliability. Indicators exceeded 0.7 for composite reliability and 0.7 for Cronbach's Alpha, suggesting that both measures were acceptable (Nunnally, 2010). Convergent validity of the construct was evaluated by the degree to which all the items of a construct are measured by the same concept and are evaluated by examining the average variance extracted (AVE). In our analysis, the AVE indicator exceeded the 0.5 recommended by Fornell & Larcker

(1981) for first-order constructs. Table 3 summarizes the parameters obtained in the measurement model analysis.

Finally, discriminant validity was evaluated by examining (1) the degree to which the square root of AVE is greater than the inter-construct correlations, and (2) the degree to which each item is greater on its respective construct than on the others. Table 4 shows that all the items are greater than their respective construct. In sum, we can affirm that all the indicators obtained have good measurement properties¹.

As previously noted, we used a second-order construct for family influence (Wetzels et al., 2009) (type II: reflective - formative). Different quality criteria are required to evaluate the measurement properties of a second-order construct. In this way, we test multicollinearity (Diamantopoulos & Winklhofer, 2001) using the variance inflation factor (VIF). Analysis of this indicator suggested that multicollinearity would not be a problem, since all the items were below the cut-off value of 5 (Hair et al., 2011). In addition, the weights of all the items were significant. Table 5 shows the results of the second order construct.

Structural model

Hierarchical regression analysis is used for hypothesis testing. Different blocks of variables were sequentially introduced in PLS to check their respective explanatory power, facilitating the interpretation of coefficients concerning the main and interaction effects. In line with Chin (1998), bootstrapping (1000 subsamples) was used to generate the standard errors and t statistics. Table 6 shows the path coefficients β for the three estimated models and the variance explained (R^2) in the dependent constructs.

Model 1 showed the results for the control variables. The effect of firm's size on organizational effectiveness is positive and significant ($\beta=0.258$; $p<0.01$). In addition, firm's age influence positively the organizational effectiveness, but in a marginal way ($\beta=0.120$; $p<0.1$). Finally, industry ($\beta=-0.027$; $p>0.1$) is not significant for organizational effectiveness.

Model 2 allowed us to test the hypotheses regarding the main effects. For H1, results indicate that family influence positively and significantly affects family social capital ($\beta=0.469$; $p<0.01$). Furthermore, results support H2, providing evidence with regard to the positive and significant relationship between family social capital and the organizational effectiveness of family firms ($\beta=0.297$; $p<0.01$). This main effect introduced in Model 2 leads to a major

¹ Since we test our hypotheses with hierarchical regression analysis, the measurement model refers to the model 3 where all constructs are present. We have also evaluated the measurement properties of the Model 1 and Model 2, obtaining good measurement properties for these models.

Table 3 First-order factor confirmatory analysis

Construct / indicator	Mean (S.D.)	Factor loading / Weight	t-statistic	Composite reliability	AVE	Cronbach alpha
Power				0.923	0.857	0.836
Pow_1	4.969 (1.069)	0.906	7.945			
Pow_2	4.400 (1.410)	0.945	11.382			
Essence				0.856	0.598	0.776
Ess_1	4.843 (0.437)	0.746	8.927			
Ess_2	4.525 (0.669)	0.801	12.595			
Ess_3	4.539 (0.723)	0.765	13.188			
Ess_4	4.580 (0.724)	0.781	12.823			
Family social capital				0.924	0.575	0.907
Famsoccap_1	4.515 (0.684)	0.802	12.969			
Famsoccap_2	4.650 (0.638)	0.825	18.567			
Famsoccap_3	4.545 (0.668)	0.702	8.826			
Famsoccap_4	4.578 (0.585)	0.727	11.179			
Famsoccap_5	4.594 (0.566)	0.748	12.216			
Famsoccap_6	4.556 (0.607)	0.783	13.309			
Famsoccap_7	4.350 (0.792)	0.780	12.774			
Famsoccap_8	4.780 (0.460)	0.816	16.655			
Famsoccap_9	4.713 (0.551)	0.622	5.913			
Organizational effectiveness				0.914	0.640	0.888
Orgeff_1	3.657 (1.191)	0.724	12.371			
Orgeff_2	4.000 (0.872)	0.877	28.244			
Orgeff_3	4.082 (0.829)	0.783	10.152			
Orgeff_4	4.224 (0.739)	0.754	13.843			
Orgeff_5	3.788 (1.037)	0.773	13.097			
Orgeff_6	3.898 (0.827)	0.877	25.499			
Generational involvement				0.850	0.657	0.764
Geninv_1	1.366 (0.540)	0.671	3.386			
Geninv_2	1.440 (0.535)	0.829	5.907			
FaGeninv_3	1.255 (0.436)	0.914	7.347			
Control variables				----	----	----
Firm_age	3.198 (1.108)					
Firm_size	3.480 (1.323)					
Firm_ind	0.422 (0.493)					

improvement in the explanatory power of organizational effectiveness ($\Delta R^2 = 0.057$).

Model 3 examined the moderating effects of generational involvement. First, generational involvement negatively moderates ($\beta = -0.165$; $p < 0.1$) the relationship between family influence and family social capital. Therefore, H3 is marginally supported. In addition, generational involvement negatively moderates ($\beta = -0.127$; $p < 0.05$) the relationship between family social capital and organizational effectiveness, thus supporting H4.

Finally, after analyzing the main effects model and the moderation effects model, we compared the R^2 of both models to evaluate the effect of the moderating relationships (Chin et al., 2003). This difference was used to evaluate the importance of the global effect f^2 with regard to including the moderating effects. Following Cohen (1988), the f^2 for organizational effectiveness (0.050) and the f^2 for family social capital (0.071) lie between a small and a medium effect. Even so, a small f^2 does not necessarily imply a small effect (Chin et al., 2003).

Table 4 First order construct correlations and average variance extracted (AVE)

	1	2	3	4	5
1. Essence	0.773				
2. Power	0.223	0.926			
3. Family social capital	0.474	0.140	0.758		
4. Organizational effectiveness	0.054	-0.281	0.283	0.800	
5. Generational Involvement	-0.007	0.223	-0.080	0.235	0.811

Note: The elements on the diagonal correspond to the square root of the AVE

Table 5 Quality criteria of second order measurement

Formative second order construct facets/ components	Outer weights	VIF
Family influence		
Power	0.295***	1.323
Essence	0.892***	1.323

Note: * $p < 0.1$ ** $p < 0.05$ *** $p < 0.01$ (t statistic one tailed). VIF = variance inflation factor

Table 6 Standardized regression coefficients of the testing model

	Model 1	Model 2	Model 3	F ²
<i>Control variables</i>				
Age of the firm	0.134*	0.066	0.054	
Industry	-0.027	0.006	0.045	
Size of the firm	0.258***	0.219***	0.222***	
<i>Hypothesized relationships</i>				
Family influence → Family social capital (H1)		0.469***	0.450***	
Family social capital → Organizational effectiveness (H2)		0.297***	0.258***	
Family influence*Generational Involvement → Family social capital (H3)			-0.165*	
Family social capital *Generational Involvement → Organizational effectiveness (H4)			-0.127**	
R ² Organizational effectiveness	0.083	0.140	0.201	0.071
R ² family social capital	-	0.220	0.257	0.050

Note: * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$. $f^2 = (R^2 \text{ model of moderation effects} - R^2 \text{ model of main effects}) / R^2 \text{ model of moderation effects}$

Discussion

During the past few years, the topic of family social capital is increasingly prominent in the family firm literature, but scholars continue to struggle with how to accurately define how it forms and how it affects family firms (Sanchez-Ruiz et al., 2019). In particular, family social capital is a promising way to elucidate family firm performance since it encompasses the value of family involvement (Arregle et al., 2007; Sorenson & Bierman, 2009). Our study extends the literature on family firms by examining how the family influences the development of family social capital and the subsequent promotion of conditions for the continuing development of activities and organizational processes. In this sense, we respond to the call for research on the antecedents and consequences of family social capital (Carr et al., 2011; Herrero, 2018). Furthermore, previous research has recognized the heterogeneity of family firms as decisive for the behavior and performance of family firms (Chrisman et al., 2005, 2012; Chua et al., 2012). Since generations are one of the most important sources of heterogeneity in family

firms (e.g., Gomez-Mejia et al., 2011), our study explores the negative moderating role of generational involvement (i.e., number of family generations simultaneously involved in the family firm) in the development of family social capital; it also explores the negative effect of generational involvement on how family social capital is exploited by the family firm in order to contribute to family firm effectiveness. Thus, we follow previous research about the potential influence of different variables related to heterogeneity of family firms, such as family generations, in family social capital (Arregle et al., 2007). Our findings confirm that family social capital varies among family firms, thereby partially supporting the theoretical model of Pearson et al., (2008) about how family involvement is a necessary, but not sufficient condition for family firms in order to create unique capabilities and achieve desired outcomes through family social capital.

First, our results show that family influence helps to develop family social capital in family firms. Previous scholars have assumed that family firms possess a unique type of social capital, namely family social capital that is based on the distinctive characteristics of family firms (Arregle et al., 2007; Herrero, 2018). Our results follow this line of literature, empirically confirming that the family and the firm do not coexist as separate entities, but rather exist as interlocking domains that create a network of intertwined relationships (Pearson et al., 2008). Thus, we respond to previous research calling on the importance of empirically validating the antecedents of internal social capital in family firms (i.e., family social capital) (Carr et al., 2011; Sanchez-Famoso et al., 2020). In doing so, we integrate both the involvement and essence approaches that explain the development of family social capital through family influence. The power of the family positively affects the development of family social capital, providing specific social resources derived from such family influence (Arregle et al., 2007). Additionally, the essence emanating from family members promotes both high integration and understanding of the firm culture, which also helps to the creation of family social capital (Carr et al., 2011). From a broader perspective, our research confirms that family firms need both the ability (i.e., power) and willingness (i.e., essence) to develop a family-oriented special behavior (i.e., develop family social capital) (De Massis et al., 2014).

Furthermore, we find that family social capital is key for the continuous improvement of organizational processes and, thus, for the effectiveness of firms over time. These results are in line with previous research which considers that family social capital improves the development of activities and organizational processes of the family firm (Pearson et al., 2008), enabling these firms to attain a dynamic strategic adaptation (Salvato & Melin, 2008).

More specifically, these results suggest that the combination of the structural, cognitive, and relational dimensions of family social capital promotes information exchange and combination, thereby improving the effectiveness of the different activities and organizational processes which family firms engage in (Chirico & Salvato, 2008). Thus, we answer the call for research of Sanchez-Famoso et al., (2014), who proposes that the study of the benefits of family social capital can result in important advances in the understanding of business processes and a firm's dynamics. This result also follows previous findings suggesting that family social capital provides social relations and strong affective bonds, which encourage the different types of innovations in the family firms (Arregle et al., 2007; Sanchez-Famoso et al., 2014, 2019). Finally, previous research has considered the influence of family social capital on firm performance (Anderson & Reeb, 2003; Herrero, 2018). Our results extend empirical evidence about the impact of family social capital on organizational effectiveness as a previous step that lead family firms to a better performance (Zheng et al., 2010). This is also consistent with the proposition of Basco (2013) arguing that internal social capital should be aligned with organizational behavior to enhance performance of family firms.

Considering the moderation effect of generational involvement, we find that the moderating effect of generational involvement on the relationship between family influence and family social capital is negative in a marginal way. This aligns with previous scholars envisioning a potential dark side of adding generations to the family business. When multiple generations are involved in the family firm, the family relationships are more complex (Gersick et al., 1997), thus making difficult to develop a shared vision (Jaffe & Lane, 2004; Miller et al., 2013) and shared communications, values, beliefs, and trust (Ensley & Pearson, 2005). Although previous research considers that the presence of more family members creates opportunities in terms of social ties (Pearson et al., 2008), our findings suggest that the simultaneous presence of many generations weakens the development of social ties and family bonds (i.e., structural dimension of family social capital) (Gómez-Mejía et al., 2007; Blanco-Mazagatos et al., 2016). It also weakens the development of the cognitive and relational dimensions of family social capital (Grant, 1996). Therefore, when multiple generations are involved in the firm, the resulting distance and dispersion between family members may reduce the development of internal social capital in the social group of family members (Ensley & Pearson, 2005).

We may also say that this dark side of generational involvement is equally present in the moderating effect of family generations on the relationship between family social capital and organizational effectiveness of family firms.

More specifically, our results suggest the conflicts stemmed from an increased generational involvement can jeopardize the organizational effectiveness resulting from the social ties and bonds between family members. This result extends previous research of Sanchez-Famoso et al. (2019), who have found that increased generational involvement weakens the positive relationship between the joint effect of family and non-family social capital and family firm innovation. When increased generations are involved in the family firm, the decision-making process become more complex (Kellermanns & Eddleston, 2004) and may even end up as conflicts from the different opinions between family members (Gersick et al., 1997). Indeed, previous scholars consider that these conflicts are intensified when generational involvement grows (Chirico et al., 2011). Additionally, previous research has found that these conflicts among family members in different generations can hamper constructive debate and innovation (Sciascia et al., 2013) even jeopardizing the effectiveness of family firms (Eddleston & Kellermanns, 2007). To summarize, our two moderating results advocate a dark side of generational involvement in line with previous family firm literature (e.g., Gersick et al., 1997; Chirico et al., 2011; Sanchez-Famoso et al., 2019). But we may also see these results from a positive point of view. As generational involvement decreases, the family firms can grow up family social capital and subsequently also increase the organizational effectiveness. Therefore, it seems that we can discern an alternative for the family firms if we prune the tree, i.e., decrease the number of family shareholders to achieve stronger family relationships and a restoration of harmony in family conflicts (Lambrecht & Lievens, 2008). In this sense, the resulting simplicity in the family firms may be a worthwhile path to enhance the development and exploitation of family social capital.

Limitations

Our research is not without its limitations. First, our cross-sectional analysis does not allow us to make strong inferences regarding the causality of the proposed relations. Although our theoretical arguments suggest a causal direction, the nature of the causal relationships can constitute a source of endogeneity. Recent literature proposes how to deal with a potential problem of endogeneity in PLS-SEM (Hult et al., 2018). However, to our knowledge, no study has yet addressed endogeneity in a PLS-SEM based moderator analysis. Furthermore, previous related research in family social capital has not considered the endogeneity as a threat (e.g., Sanchez-Famoso et al., 2014; Herrero, 2018; Herrer & Hughes, 2019). In addition, our model contains several control variables, which is considered an appropriate approach to reduce endogeneity (Hult et al., 2018). In

any case, causality and endogeneity can only be fully solved using a longitudinal research design. Second, although our data collection procedure was appropriate, our sample only comprises 102 family firms. This does not allow us to determine whether the results may be applied to broader samples. This is accentuated to the fact that this study is limited to one country, Spain, and only considers unlisted Spanish family companies. Since family relationships and arrangements are quite influential in Spain (Steier, 2009), where family unity and harmony are more appreciated than in other countries (Poza, 2013), the implications need to be interpreted with caution due to the specific peculiarities that family firms could have in the Spanish context. Therefore, it would be interesting to compare this context with other settings where the importance of the family and institutions may be different. Finally, our research is based on single informant approach. Although we have concluded that the common method bias is unlikely to be a serious threat in our research through its evaluation with the common method factor procedure (Liang et al., 2007), social capital is a complex construct (Gedajlovic et al., 2013) and as such, it would benefit from its study through multiple informants' approach.

Implications

This research has some theoretical implications. Following Pearson et al. (2008), family social capital has an important role in different organizational capabilities, being this role dependent on the influence (essence and power) of the family in the firm. Moreover, it is important to assume that the number of generations involved in the family firm can influence the antecedents and consequences of family social capital (Arregle et al., 2007). Thus, generational involvement negatively moderates the family influence on developing family social capital as well as the family social capital enablement of the organizational effectiveness of family firms.

Beyond the theoretical implications, this study also has several implications for practice. Managers should be aware of and enhance the advantages of family influence in developing family social capital in family firms, paying particular attention to the essence and power of family firms. In this sense, managers should promote the family's involvement in the firm as it conditions the transfer and accumulation of family resources in the firm, including family social capital as a key resource. Additionally, managers could encourage social capital derived resources to improve organizational effectiveness. In order to do so, they could establish the required mechanisms to encourage family members deployment of social skills, promoting a context that favors the quality of relationships among family members, and among

these family members and the firm as a whole, with positive consequences to the organizational capability for environmental adaption of these firms. Furthermore, family firm managers should promote a context for multiple generations to strength their relationships and communication to avoid the undermining of social relationships and, especially, to avoid the emergence of potential conflicts between them. A business context based on emotional commitment and emotional attachment strengthens family social capital, and it is essential to unite family members towards a common goal and to limit the occurrence of the inevitable relationship conflicts in family firms as it would have negative consequences on the organizational effectiveness of these firms. In case of this not being possible, family firms should prune the tree in order to reduce the number of family shareholders. In such a way, family firms would eliminate the hindrances to social capital development through family influence, thus being effective in the adapting capability of the family firm to the environment through social relationships between family members.

Future research

Finally, our study also looks towards future lines of research. First, our study follows the theoretical model of Pearson et al. (2008) until the attainment of family firm capabilities. Therefore, future research may enrich our model by studying if these firm capabilities that emanates from family social capital help family firms to achieve competitive advantages and to increase their wealth and value creation. In addition, although we consider that social capital has several positive consequences, literature suggests that social capital may have its drawbacks (Nahapiet & Ghoshal, 1998), even in family firms (Herrero & Hughes, 2019) due to its potential restrictiveness and danger to the strategic behavior of the family business (Salvato & Melin, 2008). Future studies may thus examine the possible negative effects of family social capital on family firm performance or other non-economic outcomes, providing empirical evidence of the consequences of the dark side of family social capital. Furthermore, since the literature suggests that social capital and affective commitment are closely related in family firms (Chirico & Salvato, 2008), our research model could be extended by exploring other variables such as affective commitment. Family influence is also likely related to this affective commitment, and both affective commitment and family social capital might act together to improve organizational effectiveness or other family firm outcomes such as financial performance. Additionally, we introduce the effect of generational involvement on family social capital development and exploitation in terms of organizational effectiveness. However, future research may incorporate

other moderating variables related to generations such as generational stage, that is, the generation that actually controls and manages the family firm (Cruz & Nordqvist, 2012; Eddleston et al., 2013; Kellermanns & Eddleston, 2006). Thus, scholars can explore if generational stage follows the dark side marked by the generational involvement, or, on the contrary, the effects of generational stage are positive when studying the antecedents and consequences of family social capital. Finally, although we have found a negative moderating influence of generational involvement on family social capital, it may have positive consequences in family firms by enacting other types of capital such as human capital (Blanco-Mazagatos et al., 2018) or financial capital (Blanco-Mazagatos et al., 2016).

Appendix. Constructs

Construct	Indicator	Substantive Factor Loading (R1)	(R1 ²)	Method Factor Loading (R ²)	R ²
Family Influence	Pow_1	0.595**	0.354	-0.311*	0.097
	Pow_2	0.676**	0.457	-0.256*	0.066
	Ess_1	0.786**	0.618	-0.131	0.017
	Ess_2	0.616**	0.379	0.232**	0.054
	Ess_3	0.526**	0.277	0.311**	0.097
Family Social Capital	Ess_4	0.794**	0.630	-0.042	0.002
	Intsoccap_1	0.885**	0.783	-0.093	0.009
	Intsoccap_2	0.888**	0.789	-0.065	0.004
	Intsoccap_3	0.871**	0.759	-0.133	0.018
	Intsoccap_4	0.601**	0.361	0.110	0.012
	Intsoccap_5	0.911**	0.830	-0.194	0.038
	Intsoccap_6	1.089**	1.414	-0.317	0.100
	Intsoccap_7	0.707**	0.500	0.077	0.006
	Intsoccap_8	0.428*	0.183	0.409**	0.167
Organizational Effectiveness	Intsoccap_9	0.395	0.156	0.238	0.057
	Orgeff_1	0.759**	0.576	-0.048	0.002
	Orgeff_2	0.836**	0.699	0.066	0.004
	Orgeff_3	0.773**	0.598	0.045	0.002
	Orgeff_4	0.824**	0.679	-0.059	0.003
	Orgeff_5	0.848**	0.612	-0.187*	0.035
Generational Involvement	Orgeff_6	0.782**	0.719	0.145**	0.021
	Geninv_1	0.893**	0.797	0.039	0.002
	Geninv_2	0.882**	0.778	-0.068	0.005
	Geninv_3	0.791**	0.626	-0.103	0.011
Average			0.607		0.034

** $p < 0.01$. * $p < 0.05$

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