A Study of Emotions in
The Family Business Succession

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Abstract

The aim of this paper is to analyze the family business literature in order to find out how emotions are studied in the context of family business succession. Methodologically, the data was collected by reviewing the chosen literature. The object is to search how the concept of emotions is understood in the succession process and what definitions of emotions there can be found in the literature. Based on the literature from the field of family business there is conducted a concept analysis. Accordingly the research question guiding this study is: How emotions in the succession process are studied and understood in the literature of family business field? To be able to find answer to this question can help to find an answer also to more important question with wider contribution: What makes generational transition periods a relatively smooth process for some family companies, whereas for other firms it is a period of revolutionary change? This paper aims that enhancing the common definition of the emotional process would increase the knowledge of the succession process. Also widen the studies more empirical level would have benefits. The main arguments behind these statements are the findings that the current models explaining the emotional process in the family business succession still are fragmentary and need to be more standardized.

Keywords
Family business, succession, emotions, concept analysis

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Contents

1 INTRODUCTION

About a century ago the conversation about family businesses would have been worthless; almost all businesses existed were family enterprises. (Niittykangas, 2011). In the process of time business and family begin to separate but even today family companies are the backbones of the western economies. They constitute a substantial part of the existing European companies.

The share of family enterprises of all firms varies depending on the studies between 60 and 93 per cent. Family firms are remarkable business type also when looked world´s gross national product: they are generating from 40 to 60 percent of the GNP. (Trevinyo-Rodrı´guez & Bontis, 2010.) Family companies' share of the GNP is approximately 50 per cent. Also in Finland family businesses are of important role; approximately 20 per cent of the top 500 companies are family firms. (Ministry of Trade and Industry.) Research area of this thesis discusses the problems family businesses are facing in the succession process. Succession is inevitable in all family companies and as more than 70% of family-owned businesses do not survive the transition from founder to second generation it can be seen one of the greatest challenges family firms are facing. (Giarmarco, 2012.)

Various studies have demonstrated that emotions play a key role in organizational life. It has also been demonstrated that understanding of emotions, our own and those of other people, plays an important part of organizational life. (Mishra & Mohapatra, 2009). It can be said that emotions and emotional behaviour are more present in family businesses than in non-family firms. The phrase "It's not personal, it's business" is famous in the world of business. However in family businesses the situation is completely different as it is always also personal, because there is an emotional relationship between the family members and their business.

Accordingly what makes family business issues challenging are not usually the business aspect but the emotional issues compound them. In the family relationships as example different circumstances produce different emotions in the family relationship. For example positive emotions can foster better understanding of the importance of family traditions and negative emotions can inhibit the process of succession completely. Accordingly the nature of emotions, positive or negative, must be analysed and evaluated in order to assess the impact of these factors. (Trevinyo-Rodrı´guez & Bontis, 2010.)

Separating emotions from the business is not an easy task, but it seems to be sometimes necessary. Separating emotions from the business is necessary as example during the succession process or other transition period. In general it can be stated that emotions are dynamic and diverse because they can always have a positive as well as negative impact. With regard to family business emotions can be seen as a source of conflict if they for instance interfere the decision-making process. Issues as hiring, dividend payment or succession are just ordinary business tasks requiring planning and decision making but this planning and decision making process can be made extraordinarily complex by the dynamics of the controlling family. (Kets-de-Vries, Carlock & Florent-Treacy, 2007.) However emotions can also be seen as a benefit as emotions can make persons acting more sensitive and this can help to improve the relationship with customers and employees. In family firms the leader´s role is also usually important; especially the founder of the company can be seen as a soul of the company. Emotion filled characters of the leader as example charisma play an important role in the leader´s status. It can be stated that emotions strongly influence the behaviour of the family members in a family firm, especially the social interactions as well as the whole succession process. (Labaki, Nava & Zachary, 2010.)

The current economic situation expedites the successions in many family firms in Finland. Greatest challenges of the succession can be seen the availability of proper continuator, the evaluation of the company assets and issues in finance and taxation. In Finland as in most of the countries majority of the family firms are small to medium sized. Finding a proper continuator is the most difficult in small size businesses. (Yrittäjyyskatsaus, 2011.)

Importance and extent of the impact of family companies to the economy has remained unknown in Finland and also worldwide. Knowing the fact that many family firms are facing the succession in the near future the importance of family firms and the succession should not be ignored either in Finland in the current economic situation. In Finland 46% of middle-sized and 30% of all large-sized companies were family companies in 2005. Middle-sized family companies contributed 41% and large-size family companies 16% to the total annual net sales. The personnel figures were 49% and 22% respectively. Family firms contribution to the national economy is clear; even the share of the national production is lower than average they do provide higher employment rates and profitability than non-family companies. It has also been proved that family firms in Finland transact sustainable and employment friendly business. (Tourunen, 2009.)

This study is structured as follows. In the first chapters it is discussed family firms and their importance. It is considered if there can be identified clear differences between family and non-family companies. Important elements related to family companies as example emotional intelligence, transformational leadership and socio-emotional wealth are discussed. In this chapter there is also discussed one of the main elements in this study; the succession process. In chapter three the aim of the study and research question are introduced. Chapter four and five concentrates the literature reviewed for this thesis and findings based on the literature. The literature is divided under the family, the ownership and the business aspects. The concept analysis is introduced in the chapter six and finally in the chapter seven conclusions and assumptions are discussed. Findings drawn from the literature are also introduced in the Table 1 provided.

2 FAMILY BUSINESSES AND BUSINESS FAMILIES – DIFFERENCES BETWEEN FAMILY AND NON-FAMILY FIRMS

To be able to understand family businesses it is crucial to consider the question who is an entrepreneur. Traditional trait approach explains entrepreneurship to be a particular personality type. Trait approach describes entrepreneur as "a describable species that one might find a picture of in a field guide" (Gartner, 1988). The trait approach is useful in describing entrepreneurs though it is controversial. The entrepreneur creates entrepreneurship and although it has been stated that who is an entrepreneur is the wrong question to approach this topic the trait approach provides a starting point in understanding the entrepreneurship as a phenomenon; the entrepreneur is a the basic unit to analysis and the entrepreneurs traits and characters are the key in explaining entrepreneurship. (Gartner, 1988.)

The trait view is undeniably inadequate alone to explain the phenomenon of entrepreneurship and a behavioral approach needs to be understood as well. The behavioral approach explains the creation of an organization as the outcome of many influences and the entrepreneur to be as a part of the complex creation of new venture creation. It can be said that the trait approach focuses who the entrepreneur is and the behavioral approach what the entrepreneur does. In this study the explored phenomenon being family business entrepreneurs it is even more vital to understand that entrepreneurship is the creation of organizations (Gartner, 1988.); for the family business owners the business can provide the meaning of his/her existence. (Handler, 1994). Entrepreneurship should be considered also in family firms as a role that individuals undertake to create organizations. (Gartner, 1988).

In general family businesses can be said to be more complex compared to non-family businesses. The reason for that can be due to the interdependency of family, ownership and business cycles. (Murray, 2003). As is commonly known all businesses have challenges in remaining profitable over the long term. Business life and markets are in constant change, also technologies change and competitors can occur rapidly. (Kets-de-Vries et al., 2007). Only small percentage of the companies survives all the challenges in the long run and to survive companies need to be constantly alert.

Market is a subject to booms and slumps as they belong to normal business cycle. The business cycle can be described as follows; when there is an increase in demand against supply producers and consumers respond to that by increasing production and decreasing consumption. After these plans are realised there occur overproduction and due to that realisation crisis and finally overproduction. Demand falls and the result is a slump. Eventually there is a rise in demand against supply. The production expands again and generates a boom. (Sen, 1988.) Also inside these "big waves" business cycles are evolving and changing. These market cycles are due to the actions of customers and enterprises operating in the market. This business process can be understood also as a traditional life cycle model; in the beginning exploitation of new opportunities is fumbling and slow. In the growth stage there can be various businesses in the same business field but also the competition becomes strained and companies have to specialize. In the maturity stage the amount of new innovations and finally also the amount of the companies operating in the same market field is finally decreasing. (Niittykangas, 2011.) Also it is worth noting that inside these business cycles and processes people are not always acted rationally, logically or sensibly and that is also and sometimes even especially including people working in family businesses. In fact it has been stated that many family business leaders are prone to irrational behaviour. (Kets-de-Vries et al., 2007.)

Family businesses have certain unique qualities, problems and challenges. In family businesses in addition to normal risks the family itself can be seen to be the main threat to long term continuity. As example unresolved personal conflicts, difficult interpersonal relationships, sibling rivalry and generational issues can affect family company´s success. Some families' intense psychological conflict becomes even a regular pattern. (Kets-de-Vries et al., 2007.)

Majority of the family firms are driven by sole proprietors. Couples who share the business are referred as copreneurs and they represent one part of a broader business type of family firms. Sole and copreneur owned family firms are in fact the fastest growing segment of family enterprises. (Fitzgerald & Muske, 2002.) If considered larger family companies due to the family involvement to the business there have been identified three archetypal family business structures; the controlling ownership, the sibling partner archetype and the cousin´ consortium archetype. The controlling ownership archetype means that the ownership is concentrated in the hands of one person such as the founder. The sibling partnership archetype means that the business is divided among siblings some of whom may or not work in the family business. The cousin´ consortium means the business type where ownership is dispersed among people from various family branches and generations. The structure form is usually getting more complex after the first generation; as example power is more diluted and more people outside the family firm are included. (Murray, 2003.)

When business family allows unresolved conflicts to diminish communication it becomes challenging for the family members to share ideas and make decisions effectively. Many problems in the family firms in general and also in the succession are derived from the fact that family business leaders are acting, usually even unknowingly, according their inner motives, fantasies and desires. These usually emotional driven motives can be source of conflicts inside the family firm. (Kets-de-Vries et al., 2007.) Furthermore it should be noted that people work not only for money but also for the emotional and social benefits that working with others provide also in other type than family companies. Organizational life is in general an emotional arena in which experiences feelings such as pleasure sadness, jealousy and guilt. Hence it can be said that emotions and emotional behaviour play a key role in an organizational life. (Mishra & Mohapatra, 2009.)

2.1 Succession – Passing the Baton

Common conditions that can trigger changes and even crises in the family business are as example founder´s retirement, serious illness or death, a merger to another company or selling part of the business. The founder´s departure from active participation can create power vacuum. By power vacuum it is meant a situation in a family firm where someone, usually the founder, has lost the control for some reason and no one has still replaced him. Family members and also non-family members are usually eagerly rush to fill the power vacuum and the fact that power was earlier concentrated within an individual and later among many people can create power struggle and conflicts. (Dyer, 1986.)

Succession can be seen also one of the crisis in family firm. Succession is one of the central elements of the family company´s existence; family firms have been even defined in terms of the potential for succession: "we define a family business as one that will be passed on for the family´s next generation to manage and control" (Ward, 1987, cited by Handler, 1994). As every family business owner is going to have to decide when it will be the right time to step out of the business the major concern is how to keep the family business in the family. One of the top concerns of a family business owner is how to organize an orderly and affordable transfer of the family business to the next generation and/or the key employees. Failure to organize smooth succession can result not only monetary losses but also even loss of the business itself. In general succession can be said to be a continuous process where the power and leadership is transferred from one family member to another, usually from one generation to another. (Giarmarco, 2012.)

There has been identified a three-stage development model or the owners axis of a family businesses. These three stages are generated as the business changes from the first to the second and finally to the third generation. The model suggests that most family businesses begin with a single owner; in the first stage the owner-manager does all the decisions. The business and family needs can be said to be consistent. The second stage is usually the Sibling Partnership. Sibling Partnership stage needs that controlling owners distribute their holdings to their children. In the third stage Sibling Partnership distribute ownership to a Cousin Consortium. Both Sibling Partnership and Cousin Consortium stages can recycle to the Controlling Owner stage if single individual buys out the others and reconsolidates the ownership. Most family enterprises can be located primarily in one of the three stages. (Gersick, Davis, McCollom & Lansberg, 1997.) Succession itself should be seen to be a process more than an event. That process can be also called as a transition period. The transition period contains a sequence of phases during which time the system has an opportunity to do the work needed to change from one form of ownership and leadership to another. Generational transitions involve changes in the internal structures of a family company as it moves from one stage to the next. The whole process usually requires between three to eight years completing. (Murray, 2003.)

As example Giarmarco (2012) mentions succession planning is critical if the owner plans to retire in 10 years or less. Planning the succession process is highly critical and it is even said to be one of the most important parts of family business management of a business today. (Bradley & Short, 2010). Succession should be taken seriously as statistics are showing that only 30 percent of the family firms survive the transition to second generation and only 10 percent make it to the third generation. The average life span of family firms is 24 years which coincides with the average time the founder is associated with the company. As it can be understood from the statistics family enterprises face serious challenges during the transition. These challenges are coming from two fronts; there are the business issues all companies face and then there are the complex emotional and relationship issues. (Kets-de-Vries et al., 2007.) Emotional issues are present in succession as studies are showing feelings such as the leader´s sense of immortality and indispensability contributes to problematic succession. (Handler, 1994).

Successions is said to represent a mutual role adjustment process between the founder and the next generation family member. This process continuity from one generation to another depends strongly on succession planning. Succession planning is not an easy task and as research show succession planning is often not done by family companies (Handler, 1994.) The statistics confirm that over forty percent of companies do not have CEO succession plan in place. (Bradley & Short, 2010).

Benefits for proper succession plan are that it provides peace of mind for the business owner and key employees. It can also help to gain personal satisfaction for family members and new opportunities for the business itself. (Giarmarco, 2012.) Practical instructions how to hold a proper succession plan are available widely. As example according to Giarmarco (2012) there are three essential levels of a family firm succession plan that should be considered; first level of a business succession plan is management, second level is ownership and the third level is transfer taxes. Typical succession plan helps family business owner consider economic, legal and tax implications among these three levels. Typical succession plan, as the example, concentrate giving practical instructions to financial matters and do not mention how to deal with emotional issues.

In general it can be stated succession is rather studied field. There can be found studies concentrating as example the role and responsibilities of the owner or founder, the needed experience of the next generation and relationships between parents and their children. However in the succession planning there has been only minor focus on the emotional side of the succession process even just that aspect can be highly critical to understand. Typical example of the succession is a simple looking situation where a parent is passing the company leadership role to the son or daughter. Even this simple situation is highly emotional process as the parent often feels a sense of loss in terms of their personal role but also the heir struggles with doubt and uncertainty filling the shoes of the all-powered parent. (Kets-de-Vries et al., 2007.) Realizing that it is surprising to see how little focus there has been after all on the emotional side of the succession process in recent literature.

As example Calfee (2000) mentions the traditional strategies of the succession are familiar to most; to sell the business, take it public, merge with other business, hire professional management team to run the business etc. The problem with these approaches is however that while the technical matters are straightforward the emotional and psychological are not. These intangible issues are rarely observed and it is even suggested that due to that fact we continue to see high statistics of failure when business is transferred from one generation to another.

Emotional issues clearly concentrating on succession have been noticed by identifying so-called successor’s dilemma. Successor´s dilemma deals with the problem that arises in the leadership transition and it has been told to be an emotionally charged power fight played out between the founder and his/her follower (Stock, 2001.)

As the succession is an emotional process during the transition both the founder and the successor can get in contact with diverse emotions. The founder can have strong negative emotions as sadness or fear, but also positive feelings as relief. One source of negative emotions can be the belief that the business will not survive without the founder or the reluctance to lose control over the business. If the founder has difficulties with letting go the business, the successor tends to have negative emotions like frustration and stress. Due to the negative emotions the successor can also feel pressure as she/he might think not being capable of fulfilling the given position. Concerning the positive side the successor is proud of the new position and acts creative and innovative. If the successor is capable of recognizing these emotions s/he can make better decisions about what to do or not to do when facing opposition. This can help to make the transition smoother and in that way help the company also as a whole. (Stock, 2001.)

2.1.1 Innovative succession

If considered the succession process as a whole there is in the centre of the succession a change. Change is always a task no matter of the situation and understanding and more importantly managing the process there has been identified various methods. Even there has been stated; change can be understood but, not controlled (Fullan, 2001). recognizing the different aspects of the change help to manage the process as a whole.

As mentioned the change process has been analysed in various ways. Management of change is rather studied topic within organizational studies. One interesting aspect of understanding the change process, as example succession in family firms, is the new product development method. Innovations and new product development are concepts to apply also to family firm succession; the change in the business provides an opportunity to create new and innovatively develop the business. As example Fullan (2001) notes "Understanding the change process is less about innovation and more about innovativeness". Innovations are also in the centre of the entrepreneur´s definition (discussed earlier in the chapter 2) hence the topic should be looked more detailed.

Innovations are in a centre of new product development. Innovations and innovativeness are also central in the entrepreneurial behaviour. Innovations, entrepreneurship and Schumpeter's´ ideas about them are discussed later in the chapter Business system. New product development model can be related to the succession process; the process creates new in the sense of new organization member, strategies and ways of doing things. Zack (2001) has created a classification of the knowledge problems in the new product development. The reason this model is introduced is the notion that succession can and have to be looked from different perspectives, not only the traditional family business ones. Zack´s (2001) knowledge problem table introduces the problems in four categories; uncertainly, complexity, ambiguity and equivocality. Usually the problems arise when there is a lack of something; as example lack of information about current and future states. Problems in this model are solved by process analysis and interpretation. Simplified; uncertainty is resulted by lack of information, ambiguity by lack of interpretive knowledge. Complexity follows from too much diversity in information and equivocality by diversity of interpretive knowledge.

If succession process is considered from the knowledge problem perspective it can be understood the process being similar than new model development; there can be lack of information or too much diversity information. Problems are tried to solve interpreting different messages and analysing the process. Conflicts can arise when individuals, especially in family firms, all have their own unique tacitly known set of experience, values and knowledge. All will tend to interpretevent differently. By interpretive and contextual knowledge it is meant describe knowledge that is missing or abundant. (Zack, 2001.) In the succession process in principle all the pieces of information are available but in the reality the information can be as described; interpretive or contextual in form. If looked the model from succession perspective knowledge problem model could be something to consider in the family business succession studies in future.

2.2 Emotional Intelligence

Emotional Intelligence is one character should be considered in the family business succession process. As example Stock (2001) mentions the most successful leadership transitions are resulted when people involved in the process have improved their Emotional Intelligence skills. Emotional Intelligence has been noticed even the most important element of true leadership. As discussed before there has been so called successors dilemma in the succession. The true dilemma however according to Stock (2001) is not the power struggle but the emotional mismanagement of the situations arose during the transition.

In general there has been growing interest in the concept of Emotional Intelligence in the recent years; the concept of Emotional Intelligence experienced widespread interest especially since the publication of the book Emotional Intelligence by Goleman in 1995. Literature of Emotional Intelligence (later referred as EI) contains dissimilar terminology of EI. Goleman (1995) provides an useful definition of EI by explaining Emotional Intelligence to be the understanding what person is feeling and being able to handle those feelings, being able to motivate oneself to get work done, be creative and perform at ones peak and also sensing what others are feeling and handling relationships effectively. Useful definition is also four part description provided by Mayer & Salovey (1997) (cited by Humphrey, 2002); (1) the ability to perceive one's own emotions; (2) the ability to perceive others' emotions; (3) the ability to manage one's own emotions; and (4) the ability to manage others' emotions.

In the succession process EI skills mean that during the process it should be acknowledged that a multitude of strong emotions are bound to exist in the leadership transition. While EI skills are exercised people involved in the process are able to think clearly about how they can work within the changes. Good EI skills include that emotions are used as a source of information and they allows rational thinking to prevail. EI has been acknowledged to be a part of good succession planning. Empathy seems to be one of the forms of EI. That plan should discuss how to handle the emotionally charged transition and it should include the board, CEO and upper management. Benefit of good EI skills for the CEO to be is that emotional reactions in-the-moment can be managed and turned around. For the corporate board developing EI skills is important as it allows the board better manage the negative draining emotions often occurred during the succession. Negative emotions often have impact to the rational decision making process. (Stock, 2001.) Empathy is discussed from the leadership view later in a chapter Faces of emotional leadership.

2.3 Socio-emotional Wealth

One of the challenges in understanding family enterprises and the succession is the lack of commonly known model that would include in addition to financial aspects also nonfinancial or emotional issues. Traditional and well known theories to explain the behavior of organization members are as example agency theory, stewardship theory, prospect theory and behavioral theory. These theories have been used by scholars in accounting, economics, finance and marketing just to mention few. Theories are useful in analyzing family enterprises but it should be noted they were formed to explain something else than family businesses. In the following a brief description of these theories is provided.

The key idea of an agency theory is that principal-agent relationship should reflect efficient organization of information and risk bearing costs. Agency theory was created to solve the problems that can occur in agency relationships. The unit of analysis is a contract between these two parties. Agency problem arises when the desires or goals of the principal and agent conflict. Also the problem results from the information asymmetries between the parties. The focus of the agency theory lies on determining the most efficient contract governing the principal-agent relationship. Agency theory has been used as example in understanding the complexity of CEO succession planning and problems of CEO duality. (Eisenhardt, 1989.)

Stewardship theory is another perspective to view the advantages and disadvantages of the family firms. Stewardship theory suggests that many leaders and executives are not clearly self-serving economic individuals but instead of the act with altruism for the benefit of the organization. Stewards are believed to be motivated by collective good of their companies and committed to make even personal sacrifices. These attitudes are believed to be present special in family businesses. (Miller & Le Breton-Miller, 2006.)

Prospect theory can be incorporated to be one of the long-standing ideas in psychology and it is a behavioral economic theory to describe decisions between alternatives involved risk. Prospect theory is said to be a descriptive model of decision making under risk. Key idea is that “the carriers of value are not absolutely levels or final outcomes, but rather gains and losses in wealth”. Gains and losses can be measured relative to a reference point and the investor derives utility from consumption levels and from the changes in the value of financial wealth. (Barberis, Huang & Santos, 1999.)

Behavioral theory of the firm is a starting point of theory taking a bounded rationality view of decision making and organizational behavior. Behavioral theory of the firm was created over 40 years ago by Cyert and March (1963) and it still provides theoretical building blocks for current research in organization studies in management, economics, political science and sociology. According to Argote & Greve (2007) behavioral theory of the firm begins with four engagements; Focus on a small number of key economic decisions made by the firm, Develop process-oriented models of the firm, Link models of the firm as closely as possible to empirical observations of both the decision output and the process structure of actual business organizations and Develop a theory with generality beyond the specific firms studied. Behavioral theory of the firm can provide interesting view also to studies in family business succession as it can enhance understanding how learning from previous experience in other firms affects the success of new entrepreneurial ventures. (Argote & Greve, 2007.)

One interesting model that draws from behavioral theory and is searching the emotional arena of family businesses is a model of socio-emotional wealth (later referred as SEW). SEW model is using behavioral theory in arguing the family firms primary reference point is the loss of their socio-emotional wealth. SEW model suggests that family companies are motivated by and committed to the preservation of their SEW. These preservations are referred to nonfinancial aspects of family owners. SEW model was created as an extension of behavioral agency theory. Behavioral agency theory integrates aspects of prospect theory, behavioral theory of the firm and agency theory. Different compared to these more traditional theories is the fundamental notion that family firms make choices depending on the reference point of the company´s dominant principals. (Gomez-Mejia, Haynes, Nunez-Nickel, Jacobson & Moyano-Fuentes, 2007.)

Family owners fit up the problems in terms of assessing how their actions will affect socio-emotional endowment. If there is a threat of endowment the family is usually willing to make decisions that are not driven by an economic logic. (Berrone, Cruz & Gomez-Meija, 2012.) As mentioned before nonfinancial decisions can be considered in one sense also irrational behaviour. (Kets-de-Vries et al., 2007). Owners of family companies are concerned not only financial returns but also with their socio-emotional wealth through their firms. Socio-emotional wealth is considered as non-financial aspects of the firm such as identity, the ability to exercise family influence and the perpetuation of the family dynasty. (Gomez-Mejia et al., 2007.)

Compared to the other prevailing theories introduced earlier SEW model is targeted in analyzing just family firms. The model can as example help to explain the inconsistent with agency theory predictions allowing differential risk preferences to family members. SEW model admits that family members can occasionally behave opportunistically but they do so to protect their sociomotional endowment even bearing financial costs. SEW model rejects also the naïve assumption that family members do not pursue selfish objectives as the stewardship theory suggests. Instead the SEW model main point suggests that high family involvement help companies bear the cost and uncertainty involved in certain actions. The driven force in the model is the belief that the risks are counterbalanced by noneconomic benefits rather than potential financial gains. (Berrone et al., 2012)

2.4 Faces of Emotional Leadership

Before in this study it was discussed the traits of an entrepreneur and especially the question can the trait be identified. (Gartner, 1988). Another interesting question is what the traits necessary for the leader are and what role emotions play in the leadership. Humphrey (2002) discusses the issues on emotions and leadership. If considered the emotions and leadership together it seems to be the literature of this special issue is rather limited. As example Humphrey (2002) mentions there was then only seven articles clearly concentrating the emotional issue of leadership available. Humphrey concentrates in he´s article the traits necessary for leadership, relationship of emotions in the leadership process, perceptions about leader and the relationship between leadership and performance. The outcome of his study is that leader´s influences upon emotional process variables have large impact on company performance. Perhaps even surprisingly empathy comes up one of the most important traits for a leader.

The trait approach as example from Gartner (1988) was described earlier also to be inadequate alone to explain the entrepreneurship but describing leadership it can be useful. There can be identified two different types of leaders; task oriented and relationship oriented. Empathy is considered an important trait in both these types and it has been even mentioned that empathy contributes to the cognitive skills necessary for task leadership. Empathy is also a good predictor of perspective taking that can be seen necessary for problem solving. (Humphrey, 2002.)

Leadership has been also studied using the concept of entrepreneurial leadership. Similarly to transformational leadership it also concentrates the skills of individual such as achieving goals innovatively. Also it has been mentioned entrepreneurial leaders to be more alert to recognize opportunities and evaluate them. (Kansikas, Laakkonen, Sarpo & Kontinen, 2011). In general for a leader it is important to manage the emotions of other group members. Managing group members’ emotions is one of the main ways leaders influences the company performance. Here again the component of emotional intelligence stands out but also the concept of transformational leadership. (Humphrey, 2002.) Leaders who are high in emotional intelligence are seen to be able to better manage the impressions they give others. The definition of transformational leadership is not straightforward but it can be said that by transformational leadership it is meant the ability of a leader to influence the values, attitudes, beliefs and behaviors of others by working with and through them in order to realize the organization´s mission and purpose. Transformational leaders are shown to "create a dynamic organizational vision that often necessitates a metamorphosis in cultural values to reflect greater innovation". (Pawar & Eastman, 1997.)

As discussed before the generation change can be problematic in family firms due to many issues and generational changes are not usually done without major conflicts or power struggles. (Stock, 2001). Conflicts and power struggles can affect the leadership and make it less transformational as the generational transitions happen. The leadership does not stop necessary being transformational but more the time and the evolution of the first changes can weaken it. (Vallejo, 2009.)

If considered family firms the leaders and especially the founders play essential role in the definition of the organizational culture. There are identified three factors applicable to transformational leadership style; charisma, individualized consideration and intellectual stimulation. By charisma it is meant the leaders ability to instill a sense of value, respect and pride articulating a vision. Interestingly charisma is considered one of the necessary elements of transformational leadership even the charismatic leader is not necessary transformational. By individualized consideration the descriptive word charismatic is meaning leaders ability to pay attention followers needs and allow their personal growth. By intellectual stimulation it is meant leaders ability to teach subordinates to find rational paths to examine situation and ability to encourage being creative. (Vallejo, 2009.)

It can be stated transformational leadership style and the role types to be acceptable as such for family enterprises and leadership in family firms is even more transformational than in nonfamily firms. (Vallejo, 2009). It was earlier discussed in the succession chapter the stages family firms can be placed; the first generation, the second and the third generation. (Dyer, 1986). According to these stages it is typical that family businesses the first and second stages have paternalistic firm culture and patriarchal family culture. Interestingly in the third stage family firms there can be found participative firm culture and collaborative family culture. (Vallejo, 2009.) Entrepreneurial leadership describes similarly entrepreneur leaders to be risk-taking, pro-active and able to motivate others. Through risk taking and initiative attitude entrepreneurial leaders are able to create innovations. (Kansikas et al., 2011.)

In general it can be said that style of leadership matters. Leadership style can also change as the family firm evolves and become as example more or less transformational. However the leadership in family businesses seems to stay transformational independent of the family generation who runs it. The benefits for transformational leadership for family firms are clear; it can as example affect positively family company profitability, longevity and the level of group cohesion. (Vallejo, 2009.) The benefits for entrepreneurial leadership style are also visible; entrepreneurial leadership can be said to be advanced and productive way to lead as it creates value through result achieved. Entrepreneurial leadership can be said to focus on action rather than communicating as it is based on clear way of leading people toward set targets. (Kansikas et al., 2011). Transformational and entrepreneurial leadership styles can describe to be most suitable to lead family companies as they are flexible and allow the family business owner hold several tasks and duties sometimes necessary in family companies. The transformational leadership introduces some traits to explain also the emotional behavior of the leaders.

3 THE AIM OF THE RESEARCH AND THE RESEARCH QUESTION

The theme of this study is based on the consideration of the topics importance. Succession is a challenge and the number of family firms facing this complex process is rapidly arising. It can be said that succession is one of the most studied topics in the family business field. However despite the growing literature of the topic there cannot be found comprehensive and consistent research how emotional problems should be perceived and most importantly concerned. Understanding the emotional context of the family business succession process can have positive impact when trying to solve the problems arising from the succession process.

The aim of this research is to explore contributions of relevant theories on emotions in the family and related business fields. The purpose is to search from the literature how emotions are present in the succession process and in that way enhance understanding of the process. In order to find and understand the emotional side of the process it is explored as example literature about the managerial task perspective, perspective what factors lead to successful or less successful successions and different types of so called succession journeys that identifies what it requires from the owning family to make a choice which type of transitional journey to undertake. (Murray, 2003.)

One target of this study is to provide starting point and material for further studies of the topic. Literature review of the emotion in the family business succession can bring out themes to study more deeply and with other methods. As example one contribution can be to prove the chosen topic has gain too narrow attention in the current family business literature.

The central question guiding this study is: How emotions in the succession process are studied and understood in the literature of family business field? To be able to answer this question can help to find an answer also to more important question: What makes generational transition periods a relatively smooth process for some family companies, whereas for other firms it is a period of revolutionary change? These questions are relevant as family companies are acting so significant role in the business world and the number of business owners confronting the realities of succession and retirement is increasing rapidly; as example in US there are more than 24 million Americans over 65 years of age today. (Lansberg, 1988). Successions and leadership transitions in general are filled with emotional tension and due to the emotional turmoil these situations are found difficult to handle. It is crucial to understand how these emotional issues can be handled; is it for example true that the most successful leadership transitions result when those who are involved have improved their emotional intelligence skills. (Stock, 2001.)

As a tool to answer the central questions of this study is used concept analysis. Concept analysis is used as it can provide framework how emotions in the succession process are discussed at the moment. To gain understanding of the current prevailing understanding of the emotional side of the succession process can help to clarify the possible problematic. Also if clear understanding of the emotional side of the succession can be identified and right concepts chose this complex issue could be better outlined. The concept analysis is done based on the idea of concept analysis process developed by Näsi (1980). Näsi can be considered one of the pioneers of bringing concept analysis to the field of business economics. He published the title ″Ajatuksia käsiteanalyysista ja sen käytöstä yrityksen taloustieteessä″ in 1980. In his analysis he divides concept analysis in to four main categories; knowledge base formation, internal and external analysis and formation of conclusions. Näsi´s concept analysis process is used in creating basement for the concept analysis.

As a technique used and the actual detailed concept analysis is done using Walker & Avant (1995) steps on strategies for theory construction. Walker & Avant (1995) guideline of eight steps for the concept analysis is one of the several methods available for concept analysis. This method is used in this study for the reason that it is simpler than for example the original Wilson (1963) eleven step analysis and in that way can provide clearer concept development. Sambrook (2009) and Puusa (2008) have as example used Walker & Avant´s method in conducting their concept analysis in the field of business. The concept analysis according to Walker & Avant (1995) can clarify the meaning of emotions also in the family business succession.

4 RESEARCH STUDIES ABOUT EMOTIONS WITHIN THE FAMILY BUSINESS FIELD

The family business field early studies concentrated mostly to issues drawn from other domains, primarily from financial economics and strategic management. The primary focus on these studies are usually large publicly owned corporations where is highly dispersed ownership. Issues to concentrate in these studies are as example agency theory, stewardship theory and the resource-based view of the company. However even these issues are important to discuss and adaptation of these imported formulations help to explain the behavior of family controlled firms they do not provide alone understanding of the complexity of family enterprises. Core issues in family firms are usually nonfinancial and these are tangential in these usually financial based formulations. (Berrone et al., 2012.)

As discussed before family companies are different from other type of enterprises; there is general agreement in the field of economics that family firms are not simply a unique phenomenological setting but they are significantly different from nonfamily companies. (Berrone et al., 2012). According to Kets-de-Vries et al. (2007) family businesses are coming together of two different systems; the business and the family. To be able to understand the factors enabling certain family businesses succeed the succession while others fail it is important to use both economic and psychological approaches. However since the individual´s motivations are being acted out within a family context it is important understand the way the family works as a system. Ward (1987) is describing that family businesses consist of three overlapping and interlocking subsystems; family, ownership and management. This system is dynamic, complex and sensitive in positive but also in a negative way. In order to understand this system and the impact of succession on a family company it is necessary to understand the perspectives of the various stakeholders.

The figure 1 provided originally by Lansberg (1988) introduces the family firm system. The figure expresses the basic constituencies; the family, the owner and the management and also people external to the company (environment).

These constituencies are later discussed as the family, the business and the family and business system subsystems. Important here is to understand that each party tends to have different goals and expectations. In a family business people may have multiple roles and priorities; some may even hold all three roles of family member, owner and employee. (Kets-de-Vries et al., 2007.)

The family circle is the place where family members put a high priority on emotional capital that means as example the family´s shared experiences working across generations. (Lansberg, 1988). Family members usually view the firm both as an important part of the family´s identity and as a source of financial income and accordingly family members are concerned with social capital as their reputation within the community and also financial capital as dividends and wealth creation. Personal differences in the values and motivations can lead to conflicts. The management circle (or business circle) usually includes family and non-family members but family members may also be employees. The management circle includes elements as business processes, organization culture and mission and strategy development. (Kets-de-Vries et al., 2007.) For the management the firm is more a vehicle to a professional development and economic achievements. (Lansberg, 1988). The ownership circle incudes typically family members, investors and/or employee-owner. The ownership system should be driven by the shareholder´s value proposition that shows the owners´ expectations as example for profitability, risk and growth plans. (Kets-de-Vries et al., 2007.) Owners usually see the business as an investment from which they want to receive return. However it should be noted that individuals can belong more than one group at the same time. (Lansberg, 1988.)

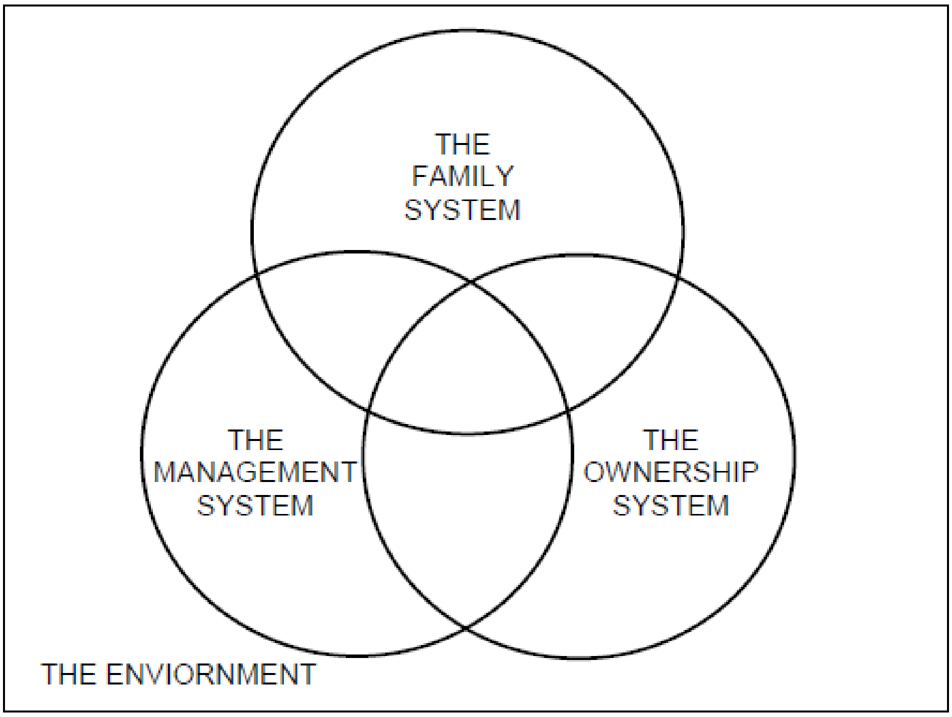

Figure 1: The Family Firm System: overlapping three-circles model (Lansberg, 1988, page 2)

Gersick et al. (1997) are explaining the three-circle model slightly different; numerical from 1 to 7. In the circles 1 to 3 there are persons who have only one connection to the company. In the overlapping sectors from 4 to 6 there can be found people who have more than one connection to the company; as example an owner who is not an employee. An owner who is also a family member and employee can be found in the sector 7, the one in the middle. This description is clear as it gives concrete identification to each member in the whole family business system. Also it indicates the complexity of the system; at least seven different level of involvement have to be understood. Hence it is surprising to find out the lack of comprehensive model to take into consideration emotional interference of all these seven aspects.

Emotions in the family business field have mainly been looked from the family point of view even the business is also highly emotional arena. Emotional relationship exists between the family members and their businesses. To be able to know this complex system better it is important to understand emotions within the family and the business systems but also in the context of the family business as a whole. Ownership issues are considered as a part of the business system. This is due to the reason that ownership includes the family and / or non-family members that own the business. The family system includes family members. (Labaki et al., 2010.) In the following chapters it is introduced family and business systems perspective of emotions in the family business. There are also introduced the main research studies about emotions within the family business field. These studies provide the backbone of the done literature review.

4.1 The Family System

Definition of the family is rarely introduced by scholars and usually when to the family system is referred it is meant the family influence to the business rather than the characteristics of family. The absence of the family definition is notable especially in international studies; families and cultures can differ across geographical boundaries and also over time and that can cause confusions. (Astrachan, Klein & Smyrnios, 2002.) Hence no family business can be understood without understanding it´s family. In this study by family it is meant a group of people who are related to each other. That definition is the one that can be found as example from English dictionaries. Also it is noticeable that a family who owns a business is a family business regardless whether the family acknowledges it or not. As long as both family and business exists these two are tied especially in an emotional domain and emotions play an important role when healthy business family is described.

As example Astrachan & Jaskiewicz (2008) have mentioned especially family business owners value both economical and non-economical, emotional components. Entrepreneurs and family firms often have both financial and non-financial goals and consequently have different utility function that includes financial and non-financial components. Emotions and feelings give us information example how we want to relate to others and what we want to do with our lives. However some family cultures are based on the assumption that emotions cannot be trusted. (Kepner, 1991; Labaki et al., 2010.) This is making the study of emotions even harder as sometimes emotions are not even allowed to express.

Labaki et al. (2010) have examined the main research studies done on emotions in the context of family business. Based on the research already done and also literature review held it can be said the literature based on clearly the emotions in the family system is undeveloped. According that research studies done to explain clearly the emotions in the family system are concentrating to emotional capital (research done by Sharma, 2004) and psychodynamic and psychological perspective of the business families (research done by Kets-de-Vries et al., 2007). One of the most recent theories to explain emotions in the family system is a next generation learning model (later referred as NGLM). (NGLM research done by Trevinyo-Rodrı´guez & Bontis, 2010).

Sharma (2004) introduces a matrix of four variation of the achievement of family firms based on positive performance in family and business cycles. Positive performance of a company is seen to derive from the aim to achieve combination of financial and non-financial goals. However even the positive performance of a company is seen to derive also from non-financial goals, as mentioned by Crishman et al. 2003 (cited by Astrachan & Jaskiewicz, 2008) non-financial family and private goals that are established by family business owners are rarely analyzed. What is understood here as financial goals are for example increase in equity value, dividends and financial private benefits. Non-financial goals can relate to the business side being for example desire to offer highest-quality products or to the family side as example to employ family members regardless their qualifications.

In matrix provided by Sharma (2004) performance of family firms is divided into four sections based on the low or high capital in the emotional and financial side. The categorization is based on emotional capital clearly focused only the family system and it provides understanding of the importance of the balance between financial and non-financial aspects in family enterprises; both should be seen as equal important. Four sections of capital are divided according to the level of emotional and financial capital under headings; Warm hearts—deep pockets, Pained hearts—deep pockets, Warm hearts—empty pockets and Pained hearts—empty pockets. This framework helps to understand company performance along business and family dimensions. Classification clearly shows that successful family firms are experiencing in addition of financial capital also high emotional capital. High emotional capital can for example help to sustain harmony in the family business. Later this categorization is searched more deep in comparison of other similar matrix called Family ties-emotions-idiosyncratic knowledge matrix provided by Trevinyo-Rodrı´guez & Bontis (2010.).

The key idea of psychodynamic approach on business families introduces by Kets-de-Vries et al. (2007) is lying on Sigmund Freud postulate that human mind functions through the interaction of opposing forces. Children are born with certain innate desires and gradually their impulses are modified more in line with the societal norms. These desires are not however really forgotten but remain under the surface affecting adult life significantly in later life.

Family system theory and psychodynamic perspective are using these statements but have different approaches in the family business context. Family system theory is offering an explanation how families interact and develop. The family system can be seen as a series of subsystems as example a spouse subsystem, a sibling subsystem and a gender subsystem. Each subsystem has unique interest depending on the circumstances. The goal of family system theory is to systematically describe the recurrent patterns within the child and family functions. Evolution and change occur appropriately as the result of inevitable development transition as example succession. (Ludlow & Howard, 1990.)

The focus on family systems thinking is in family relationships and behavioral changes in behavior. It looks how the family interacts now. System thinking addresses problems mainly in the system level. Psychodynamic approach respectively focuses on the individual, how their thinking and behavior are shaped by experience and past events. It also focuses on the problem of individual and tries to give clinical insights that can help providing rational explanations for seemingly irrational behavior. There is an advantage of using both of these two perspectives in a family business research as they both consider behavioral problems at individual, interpersonal and family level. Using these two perspectives can provide deeper understanding of family enterprise´s family level cognitive, emotional, interpersonal and also social spheres. (Kets-de-Vries et al., 2007.)

Trevinyo-Rodrı´guez & Bontis (2010) introduce an interesting model to explain family ties and emotions; next generation learning model (later referred as NGLM). There has been much research about networks in other contexts (as example corporation and investment banks and hospitals) however the exploration of "family" social networks and especially how they promote and transfer knowledge among family members is still rather unexplored. The NGLM model includes family traditions, ties and emotions and the idea is that learning process within families and family business context are affected by the strength of family ties. The model takes into account the explicit variables within the family framework such as family traditions, ties and emotions between and among family members that the traditional cultural historical activity theory (CHAT) does not.

The NGLM model provides a 2X2 matrix called family ties-emotions-idiosyncratic matrix and it illustrates the possible relationship between family ties, emotions and idiosyncratic knowledge acquisition. In this matrix negative and positive emotions together with weak and strong family ties create a flow of idiosyncratic knowledge acquisition. By idiosyncratic knowledge it is meant knowledge that helps individual (next generation member) to understand group (family) behavior. This model can help to analyze emotions in this context through family and emotional values. The NGLM model provides interesting point to explore succession as it can also be seen as a process to transfer information as example networks, knowledge and family traditions.

The following figure (Figure 2) for the next generation learning model is introduced as it can demonstrate how emotions can be added in to the traditional three circle family business model by Lansberg introduced earlier (Figure 1 in this study). The figure is important also in the sense that it can help to understand the succession process by knowing how the next generation member is acting in the succession process.

In the NGLM figure the family is representing family members at the same way than in the traditional three circle family business model; family members view the enterprise both as an important part of the family´s identity, organizational culture etc. and also as a source of financial income. The family is the collective unit where the next generation member (later referred as NGM) is raised and trained. By NGM it is meant siblings, cousins or as example in-laws who are interested to participate actively and maybe playing an important role in the succession. In the NGLM figure family is representing a link between the next generation member and the enterprise. Enterprise (the family firm) can be seen as a management or business circle as it includes as example business processes, organization culture and strategy development. (Kets-de-Vries et al., 2007.) Enterprise includes cultural system that is usually based family customs. (Trevinyo-Rodrı´guez & Bontis, 2010). NGM can be compared to the ownership circle as the ownership circle incudes typically family members as example next generation members.

Unique and dynamic transmission process between the individual (NGM), family and business network is created by the three actors of learning interact, transferring knowledge and learning from each other. Learning is done through face-to-face contacts and while doing so they develop their emotional bond with the family and the firm. (Trevinyo-Rodrı´guez & Bontis, 2010.) The NGLM figure is representing more comprehensive matrix of the world of family business than the traditional family business three circle model including also emotional aspect. Comparison of these two models with modifications could give more illustrative picture of the creation of family firms.

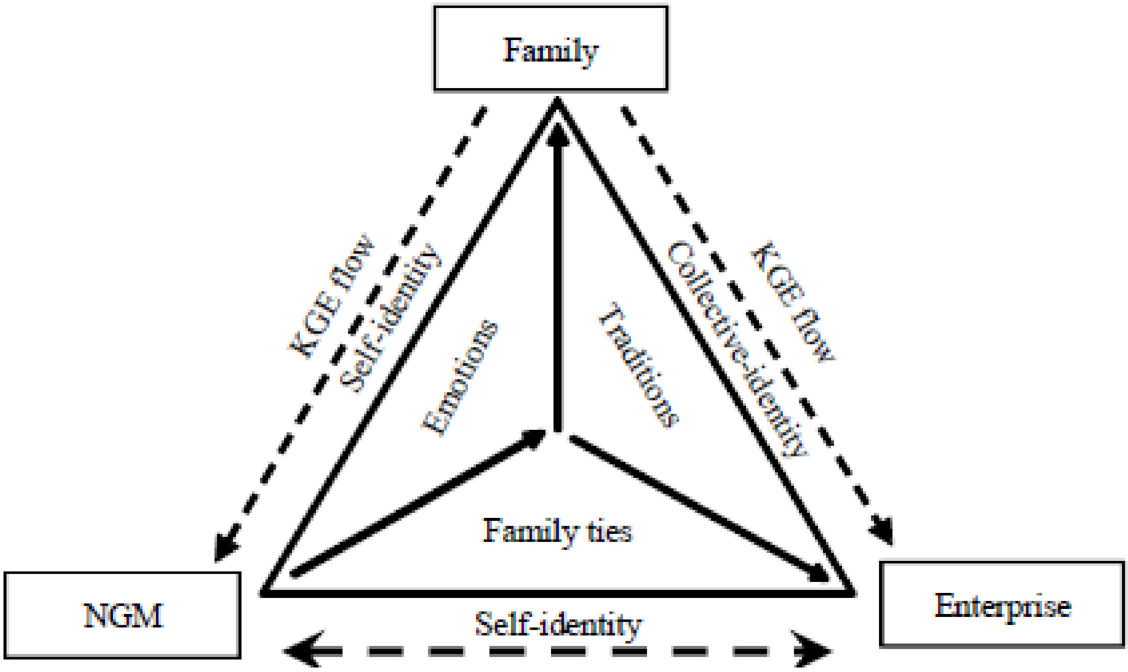

Figure 2: Next generation learning model (Trevinyo-Rodrı´guez & Bontis, 2010, page 424)

4.2 The Business System

Research in the area of emotions in the business system has applied neoclassical models and theories that usually consider economic issues and exclude nonfinancial ones. (Astrachan & Jaskewicz, 2008). The purpose of the business is seen to be to make money and the business is considered to be purely rational system and even emotionless. (Kepner, 1991). However in recent years there has been growing interest to studies that look emotions and they influence within the business organization. Why this is important especially in the family business research is because family business owners value usually their businesses something greater than just solely financial aspects. Emotions in the business system have been studied as example under the themes; Emotional Costs (EC) and Emotional Returns (ER), Socio Emotional Wealth, Emotional intelligence (EI), Empathy and Emotional Energy. (Labaki et al., 2010.) Emotional Intelligence and Socio-emotional wealth was discussed early in the chapter understanding the differences between family and non-family companies.

As mentioned before family business owners view their businesses usually something greater as only financial tool for profit maximization. To be able to understand the total value of family businesses there has been developed a tool to calculate it. This tool calculates the family company total value (TV) to be financial values (FV) added to emotional (non-financial) values (EV). Company financial value or business equity is estimated using financial tools as example discounting expected future cash flows with the appropriate discount. Non-financial goals are not considered in this valuation. Usually the financial valuation is more straightforward and more easily done but non-financial are difficult to measure. This can be one reason why non-financial values have received less attention despite their strong impact on the total business value. Non-financial values that are often driven by non-financial valuation of investments and assets include non-financial private benefits as example investments in a long lasting future projects or sectors that bring reputation to the family. Non-financial values include also non-financial emotional costs. Emotional costs that can be affected as example family conflicts promote negative feelings. Negative feelings can result from stress, rivalry or not achieving goals. It can be assumed that family business owner consider these kinds of emotional costs also in their total business valuation. (Astrachan & Jaskiewicz, 2008.)

Goss (2005) has studied emotions in the business system, in detail in the context of entrepreneurship and introduced a term emotional energy. Even the study is not done using just family business environment his study is interesting as it examines Schumpeter´s ideas of entrepreneurship. Schumpeter is worth noting also in this study as he introduced seminal opinions about innovations (new combination as innovation can be understood as new good or a new quality of a good, a new method of production, the opening of a new market, a new organization of any industry or a new source of supply of raw materials) but also gave deeper understanding of the nature of entrepreneurship (entrepreneurs are all who fulfill the function by which we define the concept, carries out new combinations).(Schumpeter, 1934.) Interestingly according to Goss (2005) Schumpeter has mentioned that creation is emotional; a source of pride and joy. Also he continues that Schumpeter´s entrepreneurial process can be actually considered in emotional terms as entrepreneurship contain a strong emphasis on the importance of individual will and motivation.

What is understood as emotional energy (later referred as EE) is the emotional tone; “feeling up” or “feeling down”. EE is occurring strong when individual actively participate group rituals that demands status and this involves giving orders to others that needs power. Emotion felt can be as example pride. Opposite situation, exclusion from group membership and order taking from others generates strong EE too, but negative ones. Emotions felt are as example shame and anger. (Goss, 2005.)

The drift of the Emotional Energy model can be divided to be the Pride Mode and the Shame Mode. EE in the Pride Mode is characterized by the dominance of pride and absence of shame. Pride Mode explains EE in the business to be generated from achievements that are greeted with praise. In failure EE loss is minimized by the absence of shame. System works more through status rituals than power rituals meaning that there is awareness that short-term problems are necessary part of business life rather than a personal failing. In this model positive reinforcement strengthens as sense of self-efficacy and encourages to enthusiastic business ventures. The Shame Mode explains that shame can create spirals of shame-anger and that can last for lifetime passing also from generation to generation. There can be found strong link between shame, anger, aggression and rage. This might be the case also in business families and business ventures provides remedy for the situation offering a vehicle for directing EE arising from shame-anger into more rewarding emotions. By generating high level of EE in pride and same modes provide the basis for emotional contagion from the entrepreneur to the prospective followers. In general in can be said that the model of EE gives an idea to understand the social interaction, emotion and cognition in explaining the entrepreneurial behavior. (Goss, 2005.)

4.3 The Family and Business System

Psychological Ownership theory is interesting in the context of emotions as accordingly feelings of ownership have important behavioral, emotional and psychological consequences. Theoretical Framework for the Psychological Ownership theory is provided by Pierce, Kostova & Dirks (2001). Emotions spark when we experience the invasion of what we feel is something ours. Psychological Ownership Theory has been studied lately for example by Pierce et al. (2002 and 2004). Emotional ownership has been studied as example by Bjornberg & Nicholson (2008). The idea of Emotional Ownership (later referred as EO) is that the family business is in one sense a part of the person. EO can be defined as a sense of closeness and belonging to the family business. EO is perhaps best viewed as a state of mind but also high EO creates satisfaction.

Emotional Ownership can be studied by using Psychological Ownership Theory as the theory of Psychological ownership is similarly viewed the psychologically experienced phenomenon in which an employee develops possessive feelings for the target and in that sense also a state of mind. Bjornberg & Nicholson (2008) have made a survey to define and measure EO and also to find out positive and negative emotions about the family business. This survey is interesting as it reveals that EO is really important for family involvement; the more the business actively involves family member the more it will raise his/her EO and also vice versa, the higher the EO more inclined family members will be to give service and to be involved.

Emotional capital was earlier in this study discussed in the family system but emotional capital is also studied as example by Danes, Stafford, Haynes & Amarapurkar (2009) under the combination of family and business systems. Danes et al. (2009) are studying the topic based on Sustainable Family Business Theory. Family capital is in this study viewed as the total resources of owning family members with components of human, social and financial capital. As the study can be helpful in understanding the overlap between the systems it is discussed in the following chapter more deep.

5 UNDERSTANDING THE OVERLAP BETWEEN THE FAMILY, THE OWNERSHIP AND THE BUSINESS SYSTEMS

As mentioned before the family and business systems interact and emotions can transfer from one system to another. The field of family research is using a Social Exchange Theory (later referred as Exchange Theory) to understand the mechanisms designed to link the three circle system; family, ownership and business. Exchange theory became one of the main theoretical approaches in sociology in the 1970s. The theory conceptualizes social relations in terms of exchange processes. Mutual bonds emerge in social interaction as persons who incur obligations reciprocate, but the imbalance resulting from one side benefits create superior status. (Blau, 1964.)

Exchange Theory´s idea of emotional costs and emotional value was originally noticed by Astrachan & Jaskiewicz (2008). The Exchange Theory is based on basic behaviourist and economics ideas and as mentioned by Labaki et al. (2010) the Exchange Theory can be seen as theory to understand the transference of emotions from one system to another. The Exchange theory has drawn from the field of economics, psychology and sociology and it can be used while studied the emotions as well. The Exchange theory introduces an idea to understand the relationships existing between the family and their businesses by using utilitarian calculation of costs; costs can be charged in one system and rewards in another. Utilitarian aspect is making sense especially explaining the emotions in family businesses; the cost and reward do not need to come from one system. Also it is possible that family member can invest in one system and get the reward in the other. (Labaki et al., 2010.)

One of the characters of rational behavior is defined to be action that maximizes the self-interest of an actor and it has even been argued that self-interest drives human beings alone. (Sen, 1988). If considered the family businesses non-financial goals it is obvious that the motivation has to derive also from other aspects than self-interest. Non-financial goals of family firms are in that sense leading to even irrational behavior. It has been discussed that individuals behave neither rationally nor consistently in the family business succession process. Family business succession is accordingly described as a dynamic, chaotic social process between business founders, successors and other stakeholders. (Lam, 2011.) The Exchange Theory can provide explanation to understand this behavior different from other types of businesses. Also it is crucial to understand the total business value from a family business owner's perspective and as mentioned before that total value includes financial and non-financial values. One way to understand the owner's perspective in family businesses can be achieved considering family business as a vehicle enabling a family to achieve its financial and non-financial goals and thus to maximize owner utility. (Astrachan & Jaskiewicz, 2008.)

Sharma (2004) and Trevinyo-Rodrı´guez & Bontis (2010) have introduced two different matrixes to understand family firm performance; Performance of Family Firms and Family ties-emotions idiosyncratic knowledge matrix. By comparing these two matrixes it can be realized that emotional aspect of family company performance cannot be disregard.

Matrixes are represented below as Figure 3 and Figure 4. What is common for these two matrixes is the idea of possible destructive emotions (low emotional capital in the Figure 3 and negative emotions in the Figure 4) being harmful for the success of family firms. If considered family business succession Figure 4 represents the fact that in the family business environment negative emotions can diminish the training and possible conversation about the skills and practices needed to run the family business. Possible negative emotions can be generated as example from the situation where the NGM (heir) is not interested in learning the business processes and family traditions. Similarly in the Figure 3 High Emotional Capital is found to be central to the sustainability and success of family enterprises as good relationships as example can overcome bad business decisions but not usually the opposite. Emotional capital is found to be as a fuel to gain the benefits of other types of capital. (Sharma, 2004.)

FAMILY DIMENSION

BUSINESS DIMENSION		Positive	Negative
	Positive	I *Warm Hearts* *Deep Pockets* High Emotional and Financial Capital	II *Pained Hearts* *Deep Pockets* High Financial but Low Emotional Capital
	Negative	III *Warm Hearts* *Empty Pockets* High Emotional but Low Financial Capital	IV *Pained Hearts* *Empty Pockets* Low Financial and Emotional Capital

Figure 3: Performance of family firms (Sharma, 2004, page 7)

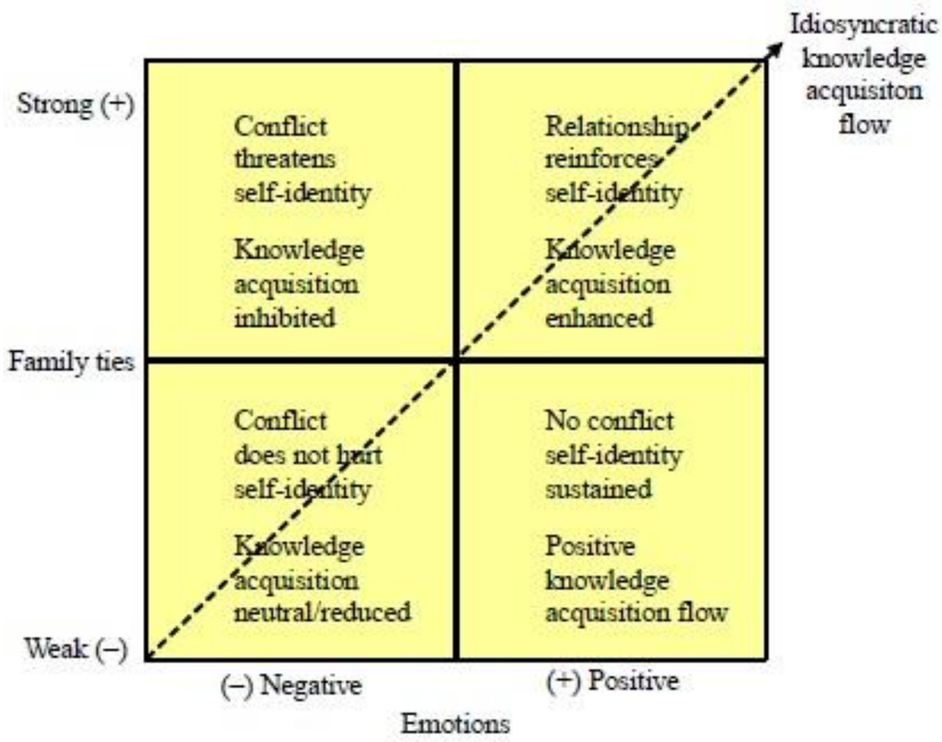

Figure 4: Family ties-emotions idiosyncratic knowledge matrix (Trevinyo-Rodrı´guez & Bontis, 2010, page 423)

What is noticeable in the Figure 4 is the idea why negative or positive emotions are created in family firms. Trevinyo-Rodrı´guez & Bontis (2010) introduces an idea that close social network among family members fosters strong ties among them. Importance of people outside the family (e.g. friends) becomes less important and family member gets highly embedded within the family social structure and dependent on it. This leads to the situation where a family member is highly dependent on the family and also fearful about losing it. That is according to Trevinyo-Rodrı´guez and Bontis (2010) one of the main reasons why the tone of the emotions, they being negative or positive, tends to have such a crucial role when dealing with family companies. However it should be recognized that especially in small companies' high social capital is seem to be linked also to financial success. Also it has been mentioned that social capital has an impact on entrepreneurial success in general and even creation of new companies. (Kansikas & Murphy, 2011.)

Family social capital has been explained depending of the context as family social capital, entrepreneurial social capital or organizational social capital. The terms used to describe the types of the capital especially in the information flow are bridging and bounding social capital. Both of these capitals are needed to manage business operations. However bonding social capital is seemed to be based stronger ties than bridging social capital that can be described to be networking with weak ties. Bridging social capital can be needed as example when looked new skills and knowledge. By bonding social capital it is meant social capital between family members who actively operate in the family enterprise. Bonding social capital is based on the bonds between individuals and is seen characteristic for family companies. Bonding social capital can be also source of inequality among individuals and in that sense create negative motions. (Kansikas & Murphy, 2011.) For more detailed knowledge about social bonding capital would be gained as example identifying more detailed these negative or positive emotions felt under bonding capital.

Danes et al. (2009) are also bridging human, social and financial capital in their study and introduces a theory Sustainable Family Business Theory (later referred as SFBT). Their study is different compared to other similar studies as it recognizes capital of all family members whether or not employed in the family firm. This aspect is worth noting as family members not working in the company can still have substantial influence. Interesting is also that family members not working for the company can influence not only monetarily but also through injection of as example family values into company goals and decision systems. In Sustainable Family Business Theory family capital includes three forms of capital that can influence the company success; human, social and financial capital.

By family human capital it is meant skills, abilities, attitudes and values of family members. A unique feature of family firms is that family members work often in the company without monetary pay. This situation can affect confusions depending on the situation. Positive forms of human capital include strong commitment, friendly and intimate relationships and potential for deep company specific tacit knowledge. By family social capital it is meant goodwill among family members and also between families. Social capital is embodied in relationships unlike human capital that was embodied in individuals. Social capital provides information access to technological knowledge and complementary resources. Social capital is drawing upon to uphold social norms and reciprocate favors for the company's benefit. There can be identified four factors in shaping the family social capital; stability, interaction, interdependence and closure. Interestingly social capital can also influence in the creation of human capital; strong social capital effective the development of the human capital of the next generation. By financial capital it is meant both monetary and physical assets owned by the family. About financial capital it should be mentioned that family firms can use strategies that include family members helping the company without pay; family enterprises have been found to compete for resources of individual family member and family collectively. (Danes et al., 2009.)

Family resources can be more than the sum of resources as resources can be combined various ways in different circumstances. This aspect should be considered especially in family companies as many small firms are seen to survive because the family works without monetary pay or use family assets to secure loans as example. SFBT is flexible and dynamic theory that draws on general system theory and gives equal importance and recognition to the family and the company. It emphasizes sustainability more than revenue what is different compared to many other similar theories. In addition to financial criteria's also owners expectations as example company´s goals should be considered to measure the company performance. If used only financial performance in measuring the company performance understanding the firm sustainability is compromised. Family capital can be seen as a primary source of information, influence, control and social solidarity and increased family capital can lead to improved productivity. (Danes et al., 2009.)

If considered family business succession the Sustainable Family Business Theory is not directly handling the issues in the succession process. However, as also discussed earlier, the succession process can be seen as an emotional arena where both the founder and the successor can get in contact with diverse emotions. Sustainable Family Business Theory can provide understanding in this process as it uses family capital instead of separating the financial and emotional issues. The recognition, that including the emotions into the succession process more than separating them, can enhance the understanding of the process. Also the recognition of family members not working for the family business is highly important also in studying the succession; non family business members can play critical role in this process. If regarded the role of family members not working for the family business more it can be even surprising to recognize the non-working family members are not included in most of the studies.

One aspect to review the family firms is to consider their structure. Majority of the family firms are structured as sole proprietorships. However one of the growing sectors is so called copreneurs. Copreneurship have studied as example Fitzgerald & Muske, (2002), Marshack, (1993) and Cole & Jonson (2007) Copreneurs are family business entrepreneurs, husband and wife who share a personal relationship and a work relationship. The family and also the business relationships are strengthened by true team effort and they are even said to have stronger marriages and businesses due to this intertwining. Copreneurship is not widely recognized field. However the copreneursip would be important to understand in order to enhance the knowledge of family firms. One reason why copreneurship is not widely studied can be the fact that domains of work and family are usually seen separate. (Fitzgerald & Muske, 2002.) However, as mentioned before family enterprises are units where these domains necessary cannot be separated. Copreneurship can be seen to be intertwining of emotional and business issues. Understanding as example knowledge transfer schemes, communication and emotional processes in the copreneurial enterprises could provide understanding also in the emotional arena of family business succession.

6 CONCEPT ANALYSIS

6.1 Methodology

In this study it is used the method of qualitative research. By epistemology this study concentrates to understand what it can be spelled about the reality and how. Empirically all knowledge have to be based on observations; in this study observations about the literature. The phenomenon, succession is searched in the context of a priori and a posteriori; succession is an event or process in the middle and emotions are looked during this process. Qualitative research uses naturalistic approach to understand the chosen phenomena in the context-specific settings. (Golafshani, 2003.) Qualitative methods have also a long history within the social sciences. In the traditional qualitative research there is a wide array of different data collection techniques the most common categories being interviews and observation. Both the interviews and the observation can be structured or unstructured; observation can also be participant or non-participant. (Draper, 2004.) Recent studies about qualitative methodological approaches within management research have however suggested that biographical methods can enhance understanding of small firms even more deeply.

Biographical method has been used in social sciences widely. By biographical method in this study it is meant a method of studying literature extensive (literature review) and focusing the placement of the companies within a nexus of social connections, perhaps historical events and the manner which the company life history and story. Small companies, as example majority of the family firms, does not fit neatly into linear conventional models associated with traditional quantitative approaches. Instead biographical approaches based on rich descriptions and systematic review can have much to offer. As a method in this qualitative research it is used literature review and observation of theoretical yielding textual data or in other words "synthesized findings from systematic literature reviews at the service of experienced professionals”. (Cassell, Buehring, Symon & Johnson, 2006.)

The purpose of the literature review is to find out how and from what perspectives the chosen topic has been studied before. Also it is aiming to show how the planned study is related to other studies already existing. Literature review is demanding as it challenges the researcher evaluate critical different perspectives, study designs and study results. If literature review is proper composed it provides a great opportunity for learning. The researcher has to know the chosen topic well; only deep knowledge can come to a literature collection that directly relates to the topic. (Hirsjärvi, Remes & Sajavaara, 2001.) Based on the well done literature review and findings in this study there is done concept analysis on the chosen concept. Concepts and concept analysis are used as research objects in many sciences as example linguistics and behavioral sciences. Conceptual or concept analysis as a research tool, as also in this study, is also common in all sciences. (Näsi, 1980.)

6.2 The research material and limitations

It can be found growing amount of scientific articles about succession in family firms. As mentioned before most of them are not however concentrating the emotional issues of the process. Articles that are dealing both succession and emotional issues in family businesses were looked from article databases. To be able to clarify the emotion used was also basic literature in economics and psychology.

As example Hirsjärvi et al. (2001) mentions reviewing the data available demonstrates the chosen phenomenon can be understood from different perspectives. To choose the correct data for reliable study the source criticism is needed. Needed matters for the source material are at least the author’s recognition and authority, age of the source and reliability of the source. (Hirsjärvi et al., 2001) When choosing the material for this study it was selected if possible material from familiar and well known authors. Also it was selected as recent data as possible.

As in all sciences, also in the field of economics, there can be found field´s own research history with different research techniques. Also the field has its own specific sector to study; the business life. As concepts are seen central elements of rational reasoning cautious concept definition is seen as a vital component in all sciences. Concept analysis in the field of economics is dichotomy; on the other hand it concerns the real life of enterprises and their functions and problems but on the other hand it heavily relies on references meaning what there has been studied and said about the topic. (Näsi, 1980.) This study is relying on the researches already done and trying to draw these findings in to the real business life. On the other words the meaning is to draw assumptions from literature reviewed and reflect these findings against the world of family businesses.

6.3 Validity and Reliability

In all of the studies the reliability and validity of the research should be assessed. To be able to understand the reliability and validity it is necessary to describe their definitions to qualitative research. There can be found various methods to evaluate the reliability of the study however in the qualitative research the methods can be interpret various ways. As main issues in the reliability of the qualitative research can be seen descriptions of people, places and events used in the study. (Hirsjärvi et al. 2001.) Similarly Golafshani, (2003) describes the reliability in the qualitative research as "the extent to which results are consistent over time and an accurate representation of the total population under study is referred to as reliability and if the results of a study can be reproduced under a similar methodology, then the research instrument is considered to be reliable". There can be identified three types of reliability referred to qualitative research they being 1) the degree to which a measurement, given repeatedly, remains the same, 2) the stability of a measurement over time; and 3) the similarity of measurements within a given time period. (Golafshani, 2003.)

Validity is meaning the compatible of descriptions and interpretations done in the study. Accurate descriptions of the methods used in the study enhance the validity. Being accuracy is necessary in all the stages in the research. (Hirsjärvi et al. 2001.) In qualitative research validity can be describe as "Validity determines whether the research truly measures that which it was intended to measure or how truthful the research results are. In other words, does the research instrument allow you to hit "the bull's eye" of your research object? Researchers generally determine validity by asking a series of questions, and will often look for the answers in the research of others." (Golafshani, 2003.)

In this study the method used is the literature review. Reliability is tested against the findings in the literature review; there can be found extensive literature about succession in the family firms. As example all the literature used is referred faithfully to gain repeatability. As a tool to review the literature used concept analysis is argued as well as possible. Also the stages of concept analysis are described as carefully as possible to gain the validity. Concept analysis is an old method and used extensively among different disciplines and consequently it can be stated it is a reliable method to use.

To test the validity of the study there can be found various methods. One and perhaps the most commonly used is triangulation. Triangulation is a method or a strategy for improving the validity of the research by combining methods. (Golafshani, 2003.) Other typical methods to test the validity of the study are as example mixing methods and crystallization. (Hirsjärvi et al., 2001). Common all these method is, however, the aim to produce valid and reliable research.

In this study the triangulation is difficult to transact as the only used method is the literature review and tool the concept analysis. However there is reviewed carefully other held concept analysis in the field of economics and also other fields to gain full understanding how to conduct a proper concept analysis. Also it is important to find out what strategy to follow in this study to come as reliable and valid study as possible. One possible method to test the validity and reliability of this study is to discuss the topic using discourse analysis. Discourse analysis can be used in a number of studies in analyzing as example written or sign language of any significant semiotic event. (Metsämuuronen, 2006.)

6.3.1 Discourse Analysis

To transact triangulation of the topic literature reviewed is analyzed using discourse analysis in addition to the concept analysis. A discourse analysis is diverse research method. The original use of the concept discourse is the ability to communicate the culture. In analytical level this is meaning the purpose to clarify what and how the discourse is communicating. The outcome of the analysis is certain perception of the reality and it´s nature. There is various ways to hold a discourse analysis as example empirical or rationalistic discourse analysis. As the studied phenomenon, emotions in the family business succession, is concentrating to understand the logic and conventions related the most suitable analysis method is seen to be the rationalistic discourse analysis. (Metsämuuronen, 2006.)

An example how to conduct a rationalistic discourse analysis is to compare collected material and follow phenomenon for example temporal. By comparing material it is also possible to find meta discourses. By ontological discourse analysis exists in the language. By that it is meant that world exists through and also per the language. Only communicated discourse becomes real and being. Discourse also can in a certain social reality draw own kind of identity. (Metsämuuronen, 2006.)

If we consider the concept of emotions it becomes noticeable that emotions actually usually exist only through discourses. Most of the emotions are experienced private and hidden from other people. They even are rarely discussed. Some emotions are more visible and if realized and identified they can be managed. As discussed earlier the rationalistic discourse analysis uses the method of collecting and analyzing information from different sources. According to the data the researcher can reason and analyze the discourse. Interpretation can be deductive as in this study. (Metsämuuronen, 2006.)

According to the introduced method of discourse analysis, the discourse analysis of the concept of emotions can be conducted as follows. First the concept´s social context should be defined. In this study the social context of the emotions is the business environment of family businesses. After the context definition there should be identified the most important aspects of the concept in the literature. (Metsämuuronen, 2006.) The most important signs of the emotions in the family business succession seem to be the recognition and understanding the different descriptions of the emotions and emotional behavioral.

According to Metsämuuronen (2006) the following step to follow in the discourse analysis would be the interpretation of the previous identified aspects and signs as a whole. If considered the literature in this study emotions are described various ways and interpreted differently among different theory and method. However the common nominator seems to be the understanding of emotions as a part of the succession process. Despite the description or name of the emotional part the influence has to be understood as a crucial part of the process. Emotions and the emotional process can be described as example being emotional intelligence, transformational leadership, emotional energy, emotional cost or emotional return. To simplify the understanding of every definition the emotions should be understood as a process; identified and with whatever terms emotions are indivisible part in the succession process. The discourse can be defined analyzing the whole process; finding signs, forming and justifying the means. Accordingly the emotions can be defined and understood only by understanding the whole context they occur. By that it is meant that it should be understood not only the physical and social context but also the background of the individual´s involved in the process.

Emotions have been described various ways and it seems to be demanding to find common nominators or common discourse. The outcome of the discourse analysis could be the collected list of emotions in the family business succession. Discourse analysis could provide interesting opportunity to look the emotions in this context more deep. However the main tool in this study it is used the concept analysis. The concept analysis provides more practical tool to clarify the concept of emotions.

6.4 Behind the Analysis of Concepts

Concept analysis is one of the essential elements of theory development and research. It has been mentioned that concepts are "the building blocks of theory" (Walker & Avant, 1995). According to Hirsjärvi et al. (2001) important is to clarify the theory context the concepts occur. Concept analysis is meaning two matters; main concepts and their terms in chosen theory concept but also relationships between the concepts. Originally formal concept analysis has been developed in the field of mathematics based on the mathematization of concepts and concept hierarchy. At the moment the concept analysis as a research model is widely used in nursing science. In the field of business studies there is a need for more conceptual studies; however concept analysis has been used in the business field. Sambrook (2009) as example is using the technique of concept analysis by Walker & Avant (1988) in clarifying the understanding of chosen concept in the human resource development. Based on the findings the technique of concept analysis by Walker & Avant is drawing upon an extensive review of research literature can help to present theoretical definitions also in the field of business.

The purpose of the concept analysis is to help understand what kinds of meanings are related to the concept in hand. Also concept analysis help to understand how the concept differs in terms of content in comparison to its related concepts and also what features can be determined to be the critical characteristics of the chosen concept. (Puusa, 2008.) The meaning of a concept analysis is to clarify the meaning of particular concepts of interest through the use of a specific approach.

Objects to hold a concept analysis can vary. Aims can be as example to reach different meanings related to the concept, create operational definition to the chosen concept or clarify and complement already existing knowledge. Concept analysis can also help to understand better the phenomenon as a whole. (Puusa, 2008.)

Researchers in different disciplines have defined the concept analysis various ways. Walker & Avant (1995) define concept analysis as a strategy to help and clarify the characters and attributes of the chosen concept. According to the Walker & Avant (1995) concept analysis is needed when one of the following three situations occurs;

- few concepts or no concepts are available in the area of interest,
- concepts are already available in the area of interest but they are unclear,
- lot of theoretical literature or a lot of research on a topic of interest exists but the literature and the research do not match for some reason.

To be able to conduct a proper concept analysis for the chosen subject according to Näsi (1980) the steps to follow are knowledge base formation, internal and external analysis and formation of conclusions. The process of concept analysis is introduced in the figure 5 below. Accordingly first it is essential to concentrate gathering and preforming the different views of the chosen concept. In this study literature is reviewed extensive to gain comprehensive perception about the field. Different meanings of emotions are searched concentrating professional releases and articles as example in the field of economics, psychology and nursing sciences. Family business field provides one of the primary sources of information. Philosophy of science provides also one important source of information.

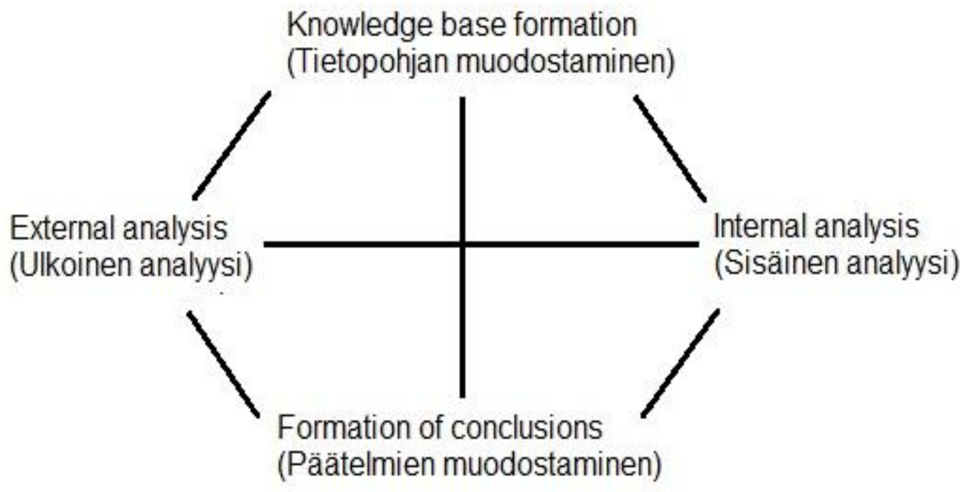

Figure 5: The process of concept analysis according to Näsi (1980), page 13.

By internal analysis it is meant dismantling of parts of the different views of the concept and also analyzing and pondering these results. Internal analysis can include according to Näsi (1980) problematize, paraphrasing and reasoning the concept. In this study the phenomenon is emotions in the family business succession. The concept to look is emotions and the question to follow is how and what type of emotions occurs in the family business succession. To clear the concept emotions are looked only if they are mentioned in the context of family business succession and not emotions in general. To rationalize the conclusions it is given examples. Results of the findings are collected in to the table presented (Table 1).

Formation of conclusions means approving or changing the former concepts or formation of new concepts. As a result of the conclusion formation there is to be a defining, assuming and reasoning summary of ideas. (Näsi, 1980.) Summary of the formed conclusions is presented in the table 1.

The last step according to Näsi (1980) is the external analysis. External analysis of the chosen concept means locate the concept in relation to other (upper) concepts as well as separation the concept from other closely related concepts. Emotions are understood in this study to include positive and negative emotions as well as feelings and a state of mind.

There can be found difference between Näsi and Walker & Avants concept analysis. The main difference is that Näsi is considering concept analysis as problem solving where the results are new concepts. Walker & Avants model is more detailed and the result is more operational definition of the concept. One of the main reasons to choose Walker & Avants concept analysis model to this study is the operationalization as the aim is to examine how emotions exists in real life; in the family business succession. Also the reason was to choose more detailed method of analysis to perform as clear concept analysis as possible. Meaning is not to identify any new concepts however the word emotion can be seen in many ways as example socio emotional wealth or transformational leadership.

6.4.1 The Analysis of Concepts and the Concept of Emotions

As mentioned before it can be found a growing literature on succession in the family businesses. However these studies have only minor focus on the emotional side of the succession process. Concept analysis of the emotions in the context of family business succession is needed as the concept of emotions in this context is available but the definition is unclear. Also the literature and research on the topic found is limited and offers limited understanding of emotional influence in the family business context.

A technique "the analysis of concepts" was created by John Wilson 1963. The technique was developed to handle and clarify concepts in a particular way. In this study it is used combination of concept analysis strategy introduced by Walker & Avant (1995) and Näsi (1980). The idea of Walker & Avant´s strategy is based on the Wilson´s analysis of concepts. Walker and Avant originally developed their strategy to explain theory development in nursing. Since then the strategy has been used widely in health sciences (e.g. Shattell, 2004 and Moore & Walker, 2011) but also in the field of economics (e.g. Sambrook, 2009, Mäkinen, 2003, Puusa, 2008).

Even the model by Walker & Avant was originally developed to explain the nursing science it has been mentioned as example by Puusa (2008) that the Walker & Avant´s model of concept analysis is useful also in the field of business. As example Karttunen (2007) has done a concept analysis study about human capital using the model of Walker & Avant. Näsi (1980) has developed his method of concept analysis to clarify concept in the field of economics and has been used widely in the field.

According to the framework of Walker & Avant concept analysis of this study follows eight steps they being:

1. Select a concept.

2. Determine the aims or purposes of analysis.

3. Identify all uses of the concept that you can discover.

4. Determine the defining attributes.

5. Construct a model case.

6. Construct borderline, related, contrary, invented, and illegitimate cases.

7. Identify antecedents and consequences.

8. Define empirical referents.

When Walker & Avant´s concept development is compared to Näsi´s concept analysis strategy the following consistency can be drawn. Walker & Avant´s concept analysis steps 1 (Select a concept) and 2 (Determine the aims or purposes of analysis) are discussed in the Näsi´s concept analysis in the section Knowledge base formation. Step 3 (Identify all uses of the concept that you can discover), step 6 (Construct borderline, related, contrary, invented, and illegitimate cases) and step 7 (Identify antecedents and consequences) are discussed in the Näsi´s section External analysis. Näsi´s Internal analysis includes Walker & Avant´s step 4 (Determine the defining attributes) and step 5 (Construct a model case). The last step of Walker & Avant´s number 8 (Define empirical referents) is Näsi´s section Formation of conclusions. Even the following chapters are headed using the steps of Walker & Avant the analysis of the concept emotions is done using these two strategies combined.

6.5 Concept selection and purposes of the analysis

Concept in general has been described to be researcher tools. In scientific information acquisition the purpose is always to conceptualize the chosen phenomenon. By conceptualizing the chosen phenomenon it is meant that the aim is to conceive the world in non-specific but also in theoretical level. (Hirsjärvi et al., 2001.) In the concept analysis one of the most important aspects in concept selection is that the chosen concept should be one that is important and useful to further research in the area of interest. (Walker & Avant, 1995). The concept of emotions in the context of family firm succession was selected due to reason that even the succession process has been studied from many aspects there still exist lack of understanding why some family companies survive while others under similar conditions do not.

Even the emotions have been found to influence critical to organizational outcomes such as job performance, decision making and turnover, in the family business field emotions are mainly attributed to the family system and not to explain the business performance as itself. (Labaki et al., 2010.) The purpose of this concept analysis is to gain clarity on the concept of emotions in the context of family business succession. Understanding the role of the emotions in the family business succession better can provide further research areas in the future. Clarity of the concept of emotions can also provide a way to find more careful model in analyzing emotions in the family business succession. At the moment single and comprehensive model or tool that includes emotions in the succession process cannot be found.

6.6 Concept definitions

Definition is the concept´s verbal description. In this study the descriptions are real definitions. Definitions can be divided also as example nominal definitions and by concepts etymology. By real definitions it is meant definitions that are aiming to depict concept´s nature or characteristic features. Real definitions require analysis of the concepts. (Hirsjärvi et al., 2001.) Key concepts needed to be defined in this study are family business, succession and emotions. Terms of family business and succession are widely studied by scholars especially in the field of economic. Emotions are studied mostly among of the science of philosophy, psychology and neuropsychology.

There has been wide range of studies concerning the family business, ownership and succession for example by Kets-de-Vries (1996), Aronoff & Ward (2000) and Handler (1994). However defining the word family business is still argued and there can be found many different definitions. Most of the definitions concentrate to the homogeneity of the family firms even the empirical research has revealed these firms rarely are an either-or scenario but instead vary in terms of degrees of family involvement (Sharma, 2004.) In fact the family business definition is that complex that there has been developed a model to solve the family business definition problem; F-PEC scale. That scale includes three dimensions or subscales of family influence they being power, experience and culture. The scale is created to be able to hold better comparisons across businesses and also utilize data derived from subscales. The F-PEC scale provides an overall measure of family firms and the main themes (power, experience, culture) derived originally from various definitions of family business. (Astrachan et al. 2002.)

Even there exists contradiction about the definition of family business in this study it can be used definition that is found in many economic field researches: "family business is a business governed and/or managed on a sustainable, potentially cross-generational, basis to shape and perhaps pursue the formal or implicit vision of the business held by members of the same family or a small number of families." Chua, et al., (1999). (cited by e.g. Alfredo De Massis, Jess H. Chua and James J. Chrisman 2008.) Clear identified definition that includes also the emotional aspect is provided by Kets-de-Vries et al. (2007): "a unique form of business organization involving a system structured on relational economic principles as well as organized and driven by emotions." Kets-de-Vries et al. (2007) are also including in the definition the subsystem aspect and accordingly; "[A] family business is a unique form of business organization since it involves the overlap of a subsystem structured on rational economic principles with a system organized and driven by emotions". These definitions make clear founding what is meant by family firms in this study.

Family business succession is defined in this study as "the passing of the leadership baton from the founder-owner to a successor who will either be a family member or a non-family member'". The non-family aspect is considered even the most emotional definitions concentrate to succession inside the family and between family members. Succession is viewed as a process with specific pre-arrival and post arrival phases. The process view of succession is important for this study as it recognizes the dynamic of a lengthy, gradual developmental process, which involves social interaction between the business founder, successor, family members and non-family employees. (Handler, 1994.)

The concept of emotions is defined differently among different disciplines. Emotion has no generally accepted definition but has several different meanings, all apparently heuristic. Emotions provide information to the person experiencing it and they consist of neutral circuits, response systems and a feeling state/process that motivates cognition and action. (Izard C. 2010). In this study it is used definition that can be found mainly in economic field researches: “a conscious mental reaction subjectively experienced as strong feeling usually directed toward a specific object and typically accompanied by physiological and behavioral changes in the body.” (Merriam-Webster Dictionary, cited by Labaki et al., 2010).

6.7 Uses of the concept emotion in the family business succession

Concepts act as a way of helping us classify things. In the concept analysis it is important to identify as many uses of the concept as found. Also it is mentioned not to limit the search only one aspect or field of science. (Walker & Avant, 1995.) However as the concept of emotions is so generally used the search of the concept is concentrated to the field of social sciences. Knowledge base formation or as in this study; a review of the literature in business and economics indicates the lack of comprehensive study of emotions in the context of family company succession.

There can be found studies that express more focus on the emotional side of the succession process is needed but the literature and studies seem to be still underdeveloped. Emotions are included in ownership and business processes by researches in several ways. Introduced emotional constructs are for example emotional capital, emotional ownership, emotional returns and cost, emotional value and family and business cohesion. (Labaki et al., 2010). The literature review concentrates the theories created to understand these emotional constructs in the family firm succession process. Emotions in the theories are expressed different ways and understanding the emotional contribution is sometimes difficult. The literature review contributed the following uses of the concept:

- emotional intelligence
- socio-emotional wealth

- transformational leadership
- emotional capital
- emotional ownership
- emotional return
- emotional cost
- emotional value
- non-financial components
- emotional energy

These concepts are presented in the table Figure 6: Hierarchy of the concept emotion and related concepts below.

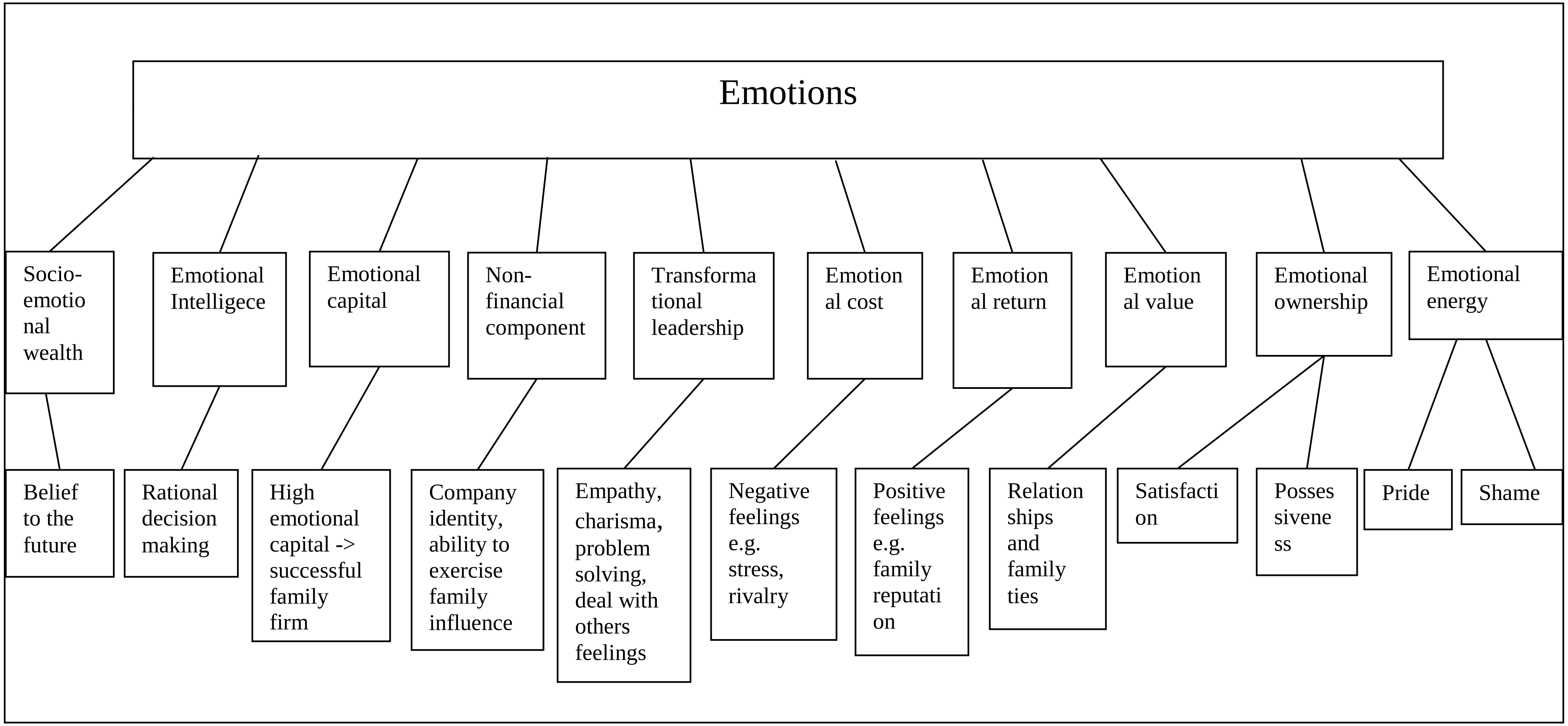

Figure 6: Hierarchy of the concept emotion and related concepts

In the Figure 6: Hierarchy of the concept emotion and related concepts there is presented three levels hierarchy of the concepts related to the emotions. Under the main concept (emotions) there is sub level where different concepts occurred in the reviewed literature are presented. These concepts are also presented in the list above the figure. Under these ten sub level concepts there are the concepts occurring in the casual level. These concepts are the ones that can be visible to others (as example joy, happiness) or on the other hand hard to identify by other (as example shame, guilty). There cannot be identified clear casual level concepts for all the second sub level concepts. In these cases there have been used the most descriptive evocation about the concept in the actual life. The casual level concepts are described as follows.

Under the emotional energy there is pride and shame to describe the real life emotions. The term emotional return is meaning positive feelings as example family reputation. Opposite to the emotional return the emotional cost is meaning negative feelings like stress and rivalry. Negative feelings promote emotions such as stress, rivalry and envy. Emotional costs should be considered as their present affects also the total value of the business not only the non-financial side.

For the concept emotional intelligence there cannot be found one word description but instead it can be understood to be meaning rational decision making in the emotional filled environment. Socio-emotional wealth is one of the most interesting concepts in this study. Socio-emotional wealth cannot be described easily but instead it describes interesting aspects of family firm performance. Under the SEW concept there can be found the description belief to the future. This is meaning that the decisions made in the family firms are not necessary moving the company towards rational direction but belief to the actual doing is the driving force. Belief is also the answer to unselfish actions that can be found in many family companies. Under the emotional capital there is description successful family firm. Emotional capital is a concept that can be derived to all emotional aspects of family companies. There cannot be found one clear definition about emotional capital however, companies to have high emotional capital are leading to successful family company. Emotional value is meaning in the casual level the valuation of relationships and family ties.

Under the sub level emotional ownership there can be found feelings as example possessiveness or satisfaction. High emotional ownership creates satisfaction but owning something can become also a state of mind and create possessiveness. Emotional ownership is important engaging family members to the company. Under the concept non-financial components there can be found company identity, ability to exercise family influence. By that it is meant the importance of the non-financial aspect of the life as they help to exercise family influence and build company identity. The concept non-financial is used by many authors in various models and theories (as example Labaki et al., 2010, Gomez-Mejia et al., 2007) but there still lack of clear definition what is actually meant by the word non-financial component. In general I can be said that non-financial values have received less attention despite their strong impact on the total business value. Transformational leadership is an interesting concept to describe the emotionality capacities. In the figure 6 under that concept there is placed empathy, charisma, skills in problem solving and dealing with others feelings. Charisma and problem solving are more commonly used and defined than empathy. Interestingly empathy comes up in many cases as example as one important form of emotional intelligence and necessary part of leadership skills. However empathy as an individual factor has been only limited studied in the context of family business succession. Empathy has usually been perceived at the most by mentioning and not even clearly defined.

6.8 Defining attributes

Defining characteristics of the concept are according to Walker & Avant (1995) the ones that appear over and over again in the literature. These characteristics also called defining or critical attributes are like the criteria for making diagnoses in medicine. The defining attributes are not stationary but can change as the understanding of the concept improves or when used in a different context. (Walker & Avant, 1995). Defining attributes of the emotions in the context of family business succession were searched from the literature chosen this study.

The internal analysis of the concept of emotions was scanned from the used family business literature. The literature proved the critical or defining attributes of the concept emotions to be:

- Emotions can be described as a state of mind, they can be visible or even unconscious and they affect the way different actors are acting in the play of family business succession.
- Conscious recognition of present emotions is necessary. Decision making process in the family business succession based on recognition of own but also other´s emotions is the key to the successful family business succession.
- It should be noted that emotions can be related to all or just one dimension of the family firm three-circle model; family, business or ownership. Personality conflicts are not the only explanation.

6.9 Model case

Model cases are "real life" examples of the use of the concept. The model case should be a pure case of the concept, so called paradigmatic example and it should include all the critical attributes of the concept. Cases can be constructed by own or be actual case examples from real life. (Walker & Avant, 1995.) Model case creation is also a part of the internal analysis of the concept. Following example modified was originally introduced by Gersick et al. (1997).

> Mr. D and his wife intended to retire in three years, when Mr. D turns sixty-five, but now he is having second thought. He believes that his forty-year-old daughter, whom he named president two years ago, can successfully run the company, but he is not sure she comprehends how hard it will be. There is also troublesome conflict between his grandson, who works in the sales department, and his nephew, who is the new sales manager. In addition, a large corporation has recently approached Mr. D with a good offer to buy the company. In deciding what is the wisest thing to do Mr. D is talking his worries to his daughter and they are solving the succession problem and also the problem with other relatives together.

In this case there can be identified various emotions; the ones that can be conscious or unconscious as example regret, anger, anxiety or guilt. Decision making process in this case includes conscious recognition of emotions of all members including the succession and also interpreting the emotions (as example worries) to others. Emotions are derived from all three dimensions of the three-circle model, the family, the company and the ownership and are not just personal conflicts.

6.10 Borderline, related, contrary, invented, and illegitimate cases

The purpose for the use of borderline, related, contrary, invented, and illegitimate cases is to help to become a decision about what counts as a defining attribute for the concept and what does not count. (Walker & Avant, 1995). This can be seen also as an external analysis of the chosen concept. According to Näsi (1980) external analysis is needed to clear the concept from other similar. Borderline cases are examples that contain some of the critical attributes of the concept but not all. These cases are inconsistent in some way and help to see why the model case is not. Related cases are related to the concept studied being similar and some way connected to the main concept but do not contain the critical attributes. They demonstrate ideas that are very similar to the main concept but differ from them when looked closely. (Walker & Avant, 1995) The following example is similar than the model case example and demonstrates both the borderline case and the related case. In the example there is missing the recognition of the emotions. The emotions are present as unconscious but they are not involved actively in the decision making process. Also the negative emotions are based more on personal attitude than rationality.

> Mr. B does not know how to respond to his brother Jim´s request that employ Jim´s daughter in the company. Jim is one of the family shareholders and owns 25 percent of the company. Mr. B´s own daughter joined company last year, and his son is joining soon, too. Mr. B does not want to employ Jim´s daughter after hearing she had troubles in her last work place. (Gersick et al. 1997.)

By contrary cases it is meant clear examples of not the case. Contrary cases are often helpful as we are better to say if something is meeting the critical attributes, in other words; what something is not than what it is. Invented cases are cases that are constructed outside our own experience. These cases are useful when examined a very familiar concepts such as just emotions. The following example demonstrates a contrary case. There is no emotional spark or hidden emotions around the family members.

> Company was sold to an international chain after founder´s retirement. Founder´s only son has business of his own in a different field of business. Son was not involved in the family business and was not interested in buying the company.

To get the full picture of the critical defining attributes the concept should be taken out of its ordinary context and put it an invented one. Illegitimate cases give an example of the concept term used improperly or out of context. These types of cases are not always included in a concept analysis. (Walker & Avant, 1995.) Illegitimate are not included in this study as if the concept of emotions is placed an invented context the meaning does not change.

6.11 Antecedents and consequences

Antecedents and consequences are useful in theoretically Identification of antecedents and consequences can help to understand the social contents in which the concept is generally used. Antecedents are those events that must occur prior to the occurrence of the concept. Consequences are those events that occur as a result of the occurrence of the concept. As example consequence of intuition is discovery. (Walker & Avant, 1995.)

Antecedents and consequences of the concept emotions can be described. As example antecedents of emotions can be seen stressful situation that affects emotions. Consequences of the emotions can be also described; as example unsuccessful succession.

6.12 Empirical referents

Determining the empirical referents for the critical attributes is the final step.

Critical attributes and the empirical referents can be identical. As Walker & Avant (1995) mentions "Empirical references are classes or categories of the actual phenomena that by their existence or presence demonstrate the occurrence of the concept itself."

Empirical referent of emotions is not an easy task to describe. However as empirical referents emotions can be seen all the words describe some feeling (joy, regret, pleasure, attraction etc.) but also other concepts occur in the literature as example sosioemotional wealth or transformational leadership. Empirical referents of the literature reviewed are listed in the table 1.

6.13 Advantages and Limitations of the Concept Analysis

According to Walker & Avant (1995) the advantages of conducting a concept analysis are that it renders precise theoretical and operational definitions and also it can help to clarify terms that have become catchphrases and hence lost their meaning. Clear advantage for this study is the clarification of the term emotions as it has been understood different way among different literature. The limitations are that the theorist must be painstaking. Also it is likely to confront pitfalls that can hinder the analysis. In this study limitation can be seen to be the fact that the literature reviewed is after all rather limited. For the actions of family firms are affected as example issues of human motivation and patterns of interaction between family members (Kets de Vries et al., 2007.); all of them driven by emotions. Pitfall can be that the concept of emotion is not realized enough from the practical side and too much attention for the theoretical aspects of emotions is paid. By that it is meant that emotions are however personal and hence difficult or even impossible to study reliable in all cases.

7 CONCLUSIONS AND ASSUMPTIONS

Emotions in the family business succession have been identified various ways. However, as also this study explains, systematic approach to the emotional side of the succession still needs further focus. There have been identified emotions in the context of family businesses as example using the concepts of socio-emotional wealth, emotional intelligence, transformational leadership, emotional capital, emotional ownership, emotional return, emotional cost, emotional value and non-financial components. All these concepts are referring the emotions and feelings felt and experienced before, during and after the succession process. However all these concepts demonstrate different types of emotions and emotional elements from different perspectives. Also there can be identified various theories trying to solve the complex issues of emotions in the family business succession. Introduced theories are as example the Exchange Theory, Next Generation Learning Model, Family ties-emotions idiosyncratic knowledge matrix and Sustainable Family Business Theory. These theories are concentrating in understanding how emotions in general affect the succession and what types of emotions occur during the succession process. However these theories are suggesting models to handle real life situations seldom.

As mentioned family businesses are a coming of three different aspects; the family, the company and the ownership. Theories reviewed in this study are mostly concentrating to explain emotions in one of the family business systems instead taking them all three into consideration. As example the family system is often in the loop but emotions in the company circle more scarcely reviewed. Studies under emotions concentrating all three circles should be carried out perhaps more.

After the concept analysis done there still cannot be found clear definition of emotions in the context of family business succession. All the introduced concepts of emotions concentrate slightly different issues in the process. The main difference between the concepts is that they do not concentrate the succession process as a whole but instead more on one or two of the subsystems. Complexity of the identification and definition of the emotions leads to the situation where every new theory and model is explaining the emotional arena of the succession differently. The lack of clear recognition of the emotions in this context creates difficulties. Systematic approaches to the topic are needed however the identification issue makes the work even harder. Even the concept analysis cannot provide straightforward definition for emotions in the context of family business succession however the concept analysis provided the following; emotions can be described as a state of mind, they can be visible or even unconscious and they affect the way different actors are acting in the play of family business succession. Conscious recognition of present emotions is necessary. Decision making process in the family business succession based on recognition of own but also other´s emotions is the key to the successful family business succession. It should be noted that emotions can be related to all or just one dimension of the family firm three-circle model; family, business or ownership. Personality conflicts are not the only explanation.

One of the outcomes in this study is the finding that non-working family members are not usually considered when handling the issues in the family business succession. However, if considered typical small family firm, the importance of non-working family member should not be ignored. The common saying "Behind every successful man, there is a woman" could be transferred also to the world of family enterprises as "Behind every successful entrepreneur, there is a strong family member". To understand this saying it should be understood the skills, capacity and resources needed as an entrepreneur and especially as a family business entrepreneur. As various researches used in this study have demonstrated understanding the whole emotional arena of family firms and the succession process is complex and sometimes even impossible task to exercise.

If considered the concepts related to this study and the outcomes of the concept analysis it can be mentioned the following. There can be found different types of concepts relating the same; emotions experienced by individuals in the succession process. However, individual emotions are rarely introduced even these issues could be vital to understand if wanted to know more and improve the succession process in the practical level. To be able to provide useful information to entrepreneurs the theories and models should clearly concentrate their focus in understanding people in their everyday work by identifying real emotions.

As one of the main outcomes of this study it can be stated that there is a need of further investigation of individual emotions in the empirical level. Also there is a need of testing some of the theories and models introduced against case examples. To gain deeper understanding of the emotions experienced before, after and during the succession process comprehensive research case companies included should be conducted. One of the challenges in the case study could be the one already mentioned; the lack of common and comprehensive definition of emotions in the business context. Also one of the challenges can be the nature of the emotions; it can be difficult to gain information about felt emotions as they are not easy to discuss and even observation can be a challenge as emotions are often hided or even forbidden to show. However if it is true that patterns of behavior exist, a reasonable way to find the model can be found through understanding the emotions. Emotions work as engine in different situations and comprehensive knowledge of that fuel could be crucial even hard to receive.

When discussed family owned companies the leadership role plays an essential role. More attention of successful family firm leaders and their traits and capacities should be done. Transformational leadership provides one description of successful leader, however more focus and investigation about the topic is needed. One of the traits of transformational leader is mentioned to be empathy. Empathy is also proved to play an important part in emotional intelligence. Empathy is mentioned many family business publications but not further explained or investigated in the context of family firm succession. Empathy is obviously one individual feature or trait to get further investigated. Empathy could be studied as example from the leadership perspective using both the views of the persons to step aside and the continuator. It could be interesting to look empathy also from the other family member perspectives. This should include also the non-working family members.

For further research I suggest more detailed study of emotions in the actual family business level. As example empirical study concentrating to observation of the felt emotions both the family business and non-working family members could have much to offer. Typical pitfalls relating emotional issues during the succession are as example the successor's dilemma, unwillingness to give up the company, stress, guilty and even shame about the situation. Understanding these emotions in detailed level would give opportunity for avoid typical pitfalls occurring in the family business succession. Also it could be useful to consider the structure of the family companies and especially copreneur structure. Understanding the arena where business and personal lives are tied together in business but also in the family life could be highly rewarding to understand. Understanding these types of companies where the involvements of both arenas even strengthen the entrepreneurs can enhance the understanding also in the emotional arena of the succession.

One way of studying the family business succession could be looked already created theories and models from other fields not only under family business studies. One example of this is the previous discussed models of knowledge problems and new product development. Even the context can be different and even the concepts not directly the same these models can have much to offer. Instead of creating new models to explain the emotions in the succession process there could be more focus already known and tested models. However, as also proved in many examinations, it should bear in the mind that as a field of study family businesses are different compared to other types of companies. This beard in mind also theories and models from different contexts could have much to offer.

As known succession is one of the most studied parts in the field of family businesses. As the statistics are showing the topic is undeniably important and it should be focused also in the future. However it was even surprising to find out the results of the literature review; there is still quite narrow list of studies done in the emotional field of family firm succession. To be able to find answers and solutions to the succession dilemmas the focus on the emotional side of the succession process should be emphasized.

Table 1: A review of concept of emotion in the studies of family business succession

Author	**Purpose**	**Defining attributes**	**Antecedents**	**Consequences**	**Empirical referents**	**Limitations**
Kets de Vries et al. (2007)	Examine emotions from a psychological and psychodynamic perspectives	Emotions are seen as a strength and a weakness	Family business practices, family life cycle and development of family systems theory	Conflicts in family life cycle, succession problems e.g. passing the baton, dilemma of family or organization focus	Psychological perspective help maintaining the balance in the family firm and success of the family firm	Perspective can be too narrow and hard to follow
Sharma (2004)	Examine how emotional and financial capital influence the family firm performance	Family firms that have high emotional capital perform successful business	High emotional and financial capital in balance	Successful family firm	Identification of emotional aspects help to realize the importance of the balance between emotional and financial capital	Emotional capital is not clearly defined

Astrachan and Jaskiewich (2008)	Discover the total value of family businesses from the owner´s perspective by using emotional costs (EC) and emotional returns (ER)	The value of a business to a business owner includes both financial and non-financial (emotional) elements. Also non-financial goals exist and non-financial (emotional) returns are seen as important as financial returns.	The family business owner utility gained from emotional well-being, often pursued non-financial goals that do not benefit the business system (financial)	Not only rational and market-efficient choices and behavior but also nonfinancial driven decisions that give non-financial returns	Total value approach help to understand decisions in family businesses. E.g. successor choices in family business succession can seem irrational to neutral	Hence the study suggests that emotions can be measured with high reliability and emotions play the major role in determining also monetary decisions the framework of ER-EC is not empirical studied

Trevinyo-Rodrı´guez & Bontis (2010)	Introduces NGLM model that explains family traditions, ties and emotions.	Emotions are part of family traditions and ties, emotions between and among family members should be considered	Family itself and example policies on ethics, succession, post-succession performance and corporate governance is seen important for the sustainability of the family firm. All these are influenced and create various emotions	Positive emotions foster better transmission and understanding of family traditions and negative emotions can prevent the process completely	Positive emotions and strong family ties create idiosyncratic knowledge, in other words knowledge about how group (a family) is typically acting. That knowledge helps family members act in a way that benefits also the family business.	Empirical referents used are quite narrow based on only one case company
Labaki et al. (2010)	Scrutinize emotional dimensions within the family business-system	Emotions can be set in three different levels; individual emotions, meta concepts (e.g. emotional	Emotions part of family resources. Family and business field both hirhly emotional	Emotions not static, they emerge and evolve giving more or less critical events in each of three FB	Exchange theory can help to understand emotions within the family and the business systems and their	Concentrated only exchange theory even also other theories or combination

		intelligence) and group emotions. Emotional relationship exists between the family members and their business; they are part of family resources.	arenas.	systems. Exchange theory can help to explain stages, mechanisms and behaviors lead emotions.	interfaces, cast light on an organizational and behavioral antecedents and outcomes of emotion in the family business.	of several theories could provide relevant information.
Bjornberg & Nicholson (2008)	Emotional ownership theory concentrates the idea; the family business is in one sense a part of the person	EO is important for family involvement; the more the business actively involves family member the more it will raise his/her EO and also vice versa.	Feeling of possessiveness	High Emotional Ownership create satisfaction	Especially if considered SME´s the EO theory can be useful as many studies are having similar results that business can become a part of the person or his/her identity	Similar to the Psychologica l ownership theory

Pierce et al. (2001)	Examine psychological ownership as an important organizational phenomena and key to organization competitiveness	Emotions spark when something is felt as mine or ours Feelings of ownership are part of human condition and people develop feelings (emotions) towards variety of objects. Feelings of ownership have important behavioral, emotional and psychological consequences	Feeling that something is mine or ours create strong emotions, positive or negative	Emotions create the feeling of possessiveness, "what is mine becomes (in my feelings) part of ME". The target becomes part of the psychological owner´s identity	Individuals have strong feelings of possessiveness. Emotions affect the creation of those feelings and also feelings of ownership have emotional consequences	Psychologica l perspective only theoretical and there is no empirical study done on the topic

Danes et al. (2009)	Uses Sustainable Family Business Theory to bridge human, social and financial capital	Emotions as human capital are meaning the skills, abilities, attitudes and values of all family members employed or not in the family business	Skills, abilities, attitudes and values of family members influence the human capital	Human capital is important as it affects the values and decisions of the family business and in that way the company success	Sustainable Family Business theory includes also non family business members that is highly important in understanding the decision making process in the family businesses	Identifying the different capital modes can be complex in real life
Goss, (2005)	Introduces an Emotional Energy model that includes Pride and Shame modes to explain the behavior of members including the	Model of Emotional Energy explains the entrepreneurial behavior by combining emotion and cognition	Antecedents of the Pride Mode are emotions such as pride and joy and antecedents of the Shame Mode are negative emotions such	Pride Mode consequences are that problems are necessary part of business life rather than a personal failing, positive reinforcement	Emotional Energy is referred to Schumpeter´s entrepreneurial process; the process can be considered in emotional terms as entrepreneurship	EE theoretical, need for further empirical studies

	family business		as shame and anger	strengthens as sense of self-efficacy and encourages to enthusiastic business ventures Shame Mode can create spirals of shame-anger and that can last for lifetime passed also from one generation to another.	contain a strong emphasis on the importance of individual will and motivation	

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