Long Range Planning xxx (xxxx) xxx

Contents lists available at ScienceDirect

Long Range Planning

journal homepage: www.elsevier.com/locate/lrp

How family CEOs affect employees' feelings and behaviors: A study on positive emotions

Nadine Kammerlander[a,*], Jochen Menges[b], Dennis Herhausen[c], Petra Kipfelsberger[d], Heike Bruch[d]

[a] Chair of Family Business, WHU – Otto Beisheim School of Management, Burgplatz 2, 56179, Vallendar, Germany
[b] Department of Business Administration, University of Zürich, Plattenstrasse 14, 8032, Zürich, Switzerland
[c] School of Business and Economics, Vrije Universiteit Amsterdam, De Boelelaan 1105, 1081, HV, Amsterdam, the Netherlands
[d] Institute for Leadership and Human Resource Management, University of St. Gallen, Dufourstrasse 40a, 9000, St. Gallen, Switzerland

A B S T R A C T

Research suggests that firms with family CEOs differ from other types of businesses, yet surprisingly little is known about how employees in these firms feel and behave compared to those working in other firms. We draw from family science and management research to suggest that family CEOs, because of their emotion-evoking double role as family members and business leaders, are, on average, more likely to infuse employees with positive emotions, such as enthusiasm and excitement, than hired professional CEOs. We suggest that these emotions spread through firms by way of emotional contagion during interactions with employees, thereby setting the organizational affective tone. In turn, we hypothesize that in firms with family CEOs the voluntary turnover rate is lower. In considering structural features as boundary conditions, we propose that family CEOs have stronger effects in smaller and centralized firms, and weaker effects in formalized firms. Multilevel data from 41,200 employees and 2,246 direct reports of CEOs from 497 firms with and without family CEOs provide support for our model. This research suggests that firms managed by family CEOs, despite often being criticized as nepotistic relics of the past, tend to offer pleasant work environments.

1. Introduction

Family firms are often depicted as "poor organizational stewards" (Neckebrouck et al., 2018: 569). Decision-makers in family firms are particularly parsimonious when it comes to their employees (Carney, 2005), prefer family members to non-family members in promotion situations (Schulze et al., 2003), and focus on family-centered, non-financial goals even in business settings (Chrisman et al., 2012). In addition, compensation in family firms is often lower than in other firms (Carrasco-Hernandez and Sánchez-Marin, 2007) and career options are fewer (Miller et al., 2008). Moreover, investment levels in employee training are lower in family firms (Neckebrouck et al., 2018), depriving employees of opportunities to enhance their employability outside the firm. Hence, some argue that family firms—like monarchies—are a relic of the past that no longer suits our time (Stewart and Hitt, 2012).

However, many family firms prosper and continue to attract and retain the talent needed for survival and success. Among the firms that appear as "Great Places to Work" in *Fortune* magazine, the number of family firms is disproportionally higher than the number of other firms (Ward, 2006). Likewise, an analysis of employee reviews on Glassdoor.com, a web-based employer-rating platform, shows that family CEOs receive substantially better ratings than hired CEOs (Huang et al., 2015). The following statement posted on the Fortune website about Van Dyk Healthcare—a firm led by family CEO Bob van Dyk—mirrors the views of many: "We work for a family

* Corresponding author. Chair of Family Business, WHU – Otto Beisheim School of Management, Burgplatz 2, 56179, Vallendar, Germany.
E-mail addresses: Nadine.kammerlander@whu.edu (N. Kammerlander), Jochen.menges@uzh.ch (J. Menges), dennis.herhausen@vu.nl (D. Herhausen), Petra.kipfelsberger@unisg.ch (P. Kipfelsberger), Heike.bruch@unisg.ch (H. Bruch).

https://doi.org/10.1016/j.lrp.2022.102209
Received 11 June 2021; Received in revised form 6 March 2022; Accepted 7 March 2022
Available online 11 March 2022
0024-6301/

business that actually makes you feel that you are one of their family members."

How some family firms achieve such positive outcomes despite relatively low salary levels, scarce investments in employee training, and potential favoritism of family members is a conundrum at the heart of family business research. One reason for this conundrum may be that family firm researchers have not sufficiently considered the role of the CEO in explaining employees' feelings and behaviors. Instead, researchers have only recently started to examine how family involvement in general relates to employee outcome variables, studying, for instance, how family ownership relates to turnover (Neckebrouck et al., 2018). Yet, management research highlights that it is not primarily the *owners* of firms but rather their upper echelons, especially the *CEO*, that affect their inner workings (Bromiley and Rau, 2016; Hambrick, 2007). Hence, we propose that to better understand employees' feelings and behaviors, we need to investigate whether a family CEO—defined as a CEO who is a family member of the firms' owning family—is at the top, or whether a firm, be it family-owned or not, is led by a hired professional CEO.

In this paper, we set out to build and test new theory on how family CEOs, compared to other CEOs, create and maintain the conditions that make employees feel positive about their workplace and remain with the firm. While research has remained silent on the potential effect of CEOs on positive employee emotions so far, media provides ample anecdotal evidence for such an effect. For instance, Gabriele Manser, third generation family CEO of Swiss Goba AG was described by the newspaper Handelszeitung as follows: "[She] is able to infect employees and customers as well as consumers and media people with her verve." Further elaborating on the effect of family CEOs, third generation family CEO Philip Harting, co-leading the technology family firm Harting explained, in an interview[1]: "The enthusiasm [for further developing the firm] is lasting. It has to be. As a family business, we are always thinking about how we will manage the future. […] The enthusiasm is in our network, and it propagates and potentiates itself there."

In line with these reports from the media, we draw on family science research originating in psychology and sociology that casts any family endeavor as deeply steeped in emotions (Bahr and Bahr, 2009; Beutler et al., 1989) to suggest that family CEOs, due to their double role as family members and business leaders, are more likely than other CEOs to infuse their firms with emotions—and in particular, with enthusiasm and excitement. These high-energy positive emotions, we propose, spread through the firm by way of emotional contagion during interactions with employees. In turn, the emergent collective feeling (i.e., the firm's organizational affective tone; Knight et al., 2018) is likely to affect the firm's voluntary turnover rate. Furthermore, by combining research on emotional contagion with research on organizational structure (Hage and Aiken, 1967; Puranam et al., 2014), we advance the idea that the CEO's role in spreading positive emotions throughout the firm is facilitated by the centralization of the firm but limited by organizational size and formalization. We test our hypotheses using multilevel survey and archival data from 497 firms, 2246 direct reports of CEOs, and 41,200 further employees. Based on a subsample, we were able to directly test the effect of the CEOs on their subordinates' emotions, as well as the trickling down of this effect.

By integrating family science with management research that has increasingly highlighted the crucial role of emotions for understanding nearly all aspects of organizational life (Ashkanasy and Dorris, 2017), we provide a new perspective on family firms that centers on emotions—a topic that family business researchers have thus far largely neglected (Shepherd, 2016) in favor of strategic and cognitive factors (e.g., Anderson and Reeb, 2004; Duran et al., 2016; Villagrasa et al., 2018). Providing and testing such new theory is important, both for research and practice, in order to understand how firms with family CEOs can leverage their unique organizational setup to gain a competitive advantage despite—or because of—their hereditary management structures. In sum, our theory and findings shed light on the crucial role of the family CEO in explaining the inner workings of family-managed firms.

Our research offers several contributions. First, we help solve the puzzle of why non-family employees appreciate employers with family CEOs, theorizing and showing that family CEOs pass on their high-energy positive emotions to non-family members and thus set the affective tone in the organization. Second, we contribute to theorizing on family firms by proposing that the family system not only affects top management team preferences and decisions as proposed by prior family firm research (Habbershon et al., 2003), but also affects lower organizational levels, including non-family employees. Third, we advance research on emotional contagion by theorizing and showing how emotions spread through entire organizations (Barsade et al., 2018) in family-managed firms, rather than focusing on smaller sub-groups within organizations. Lastly, we make an important contribution to both, research on emotional contagion and family firms, by showing how the proposed relationships are critically dependent on organizational design factors.

2. The family-managed firm

Family-managed firms—a frequent and relevant special type of family firms that have a family CEO at the top—represent a unique organizational context as the presence of a family member as CEO in family-managed firms directly influences how the business is run. Indeed, upper echelons research provides abundant evidence that the characteristics of the CEO influence employees throughout the firm (see, e.g., Carpenter et al., 2004). This influence might be even stronger for family-managed firms, where CEOs enjoy particularly high levels of managerial discretion (Carney, 2005). Therefore, we suggest that whether a firm is run by a family CEO or a hired CEO affects how employees feel and behave. In our theorizing, we compare family-managed firms in which the CEO position is filled by a family member with firms in which this is not the case.

[1] https://www.sueddeutsche.de/wirtschaft/familienunternehmen-harting-wir-sind-alle-alpha-tiere-1.3720899.

2.1. The family CEO and their emotions

Previous studies of the influence of family CEOs have mostly focused on strategic resources and decisions (e.g., Gómez-Mejía et al., 2007; Miller et al., 2013). This stream of research has found that reduced or different agency costs of family CEOs and the specific resources that these CEOs bring to their companies affect their firms' strategies for innovation or internationalization (e.g., Duran et al., 2016; Singla et al., 2014). Moreover, prior research has shown that family CEOs' loss aversion with regard to firm control and reputation (e.g., Gómez-Mejía et al., 2007) leads to idiosyncratic investment decisions with regard to, for instance, environmental programs (Berrone et al., 2010) or acquisitions (Gómez-Mejía et al., 2018). However, relatively little attention has been paid to how family CEOs affect the inner workings of their firms.

We propose that the experience and expression of emotions by family CEOs is unique as family CEOs differ from other CEOs because they encounter two distinct but overlapping systems in their management roles (Habbershon et al., 2003). The first is the business system, where the family CEO, like any other CEO, must consider the firm's goals, structures, processes, and procedures (Tagiuri and Davis, 1996). In this system that follows a rational approach, 'professionalism' is encouraged and emotions are often seen as a disturbance (Mann, 1997). The second system consists of the regularities, structures, and norms of the family. In this system, emotions are salient, and their expression is generally encouraged (Beutler et al., 1989; Rönkä and Korvela, 2009), especially if those emotions are positive (Daly, 2003). In contrast to the business system, "the family system is viewed as being emotion based" (Diaz-Moriana et al., 2019: 343).

We first suggest that the overlap of both systems infuses the family CEOs, who simultaneously assume the roles of business leader and family member, with positive emotions that they experience at their workplace. While all CEOs, including family CEOs, experience a broad range of both positive and negative emotions at work (Delgado-Garcia and De La Fuente-Sabaté, 2010), family business research suggests that family CEOs, on average, experience positive emotions such as excitement, inspiration, and enthusiasm about their firms more than hired CEOs (Gómez-Mejía et al., 2007; Zellweger and Astrachan, 2008). These emotions arise from the particularly strong attachment of the family CEO to both the family and the firm (Zellweger et al., 2012)—unlike other CEOs, family CEOs often perceive their firms as their "babies" (Kammerlander, 2016: 193). In firms held in family hands for generations, identification with the family business begins in early childhood in family settings, allowing for an emotional bond with the firm to develop over an extended period of time (Björnberg and Nicholson, 2012; Kammerlander et al., 2015).[2] We follow this line of research in suggesting that, on average, family CEOs are more likely than other CEOs *to experience positive emotions* such as enthusiasm and excitement at work. For instance, a female sixth-generation family firm CEO of a protection cover producer shared in a conversation with us: "Personally, thoughts of the family business fill me with happiness, gratitude, and pride. […] I am full of enthusiasm and joy to have such a motivated, appreciative team that is curious about what is to come and feels personally connected to the company. I am grateful that I have been given the trust of the family to bring [name of family firm] successfully into the future."

Furthermore, we suggest that family CEOs do not only experience those emotions but that they are also inclined to *express* their positive emotions at work (while suppressing potential negative emotions). Specifically, we suggest that the double role of the family CEO as a business leader and a family member affects not only how the CEO feels about the firm but also how he or she conveys feelings and interacts with employees. As family CEOs strongly identify with their firms (Berrone et al., 2010), they are encouraged to express their positive emotions associated with the family firm to stakeholders, such as employees. Prior research confirms that family CEOs' expression of these emotions in the business context is common among family CEOs (Björnberg and Nicholson, 2012), in part, because it reflects positively on their family firms' image (see Berrone et al., 2010). At the same time, their concern about the business might prevent them from publicly expressing negative emotions in the workplace.[3] Thus, even though responsibility for a business can come with negative emotions caused by, for instance, conflicts or stress (e.g., Eddleston and Kellermanns, 2007; Huang et al., 2020), family CEOs may—on average—forego the expression of those emotions in favor of upbeat feelings more than hired CEOs. Providing anecdotal evidence for this claim, a third-generation furniture trade family CEO told us: "I have many emotions. In particular, gratefulness. […] Yes, I show emotions [in the business context]. Showing positive ones is easier than showing negative ones."

To conclude, we suggest, based on family firm and family science literature, that family CEOs, more than other CEOs, express positive emotions in their workplace. In the following, we suggest that these emotions then spread through the firm, thereby setting the firm's organizational affective tone.

2.2. The organizational affective tone of the family-managed firm

Every business has a distinct organizational affective tone—a set of descriptive emotional norms that concern the consistent feelings held in common across employees (Knight et al., 2018). Organizational affective tone is akin to group mood, which is a diffuse

[2] In addition, many family CEOs are emotionally invested in the firm's long-term success (e.g., Gómez-Mejía et al., 2007) and see themselves as caretakers of the firm until the next generation of the family takes over (Huang et al., 2020). Thus, family CEOs are strongly committed to their business, identify with it (Berrone et al., 2010), and tend to assign meaning to their jobs that extends beyond time-bound intrinsic or extrinsic returns and is tied to how the family benefits from their work. Research shows that when people see their work as benefitting their families, they experience elevated levels of energy at work (Menges et al., 2017).

[3] As such, family CEOs mirror for their businesses what family science research has found to hold true for families more broadly—in the last century, families have increasingly encouraged the regulation (i.e., suppression) of negative emotions and the expression of positive emotions (Sunar, 2002; Vangelisti, 1994), as "culture dictates that families should be filled with positive emotions" (Daly, 2003: 775).

feeling state that group members collectively experience (Barsade and Knight, 2015) and that lasts longer than the emotions that give rise to it. However, in contrast to group mood, organizational affective tone is located at the organizational level and does not require all organizational members to simultaneously experience certain emotions or moods. Instead, organizational affective tone captures what employees of a firm deem to be the typical and normal emotional experiences of employees at work. Thus, while there may be variability in individual feelings (i.e., employees' personal moods and emotions) and shared feelings (i.e., group moods and emotions) in different parts of any organization (Menges and Kilduff, 2015), including family firms (Labaki et al., 2013), employees tend to also ascribe a global organizational affective tone to their firm (Knight et al., 2018). If a firm's employees typically feel pleasant emotions, then the organizational affective tone is positive. If these positive emotions are usually of relatively high intensity, then the firm has a high-energy positive affective tone (cf. Cole et al., 2012). Specifically, high-energy emotions are ones that come with an activation tendency and are more invigorating than low-energy emotions, which come with a deactivation tendency (Feldman Barrett and Russell, 1998). In a firm with a high-energy positive affective tone, employees would report that they perceive such emotions as excitement and enthusiasm as common in their firm, even if they also at times experience other emotions.

We suggest that firms with family CEOs are more likely to feature a high-energy positive organizational affective tone than firms with other CEOs because family CEOs are likely to pass on their own high-energy positive emotions[4] emerging from the nexus of the family system and the business system (as described above) to employees. This process mainly occurs through emotional contagion—"a process in which a person or group influences the emotions or behavior of another person or group through the conscious or unconscious induction of emotion states and behavioral attitudes" (Schoenewolf, 1990: 50). Emotional contagion operates through multiple pathways (Elfenbein, 2014), including mimicking another's emotional expression, which elicits the same emotion in the observer (Barsade, 2002), and processing social information by watching others express their feelings to determine how to feel (Pescosolido, 2002). Hence, organizational members might be affected by the family CEOs' emotions through listening to him/her giving speeches (e.g., in all-staff meetings), watching him/her in interactions with stakeholders such as other employees, customers or suppliers, or through direct interactions in, either one-on-one or team meetings or workshops. The sixth-generation family CEO mentioned above, described this process as follows: "Since I am personally very enthusiastic and I am convinced that positive emotions are mutually reinforcing, I share them very openly with my team. I would communicate them in the same way if the reason for the positive emotions is a personal one (such as a wedding). For me, the basis of a family business is also that as an employee you feel connected to the company and the family. […] My hope is that in this way I will motivate my team, carry them along, inspire them and at the same time establish a positive culture."

In family-managed firms, the spread of the CEOs' high-energy positive emotions through emotional contagion is likely to be facilitated by the frequent interactions that these CEOs have with their employees. Families encourage the sharing of positive emotions through regular interactions (Lawson et al., 2014), which can, for instance, take place during joint meals, joint activities, and conversations (Sevon et al., 2014). We suggest that the same is true for family CEOs in their regular encounters with employees. Indeed, family CEOs are more likely than hired CEOs to seek contact with their employees, especially their direct reports with whom they often forge stable, long-term relationships (Cennamo et al., 2012). Family CEOs tend to have extensive knowledge about their direct reports and use that knowledge in interactions with them, thereby creating a basis for trust that is conducive to emotional contagion (Cwir et al., 2011). For instance, Reinhold Würth, family CEO of screw manufacturer Würth, emphasized in a media interview that he personally knew all his employees until the company reached a size of 1000 staff members.[5] This elevated level of both the frequency and quality of interaction allows family CEOs to transfer their positive emotions to their direct reports more so than hired CEOs.

Charged with enthusiasm and excitement, the CEO's direct reports are likely to pass on their emotions to their own subordinates and, thereby, spread those emotions across employees throughout the business as a whole. This process of exponential emotional contagion has been compared to a 'wildfire' (Saavedra, 2008). While emotional contagion has not yet been demonstrated empirically at the organizational level in business settings (Barsade et al., 2018), extant research in social psychology shows that high-energy emotions can spread through collectivities larger than small groups by way of secondary and tertiary emotion sharing (Rimé, 2009). For example, one study finds that the intense emotions 33 students experienced during a visit to a hospital morgue were

[4] We focus on high-energy emotions for conceptual and methodological reasons. Conceptually, in addition to being positive or negative ('valence'), emotions differ regarding the level of their energy, that is the physiological arousal or activation they evoke (Smith and Ellsworth, 1985). Enthusiasm, excitement, relaxation, and calm are all positive emotions, for example, but while enthusiasm and excitement are characterized by states of heightened arousal or activation (high energy), relaxation and calm are characterized by low arousal or deactivation (low energy; Feldman Barrett and Russell, 1998). Similarly, there are low-energy, negative (e.g., depression) and high-energy, negative (e.g., anger) emotions. These differences in arousal shape emotional contagion, such that high-energy emotions have a higher likelihood of being passed on from one person to another, through emotional contagion, than low-energy emotions (Barsade, 2002). Empirical work on emotional contagion in multiple contexts has confirmed the important distinction of high- and low-energy emotions, and the more contagious effect of the former (e.g., Herhausen et al., 2019). Given that our interest lies in how family CEOs affect employees' feelings through emotional contagion, we thus consider it a theoretically sound starting point to focus on high-energy emotions. Methodologically, we rely on our study participants to report on the emotions that employees in their firm feel, thus these emotions need to be observable. High-energy emotions attract more attention and manifest in more easily noticeable expressions than low-energy emotions (Dael et al., 2012), thus our participants are likely to report perceptions of high-energy emotions with a relatively reasonable degree of accuracy. It is important to note, however, that our focus on high-energy emotions does not preclude the possibility that CEOs may also show low-energy emotions and that such emotions may also be prevalent in firms with and without family CEOs.

[5] https://www.porsche-consulting.com/de/medien/porsche-consulting-das-magazin/?tx_xxmultimedia_pi1%5Baction%5D=download&tx_xxmultimedia_pi1%5Bcontroller%5D=Multimedia&tx_xxmultimedia_pi1%5Bfile%5D=178&cHash=6ce67bfccf028ab764393e0231a8ddff&_=160218.

thereafter shared with nearly 900 other people (Harber and Cohen, 2005). Similarly, we suggest that the exposure to a family CEO with high-energy positive emotions is likely to lead to secondary sharing by their direct reports and to tertiary sharing by employees throughout the firm.

As this process repeats over time, with CEOs frequently expressing positive emotions and direct reports and supervisors passing on those emotions to others in the business, we suggest the perception emerges among employees that positive emotions prevail in their business. From the perspective of multilevel organization theory (Morgeson and Hofmann, 1999), emotional contagion can thus facilitate the affective tone of an organization through cycles of interactions among organizational members (Hareli and Rafaeli, 2008).

These emotional contagion processes are likely to be more salient in firms with family CEOs than in firms led by other CEOs. Not only do family CEOs, more than other CEOs, experience positive emotions towards their firm and display them within the firm in frequent and 'family-like' interactions, but extant research also shows that individuals are more contagious to the extent that the individual expressing emotions holds power (Dasborough et al., 2009), addresses an in-group that identifies with him or her (Cardon, 2008), and is perceived as authentic and trustworthy (Grandey et al., 2005). Because of their hereditary claim to power, family CEOs are considered to be more powerful than their professionally appointed counterparts who can be more easily removed from the CEO position (Carney, 2005). Thus, family CEOs should hold greater sway over the emotions their employees feel (Sy et al., 2005). In addition, employees tend to share a stronger sense of identification with the family CEO than employees in other firms (Berrone et al., 2012). Therefore, they are more susceptible to the CEO's emotional contagion. Finally, family CEOs are often seen as more trustworthy (Eddleston et al., 2010) and authentic (Beck et al., 2020) than other CEOs because of lower agency conflicts. Consequently, employees are likely to more readily take up their emotions. In sum, family CEOs should, on average, be more emotionally contagious than other CEOs and set a more positive organizational affective tone for their firms by passing on their enthusiasm and excitement to employees.

H1. Firms with a family CEO have a more positive organizational affective tone than other firms.

2.3. *Structural factors affecting the family CEO's emotional contagion*

Although we advance the idea that family CEOs pass on their emotions to employees through emotional contagion to create and maintain the positive organizational affective tone that distinguishes family-managed firms, we also suggest that this process is constrained or facilitated by certain aspects of organizational structure, specifically the size of the firm and the degree to which it is centralized and formalized (Puranam et al., 2014). We deem these structural factors important as boundary conditions for the effect of a family CEO on organizational affective tone, because they are likely to directly shape the extent and direction of emotion spreading in firms. By considering emotional contagion in the context of organizational structure, we address one of the key concerns of scholars that have been skeptical about whether emotional contagion, as a process that relies on social interaction, can scale up to explain phenomena at the organizational level (Elfenbein, 2014; Menges and Kilduff, 2015) and identify firm size, centralization, and formalization as three essential structural factors upon which it is contingent whether a family CEO's emotions ripple through their firm.

First, we suggest that *organizational size* (i.e., the number of employees working in a company) influences the effect of the family CEO on positive organizational affective tone. Specifically, we argue that the larger the organization, the weaker the positive relationship between the family CEO and the positive affective tone of the firm because the emotional contagion process, which relies on social interaction, is slow, fleeting, and easily interrupted (Menges and Kilduff, 2015). With increasing size, the frequency and intensity of interactions between a family CEO and employees decrease as does the family CEO's ability to provide individual consideration for employees (Jung et al., 2003). The larger a firm gets, the more anonymous it becomes, the less employees know each other (especially the family CEO), and the fewer are the interactions between the individual employees and the family CEO. As emotional contagion requires interactions between the CEO and employees as well as the further sharing of those emotions among employees, the relative influence of the family CEO is thus likely to decrease as the number of employees increases (Vijayalakshmi and Bhattacharyya, 2012), implying that the emotion effect of the family CEO might decrease to the point that it is indistinguishable from the effect that a hired CEO would have. In line with general research arguing that a leader's effect on an organization decreases with increasing organizational size (Koene et al., 2002), we expect that in smaller firms, family CEOs have a relatively stronger effect on positive organizational affective tone than in larger firms.

H2. Increasing organizational size weakens the positive relationship between the presence of a family CEO and positive organizational affective tone.

Next, we suggest that *centralization* strengthens the effect of the family CEO on positive organizational affective tone. General management research often views centralization—the degree to which authority and decision-making is concentrated (Hage and Aiken, 1967)—as problematic (e.g., Bunderson et al., 2016), restricting creativity and innovation (Jansen et al., 2006) and decreasing responsiveness to the market (Schminke et al., 2000). However, research on family-managed firms has adopted a different, somewhat more optimistic perspective on organizational designs that centralize decision-making. In this stream of research, the family CEO as the leading figure is believed to benefit from centralization (Kelly et al., 2000), because "centralization decreases transaction and informational costs (Chrisman et al., 2004), promotes more efficient decision-making (Tagiuri and Davis, 1996), and also permits families to keep their best interests at heart in their business" (Martin et al., 2016: 757). Similarly, we suggest that centralization can facilitate the spread of the family CEO's emotions.

First, centralization fosters vertical as compared to horizontal communication patterns (Tushman, 1979), thereby providing plenty opportunities for family CEOs to transmit their emotions. Although emotional contagion is a bidirectional process (Tee, 2015), the power dynamics in centralized firms are likely to work in favor of the emotions radiating out from the family CEO as the central figure to employees throughout the firm (rather than vice versa; cf. Wróbel and Imbir, 2019). Consequently, in family-managed firms, emotional contagion from the CEO to the employees should prevail in setting the affective tone if centralization is high. In line with this suggestion, family science research has shown a “hierarchy of emotional influence in families” (Larson and Almeida, 1999: 13), which also applies to business families especially when decision-making power is concentrated in the hands of the senior generation (Kammerlander et al., 2015). Similar to patriarchs, who often maintain their dominance through centralization and are influential senders of emotions in their families (Bolger et al., 1989), we suggest that family CEOs have a stronger effect on the organizational affective tone in highly centralized (vs. decentralized) structures.

Given the idiosyncratic role of the family CEO as the nurturer or caretaker of the family firm (Miller et al., 2011), employees may perceive the centralization of decision-making power as a signal of the family CEO caring for the firm and its employees and thus, as a legitimate expression of his or her power position (Carney, 2005). Research shows that family CEOs experience considerable responsibility for their employees (e.g., Cennamo et al., 2012), just as parents do with respect to their offspring. As employees place their trust in the family CEO, they will be more likely to attend to the feelings expressed by the family CEO in a centralized setting, a process that entails emotional contagion, as evidence suggests from studies of how leaders influence their followers’ emotions (Pescosolido, 2002) and of how parents influence their children’s emotions (Daly, 2003).

In decentralized firms, however, employees’ attention might be less focused on the CEO and the CEO’s emotions may thus be less important for how employees feel. When employees can take their own decisions in their respective business units, they may communicate more horizontally than vertically and also seek out fewer opportunities to interact with the CEO and his or her direct reports (Tushman, 1979), thus decreasing the frequency and intensity of exposure to the emotions that the CEO passes on to others in the business. This reduces possibilities for emotional contagion and renders the emotion effect of family CEOs more similar to that of hired CEOs. Thus, we expect the family CEO to have a relatively stronger effect on positive organizational affective tone in centralized firms than in decentralized firms.

H3. Centralization strengthens the positive relationship between the presence of a family CEO and positive organizational affective tone.

Finally, we suggest that *formalization* weakens the effect of family CEOs on positive organizational affective tone. Formalization reflects the degree to which rules, procedures, instructions, and communications are formalized or written down (Jansen et al., 2006) and serves to ensure order, reduce ambiguity, and improve predictability (Hage and Aiken, 1967). As such, it forms a counterpoint to the impulsivity that is often associated with emotions. Indeed, formalization, in the ideal bureaucracy, would neutralize any effect of emotion in an effort not to let emotions interfere with the efficiency of the firm (Weber, 1978). Against this backdrop, we argue that formalization is likely to stifle the emotional contagion effect of the family CEO. In firms with plenty of rules, fixed procedures, and written communication, likely the CEO, as well as direct reports and supervisors throughout the business, are constrained in the degree to which they can show and transmit their naturally occurring emotions to employees. Instead, with increasing formalization, meetings, decisions, and communication become more regulated, less spontaneous, and less affected by emotion. Thus, in highly formalized firms, the contagion effect of the family CEO’s emotion is restricted, as interactions in general and meetings in particular are similar to those in firms with hired CEOs.

In less formalized firms, verbal and personal communication often replaces written communication and is less likely to follow precise rules, standards, or scripts. Instead, there is leeway for variation in interactions among organizational members (Desanctis and Monge, 1999). We argue that these characteristics allow organizational members to better display and transfer their emotions and, consequently, strengthen the effect of family CEOs’ emotional contagion in their firms. Research shows that oral communication is more appropriate to convey emotions than written communication (Russ et al., 1990) and that the effects of emotional contagion are stronger when people meet in-person (Elfenbein, 2014). Moreover, spontaneous meetings and the lack of precise agendas and minutes in non-formalized entities allow meeting participants to deviate from rational, fact-focused agenda points to address more emotional side topics, further fostering emotional contagion. Hence, in firms with low levels of formalization emotions might spread effectively, just as in families where processes and routines are implicit and non-formalized (Keyes and Burns, 2002). In sum, we expect the family CEO to have a relatively weaker effect on positive organizational affective tone in highly formalized firms than in not so formalized firms.

H4. Formalization weakens the positive relationship between the presence of a family CEO and positive organizational affective tone.

2.4. Indirect effects of family CEOs on the firm’s voluntary employee turnover rate

If, as a result of the CEO’s influence, employees collectively feel better at work, they should also be less likely to leave their jobs. Thus, we expect a family CEO to be associated with positive organizational affective tone (depending on the above discussed structural contingency factors), and we expect positive organizational affective tone to mediate the relationship between a family CEO and voluntary turnover rate (“moderated mediation relationship”). Voluntary turnover rate refers to the number of employees who leave a business out of their own will, relative to the total number of employees. It excludes involuntary turnover, which refers to cases in which the employer—not the employee—terminates an employment contract (Dess and Shaw, 2001). When the voluntary turnover rate is high, it is not just problematic for businesses because of entailing replacement costs and productivity losses, but also because a higher voluntary turnover rate reflects a *collective* tendency of employees to quit (Porter and Rigby, 2021). As voluntary employee turnover tends to stimulate more such turnover (Hausknecht, 2017), businesses suffering from high voluntary employee turnover rates risk suffering an exodus of their human capital.

Theories addressing collective turnover (Hausknecht and Holwerda, 2013; Nyberg and Ployhart, 2013) highlight the context dependency of the phenomenon. For instance, context-emergent turnover theory (Nyberg and Ployhart, 2013) suggests that collective turnover is shaped, in part, by the climate that pervades a business. Although the theory does not speak to affective aspects of climate, it provides a foundation for our suggestion that organizational affective tone—as a collective construct—is likely associated with the organization's voluntary employee turnover rate. Specifically, we suggest that the more positive an organization's affective tone is, the lower is its voluntary employee turnover rate.

We derive this suggestion from decades of research that highlight an interconnection between how people feel and their likelihood of quitting their job (Hom et al., 2017). Employees view emotions as a key indicator when assessing whether they are in the right job—if emotions are positive, employees infer that their job fits their needs and, thus, make an effort to stay with their current employer. In contrast, employees view negative emotions as an indication that they need to change jobs (Weiss and Cropanzano, 1996). Similarly, we suggest that employees observe the consistent feelings held in common across organizational members as an indicator of how attractive their employer and their work environment is. If employees consistently perceive highly positive emotions around them, then they are likely to conclude that they must be in a good place—one that they do not want to leave. If, in contrast, a workplace lacks positive emotions, then the absence of such feelings might make employees wonder if there are better places, likely leading some to leave. Thus, we suggest that a family CEO induced positive organizational affective tone relates to a low voluntary employee turnover rate (mediation relationship). Based on the arguments put forth for H2-H4, the overall indirect effect will depend, as per above, on contextual factors.

H5a. There is an indirect negative relationship between the presence of a family CEO and the voluntary employee turnover rate mediated through positive organizational affective tone (mediation relationship).

H5b. The mediation relationship described in H5a is moderated by a) organizational size, b) centralization, and c) formalization.

3. Research methods and results

3.1. Data collection and sample

To test our hypotheses, as summarized in the conceptual model in Fig. 1, we collected multilevel and multisource data on privately-owned firms located in Germany. Given the complexity of the data-collection process and the sensitivity of data collected from multiple respondents per firm, we cooperated with a benchmarking agency that had access to firms with 20 to 5000 employees. The agency contacted a total of 716 firms between 2009 and 2014. Of those firms, 497 agreed to participate and provided complete data.[6]

We used standardized procedures to collect data from various sources in each participating firm. First, we identified a key informant (N = 497) from each firm's HR department who provided fact-based, objective information about the CEO, organizational size, the voluntary employee turnover rate, and additional firm-level data (e.g., firm age and industry) through an online survey. Second, the key informant received an e-mail with a hyperlink to a survey website for distribution to all the firm's employees. Each responding employee was randomly assigned to different online surveys. One survey included questions about the firm's positive organizational affective tone and another survey focused on firm centralization and formalization ($N = 41{,}200$; 45% women; mean age = 38.69 years; mean tenure = 8.91 years). A third survey captured the leadership style of the direct supervisor as a control variable. From this sub-sample, we only used responses from the CEO's direct reports to assess CEO leadership style (N = 2246; 40% women; mean age = 39.35 years; mean tenure = 8.22 years). A split-sample design with three subsamples was suitable given our aim of examining organizational-level relationships. This design also had the advantage of avoiding common source biases, as each focal construct was assessed from a different source. Overall, the within-firm response rate was 67% (SD = 23%, ranging from 12% to 100%). As further data source, we collected information on family ownership and management from three public databases (i.e., Amadeus, Hoppenstedt, and WISO) and through a manual search of the firms' websites, job advertisements, and press articles.

3.2. Measures

Family CEO. We used several sources to determine whether a firm was led by a family CEO. First, in line with prior research (e.g., Neubaum et al., 2012), we applied the "self-identification" method by asking the key informant whether the CEO was a member of the owning or controlling family. We used a dummy variable to differentiate between firms with a family CEO (coded "1") and a hired CEO ("0"). Second, we manually searched public databases (i.e., Amadeus, Hoppenstedt, and WISO) for information on whether each firm's CEO was a family member. The two sources correlated highly ($r = 0.83$, $p < .01$). Third, we manually searched the firms' websites, job advertisements, and press articles for information on whether they were led by a family CEO. Again, the information was highly correlated to the survey responses ($r = 0.98$ $p < .01$). Given the validity of the self-identification measure, we used the dummy variable

[6] We took multiple measures to ensure a satisfactory response rate. We drafted and thoroughly pretested our cover note to ensure that it met firms' needs. The agency identified key contacts in the firms that were both willing to participate and empowered to make the decision to participate. We sent several follow-up letters. Lastly, we promised and delivered an extensive benchmarking report to all participating firms.

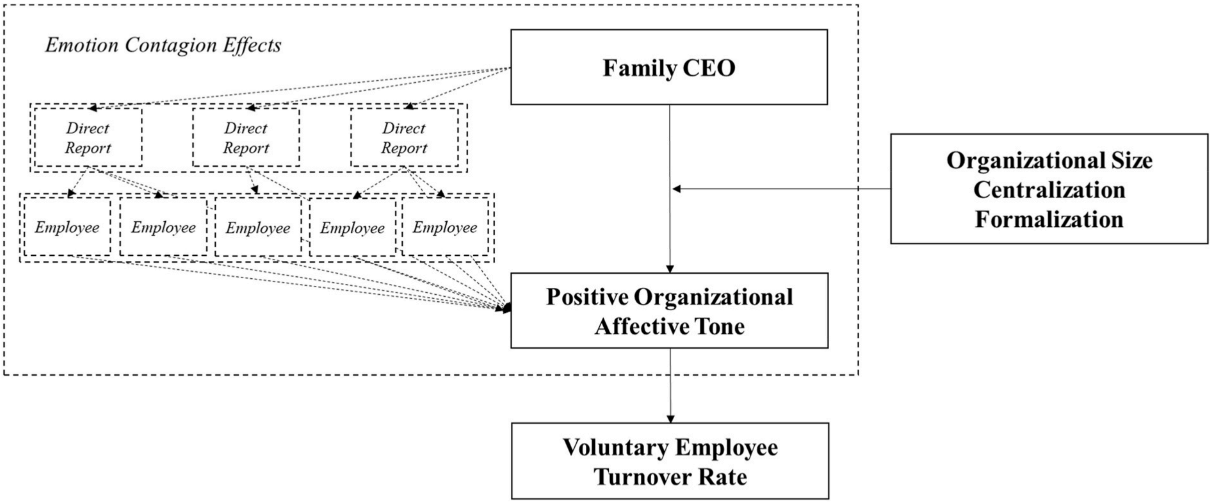


Fig. 1. Conceptual Model Solid lines indicate the main conceptual model, which is tested with the full data set. Dotted lines illustrate the emotional contagion mechanism, which is tested with a subset of the data. Please note that the number of direct reports varied by company as did the number of employees. The three boxes for direct reports and the five boxes for employees are used for illustration only in order to show the emotional contagion process.

across our analyses.[7]

Positive organizational affective tone. We followed common double-blind, back-translation procedures to translate English measures into German. We measured positive organizational affective tone with the questionnaire developed by Knight et al. (2018). We assessed the consistent feelings held in common across organizational members by asking employees to report how 'employees in this firm feel' using a referent-shift composition model in order to align our measurement with the conceptual level of analysis. Responses were given on a five-point scale (1 = *never*; 5 = *extremely often/always,* $\alpha = 0.91$). A total of 20,480 employees answered to these items. We found support for aggregating this variable to the organizational level ($ICC_1 = 0.15$, $ICC_2 = 0.88$) in line with our conceptual level of analysis.

Voluntary employee turnover rate. We collected objective information on employee turnover from archival data provided by the key informants. Similar to previous research (e.g., Waldman et al., 2015), we focused on voluntary, avoidable turnover and excluded involuntary turnover (e.g., dismissals and retirement). We measured the number of employees who voluntarily left the firm during the year of data collection divided by the total number of employees and log-transformed this measure because of non-normality (Shapiro-Wilk Test = 0.78, $p < .01$).

Organizational size. We measured organizational size as the log of the total number of employees working for the firm, as indicated by the key informant.

Centralization and formalization. We assessed centralization and formalization with a widely-used measure of organizational structure and design (Jansen et al., 2006). A total of 20,720 employees answered these items on a seven-point scale from 1 = *strongly disagree* to 7 = *strongly agree* ($\alpha = 0.92$ for centralization; $\alpha = 0.66$ for formalization). For the purpose of our organizational-level analyses, we operationalized centralization ($ICC_1 = 0.17$, $ICC_2 = 0.89$) and formalization ($ICC_1 = 0.23$, $ICC_2 = 0.93$) as the firm-level average of individual responses.

Firm-related controls. Moreover, we controlled for (1) *family ownership* because it is associated with lower financial investments in employees (Neckebrouck et al., 2018), which could decrease positive organizational affective tone and increase voluntary turnover, (2) *firm age* because professionalization over time may decrease voluntary turnover, (3) *past performance* because it may increase organizational affective tone (Knight et al., 2018) and decrease voluntary turnover (Hancock et al., 2017), (4) *high-performance work systems (HPWS)* because such practices increase pressure and may thus influence firm outcomes, (5) *top management team (TMT) size* because a larger TMT might reduce the CEO's influence on firm outcomes (Hambrick, 2007), and (6) *family TMT members* other than the CEO which might exert an influence on the outcomes similar to the influence of the family CEO. Family ownership was measured as the percentage of ownership held by the family (from 0 to 100%) based on information collected from public databases and manual web searches. Firm age was measured in years, as reported by the key informant. Firm past performance was assessed by the key informant with a single item ('Overall, how well did your company perform in the last year?'; 1 = *very poor*; 5 = *very well*). We assessed HPWS using an 18-item measure by Datta et al., (2005; $\alpha = 0.79$; replies from key informants). We measured TMT size as the number of TMT members as reported by the key informant and family TMT members other than the CEO based on information gathered from public databases.

CEO-related controls. We controlled for (7) *CEO gender*, (8) *CEO age*, (9) *CEO education*, and (10) *CEO job tenure* because

[7] The use of either of the two other measures does not meaningfully change the results.

demographic characteristics of the CEO may influence attitudes and behaviors of all employees in a firm (Hambrick, 2007) as well as for (10) *transformational leadership* and (11) *contingent reward leadership* because these behaviors may affect how employees collectively feel and behave. The key informant provided data concerning CEO gender (female = "0"), age (in years), education ("1" = no formal education, "2" = secondary school, "3" = junior high school, "4" = high school, "5" = college degree, "6" = university degree), and job tenure (number of years the CEO had held his or her position in the firm).[8] Furthermore, we controlled for transformational leadership and for contingent reward leadership with items from the leadership behavior inventory (Podsakoff et al., 1990) to ask the CEO's direct reports to rate how frequently, on a five-point frequency scale (1 = *never*; 5 = *extremely often/always*), the CEO exhibited transformational leadership behaviors ($\alpha = 0.87$) and contingent reward behaviors ($\alpha = 0.89$). Using a direct consensus model, we aggregated the answers to the firm level (transformational leadership: $ICC_1 = 0.18$; $ICC_2 = 0.51$; contingent reward behavior: $ICC_1 = 0.18$; $ICC_2 = 0.49$).

Sampling-related control. We included the *response rate* within each firm as a control variable to account for a potential sampling bias (e.g., more satisfied employees might be more likely to reply).[9] Table 1 presents the descriptive statistics and correlations for all study variables.

3.3. *Testing the emotional contagion process*

Our theorizing regarding the family CEO's emotional contagion relies on interactions where the CEO passes on high-energy positive emotions such as enthusiasm to direct reports, who in turn pass on those emotions to their supervised employees through secondary and tertiary sharing. We explicitly tested the emotional contagion mechanism suggested in our theory using a subset of 84 firms. For these firms, we collected data on the CEO's influence on their subordinates' enthusiasm for a sample of 1658 direct reports as well as the influence of these direct reports on their own subordinates' enthusiasm for a sample of 13,029 employees. The direct reports and the employees answered a similar question regarding the influence of the CEO or their direct supervisors, respectively, which we adapted from Parker et al. (2013): 'How does dealing with the CEO/your direct supervisor usually affect your level of enthusiasm?' Direct reports and employees answered on a scale from 1 to 5 (1 = *very negatively*; 3 = *neutral*; 5 = *very positively*). We then aggregated these answers at the organizational level to form variables for CEO emotional contagion ($ICC_1 = 0.16$; $ICC_2 = 0.79$) and supervisor emotional contagion ($ICC_1 = 0.06$; $ICC_2 = 0.91$).

We ran a serial mediation analysis to examine whether family CEOs imbue their firms with a high-energy positive organizational affective tone through their own emotional contagion and, in turn, the emotional contagion of supervisors throughout the firm, as suggested by the dotted lines depicted in Table 2. The results indicate that the presence of a family CEO has a positive effect on the enthusiasm of direct reports ($\gamma = 0.39$, $p < .01$), which in turn has a positive effect on the enthusiasm of employees ($\gamma = 0.58$, $p < .01$). Both the enthusiasm of direct reports ($\gamma = 0.28$, $p < .01$) and employees ($\gamma = 0.54$, $p < .01$) have a significant effect on positive organizational affective tone. The indirect effect of a family CEO on positive organizational affective tone is positive and significant ($\gamma = 0.31$, $p < .01$, 95% CI = 0.14, 0.46) while the direct effect is no longer significant ($\gamma = 0.08$, *ns*). These results provide empirical support for our theorizing of a contagion effect of positive emotions throughout the organization.

3.4. *Addressing family CEO selection bias*

Although we mitigate concerns about common source bias by using different data sources and about omitted variables by using a wide range of control variables and fixed effects, the research design may still raise an endogeneity concern because firms strategically choose to appoint a family CEO or a hired CEO (Stewart and Hitt, 2012). We addressed this concern using a dummy endogenous variable model, also known as a treatment effects model, which is a special case of the Heckman selection model (cf. Herhausen et al., 2020). The treatment effect model includes the potentially endogenous dummy variable (i.e., appointing a family CEO or not) as an independent regressor and is thus distinct from the sample selection model, which estimates the regression on a subsample of observations. The challenge here is that we cannot observe all of the information that firms use in their decision of appointing a family CEO. For any given firm in our sample, we observe the outcome of this choice but not the outcomes of the unmade choice. This missing information may result in a selection bias due to observables, such that we would fail to control for differences that can be observed (e.g., family ownership, firm size), or due to unobservables because of the failure to account for differences that are unobserved.

Thus, in the first stage, we establish a self-selection model to appoint a family CEO. $z_i^{F\_CEO}$ captures exogenous variables that influence this firm choice. Therefore, we include all firm and CEO related variables from the main model, year effects, and industry effects in $z_i^{F\_CEO}$ to predict the firm's decision to appoint a family CEO. Specifically, the first stage model is:

$$F\_CEO_i^* = z_i^{F\_CEO} \lambda^{F\_CEO} + \eta_i^{F\_CEO} \tag{1}$$

where $F\_CEO_i^*$ denotes a latent measure with an observed binary response indicator $F\_CEO_i = I\{F\_CEO_i^* > 0\}$, $z_i^{F\_CEO}$ captures the variables that influence firm choice, λ^{F_CEO} is the unknown parameter vector, and $\eta_i^{F\_CEO}$ is a random error. We report the results of this

[8] We also collected data on CEO organizational tenure (number of years the CEO had been in the firm across *all* jobs). Use of this variable instead of CEO job tenure does not meaningfully change the results.

[9] We found no significant difference in employee response rates between firms with a family CEO (68%) and other firms (66%, F = 0.61, $p = .43$), indicating no systematic bias due to missing employee responses between the two groups.

Table 1
Descriptive statistics.

Variables		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
1.	Family CEO																			
2.	Pos. Org. Affective Tone	.24																		
3.	Vol. Emp. Turnover Rate	-.06	-.22																	
4.	Organizational Size	-.25	-.39	.10																
5.	Centralization	-.12	-.38	.06	.27															
6.	Formalization	-.09	-.13	.05	.19	.22														
7.	Response Rate	.03	.25	-.09	-.66	-.26	-.14													
8.	Past Performance	.14	.25	-.09	-.09	-.18	-.05	.01												
9.	Family Ownership	.54	.06	.02	-.10	-.07	-.01	-.03	.08											
10.	Family TMT Member	-.24	.01	.04	-.04	-.01	.02	-.06	.00	.16										
11.	Firm Age	-.20	-.31	-.10	.32	.15	.17	-.22	-.07	-.08	-.05									
12.	HPWS	.09	.31	.08	-.13	-.27	.04	.12	.24	-.06	-.04	-.15								
13.	TMT Size	-.08	-.17	-.02	.28	.11	.02	-.17	-.02	-.05	-.05	.15	.03							
14.	CEO Age	-.21	-.14	-.14	.16	-.03	.06	-.06	.07	-.02	.02	.26	-.07	.12						
15.	CEO Gender	-.02	.04	-.04	.05	-.01	-.02	-.04	.09	-.08	-.10	.10	-.07	.05	.07					
16.	CEO Education	-.11	-.08	.04	.10	.00	-.01	-.01	-.04	-.13	.05	.02	.02	.00	-.01	.02				
17.	CEO Tenure	.37	.00	-.03	-.07	-.04	-.02	-.08	.06	.23	-.02	.17	-.06	.00	.12	.02	-.12			
18.	CEO TFL	.16	.46	-.08	-.24	-.22	-.04	.11	.20	.09	-.01	-.14	.27	-.10	-.04	.01	-.01	-.01		
19.	CEO CRL	.06	.35	.00	-.19	-.13	-.01	.09	.10	-.03	-.06	-.07	.27	-.11	-.01	-.03	.02	-.07	.72	
Mean		.54	3.35	1.63	5.19	3.46	4.32	.67	5.83	.60	.05	43.68	61.55	4.32	47.61	.88	4.85	13.79	3.76	3.68
SD		.50	.40	.90	1.29	.82	.65	.23	.91	.47	.21	42.80	15.81	2.07	5.77	.26	1.03	8.93	.45	.65

Notes: N = 497 firms. $|r| \geq 0.09$ is significant at $p < .05$ and $|r| \geq 0.12$ is significant at $p < .01$. Significance is based on two-tailed tests.
TMT = Top-Management Team, HPWS = High Performance Work Systems, TFL = Transformational Leadership, CRL = Contingent Reward Leadership. Organizational size is log transformed.

Table 2
Emotional contagion effect.

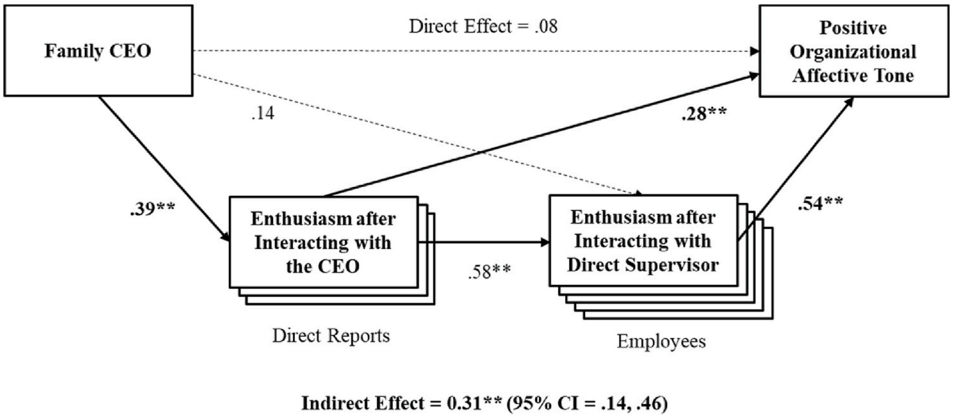
Panel A: Correlation Matrix

		1	2	3	4
1.	Family CEO				
2.	Enthusiasm after Interacting with CEO	.39**			
3.	Enthusiasm after Interacting with Direct Supervisor	.37**	.64**		
4.	Positive Organizational Affective Tone	.39**	.66**	.75**	
Mean		.45	3.81	3.63	3.30
SD		.50	.52	.31	.41

Panel B: Results with Control Variables

	Enthusiasm after Interacting with CEO	Enthusiasm after Interacting with Direct Supervisor	Positive Organizational Affective Tone
Main Effects			
Family CEO	.39**	.14	.08
Enthusiasm after Interacting with CEO		.58**	.28**
Enthusiasm after Interacting with Direct Supervisor			.54**
R^2	.15	.42	.63

Panel C: Emotion Contagion



**$p < .01$, *$p < .05$. Significance is based on two-tailed tests. N = 84 firms.
**p < .01, *p < .05. Significance is based on two-tailed tests. Standardized path coefficients. N = 84 CEOs, 1658 direct reports of the CEO, and 13,029 other employees. All variables have been aggregated to the organizational level. We use all significant controls from the main analysis.
**$p < .01$, *$p < .05$. Significance is based on two-tailed tests. Standardized path coefficients. The three and five boxes, respectively, are used for illustration only.

selection model in Table 3, Model 1. The model fits well to the data: it predicts 88% of firm decisions correctly and has a Pseudo R-square of 0.73.

To identify second-stage parameters, in line with the exclusion restrictions, we include one exogenous variable as an instrument in the first stage that is not included in the second stage. For us, this exogenous variable should influence the probability of having a family CEO but should not impact the dependent variables. As exogenous variable, we thus picked a dummy variable indicating whether a firm is part of a holding company (reported by the key informant) because firms with parent companies are less likely to have a family CEO (Mullins and Schoar, 2016). However, being part of a holding company should not influence positive organizational affective tone or the voluntary employee turnover rate (other than through the influence of a family CEO).

As expected, firms that are part of a holding company are less likely to appoint a family CEO (B = −1.69, Odds Ratio = 0.18, $p <$ .01). The corresponding F-statistic is 21.73, which is well above the threshold for a “strong” instrument (Stock et al., 2002). Thus, we can be confident that including the IMR improves our estimations of the hypothesized model. In the second step, we use the estimates of λ^{F_CEO} and $z_i^{F\_CEO}\lambda^{F\_CEO}$ to compute an inverse Mills ratio (IMR) as the bias correction term for each firm:

$$IMR_f = \begin{cases} \dfrac{\varphi\left(z_i^{F\_CEO}\lambda^{F\_CEO}\right)}{\Phi\left(z_i^{F\_CEO}\lambda^{F\_CEO}\right)} \; if\ F\_CEO = 1, \\ -\dfrac{\varphi\left(z_i^{F\_CEO}\lambda^{F\_CEO}\right)}{1-\Phi\left(z_i^{F\_CEO}\lambda^{F\_CEO}\right)} \; if\ F\_CEO = 0, \end{cases} \tag{2}$$

where Φ is the probability density and φ is the cumulative distribution of the standard normal distribution. We include the IMR

Table 3
Results.

Variables	Model 1: Selection Model		Model 2: Main Effects				Model 3: Full Model			
	Appointing a Family CEO		Positive Organizational Affective Tone		Voluntary Employee Turnover Rate		Positive Organizational Affective Tone		Voluntary Employee Turnover Rate	
	B	F-Value	γ	SE	γ	SE	γ	SE	γ	SE
Family Ownership	3.43**	81.41	-.07	.05	.11*	.06	-.07	.04	.11*	.06
Firm Age	-.01**	11.65	-.07	.04	-.13*	.05	-.08	.04	-.12*	.05
HPWS	.01	1.05	.07	.04	.14**	.05	.07	.04	.14**	.05
Past Performance	.33	3.23	.08*	.04	-.03	.04	.08*	.04	-.03	.04
TMT Size	-.01	.01	-.03	.04	-.05	.04	-.02	.04	-.06	.04
Response Rate	−2.82**	7.53	.04	.05	-.02	.06	.01	.05	-.01	.06
CEO TFL	.52	1.19	.24**	.05	-.06	.06	.23**	.05	-.05	.06
CEO CRL	-.13	.15	.06	.05	.11	.06	.09	.05	.08	.06
CEO Age	-.12**	13.19	-.03	.04	-.15**	.05	-.03	.04	-.15**	.05
CEO Gender	-.15	.03	.09*	.03	.04	.04	.08*	.03	.04	.04
CEO Education	.04	.04	-.07*	.03	.01	.04	-.07*	.03	.01	.04
CEO Tenure	.11**	25.75	-.03	.04	.04	.05	-.02	.04	.03	.05
Family TMT Members	23.86	.00	.09*	.04	-.02	.05	.08*	.04	-.01	.05
Part of a Holding *(Instrument)*	−1.69**	21.73	–	–	–	–	–	–	–	–
Firm Size	-.57**	9.24	-.11*	.05	.05	.06	-.12*	.05	.06	.06
Centralization	-.04	.02	-.24**	.04	.00	.05	-.25**	.04	.02	.06
Formalization	-.23	.75	-.01	.04	.04	.04	.00	.04	.02	.05
Family CEO			.15**	.05	-.12	.06	.15**	.05	-.12	.06
Family CEO × Firm Size							-.11**	.04	.05	.05
Family CEO × Centralization							.08*	.04	-.07	.05
Family CEO × Formalization							-.08*	.04	.08	.04
Pos. Org. Affective Tone					-.34**	.06			-.32**	.06
Inverse Mill Ratio			-.04	.04	.07	.05	-.01	.04	.06	.05
Year fixed effects	Yes		Yes		Yes		Yes		Yes	
Industry fixed effects	Yes		Yes		Yes		Yes		Yes	
R^2	.73		.46		.19		.48		.20	

Notes: N = 497 firms. $^{**}p < .01$, $^{*}p < .05$. Significance is based on two-tailed tests. Standardized path coefficients. HPWS = High Performance Work Systems. TFL = Transformational Leadership. CRL = Contingent Reward Leadership. The maximum Variance Inflation Factor (VIF) is 2.51 and thus well below the commonly accepted thresholds for multicollinearity concerns.

correction term in Model 2 and Model 3 in Table 3. Non-significant results for the correction term suggest a low degree of possible endogeneity.

3.5. Hypothesis testing

We estimated our model using a full maximum likelihood estimator and report standardized coefficients. To limit the potential bias caused by omitted variables, we included the year of the firm's participation in our study and the firm's industry affiliation (dummy coded: service, production, retail, and finance) as fixed effects in our models.

The results of the direct effects in our moderated-mediation model are summarized in Table 3. Do firms with a family CEO have a more positive organizational affective tone than firms with a hired professional CEO? The results in Model 2 indicate that having a family CEO (as opposed to a hired CEO) is positively and significantly related to a firm's positive organizational affective tone ($\gamma = 0.15$, $p < .01$), which supports Hypothesis 1. [10] [11]

Is this relationship contingent on organizational size, centralization, or formalization? Hypothesis 2 suggests that the relationship weakens with increasing organizational size. In support of this hypothesis, Model 3 shows a negative and significant interaction effect between having a family CEO and organizational size on positive organizational affective tone ($\gamma = -0.11$, $p < .01$). To scrutinize this interaction effect (and the other interaction effects), we ran additional analyses utilizing the Johnson-Neyman technique (i.e.

[10] To check whether a similar effect could be observed for firm-internal versus firm-external CEOs, we split the sample of hired professional CEOs into those who worked for the firm before being promoted to the CEO position and those who came from outside. We had 51 external professional CEOs and 179 internal professional CEOs in our dataset. Firms with external CEOs tend to have lower positive organizational affective tone than firms with internal CEOs. However, this difference is not significant ($p > .17$). We also checked whether firms with a family CEO have higher levels of positive organizational affective tone than firms with internal professional CEOs. This is indeed the case ($p < .01$).

[11] Additionally, we ran an empirical post-hoc test on negative organizational affective tone, thereby capturing potentially available negative emotions for a subset of 322 firms based on scale developed by Knight et al. (2018). Model free evidence with a simple ANOVA shows that negative organizational affective tone does not significantly differ between firms with and without a family CEO ($\text{Mean}_{\text{Family\_CEO}} = 2.36$, $\text{Mean}_{\text{Non\_Family\_CEO}} = 2.39$, p = .56), while positive organizational affective tone differs between firms with and without a family CEO ($\text{Mean}_{\text{Family\_CEO}} = 3.47$, $\text{Mean}_{\text{Non\_Family\_CEO}} = 3.27$, p < .01).

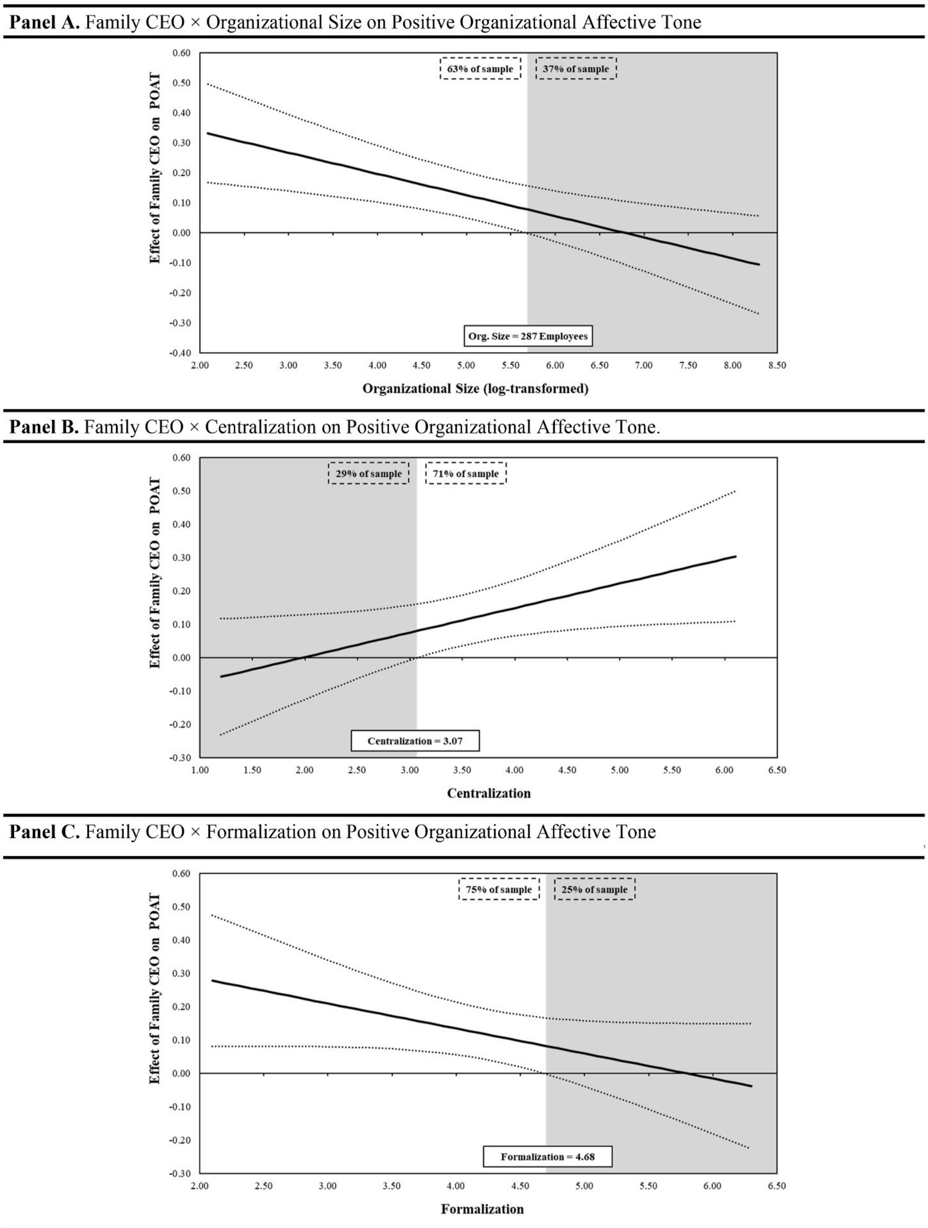


Fig. 2. Conditional effects of having a family CEO on positive organizational affective tone.

‘floodlight analysis’) to visualize the conditional effects of having a family CEO on positive organizational affective tone and depict the results in Fig. 2A. Hypothesis 3 proposes that centralization strengthens the relationship between having a family CEO and positive organizational affective tone. In Model 3, in line with our prediction, we find a positive and significant interaction effect between having a family CEO and centralization on positive organizational affective tone ($\gamma = 0.08$, $p < .05$; Fig. 2B). Hypothesis 4 suggests that the relationship between having a family CEO and positive affective tone should weaken as the firm’s formalization increases. The negative and significant interaction effect between having a family CEO and formalization on positive organizational affective tone ($\gamma = -.08$, $p < .05$) in Model 3 supports this hypothesis (see Fig. 2C).[12]

Next, we turn to the indirect effect. Is the positive organizational affective tone induced by the CEO positively related to whether employees are more or less likely to voluntarily quit their jobs? Hypothesis 5a/b suggests that the indirect relationship between having a family CEO and the voluntary employee turnover rate through positive organizational affective tone is negative. We used the Monte

[12] We found no significant higher-order interaction effects in three-way and four-way interactions.

Carlo method with 5000 draws to compute confidence intervals for the indirect effects. We find that having a family CEO is negatively related to voluntary turnover through positive organizational affective tone (family CEO → positive organizational affective tone = 0.15, positive organizational affective tone → voluntary turnover = −0.32, $\gamma_{indirect} = -0.05$, $p < .01$, 95% CI = −0.09, −0.02). This indirect effect is qualified by organizational size, centralization, and formalization. More specifically and considering the simple slopes at +1Sd and -1SD, having a family CEO reduces voluntary turnover via positive organizational affective tone in small firms ($\gamma_{indirect} = -0.09$, $p < .01$, 95% CI = −0.15, −0.04) but not in large firms ($\gamma_{indirect} = 0.00$, *ns*, 95% CI = −0.05, 0.04). A family CEO also reduces voluntary turnover via positive organizational affective tone in firms with high centralization ($\gamma_{indirect} = -0.07$, $p < .01$, 95% CI = −0.11, −0.03) but not in firms with low centralization ($\gamma_{indirect} = -0.03$, *ns*, 95% CI = −0.06, 0.01). The same is true for firms with low formalization ($\gamma_{indirect} = -0.06$, $p < .01$, 95% CI = −0.11, −0.02) but not in highly formalized firms ($\gamma_{indirect} = -0.03$, *ns*, 95% CI = −0.07, 0.01).

3.6. Supplementary analyses on family CEOs and cohesion among employees

One potential alternative explanation for the positive relationship between family CEOs and positive organizational affective tone may be that family CEOs may stimulate cohesion among employees, which results in a higher level of employee enthusiasm and a more positive organizational affective tone. In order to test this alternative explanation, we also consider the *strength* (instead of *level*) of positive organizational affective tone, an established measure of cohesion and consensus among followers (Luria, 2008). Following a dispersion model, we operationalize the strength of positive organizational affective tone as the standard deviation of the organization members' positive organizational affective tone, such that higher values indicate lower cohesion.

Model free evidence with a simple ANOVA shows that while, in line with Hypothesis 1, the *level* of positive organizational affective tone differs between firms with and without family CEOs ($Mean_{Family\_CEO} = 3.44$, $Mean_{Non\_amily\_CEO} = 3.247$ $p < .01$), the measure of cohesion (i.e., strength) does not significantly differ between firms with and without family CEOs ($Mean_{Family\_CEO} = 0.65$, $Mean_{Non\_amily\_CEO} = 0.67$, $p = .16$). Together with the supporting evidence of the emotional contagion process, this finding supports the effect of emotion in the relationship between family CEOs and organizational affective tone.

4. Discussion

Family-managed firms have long been recognized as a unique business context, one that differs from the usual firm setup. What has not been known thus far is whether having a family CEO makes a difference for how employees feel and behave. Despite the fact that many researchers have cast family-managed firms in a critical light, we find that the feelings common among employees led by a family CEO are characterized by a more positive organizational affective tone than the feelings of employees led by other CEOs. In our theorizing, we trace those feelings back to the CEO. We suggest that through their double role as business leaders and family members, family CEOs experience and express on average more high-energy positive emotions than hired CEOs and that they pass on those emotions, by way of emotional contagion, to their direct reports and, in turn, to employees throughout the firm. The resulting positive organizational affective tone—the perception that employees in the firm frequently experience positive emotions—is related to the firm's voluntary employee turnover rate. Thus, we find that firms led by a family CEO have lower voluntary turnover rates.

However, this positive view of firms with family CEOs is qualified by the structural features of the firm. We find that the effects of family CEOs described above occur in smaller, centralized, and less formalized firms, and we also show that these effects dissipate as firms grow bigger and become less centralized and more formalized. As such, there are limits to the emotional contagion of family CEOs—as the business system becomes more dominant owing to the sheer size of the firm and the introduction of common management tools, such as formalization, the relative influence of the family diminishes. Overall, by formulating and testing new theory on how family CEOs, compared to other CEOs, create and maintain the conditions that make employees enjoy a positive organizational affective tone and remain with the firm, we help unlock one of the grand conundrums in family business research: the paradox that some family businesses thrive despite their anachronistic management structures and their comparatively low investments in their employees.

4.1. Theoretical contributions

Our research makes several contributions to family business research and to research on emotions in organizations. First, we build new theory on how family CEOs' positive emotions ripple through firms and affect how employees working in those firms feel and behave compared to those working in firms with a hired CEO. We expand prior research on emotions in family firms by introducing the idea that family CEOs' emotions not only affect the CEOs themselves, as indicated by prior research (e.g., Berrone et al., 2012; Zellweger and Astrachan, 2008), but also spread through their firms if the firms are small enough, relatively centralized, and not very formalized. This between-person perspective suggests that family CEOs' emotions can influence their firms' organizational affective tone and affect employees' decisions to stay in the firm. As such, our study of the effect of family CEOs' emotions on the inner workings of family-managed firms enriches our understanding of how those firms operate.

Through the consideration of emotions, our work also expands theoretical perspectives on family businesses in general that have previously leaned primarily toward cognitive and strategic aspects, thereby answering recent calls for more research on emotions in family firms (e.g., Shepherd, 2016) in line with the growing trend in management research to pay more attention to emotions (Ashkanasy and Dorris, 2017). However, until recently, family business research has mostly focused on the business rather than the family side of the family business (e.g., Jaskiewicz et al., 2017) and has mostly neglected to study (positive) emotions in the family business (Shepherd, 2016). We draw on the family science literature (e.g., Daly, 2003; Rönkä and Korvela, 2009), and ideas of psychological and sociological research that has always treated families as emotional units (e.g., Bahr and Bahr, 2009), to introduce the idea that in order to better understand family-managed firms, the emotion-evoking aspects of families need more consideration.

In addition, the family business research that does concern emotions has mainly broached the issue of ambiguous and negative feelings among family members (e.g., Eddleston and Kellermanns, 2007; Huang et al., 2020). Our research considers the possibility that just as families tend to favor and encourage positive emotions (Daly, 2003), family-managed businesses may be characterized by predominantly upbeat feelings. In reuniting organizational family business research with psychological and sociological family science (James et al., 2012), we adjust the balance in family business research in favor of positive emotions, and we open up new avenues for family business scholars to include both negative and positive emotional aspects in their research (e.g., Labaki et al., 2013; Shepherd, 2016). Although our robustness test showed no differences regarding negative organizational affective tone between firms with and without a family CEO, we see potential for future studies scrutinizing negative emotions. In particular, researchers might investigate under which conditions family CEOs experience and express negative (instead of positive) emotions. Additionally, empirical studies focusing on the contagion effect of negative emotions might be worthwhile.

Through our focus on positive emotions, we shed a more optimistic light on family-managed firms than prior research (Neckebrouck et al., 2018). Whereas previous research finds *higher* voluntary turnover rates in family firms in general, when compared to non-family firms (Neckebrouck et al., 2018), our research indicates that although this may be true for family-owned firms, it is not true for firms led by family CEOs, where the voluntary turnover rate is *lower* than in other firms. Therefore, our theory and findings identify important nuances in the expanding body of knowledge about employees in family firms (Tabor et al., 2018). Our research thereby also adds to research aiming to understand the performance differences of family vs. non-family firms. While some studies attribute higher performance to family firms (Wagner et al., 2015), others find lower performance (Bloom and Van Reenen, 2007), and still others cannot detect any effect et al. (O'Boyle et al., 2012). Whereas lower voluntary turnover rates can be considered a core competitive factor of family-managed firms, the positive emotions induced by the family CEO might also go along with decreased levels of efficiency (e.g., not firing unproductive employees, less rationality and toughness in competition) which might ultimately harm family firm performance. Hence, additional research is required to understand how the family CEO's emotions affect family firm performance and especially why some family-managed firms underperform despite the 'positive vibes' that are salient in those firms.

Our research also contributes to the literature on emotions in organizations and informs our growing knowledge about emotional contagion and organizational affective tone. Although researchers have firmly established emotional contagion as a mechanism for the convergence of feelings in small groups, Barsade and colleagues (2018: 147) recently suggested that "future researchers should be examining emotional contagion, not only at the dyadic and group level, but also at the organizational and societal levels." Our research adds key insights to the debate about whether contagion is possible in larger units (Barsade et al., 2018; Hareli and Rafaeli, 2008) by identifying important structural boundary conditions for the spread of emotions in organizations. In particular, our research highlights organizational size, centralization, and formalization as structural features of firms that may facilitate or restrict the emergence of positive organizational affective tone. A closer look at our results suggests that while the emotions of family CEOs seem to be contagious in smaller firms, their effect is not noticeable in larger firms. In fact, the effect is not statistically significant for firms with more than 287 employees. Furthermore, in line with our theorizing, compared to family CEOs, hired CEOs have no discernible effects on organizational affective tone regardless of organizational size, as evident in Fig. 2 (Panel A). These findings provide important empirical evidence suggesting that while the process of emotional contagion may explain the emergence of affective tone in small and medium-sized firms, it does not seem to work in larger firms.

In contrast to our theorizing, our empirical evidence, in line with prior research (Knight et al., 2018), reveals that also firms with family CEOs benefit from decentralized structures. However, as the findings of our study also show, the overall negative effect of centralization on positive organizational affective tone is less salient in firms with family CEOs. Thus, even though high centralization takes a toll on positive organizational affective tone, probably by depriving employees of autonomy as prior research suggests, it might still be beneficial for emotional contagion from CEO to employees. Therefore, in firms with family CEOs, the lack of autonomy may be more tolerable because of the positive emotions that radiate out from the CEO and affect employees throughout the firm. This adds an important nuance to the nascent literature on organizational affective tone.

Moreover, in line with our theory, we find that in firms with a family CEO, positive organizational affective tone is higher in cases of low formalization than in cases of high formalization. Our results also show that formalization does not directly affect positive organizational affective tone, which supports prior research arguing for a negative impact of formalization on positive organizational affective tone due to increased bureaucracy but did not find such an effect (Knight et al., 2018). We demonstrate that whether formalization affects the organization's positive organizational affective tone might depend on who leads the firm, and that bureaucracy may (only) have a dampening effect for family CEOs. Thus, we answer the call that "future research should more closely examine the role of formalization, as a feature of organizational design, in the context of the collective affective dynamics" (Knight et al., 2018: 211), pointing to how formalization may shape the effect of a leader on affective tone. In sum, by considering size, centralization, and formalization as macro-level structural features of firms, we make an important contribution to research on how emotional contagion can facilitate positive organizational affective tone, given that emotional contagion processes have mostly been studied at the micro level. Our findings not only provide evidence that emotions may spread through firms, thereby giving rise to organizational affective tone, but also point to how emotional contagion is critically dependent on the structure of the firm.

Finally, our study has implications for leadership research. The findings of our study align with suggestions of prior research (e.g., Bass, 2008; Gooty et al., 2010) that transformational leaders energize and inspire employees (i.e., we find a positive effect of CEO transformational leadership on positive organizational affective tone; $\gamma = .24$, $p < .01$), however, the effect of family CEOs on positive organizational affective tone remained significant even when we controlled for their transformational leadership behaviors. Our research thus points to a separate, previously undiscovered source of the emotion-infusing effects of some CEOs—the family. As the family provides family CEOs with purpose and meaning (Kammerlander, 2016; Zellweger et al., 2012), fills them with energy (cf. Menges et al., 2017), and encourages the expression of positive emotions (Daly, 2003), these CEOs are on average more likely than other CEOs to exhibit positive emotions and, in so doing, infect others with similar feelings.

4.2. Limitations and implications for future research

Our work is limited in its focus on positive emotion. We proposed that family CEOs, on average, experience and express particularly high levels of positive, high-energy emotions. Even though this assumption is supported by a large body of family science (Daly, 2003; Lawson et al., 2014) and family firm research (e.g., Zellweger and Astrachan, 2008), as well as by the empirical evidence provided in this study, some family CEOs may differ from the predicted pattern. For instance, ongoing conflicts within the family or perceptions of the inheritance of the CEO position as a burden might bring negative emotions to the fore (Larson and Almeida, 1999). In addition, even the family CEOs that exhibit positive, high-energy emotions may simultaneously also experience negative emotions. For instance, the research that suggests that those who see their work as benefitting the family experience more energy also finds that these same people experience more stress (Menges et al., 2017). Thus, it is imperative for future research to explore the role of negative emotions in family-managed firms and to unpack in more detail how family CEOs handle the tricky emotional dynamics that come with running a family business, both for themselves and in the interaction with others. Moreover, it would be worthwhile to study if negative emotions show a similar 'trickle down' effect as positive ones, and if they are conditioned by the same structural boundaries. In this regard, it is important to also consider the heterogeneity among family CEOs, as some may be more and others less prone to experience and express the high-energy positive emotions that we suggested distinguish family CEOs on average.

Furthermore, our research focused on the family CEO, however, the family CEO is likely embedded within a family structure that may have its own meaningful effects. Family structures are determined by parent-child, sibling, and marriage relationships and vary with regard to authority and liberty (Todd, 1985). Given that family structures are likely to affect the values and management of family firms (Arregle et al., 2019), research is needed to examine how different structures distinctively affect the experience and expression of emotions of family CEOs. Notably, the dominant family structures vary across the globe (Arregle et al., 2019). Thus, further research in cultural settings is needed to confirm the generalizability of our findings. Such research may be particularly desirable, because emotion expression and contagion might also depend on the extent to which it is acceptable in the focal national culture to show (positive) emotions (Kupperbusch et al., 1999). If informal rules in a country favor the suppression of emotion expression, then emotions may not be easily transmitted, and the positive effects of a family CEO might be weaker.

The findings on the structural factors that affect emotional contagion warrant further investigation. Given that the positive effect of emotional contagion seems to vanish with increasing organizational size and increasing formalization, it is an important question for family business researchers how family CEOs can counteract this mitigation effect and install measures and routines that foster emotional contagion in larger and more formalized firms. Also, as discussed above, although family firm research has pointed to the benefits of centralization in these firms (Martin et al., 2016), we found that centralization had both a negative direct effect and a positive interaction effect in firms with family CEOs. This raises the question of how family CEOs could counteract the negative effect of centralization in order to reap the emotional contagion benefits that seem to come with centralization. More generally, research is needed to unpack the factors that shape organizational structure in family-managed firms, including a consideration of factors that motivate family CEOs to grow the business and to introduce centralization and formalization as well as the family- and firm-related implications of such structural changes.

From a methodological viewpoint, the breadth of our sample demanded certain tradeoffs concerning the research design. Specifically, while we were able to acquire data from multiple sources across a large number of firms, the study is limited by its cross-sectional design. Thus, conclusions about the flow of causality are necessarily tentative even though we chose our focal variables carefully (i.e., the selection of a CEO is unlikely a consequence of affective tone, and voluntary turnover does commonly follow rather than precede affective tone) and ran suitable supplementary analyses (i.e., endogeneity tests). To address these concerns, one option is to do longitudinal research to better map out the causal order of our theoretical model. Furthermore, it would be interesting to study temporal effects, such as how long it takes the family CEO to build a positive organizational affective tone, and whether and how it can be maintained in case of a family-external leadership succession. Moreover, the available data allows us to only partly rule out endogeneity concerns. Specifically, the special case of the Heckman model may account for choice-induced endogeneity (Certo et al., 2016) but is not effective when other sources of endogeneity are present.

4.3. Managerial implications

Our research carries important practical implications, especially for owners and CEOs of family firms. First, it provides insights for firms needing to appoint a new family or hired CEO, which is often a key challenge in family firms (Richards et al., 2019). Our study counterbalances some of the previous, negative views on family management (e.g., Stewart and Hitt, 2012) by revealing desirable effects of family CEOs on affective tone and voluntary turnover. As such, it might help owners and incumbent managers in their decisions about appointing CEOs. Second, our study provides interesting practical insights with regard to organizational design in family-CEO firms. Firms need to be aware that some aspects (e.g., emotional contagion of positive emotions) will become less effective as firms grow or become more formalized. Therefore, they need to find ways to compensate for this effect and take other measures to keep the family-like spirit and emotional contagion processes alive. Third, advisors increasingly recommend that family firms become more like non-family firms by introducing more formalized mechanisms (e.g., Stewart and Hitt, 2012). Our results point to a potential downside of such formalization, as it dampens the beneficial effect of the presence of a family CEO on important outcome variables.

The general observation that employees working for firms with family CEOs experience a more positive organizational affective tone than those working in firms with hired CEOs is relevant for family CEOs, as it might help with their talent-attraction activities. Surveys like the KPMG European Family Business Barometer show that talent attraction is a major challenge for family firms in the 21st century,[13] especially for smaller family firms and those located in rural areas. For instance, studies of MBA students, who are mostly unfamiliar with family firms as employers, show a general negative attitude toward family firms (Ceja Barba and Tàpies, 2009). Therefore, the human resource managers of firms with family CEOs could build on and use our insights to communicate the potential advantages of working for family-managed firms. Lastly, non-family managers might also learn from our study. In line with general research that suggests an enriching effect of families on work life (Menges et al., 2017), we speculate that managers could look for creative ways to bring their own family system into the world of work, thus tapping into a source of emotions that may help them pass on positive emotions to their team members and others in their firm.

5. Conclusion

Family-managed firms seem better able than other firms to leverage the power of emotions for the benefit of organizational survival and success. These firms, especially when they are relatively small and less formalized, provide a workplace characterized by high-energy positive emotions—not despite but rather because of their seemingly outdated hereditary leadership structures that reserve the CEO role for family members. We conclude that family-managed firms are not relics of the past. Instead, they are here to stay, thriving on the positive feelings that their employees share.

Author statement

Nadine Kammerlander was responsible for conceptualizing the article/model, writing the article (in particular the family firm-specific parts) and for driving and handling the revision process.

Jochen Menges contributed to writing, in particular parts on emotional contagion.

Dennis Herhausen was responsible for the methods and results part, carrying out the main and supplementary analyses and writing the empirical parts of the paper.

Petra Kipfelsberger was involved in the initial model conceptualization and building up the dataset.

Heike Bruch contributed by being responsible for data collection.

APPENDIX A

Measurement of Multi-Item Constructs

Employee Survey A

Positive Organizational Affective Tone
- Employees in this firm feel excited in their job.
- Employees in this firm feel enthusiastic in their job.
- Employees in this firm feel energetic in their job.
- Employees in this firm feel inspired in their job.
- Employees in this firm feel ecstatic in their job.

Employee Survey B

Centralization
- Here employees cannot do anything without their supervisor's permission.
- Even for small things employees have to get the permission from a supervisor before they can make a final decision.
- Employees must almost always ask their supervisor for what they should be doing.
- Someone wanting to make his or her own decision would quickly be discouraged.
- For most decisions employees make, the supervisor needs to give approval.

Formalization
- For each situation you can think of, there is a written instruction.
- Rules and practices play a main role in our company.
- There is a written record of each employee's performance.
- For positions at all levels in our company there are written job descriptions.

Employee Survey C

Transformational Leadership

Intellectual Stimulation
- The CEO provides me with new ways of looking at things.
- The CEO forces me to rethink some of my own ideas.
- The CEO stimulates me to think about old problems in new ways.

Articulating Vision
- The CEO is always seeking new opportunities for the organization.
- The CEO paints an interesting picture of the future for our company.

(continued on next page)

[13] https://home.kpmg./xx/en/home/media/press-releases/2018/10/2018-european-family-business-barometer-launches.htmlhttps://home.kpmg/xx/en/home/media/press-releases/2018/10/2018-european-family-business-barometer-launches.html.

APPENDIX A (*continued*)

- The CEO has a clear understanding of where we are going.
- The CEO inspires others with his/her plans for the future.
- The CEO is able to get others committed to his/her plans of the future.

High Performance Expectations
- The CEO shows us that he/she expects a lot from us.
- The CEO insists on only the best performance.
- The CEO will not settle for second best.

Fostering Group Goals
- The CEO fosters collaboration among work groups.
- The CEO encourages employees to be "team players."
- The CEO gets employees to work together for the same goal
- The CEO develops a team attitude and spirit among his/her employees.

Individualized Support
- The CEO acts without considering my feelings.*
- The CEO shows respect for my feelings.
- The CEO behaves in a manner that is thoughtful of my personal needs.
- The CEO treats me without considering my feelings.*

Providing Role Model
- The CEO leads by role modeling.
- The CEO provides a good model to follow.
- The CEO leads by example.

Contingent Reward Behavior
- The CEO always gives me positive feedback when I perform well.
- The CEO gives me special recognition when my work is very good.
- The CEO personally compliments me when I do an outstanding job.

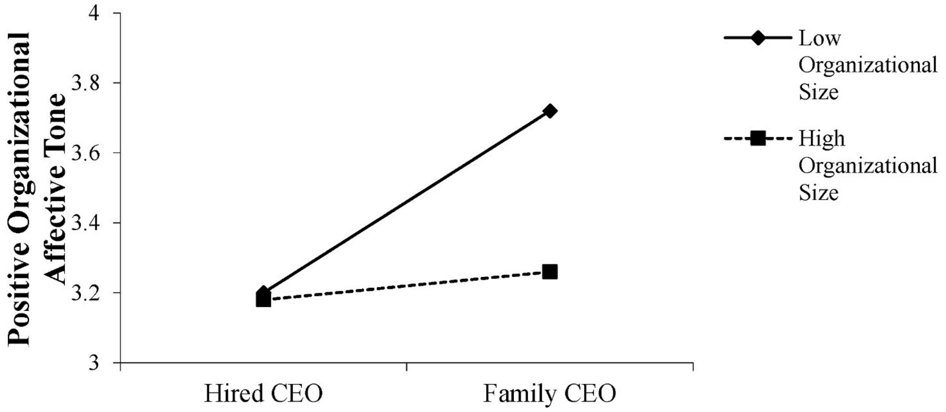
Key Informant Survey

High Performance Work Systems
- What is the proportion of the workforce that receives compensation depending on group performance?
- What is the proportion of the workforce that receives compensation based on technical skills and knowledge?
- What is the proportion of the workforce that receives training on company-related skills?
- What is the proportion of the workforce that receives training on general skills?
- What is the proportion of the workforce that receives training on specific skills?
- What is the proportion of the workforce that was appointed based on tests?
- What is the proportion of the workforce that was promoted this year?
- What is the proportion of the workforce that are promoted based on performance?
- What is the proportion of the workforce that receives a 360° feedback?
- What is the proportion of the workforce that receives regular performance rating?
- What is the proportion of the workforce that receives performance feedback from multiple persons?
- What is the proportion of the workforce that works in self-managed teams?
- What is the proportion of the workforce that receives information on operative performance?
- What is the proportion of the workforce that receives information on financial performance?
- What is the proportion of the workforce that receives information about strategic planning?
- What is the proportion of the workforce that is included in employee surveys?
- What is the proportion of the workforce that participates in in-house education?
- What is the proportion of the workforce that has access to a complaint management tool?

APPENDIX B

Classical Interaction Plots

Panel A. Family CEO × Organizational Size on Positive Organizational Affective Tone

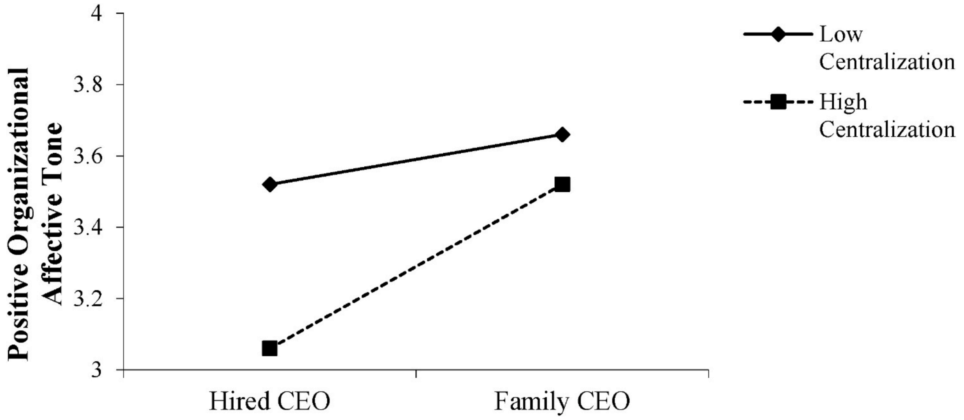


Panel B. Family CEO × Centralization on Positive Organizational Affective Tone.

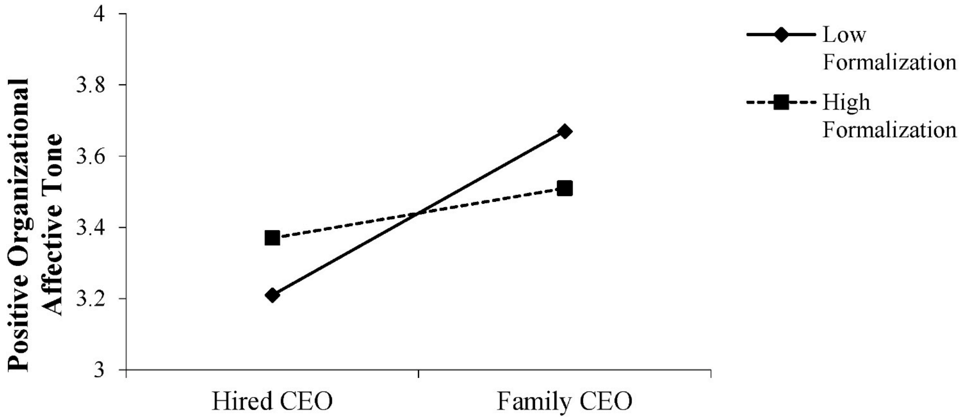
(*continued on next page*)

APPENDIX B (*continued*)

Panel A. Family CEO × Organizational Size on Positive Organizational Affective Tone



Panel C. Family CEO × Formalization on Positive Organizational Affective Tone



Acknowledgements

We acknowledge helpful comments on earlier versions of this manuscript by Alexandra Michel, Marc van Essen, and Thomas Zellweger, and research seminar participants at Nova School of Business in Lisbon, Portugal, University of Passau, Germany, and the Technical University of Munich, Germany. We further thank the members of the Organizational Behavior Reading Group at the University of Zurich for their valuable feedback. We are also grateful for discussions with family firm executives at a leadership workshop at WHU. The fourth author's work on this paper was partly funded by a grant from the Basic Research Fund of the University of St. Gallen. An earlier version of this paper was presented at the Academy of Management Annual Meeting, and an abridged version appeared in the Academy of Management Best Paper Proceedings.

References

Anderson, R.C., Reeb, D.M., 2004. Board composition: balancing family influence in S&P 500 firms. Adm. Sci. Q. 49 (2), 209–237.
Arregle, J.L., Hitt, M.A., Mari, I., 2019. A missing link in family firms' internationalization research: family structures. J. Int. Bus. Stud. 50 (5), 809–825.
Ashkanasy, N.M., Dorris, A.D., 2017. Emotions in the workplace. Ann. Revi. Org. Psychol. Org. Behav. 4, 67–90.
Bahr, H.M., Bahr, K.S., 2009. Toward More Family-Centered Family Sciences: Love, Sacrifice, and Transcendence. Lexington Books, Plymouth, UK.
Barsade, S.G., 2002. The ripple effect: emotional contagion and its influence on group behavior. Adm. Sci. Q. 47 (4), 644–675.
Barsade, S.G., Knight, A.P., 2015. Team affect. Ann. Revi. Org. Psychol. Org. Behav. 2 (1), 21–46.
Barsade, S.G., Coutifaris, C.G., Pillemer, J., 2018. Emotional contagion in organizational life. Res. Organ. Behav. 38, 137–151.
Bass, B.M., 2008. The Bass Handbook of Leadership. Free Press, New York.
Beck, S., Prügl, R., Walter, K., 2020. Communicating the family firm brand: antecedents and performance effects. Eur. Manag. J. 38 (1), 95–107.
Berrone, P., Cruz, C., Gómez-Mejía, L.R., 2012. Socioemotional wealth in family firms: theoretical dimensions, assessment approaches, and agenda for future research. Fam. Bus. Rev. 25 (3), 258–279.
Berrone, P., Cruz, C., Gómez-Mejía, L.R., Larraza-Kintana, M., 2010. Socioemotional wealth and corporate responses to institutional pressures: do family-controlled firms pollute less? Adm. Sci. Q. 55 (1), 82–113.
Beutler, I., Burr, W., Bahr, K.S., Herrin, D., 1989. The family realm: theoretical contributions for understanding its uniqueness. J. Marriage Fam. 3, 805–816.
Björnberg, Å., Nicholson, N., 2012. Emotional ownership: the next generation's relationship with the family firm. Fam. Bus. Rev. 25, 374–390.
Bloom, N., Van Reenen, J., 2007. Measuring and explaining management practices across firms and countries. Q. J. Econ. 122 (4), 1351–1408.
Bolger, N., DeLongis, A., Kessler, R.C., Wethington, E., 1989. The contagion of stress across multiple roles. J. Marriage Fam. 51 (1), 175–183.
Bromiley, P., Rau, D., 2016. Social, behavioral, and cognitive influences on upper echelons during strategy process: a literature review. J. Manag. 42, 174–202.

Bunderson, J., Van der Vegt, G.S., Cantimur, Y., Rink, F., 2016. Different views of hierarchy and why they matter: hierarchy as inequality or as cascading influence. Acad. Manag. J. 59 (4), 1265–1289.
Cardon, M.S., 2008. Is passion coJansentagious? The transference of entrepreneurial passion to employees. Hum. Resour. Manag. Rev. 18 (2), 77–86.
Carney, M., 2005. Corporate governance and competitive advantage in family-controlled firms. Enterpren. Theor. Pract. 29, 249–265.
Carpenter, M.A., Geletkanycz, M.A., Sanders, W.G., 2004. Upper echelons research revisited: antecedents, elements, and consequences of top management team composition. J. Manag. 30 (6), 749–778.
Carrasco-Hernandez, A., Sánchez-Marín, G., 2007. The determinants of employee compensation in family firms: empirical evidence. Fam. Bus. Rev. 20, 215–228.
Ceja Barba, L., Tàpies, J., 2009. Attracting Talent to Family-Owned Businesses: the Perceptions of MBA Students. IESE Business School, Barcelona, Spain. Working paper no. 815.
Cennamo, C., Berrone, P., Cruz, C., Gómez-Mejía, L.R., 2012. Socioemotional wealth and proactive stakeholder engagement: why family-controlled firms care more about their stakeholders. Enterpren. Theor. Pract. 36, 1153–1173.
Certo, S.T., Busenbark, J.R., Woo, H.S., Semadeni, M., 2016. Sample selection bias and Heckman models in strategic management research. Strat. Manag. J. 37 (13), 2639–2657.
Chrisman, J.J., Chua, J.H., Litz, R.A., 2004. Comparing the agency costs of family and non–family firms: conceptual issues and exploratory evidence. Enterpren. Theor. Pract. 28 (4), 335–354.
Chrisman, J.J., Chua, J.H., Pearson, A.W., Barnett, T., 2012. Family involvement, family influence, and family-centered non-economic goals in small firms. Enterpren. Theor. Pract. 36, 267–293.
Cole, M.S., Bruch, H., Vogel, B., 2012. Energy at work: a measurement validation and linkage to unit effectiveness. J. Organ. Behav. 33, 445–467.
Cwir, D., Carr, P.B., Walton, G.M., Spencer, S.J., 2011. Your heart makes my heart move: cues of social connectedness cause shared emotions and physiological states among strangers. J. Exp. Soc. Psychol. 47, 661–664.
Dael, N., Mortillaro, M., Scherer, K.R., 2012. Emotion expression in body action and posture. Emotion 12 (5), 1085–1101.
Daly, K., 2003. Family theory versus the theories families live by. J. Marriage Fam. 65, 771–784.
Dasborough, M.T., Ashkanasy, N.M., Tee, E.Y., Herman, H.M., 2009. What goes around comes around: how meso-level negative emotional contagion can ultimately determine organizational attitudes toward leaders. Leader. Q. 20, 571–585.
Datta, D.K., Guthrie, J.P., Wright, P.M., 2005. Human resource management and labor productivity: does industry matter? Acad. Manag. J. 48, 135–145.
Delgado-García, J.B., De La Fuente-Sabaté, J.M., 2010. How do CEO emotions matter? Impact of CEO affective traits on strategic and performance conformity in the Spanish banking industry. Strat. Manag. J. 31 (5), 562–574.
Desanctis, G., Monge, P., 1999. Communication processes for virtual organizations. Organ. Sci. 10, 693–703.
Dess, G.G., Shaw, J.D., 2001. Voluntary turnover, social capital, and organizational performance. Acad. Manag. Rev. 26, 446–456.
Diaz-Moriana, V., Hogan, T., Clinton, E., Brophy, M., 2019. Defining family business: a closer look at definitional heterogeneity. In: Memili, E., Dibrell, C. (Eds.), The Palgrave Handbook of Heterogeneity Among Family Firms, 333–374. Palgrave Macmillan, Cham, CH.
Duran, P., Kammerlander, N., Van Essen, M., Zellweger, T.M., 2016. Doing more with less: innovation input and output in family firms. Acad. Manag. J. 59, 1224–1264.
Eddleston, K.A., Chrisman, J.J., Steier, L.P., Chua, J.H., 2010. Governance and trust in family firms: an introduction. Enterpren. Theor. Pract. 34 (6), 1043–1056.
Eddleston, K.A., Kellermanns, F.W., 2007. Destructive and productive family relationships: a stewardship theory perspective. J. Bus. Ventur. 22, 545–565.
Elfenbein, H.A., 2014. The many faces of emotional contagion: an affective process theory of affective linkage. Org. Psychol. Rev. 4, 326–362.
Feldman Barrett, L., Russell, J.A., 1998. Independence and bipolarity in the structure of current affect. J. Pers. Soc. Psychol. 74 (4), 967–984.
Gómez-Mejía, L.R., Haynes, K.T., Núñez-Nickel, M., Jacobson, K.J., Moyano-Fuentes, J., 2007. Socioemotional wealth and business risks in family-controlled firms: evidence from Spanish olive oil mills. Adm. Sci. Q. 52, 106–137.
Gómez-Mejía, L.R., Patel, P.C., Zellweger, T.M., 2018. In the horns of the dilemma: socioemotional wealth, financial wealth, and acquisitions in family firms. J. Manag. 44 (4), 1369–1397.
Gooty, J., Connelly, S., Griffith, J., Gupta, A., 2010. Leadership, affect and emotions: a state of the science review. Leader. Q. 21, 979–1004.
Grandey, A.A., Fisk, G.M., Mattila, A.S., Jansen, K.J., Sideman, L.A., 2005. Is "service with a smile" enough? Authenticity of positive displays during service encounters. Organ. Behav. Hum. Decis. Process. 96 (1), 38–55.
Habbershon, T.G., Williams, M.L., MacMillan, I.C., 2003. A unified systems perspective of family firm performance. J. Bus. Ventur. 18, 451–465.
Hage, J., Aiken, M., 1967. Relationship of centralization to other structural properties. Adm. Sci. Q. 12, 72–92.
Hambrick, D.C., 2007. Upper echelons theory: an update. Acad. Manag. Rev. 32, 334–343.
Hancock, J.I., Allen, D.G., Soelberg, C., 2017. Collective turnover: an expanded meta-analytic exploration and comparison. Hum. Resour. Manag. Rev. 27, 61–86.
Harber, K.D., Cohen, D.J., 2005. The emotional broadcaster theory of social sharing. J. Lang. Soc. Psychol. 24, 382–400.
Hareli, S., Rafaeli, A., 2008. Emotion cycles: on the social influence of emotion in organizations. Res. Organ. Behav. 28, 35–59.
Hausknecht, J.P., 2017. Collective turnover. Ann. Revi. Org. Psychol. Org. Behav. 4, 527–544.
Hausknecht, J.P., Holwerda, J.A., 2013. When does employee turnover matter? Dynamic member configurations, productive capacity, and collective performance. Organ. Sci. 24, 210–225.
Herhausen, D., Ludwig, S., Grewal, D., Wulf, J., Schoegel, M., 2019. Detecting, preventing, and mitigating online firestorms in brand communities. J. Market. 83 (3), 1–21.
Herhausen, D., Emrich, O., Grewal, D., Kipfelsberger, P., Schoegel, M., 2020. Face forward: how employees' digital presence on service websites affects customer perceptions of website and employee service quality. J. Market. Res. 57 (5), 917–936.
Hom, P.W., Lee, T.W., Shaw, J.D., Hausknecht, J.P., 2017. One hundred years of employee turnover theory and research. J. Appl. Psychol. 102 (3), 530–545.
Huang, M., Li, P., Meschke, F., Guthrie, J.P., 2015. Family firms, employee satisfaction, and corporate performance. J. Corp. Finance 34, 108–127.
Huang, X., Chen, L., Xu, E., Lu, F., Tam, K.C., 2020. Shadow of the prince: parent-incumbents' coercive control over child-successors in family organizations. Adm. Sci. Q. 65 (3), 710–750.
James, A.E., Jennings, J., Breitkreuz, R.S., 2012. Worlds apart? Rebridging the distance between family science and family business research. Fam. Bus. Rev. 25, 87–108.
Jansen, J.J., Van den Bosch, F.A., Volberda, H.W., 2006. Exploratory innovation, exploitative innovation, and performance: effects of organizational antecedents and environmental moderators. Manag. Sci. 52, 1661–1674.
Jaskiewicz, P., Combs, J.G., Shanine, K.K., Kacmar, K.M., 2017. Introducing the family: a review of family science with implications for management research. Acad. Manag. Ann. 11, 309–341.
Jung, D., Chow, C., Wu, A., 2003. The role of transformational leadership in enhancing organizational innovation: hypotheses and some preliminary findings. Leader. Q. 14, 525–544.
Kammerlander, N., 2016. 'I want this firm to be in good hands': emotional pricing of resigning entrepreneurs. Int. Small Bus. J. 34, 189–214.
Kammerlander, N., Dessi, C., Bird, M., Floris, M., Murru, A., 2015. The impact of shared stories on family firm innovation: a multicase study. Fam. Bus. Rev. 28, 332–354.
Kelly, L.M., Athanassiou, N., Crittenden, W.F., 2000. Founder centrality and strategic behavior in the family-owned firm. Enterpren. Theor. Pract. 25, 27–42.
Keyes, M., Burns, K., 2002. Contract and the family: whither intention. Melb. Univ. Law Rev. 26, 577–595.
Knight, A.P., Menges, J., Bruch, H., 2018. Organizational affective tone: a meso perspective on the origins and effects of consistent affect in organizations. Acad. Manag. J. 61, 191–219.
Koene, B.A., Vogelaar, A.L., Soeters, J.L., 2002. Leadership effects on organizational climate and financial performance: local leadership effect in chain organizations. Leader. Q. 13 (3), 193–215.

Kupperbusch, C., Matsumoto, D., Kooken, K., Loewinger, S., Uchida, H., Wilson-Cohn, C., Yrizarry, N., 1999. Cultural influences on nonverbal expressions of emotion. In: Philippot, P., Feldman, R.S., Coats, E.J. (Eds.), The Social Context of Nonverbal Behavior, 17–44. Cambridge University Press, New York, NY.
Labaki, R., Michael-Tsabari, N., Zachary, R.K., 2013. Emotional dimensions within the family business: towards a conceptualization. In: Smyrnios, K.X., Poutziouris, P. K., Goel, S. (Eds.), Handbook of Research in Family Business, second ed. Cheltenham, UK, Edward Elgar, 734-664.
Larson, R., Almeida, D., 1999. Emotional transmission in the daily lives of families: a new paradigm for studying family process. J. Marriage Fam. 61, 5–20.
Lawson, K.M., Davis, K.D., McHale, S.M., Hammer, L.B., Buxton, O.M., 2014. Daily positive spillover and crossover from mothers' work to youth health. J. Fam. Psychol. 28 (6), 897–907.
Luria, G., 2008. Climate strength–How leaders form consensus. Leader. Q. 19 (1), 42–53.
Mann, S., 1997. Emotional labour in organizations. Leader. Organ. Dev. J. 18, 4–12.
Martin, W., McKelvie, A., Lumpkin, G., 2016. Centralization and delegation practices in family versus non-family SMEs: a Rasch analysis. Small Bus. Econ. 47, 755–769.
Menges, J.I., Kilduff, M., 2015. Group emotions: cutting the Gordian knots concerning terms, levels of analysis, and processes. Acad. Manag. Ann. 9, 845–928.
Menges, J.I., Tussing, D.V., Wihler, A., Grant, A.M., 2017. When job performance is all relative: how family motivation energizes effort and compensates for intrinsic motivation. Acad. Manag. J. 60 (2), 695–719.
Miller, D., Le Breton-Miller, I., Lester, R.H., 2011. Family and lone founder ownership and strategic behaviour: social context, identity, and institutional logics. J. Manag. Stud. 48, 1–25.
Miller, D., Le Breton-Miller, I., Scholnick, B., 2008. Stewardship vs. stagnation: an empirical comparison of small family and non-family businesses. J. Manag. Stud. 45, 51–78.
Miller, D., Minichilli, A., Corbetta, C., 2013. Is family leadership always beneficial? Strat. Manag. J. 34, 553–571.
Morgeson, F.P., Hofmann, D.A., 1999. The structure and function of collective constructs: implications for multilevel research and theory development. Acad. Manag. Rev. 24, 249–265.
Mullins, W., Schoar, A., 2016. How do CEOs see their roles? Management philosophies and styles in family and non-family firms. J. Financ. Econ. 119 (1), 24–43.
Neckebrouck, J., Schulze, W., Zellweger, T., 2018. Are family firms good employers? Acad. Manag. J. 61, 553–585.
Neubaum, D.O., Dibrell, C., Craig, J.B., 2012. Balancing natural environmental concerns of internal and external stakeholders in family and non-family businesses. J. Fam. Bus. Strat. 3, 28–37.
Nyberg, A.J., Ployhart, R.E., 2013. Context-Emergent Turnover (CET) theory: a theory of collective turnover. Acad. Manag. Rev. 38, 109–131.
O'Boyle Jr., E.H., Pollack, J.M., Rutherford, M.W., 2012. Exploring the relation between family involvement and firms' financial performance: a meta-analysis of main and moderator effects. J. Bus. Ventur. 27 (1), 1–18.
Parker, A., Gerbasi, A., Porath, C.L., 2013. The effects of de-energizing ties in organizations and how to manage them. Organ. Dynam. 42, 110–118.
Pescosolido, A.T., 2002. Emergent leaders as managers of group emotion. Leader. Q. 13, 583–599.
Podsakoff, P.M., MacKenzie, S.B., Moorman, R.H., Fetter, R., 1990. Transformational leader behaviors and their effects on followers' trust in leader, satisfaction, and organizational citizenship behaviors. Leader. Q. 1, 107–142.
Porter, C.M., Rigby, J.R., 2021. The turnover contagion process: an integrative review of theoretical and empirical research. J. Organ. Behav. 42, 212–228.
Puranam, P., Alexy, O., Reitzig, M., 2014. What's "new" about new forms of organizing? Acad. Manag. Rev. 39, 162–180.
Richards, M., Kammerlander, N., Zellweger, T., 2019. Listening to the heart or the head? Exploring the "willingness versus ability" succession dilemma. Fam. Bus. Rev. 32, 330–353.
Rimé, B., 2009. Emotion elicits the social sharing of emotion: theory and empirical review. Emotion Rev. 1, 60–85.
Rönkä, A., Korvela, P., 2009. Everyday family life: dimensions, approaches, and current challenges. J. Fam. Theor. Rev. 1 (2), 87–102.
Russ, G.S., Daft, R.L., Lengel, R.H., 1990. Media selection and managerial characteristics in organizational communications. Manag. Commun. Q. 4 (2), 151–175.
Saavedra, R., 2008. Kindling fires and extinguishing candles: the wind of mood contagion in work groups. In: Ashkanasy, N., Cooper, C. (Eds.), Research Companion to Emotion in Organizations: 423–440. Edward Elgar, Northampton, MA.
Schminke, M., Ambrose, M., Cropanzano, R., 2000. The effect of organizational structure on perceptions of procedural fairness. J. Appl. Psychol. 85, 294–304.
Schoenewolf, G., 1990. Emotional contagion: behavioral induction in individuals and groups. Mod. Psychoanal. 15, 49–61.
Schulze, W.S., Lubatkin, M.H., Dino, R.N., 2003. Toward a theory of agency and altruism in family firms. J. Bus. Ventur. 1, 473–490.
Sevon, E., Malinen, K., Rönkä, A., 2014. Daily wellbeing in families with children: a harmonious and a disharmonious week. J. Fam. Stud. 20 (3), 221–238.
Shepherd, D., 2016. An emotions perspective for advancing the fields of family business and entrepreneurship: stocks, flows, reactions, and responses. Fam. Bus. Rev. 29, 151–158.
Singla, C., Veliyath, R., George, R., 2014. Family firms and internationalization-governance relationships: evidence of secondary agency issues. Strat. Manag. J. 35 (4), 606–616.
Smith, C.A., Ellsworth, P.C., 1985. Patterns of cognitive appraisal in emotion. J. Pers. Soc. Psychol. 48 (4), 813–838.
Stewart, A., Hitt, M.A., 2012. Why can't a family business be more like a nonfamily business? Modes of professionalization in family firms. Fam. Bus. Rev. 25, 58–86.
Stock, J.H., Wright, J.H., Yogo, M., 2002. A survey of weak instruments and weak identification in generalized method of moments. J. Bus. Econ. Stat. 20 (4), 518–529.
Sunar, D., 2002. Change and continuity in the Turkish middle class family. In: Liljeström, R., Özdalga, E. (Eds.), Autonomy and Dependence in Family: Turkey and Sweden in Critical Perspective: 217–238. Taylor & Francis, Stockholm, Sweden.
Sy, T., Côté, S., Saavedra, R., 2005. The contagious leader: impact of the leader's mood on the mood of group members, group affective tone, and group processes. J. Appl. Psychol. 90 (2), 295–305.
Tabor, W., Chrisman, J.J., Madison, K., Vardaman, J.M., 2018. Nonfamily members in family firms: a review and future research agenda. Fam. Bus. Rev. 31, 54–79.
Tagiuri, R., Davis, J., 1996. Bivalent attributes of the family firm. Fam. Bus. Rev. 9, 199–208.
Tee, E., 2015. The emotional link: leadership and the role of implicit and explicit emotional contagion processes across multiple organizational levels. Leader. Q. 26, 654–670.
Todd, E., 1985. The Explanation of Ideology: Family Structures and Social Systems. Basil Blackwell, Oxford, UK.
Tushman, M.L., 1979. Work characteristics and subunit communication structure: a contingency analysis. Adm. Sci. Q. 82–98.
Vangelisti, A.L., 1994. Family secrets: forms, functions and correlates. J. Soc. Pers. Relat. 11, 113–135.
Vijayalakshmi, V., Bhattacharyya, S., 2012. Emotional contagion and its relevance to individual behavior and organizational processes: a position paper. J. Bus. Psychol. 27 (3), 363–374.
Villagrasa, J., Buyl, T., Escribá-Esteve, A., 2018. CEO satisfaction and intended strategic changes: the moderating role of performance cues. Long. Range Plan. 51 (6), 894–991.
Wagner, D., Block, J.H., Miller, D., Schwens, C., Xi, G., 2015. A meta-analysis of the financial performance of family firms: another attempt. J. Fam. Bus. Strat. 6 (1), 3–13.
Waldman, D.A., Carter, M.Z., Hom, P.W., 2015. A multilevel investigation of leadership and turnover behavior. J. Manag. 41, 1724–1744.
Ward, J., 2006. Unconventional Wisdom: Counterintuitive Insights for Family Business Success. John Wiley & Sons, Chichester, UK.
Weber, M., 1978. Economy and Society: an Outline of Interpretive Sociology. University of California Press, Berkeley, CA.
Weiss, H., Cropanzano, R., 1996. An effective effects approach to job satisfaction. In: Staw, B., Cummings, L. (Eds.), Research in Organizational Behavior, 18. JAI Press, Greenwich, CT, pp. 1–74.

Wróbel, M., Imbir, K.K., 2019. Broadening the perspective on emotional contagion and emotional mimicry: the correction hypothesis. Perspect. Psychol. Sci. 14 (3), 437–451.

Zellweger, T.M., Astrachan, J.H., 2008. On the emotional value of owning a firm. Fam. Bus. Rev. 21, 347–363.

Zellweger, T.M., Kellermanns, F.W., Chrisman, J.J., Chua, J.H., 2012. Family control and family firm valuation by family CEOs: the importance of intentions for transgenerational control. Organ. Sci. 23, 851–868.

Dr. Nadine Kammerlander is Chaired professor of Family Business at WHU – Otto Beisheim School of Management in Germany where she also leads the institute of family business and Mittelstand.

Dr. Jochen Menges is Chair of Human Resource Management and Leadership at the Department of Business Administration at the University of Zurich, Switzerland.

Dr. Dennis Herhausen is Associate Professor of Marketing at School of Business and Economics, Vrije Universiteit Amsterdam.

Dr. Petra Kipfelsberger is an Assistant Professor of Leadership and Organizational Behavior at the University of St. Gallen, Switzerland.

Dr. Heike Bruch is Chaired Professor of leadership and leads the Institute of Leadership and HR Management at the University of St. Gallen, Switzerland.