

Behavioral Modeling and Emotional Social Wealth and Mixed Opinions

Mahdi Aliyari¹

1.Management Department, Business Management major, Islamic Azad University, Central Tehran Branch, Iran

ARTICLE INFO

Keywords:

*Behavioral
Modeling - Social
Modeling - Family-
Owned Companies.*

ABSTRACT

Examining the behavior of family-owned companies can provide valuable information to financial information users. Unfortunately, in Iran, there has not yet been a suitable index for identifying such companies. A notable feature of this research is the provision of an index tailored to the conditions of the country's capital market by utilizing past studies and expert opinions to identify and introduce family-owned companies in the stock market. The significance of the presence of family-owned companies is such that after conducted studies, it was found that out of the companies listed on the stock exchange in the year 1402 (2023), 38 companies, nearly 11%, were family-owned. Descriptive statistical analysis of the research indicates that the highest amount of discretionary accruals in the year 1402 occurred when the stock market experienced abnormal fluctuations.

After reviewing the reports of the boards of directors to the General Assemblies of all listed companies during this period, a total of 38 companies were selected in the initial sampling. Following further investigation and due to insufficient disclosures and the lack of necessary information regarding some companies, ultimately 31 companies were identified and selected as family-owned, with the same number of non-family companies from the same industries chosen for comparison. According to the results, conflicts negatively impact the alignment of the company name and the individual evaluation of family-owned companies.

Introduction

One of the fundamental concerns for today's companies is achieving a comprehensive, reliable, and flexible performance evaluation method. This allows them to obtain accurate and sufficient information about their current standing and learn from past mistakes while looking ahead. Family-owned companies are defined as those where management and control are carried out by a family member (Khajavi et al., 2014). Due to their unique characteristics, family owners differ from other ownership types in aspects such as a tendency to appoint family members to senior management positions, a long-term investment perspective, and the potential impacts on profit management, agency costs, and other factors (Hoshi et al., 2010).

The family ownership structure is a decision-making framework where profit-seeking and wealth accumulation are not the primary focus. When family members serve on the board of directors, company performance tends to improve compared to situations where non-family members hold board positions, as family members often receive lower compensation, respond less to incentive schemes, and are generally more focused on creating value for the company (Gomez, 2001).

Value in family-owned companies can arise from resource goals and governance structures, all of which are typically influenced by the family (Nadim et al., 2015). This structure helps reduce agency costs, as a focus on long-term survival, the reputation of the family business, and personal relationships with creditors and other stakeholders may also decrease these costs. There are characteristics of family-owned companies that reduce the likelihood of managerial misuse; if oversight requires substantial knowledge of company activities, family members, as the most knowledgeable stakeholders, have an advantage (Anderson & Reeb, 2003).

Furthermore, family-owned companies tend to maintain a concentrated ownership structure and are likely to have a stronger motivation for direct oversight of management (Demsetz & Lehn, 1985). "Parties amicably resolve all their disputes out of court and expect continuous business growth. This does not mean that hostility has disappeared. Harsh words and tactics over the years are like lasting wounds that take a long time to heal" (Grant, 2017).

Emotional social wealth is a type of non-financial tool that influences the desirable allocations in the ownership of family-owned companies. Researchers utilize the family business environment to examine emotional social wealth because non-financial aspects are prevalent in this context. Thus, non-financial tools or emotional social wealth serve as a fundamental component for the overall value holders, affecting ownership in family companies. However, recent findings indicate that emotional social wealth impacts the evaluation of the company by its owners. We consider the personal valuation of a family-owned company as the minimum acceptable price that the owner is willing to pay.

Researchers show that the owners' desire to maintain and enhance emotional social wealth drives family company behavior and decision-making. Nonetheless, the literature has not described how owners manage negative experiences related to family businesses, which we will refer to as emotional social costs. (Zellweger, Kellermanns, Chrisman, & Chua, 2012).

In this article, we explore how owners assess emotional social costs based on relational conflict and personal company evaluation using a behavioral organizational model combined with emotional social wealth and mixed opinions. We challenge the intuitive assumption that emotional social costs lead to lower evaluations. Specifically, we propose a U-shaped relationship between relational conflict in family firms. We hypothesize that the alignment of the family name influences the interplay between relational conflict and company evaluation.

This article has several implications for the literature and existing writings. First, we expand the literature on emotional social wealth by examining the socio-economic costs associated with negative functions, including relational conflict. According to our hypotheses, we demonstrate that owners consider emotional social costs in a non-intuitive and non-linear manner when evaluating their company. These findings provide insights into how researchers view owners' reactions to a broader range of socio-economic costs .

Second, this paper enhances our understanding of personal evaluations of family-owned companies. Third, our article contributes to attitude theory perspectives by demonstrating how the impact of emotional allocations relates to relational conflict and family name alignment. Thus, our findings have implications for managing family businesses and the transfer of private family business ownership. Finally, we expand the literature on relational conflicts, adding complexities of family business conflicts that have not been previously addressed in the discourse on the heterogeneity of family firms.

Emotional Social Wealth and the Evaluation of Family-Owned Companies

Emotional social wealth is the "non-financial aspect of a company that addresses the influential needs of the family," which is also known as impactful altruism or emotional social contributions. Emotional social wealth helps explain how family-owned businesses pursue non-financial goals and behaviors. The personal valuation of the company by its owners holds particular significance in the context of the family business. Evaluations of family-owned companies are often personal and complex, typically involving probabilities and often leaning toward social desirability issues. In such situations, cognitive processes of the involved individuals come into play, affecting evaluations (e.g., Carmon & Ariely, 2000; Zellweger, Kellermanns, Chrisman, et al., 2012).

To understand how emotional social wealth functions as a reference point for influencing personal assessments of ownership in family businesses, biases in the decision-making process are introduced. First, we provide a baseline prediction for normal conditions through attitude theory. The impact of altruism pertains to the difference in the price at which an individual is willing to buy and sell an asset. Attitude theory also indicates the owners' inclination toward previous investments. Consequently, decision-makers, by attributing value to past investments of time, money, and influence, show limited willingness to divest their assets. Additionally, owners consider these costs as part of the asset's value (e.g., Berrone, Cruz, Gómez-Mejía, & Larraza Kintana, 2010; Chrisman & Patel, 2012; Gómez-Mejía, Patel, & Zellweger, 2018; Zellweger, Kellermanns, Chrisman, et al., 2012).

Previous research has shown that this issue concerning assets, particularly emotional social contributions, is relevant to family business ownership. Therefore, according to prospect theory, we expect owners to consider non-financial components when determining an acceptable selling price for family-owned companies. Moreover, prospect theory indicates that individual values associated with non-financial components of company valuation are likely to have a positive correlation with emotional social wealth. Thus, we apply prospect theory in this broader context, recognizing that it cannot fully explain owners' attitudes toward negative impacts on personal evaluations.

For example, we know that certain aspects of family business ownership, such as relational conflict, have negative impacts. However, we do not know whether owners consider the negative influence of emotional social wealth valuation in their assessment of the company. Additionally, we are unsure if the owners' reference point for personal valuation still includes non-financial components in the context of negative impact. To explore these complexities, we extend our theoretical framework beyond prospect theory and utilize a mixed-logical and BAEM approach (e.g., Gómez-Mejía et al., 2014).

BAEM in the family business literature is based on the impact of altruism emphasized in prospect theory. BAEM serves as a major reference point for owners in decision-making. Previous research indicates that the motivation to maintain emotional social wealth influences the decisions of family businesses. The implementation of BAEM assumes an implicit interplay between emotional social wealth and financial wealth. The literature expands BAEM to introduce mixed betting in theorizing, considering the potential outcomes of wins and losses within the decision-making framework. In fact, Broome emphasizes that there are limited decisions that involve opportunities for only loss or only gain. These theoretical discussions can explain the complex behavior of family businesses (Carmon & Ariely, 2000; DeSteno, Petty, Wegener, & Rucker, 2000; Lerner, Small, & Loewenstein, 2004; Loewenstein & Lerner, 2003).

For instance, while previous literature has shown that avoiding the loss of emotional social wealth leads to a lack of investment in research and development, we can understand gains due to changes in reference points in light of the aforementioned theoretical perspectives. Recent research by Cutler et al. highlights the dynamic nature of family business owners' reference points, which leads to changes in the assessment of emotional social wealth. As the interplay between financial wealth and emotional social wealth is not direct and varies among family businesses, these interrelations have implications for company valuation, and the level of relational conflict is a significant variable that influences individual valuations. Moreover, the alignment of the family company's name alters how owners assess the company and the impact of relational conflict on overall evaluations. Below, we will discuss these relationships in detail.

Relational Conflict and the Evaluation of Family Businesses

Relational conflict is defined as "awareness of interpersonal incompatibility that includes influential components such as emotional tension and confrontation." Amazon (1996) discusses the inseparability of conflict and its negative impact, using the term "influential conflict." Prem and Pruys adopt the label "emotional social conflict" to describe negative conflict. Relational conflict is characterized by disagreements, disputes, political maneuvering, competition, hostility, and aggression, accompanied by negative emotions such as anger, frustration, hatred, hostility, and resentment. According to Dutch, relational conflicts diminish or inhibit goodwill, mutual understanding, the completion of organizational activities, and performance. Jen (1995) also indicates that relational conflict leads to reduced satisfaction and a lack of attention to other group members. So far, there is no evidence showing positive impacts of relational conflict on performance or satisfaction (e.g., Chua, Chrisman, Steier, & Rau, 2012; Stanley, Kellermanns, & Zellweger, 2017; Westhead & Howorth, 2007).

Relational conflict is common in family businesses and has adverse consequences. The nature of conflict in family businesses is complex and distinct due to the relationship between the family system and the company. For example, the incompetence of a family member, entitlement, and opportunism can undermine emotional social wealth and lead to relational conflict. Additionally, relational conflict may be exacerbated in family businesses due to conflicts among family members in the workplace, as this environment is an extension of the family. These entrenched conflicts are difficult to resolve because families are social groups with lasting memories. Relational conflict results in emotional social costs, creating a sense of distrust and incompatibility among family members. Below, we examine the relationship between relational conflict and the personal evaluation of the company owner (Kotlar et al., 2018; Zellweger, Eddleston, & Kellermanns, 2010). When there is no relational conflict, meaning relationships are harmonious, a positive impact, increased commitment to the company, and an increase in emotional social wealth can be expected. Given the positive family relationships within the company, we expect owners to frame their personal evaluations based on the desire to preserve emotional social wealth (Gómez-Mejía, Cruz, Berrone, & De Castro, 2011).

If relationships among family members deteriorate, mutual understanding and goodwill diminish, leading to feelings of disappointment, resignation, and distress. Keltner, Elsworth, and Edwards argue that distress and disappointment result in lower evaluations of the company. Lerner and colleagues suggest that distress stemming from strained relationships decreases the selling price, and owners seek opportunities for withdrawal. This issue also aligns with Cutler and colleagues' perspective on dynamic reference points, which indicates that owners are inclined to recognize losses in valuation. Therefore, at moderate levels of relational conflict, we expect owners to achieve lower personal evaluations (Eddleston & Kidwell, 2012; Kidwell, Kellermanns, & Eddleston, 2012).

At higher levels of relational conflict, stress, jealousy, anger, and hatred emerge. When the negative impact is severe, it overwhelms rational thinking and imposes emotional social costs on the owner. This situation has several implications for company evaluation. Angry individuals make poor judgments, lose self-control, and fall into unwarranted biases. Consequently, a form of irrational

behavior arises in the evaluation of the company (Gómez-Mejía et al., 2018; Kotlar et al., 2018). Instead of withdrawing, they seek to compensate for the emotional pain resulting from conflicts, thereby imposing a type of emotional social cost.

Additionally, we adopted the concept of dynamic reference points and examined its effect on relational conflict. Here, owners pay little attention to emotional social wealth and prioritize financial wealth. When the measure of profit exceeds the measure of loss, decision-makers' inclination to avoid losses diminishes, leading them to focus on increasing profits. This shift in reference toward financial gain results in higher personal valuations, as owners emphasize financial wealth as a primary means of compensating for the value of the company while also incorporating the costs associated with emotional social wealth. Therefore, the combination of a focus on financial wealth and the inclination toward price and emotional social costs leads to higher evaluations. We propose a U-shaped relationship where individual evaluations are higher when relational conflict is either high or low, and individual valuations are lower when relational conflict is moderate (cf. Chua, Chrisman, & De Massis, 2015; Martin & Gómez-Mejía, 2016; Miller & Breton-Miller, 2014; Schulze & Kellermanns, 2015).

Hypothesis 1: There is a non-linear relationship between relational conflict and the individual evaluations of owners of family businesses. Specifically, lower and higher levels of relational conflict correspond to higher individual valuations of the company, while moderate levels correspond to lower individual evaluations.

Alignment of the Company and Family Name and Valuation in Family Businesses

Organizational identity examines the fundamental and enduring characteristics of an organization. According to researchers, family businesses exhibit a higher degree of overlap between family identity and company identity. This shared identity varies depending on the type of company and indicates that there is not always a strong relationship between the family and the company in terms of identity that can be solely attributed to ownership.

Some families seek alignment between family identity and company identity, using symbolism, instilling family values in the business, and defining major roles, for instance. The visibility of the family name as part of the company name is one potential way to enhance the connection between family identity and company identity (e.g., Gómez-Mejía et al., 2014; Martin, Gomez-Mejía, & Wiseman, 2013).

The family name is perhaps the most primary, distinctive, and visible characteristic of the family. Therefore, when the family name is used as the company name, the bond between family identity and company identity is strengthened. Thus, the alignment of the family name with the company is not only a visible indicator of identity congruence, but it also relates to behavioral consequences for family businesses aimed at enhancing emotional social wealth. Researchers have shown that the alignment of the company and family names significantly pertains to the importance of emotional social wealth for the owners of family businesses. Although the owners' emphasis on enhancing emotional social wealth creates an interplay between emotional and financial wealth, evidence suggests that there is a positive relationship between the owners' personal assessments of performance. These positive effects of emotional social wealth lead to goodwill and the reputation of the company, thereby enhancing the owners' personal evaluations of the company (Martin & Gómez-Mejía, 2016).

Hypothesis 2: There is a positive relationship between the alignment of the family name and the company name and the personal evaluation of owners of family businesses.

The Interplay of Name Alignment with Relational Conflict on Individual Evaluation

In our view, name alignment interacts with relational conflict to influence individual evaluations of family-owned companies. At lower levels of conflict, name alignment has a limited impact, and the

family can benefit from emotional social wealth. Name alignment affects the U-shaped relationship in complex scenarios at moderate to high levels of relational conflict. It enhances awareness of family members' efforts in creating emotional social wealth and the company's identity. Owners need to be aware of the negative consequences of relational conflict and its impact on emotional social wealth .

Yang and Mascholder argue that a broader range of emotions and their expression is acceptable when there is reciprocal interaction since members are more familiar with the signals used to express feelings. Not only does the family provide a framework for reciprocal communication, but alignment of the company name with the family enhances this connection. Name alignment strengthens the relationship between the company and the family, reducing the negative impact of relational conflict on individual evaluations of the family business .

According to conditional logic, name alignment should lead to the vulnerability of family members (Zellweger et al., 2016). Family members exhibit negative behaviors at higher levels of relational conflict. The alignment of the family name and the company name blurs the boundaries between the family, the company, and the owners, with relational conflict negatively affecting outcomes and damaging the reputation of both the family and the company. If this relational conflict increases, it has a negative impact on the owners' relationships with other internal and external stakeholders. For example, owners lose their credibility and social standing within and outside the family if the causes of family conflicts are recognized .

When there is no expectation of potential improvement in family relationships and with stakeholders, we observe a detrimental impact on emotional social wealth and financial performance, which in turn lowers the overall valuation of the company (Zellweger & Dehlen, 2012).

Hypothesis 3: Relational conflict and alignment of the company name have an interplay with the individual evaluations of owners regarding family-owned firms. Specifically, in the presence of name alignment, we expect to see an inverse U-shaped relationship between relational conflict and individual company evaluations.

Rezaei and Shiri (2015) examined the impact of family ownership structure and transactions with related parties on the quality of company earnings. Their research results indicated that trading goods with related parties had a positive effect on the relationship between high levels of family ownership and earnings quality, while trading goods with related parties had a negative effect on the relationship between low levels of family ownership and earnings quality.

Hoshi and Alikhani (2015) investigated the relationship between family ownership and non-family ownership on the performance of companies listed on the stock exchange. The results showed a negative relationship between family ownership and company performance, while a positive relationship was found between non-family ownership and company performance.

Rezaei and Amini (2014) analyzed the comparison between family and non-family companies concerning operational risk and their impact on the performance of companies listed on the Tehran Stock Exchange. Their findings indicated that family firms do not outperform non-family firms; however, operational risk and performance in family firms are stronger for the market-to-book value and equity ratios, as well as sales growth compared to non-family firms. Additionally, the relationship between employment level and performance for return on assets, asset returns, and sales growth in family firms is stronger than in non-family firms.

Namazi and Mohammadi (2010) examined the quality of earnings and returns in family and non-family firms listed on the Tehran Stock Exchange. Their sample included 39 family firms and 76 non-family firms. The results showed that there was no significant difference between earnings quality based on the ratio of operating cash flow to net income, as well as the ratio of the standard

deviation of operating income to the standard deviation of operating cash flow in family and non-family firms.

Namazi and Kermani (2008) studied the effect of ownership on the performance of companies listed on the Tehran Stock Exchange and found a significant negative relationship between institutional ownership and performance. They also observed a significant relationship between private ownership and performance, but the nature of this relationship could not be determined.

Research Methodology

The statistical population includes all companies listed on the Tehran Stock Exchange between the years 1395 and 1402 (2016-2023). The sample consists of companies listed on the Tehran Stock Exchange that must meet the following criteria: first, their fiscal year must end at the end of Esfand (the last month of the Iranian calendar); second, their financial information must be available from the beginning of the fiscal year 1395 to the end of the fiscal year 1402 (for a total of 8 years); and third, the sample members must not be investment companies.

To select the statistical sample, we matched all listed companies against the criteria established for family firms. After selecting these companies, they were grouped accordingly. Subsequently, we categorized these companies by industry, and for each industry, other companies were selected using simple random sampling and placed in a non-family group .

After reviewing the board of directors' reports to the general assemblies of all listed companies during this time period, a total of 38 companies were initially selected. Following further examination, due to insufficient disclosure and lack of necessary information for some companies, 31 companies were ultimately identified and selected as family-owned, with an equal number of non-family companies from the same industries also selected for analysis.

Control Variables

In line with previous studies on this topic, we focus on two types of variables: financial and non-financial.

Financial Control Variables: We utilized performance data and total assets, individual assessments of growth, performance sustainability, risk, and financial benefits. The data on current performance and total assets were obtained from archives. This database contains information on the industrial and financial sectors of private companies. We also calculated the cash flow of the companies; although we could not objectively assess cash flow for all companies, we tested it for 31 companies. The correlation between objective and personal cash flow values was high, indicating the quality and reliability of the measurements.

Since the company's past performance influences evaluations of its value, we asked respondents if their company's performance had been worse, the same, or better than their competitors over the past 8 years. We inquired about seven aspects related to sales growth, market share growth, asset profitability, capital growth, profitability growth, total asset profitability, and profit margin. Performance indicators were measured on a seven-point Likert scale.

To control for personal benefits, we used the real monetary value as a prerequisite for the CEO's organization. Since this amount had a normal distribution, we transformed it using a natural algorithm. Due to difficulties in directly measuring risk, we used three categories: long-term orientation, industry, and company size. Risk decreases with company size, and value and risk are variable depending on the industry. Risk depends on the level of investment in long-term projects by family-owned companies. We assessed the long-term orientation of the companies on a seven-point Likert scale through three items.

Non-Financial Control Variables

Emotional attachment and personal valuation of the company may increase with the duration of ownership. Therefore, we controlled for ownership duration using the company's age, as all sampled companies have been under family ownership since their inception. We also controlled for the ownership share of family members, as higher ownership levels indicate greater control, authority, and dependence on the company. Research shows that ownership impacts asset valuation regardless of family relationships. Additionally, we controlled for the number of family members employed in the company. As this number increases, the opportunities for family values and their realization within the company also grow. Owners may have long-term relationships with the company, so we also controlled for the length of the CEO's tenure. The literature on dependence indicates how emotional attachment to an asset is formed. Thus, we measured positive feelings related to managing the company on a six-item scale.

Findings

Tests of Unidirectionality

We relied on a primary informing approach according to previous family business literature. We believe focusing on the CEO and family business owner is desirable for our purposes because: 1) the CEO is the most qualified person to determine acceptable selling prices, 2) this question pertains to them, and 3) they have a larger ownership share. To validate multi-item constructs, we collected data from family members. We then assessed the internal validity of the multi-item structures. All validity scores were at an acceptable level. Seventy-five percent of family members reported having proposed acceptable selling prices, with an overall fit of 82.1%. We compared the late respondents to the non-respondents. However, analysis of variance did not reveal any significant statistical differences. We also conducted an analysis of variance comparing respondents who answered all questions, and no significant differences were observed. Although some control variables were based on objective data, we wanted to ensure that the constructs were not unidirectional. Thus, we performed a single factor test, as proposed by Podsakoff and Organ. In our sample, 10 factors with an eigenvalue greater than 1 were extracted, explaining 71.7% of the variance. The first factor accounted for 16.2% of the variance. In the second phase, we compared the measurement model with the factor model. According to the model fit results, the comparative fit index $\chi^2(276) = 2482.9$, was 0.246, which was significantly worse than the confirmatory factor $\chi^2(261) = 573.8$, CFI = .893. analysis model. Therefore, unidirectionality does not seem to be an issue.

Table 1: Results of Hierarchical Regression Analysis for Individual Valuation of Company Sale Outside the Family.

	Model 1	Model 2	Model 3	Model 4
Total Assets	0.171	0.181	0.181	0.194
Past Performance	0.000	0.000	0.000	0.000
Size	0.430	0.407	0.406	0.388
Production	0.167	0.141	0.143	0.134
Services	0.00	0.00	0.000	0.000
Long-Term Orientation	0.520	0.581	0.581	0.668
Private Advantages	0.411	0.446	0.446	0.501
Company Age	0.151	0.201	0.202	0.215
Individual Ownership Share	0.051	0.049	0.050	0.070
Number of Family Employees	0.006	0.007	0.007	0.006
CEO Background	-0.005	-0.004	-0.004	-0.003
Positive Emotions	0.132	0.101	0.102	0.127
Relational Conflict	0.001	0.002	.002	0.001

--	--	--	--	--

Name Alignment	0.584	0.593	0.590	0.604
Name Alignment in Relational Conflict Change in R ²		0.014	0.00	0.018
Statistics and Change in f	15.683	18.101	18.701	21.208

In models 1 to 4, the natural logarithm of the acceptable selling price for a sale to a non-family member was the dependent variable. Model 1 includes control variables. The independent variable was relational conflict, with the interaction component added in model 2 and name alignment included in model 3. In model 4, the interaction effects were introduced. The variance inflation factor for the variables did not exceed 2.4. An alpha of 0.05 produced a total of 22 predictors and a moderate effect size at a power level of 0.75. We found statistical support for our hypotheses. According to model 1, individual valuations were mainly related to financial control variables: total assets, past performance, production, services, overall orientation, size, company tenure, the number of family employees, and had a positive relationship with individual valuations. The adjusted R² is 0.584 .

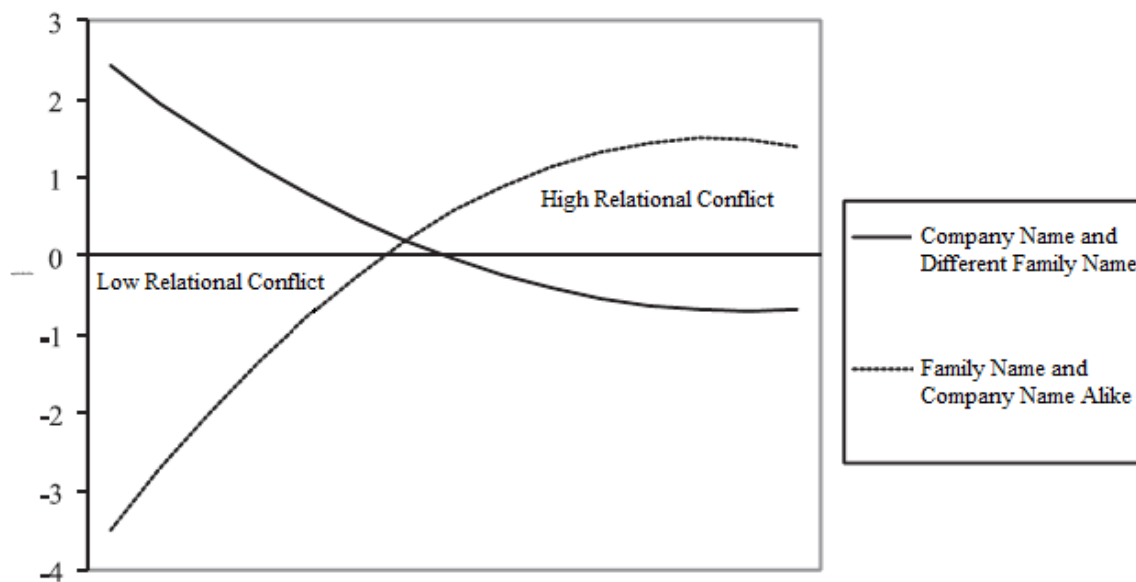
To test Hypothesis 1, we added relational conflict and the square of relational conflict to our model. Model 2 introduces more variance and supports the hypothesized U-shaped relationship between relational conflict and individual company valuation in the context of sales to non-family members. In model 3, we added name alignment, but did not find statistical significance, indicating that Hypothesis 2 was not supported. In model 4, we included the interaction effects between name alignment and the linear and square terms of relational conflict. In model 3, the linear and square terms were identified with negative signs. The adjusted R² for model 4 reached 0.604 .

To facilitate the interpretation of findings, we illustrated the relationships in Figure 1 with Cohen, Cohen, West, and Aiken. This figure represents name alignment and the inverted U-shaped relationship between relational conflict and acceptable selling price, with both curves intersecting at the balanced level of relational conflict. Additionally, it should be noted that both curves shorten on the right side.

Reliability Tests

To ensure that the results were not artifactual to the model specifications or endogenous, we conducted various reliability tests. First, we ran the regression model using individual cash flow instead of objective performance. We also substituted family ownership for individual ownership.

Figure 1: Relational Conflict, Name Alignment, and Individual Company Valuation.



We examined potential endogeneity using an instrumental variable approach. Although it is possible that individual evaluation could lead to low relational conflict, the excluded variable (including pressure on a family member lacking competence in a responsible position) might influence the personal value of the company and relational conflict. We employed two instrumental variables associated with relational conflict but not with individual evaluation. We used Stata 11.0, alongside Evondag and Ivorig, to compute regression with least squares and two-stage regression, and also conducted the Wu-Hausman and Durbin-Wu-Hausman tests. All test results indicated that endogeneity was not a specific issue.

Discussion and Conclusion

We examined the impact of relational conflict and the alignment of the company and family name on the monetary value of family owners and their companies. According to the results, relational conflict has a negative effect on the alignment of names and the personal evaluation of family businesses. Specifically, we used the U-shaped relationship between relational conflict and personal evaluation to support Hypothesis 1. The findings indicate that the alignment of the name did not have a direct impact on acceptable selling prices; thus, Hypothesis 2 was not confirmed. The impact of name alignment is not only prominent in interaction with other variables but is also taken for granted by some individuals .

According to Hypothesis 3, the reciprocal effect between name alignment and relational conflict was confirmed (see Figure 1). In cases of misalignment of the family name, relational conflict and personal evaluation of the company were expressed in a U-shaped manner. However, when name alignment is present, evaluations improve. The findings suggest that awareness of the relationship between the family and the company leads to an increased assessment of the company. As relational conflict intensifies, owners recognize the potential negative impacts on the company's reputation and future value. When this occurs, both financial and emotional social wealth are at risk. These findings provide insights into how researchers view the reactions of company owners to a broader range of socio-economic costs .

First, our paper contributes to the literature on social economic wealth by incorporating betting theory, BAEM, and prospect theory. Second, this paper enhances understanding of the personal evaluation of family-owned companies. Our research expands the literature by demonstrating that family business owners value non-financial aspects, showing that alignment of the family name and company has an indirect effect on the pricing of emotional social benefits, utilizing the findings of Moun. Our paper emphasizes the positive characteristics of assets .

Third, we expand the literature on relational conflict by introducing a new set of outcome variables: personal evaluation of ownership, or family business. According to our findings, relational conflict affects family-owned companies. Name alignment has a direct relationship with the individual's vulnerability in betting situations and plays a vital role in relationships. Our research contributes to the perspectives of attitude theory, demonstrating the relationship between altruism and relational conflict and the alignment of the family name. Thus, our findings have implications for managing family businesses and the transfer of private family business ownership. Finally, we expand the literature on relational conflicts, adding complexities of family business conflicts that have not been previously addressed in discussions about the heterogeneity of family firms.

References

- Ahlers, O., Hack, A., Kellermanns, F. W., & Wright, M. (2017). Is it all about money? Affective commitment and the difference between family and non-family sellers in buyouts. *British Journal of Management*, 28, 159-179.
- Albert, S., & Whetten, D. A. (1985). Organizational identity. In L. L. Cummings & B. M. Staw (Eds.), *Research in organizational behavior* (Vol. 7, pp. 263-295). Greenwich, CT: JAI Press.
- Amason, A. C. (1996). Distinguishing the effects of functional and dysfunctional conflict on strategic decision making: Resolving a paradox for top management teams. *Academy of Management Journal*, 39, 123-148.
- Amini, Mokhtar (2014). "Comparison of the Impact of Family and Non-Family Ownership Structure and Operational Risk on Company Performance." Master's thesis, Faculty of Management and Accounting, Qazvin Islamic Azad University.
- Anderson, R., & Reeb, D. (2003). Founding-family ownership and firm performance: Evidence from S&P 500. *Journal of Finance*, 58, 1301-1327.
- Arkes, H. R., & Blumer, C. (1985). The psychology of sunk costs. *Organizational Behavior and Human Decision Processes*, 35, 124-140.
- Astrachan, J., & Jaskiewicz, P. (2008). Emotional returns and emotional costs in privately-held family businesses: Advancing traditional business valuation. *Family Business Review*, 21, 139-150.
- Barki, H., & Hartwick, J. (2004). Conceptualizing the construct of interpersonal conflict. *International Journal of Conflict Management*, 15, 216-244.
- Baum, C. F., Schaffer, M. E., & Stillman, S. (2002). IVENDOG: Stata module to calculate Durbin-Wu-Hausman endogeneity test after ivreg. Retrieved from <https://ideas.repec.org/c/boc/bocode/s429401.html>
- Beehr, T. A., Drexler, J. A., Jr., & Faulkner, S. (1997). Working in small family businesses: Empirical comparisons to non-family businesses. *Journal of Organizational Behavior*, 18, 297-312.
- Berrone, P., Cruz, C., & Gómez-Mejía, L. R. (2012). Socioemotional wealth in family firms: Theoretical dimensions, assessment approaches, and agenda for future research. *Family Business Review*, 25, 258-279.
- Berrone, P., Cruz, C. C., Gómez-Mejía, L. R., & Larraza Kintana, M. (2010). Socioemotional wealth and corporate response to institutional pressures: Do family-controlled firms pollute less? *Administrative Science Quarterly*, 55, 82-113.
- Bodtker, A. M., & Jameson, J. K. (2001). Emotion in conflict formation and its transformation: Application to organizational conflict management. *International Journal of Conflict Management*, 12, 259-275.
- Bono, J. E., & McNamara, G. (2011). From the editors: Publishing in AMJ—part 2: Research design. *Academy of Management Journal*, 54, 657-660.
- Boyce, R. R., Brown, T. C., McClelland, G. H., Peterson, G. L., & Schulze, W. D. (1992). An experimental examination of intrinsic values as a source of the WTA-WTP disparity. *American Economic Review*, 82, 1366-1373.

- Bromiley, P. (2010). Looking at prospect theory. *Strategic Management Journal*, 31, 1357-1370.
- Cabrera-Suárez, K., Deniz-Deniz, d. L. C., & Martin-Santana, J. D. (2014). The setting of non-financial goals in the family firm: The influence of family climate and identification. *Journal of Family Business Strategy*, 5, 289-299.
- Campopiano, G., De Massis, A., & Chirico, F. (2014). Firm philanthropy in small- and medium-sized family firms: The effects of family involvement in ownership and management. *Family Business Review*, 27, 244-258.
- Capron, L., & Shen, J.-C. (2007). Acquisitions of private vs. public firms: Private information, target selection, and acquirer returns. *Strategic Management Journal*, 28, 891-911.
- Carmon, Z., & Ariely, D. (2000). Focusing on the forgone: How value can appear so different to buyers and sellers. *Journal of Consumer Research*, 27, 360-370.
- Casson, M. (1999). The economics of the family firm. *Scandinavian Economics History Review*, 47(1), 10-23.
- Chrisman, J. J., Chua, J. H., & Litz, R. (2004). Comparing the agency costs of family and non-family firms: Conceptual issues and exploratory evidence. *Entrepreneurship Theory and Practice*, 28, 335-354.
- Chrisman, J. J., & Patel, P. J. (2012). Variations in R&D investments of family and non-family firms: Behavioral agency and myopic loss aversion perspectives. *Academy of Management Journal*, 55, 976-997.
- Chua, J. H., Chrisman, J. J., & De Massis, A. (2015). A closer look at socioemotional wealth: Its flows, stocks, and prospects for moving forward. *Entrepreneurship Theory and Practice*, 39, 173-182.
- Chua, J. H., Chrisman, J. J., Steier, L. P., & Rau, S. B. (2012). Sources of heterogeneity in family firms: An introduction *Entrepreneurship Theory and Practice*, 36, 1103-1113.
- Cohen, J., Cohen, P., West, S., & Aiken, L. (2003). *Applied multiple regression/correlation analysis for the behavioral sciences* (3rd ed.). Mahwah, NJ: Lawrence Erlbaum.
- Copeland, T., Koller, T., & Murrin, J. 2000. *Valuation: Measuring and managing the value of companies*. New York, NY: Wiley.
- Cruz, C. C., Gómez-Mejía, L. R., & Becerra, M. (2010). Perceptions of benevolence and the design of agency contracts: CEO-TMT relationships in family firms. *Academy of Management Journal*, 53, 69-89.
- Curasi, C. F., Price, L. L., & Arnould, E. J. (2004). How individuals' cherished possessions become families' inalienable wealth. *Journal of Consumer Research*, 31, 609-622.
- Danes, S. M., Zuiker, V., Kean, R., & Arbuthnot, J. (1999). Predictors of family business tension and goal achievement. *Family Business Review*, 12, 241-252.
- Ghods-Nafari, Mehdi Ibn Al-Rasul Seyed, Asghar, Nojavan Majid (2004). "Comparison of Performance Measurement Systems and Selection of the Best Using the Fuzzy TOPSIS Method." *International Journal of Engineering Sciences*, No. 15, Vol. 15, pp. 105-125.
- Gómez-Mejía, L. R., Makri, M., & Larraza-Kintana, M. (2010). Diversification decisions in family-controlled firms. *Journal of Management Studies*, 47, 223-252.
- 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. *Journal of Management*, 2018, 1369-1397.
- Gómez-Mejía, L. R., Tochman Campbell, J., Martin, G., Hoskisson, R. E., Makri, M., & Sirmon, D. G. (2014). Socioemotional wealth as a mixed gamble: Revisiting family firm R&D investments with the behavioral agency theory. *Entrepreneurship and Theory and Practice*, 38, 1351-1374.

- Gordon, G., & Nicholson, N. (2008). *Family wars: Classic conflicts in family business and how to deal with them*. London, England: Kogan Page.
- Grant, P. (2017, May 16). Real-estate empire survives brutal family battle. *The Wall Street Journal*. Retrieved from <https://www.wsj.com/articles/real-estate-empire-survives-brutal-family-battle-1494932405>
- Gutiérrez, M., & Tribó, J. A. (2004). Private benefit extraction in closely-held corporations: The case for multiple large shareholders. Working Paper 04-43, Business Economics Series 15.
- Hair, J. F., Black, B., Babin, B., & Anderson, R. E. (2010). *Multivariate data analysis* (6th ed.). Upper Saddle River, NJ: Prentice Hall.
- Hamilton, B. H., & Nickerson, J. A. (2003). Correcting for endogeneity in strategic management research. *Strategic Organization*, 1, 51-78.
- Handler, W. C. (1990). Succession in owner-managed and family firms: A mutual role adjustment between entrepreneur and the next generation. *Entrepreneurship Theory and Practice*, 15, 37-51.
- Hoshi, Abbas, Ali Khani, Hamid (2015). "Examining the Relationship between Family Ownership and Non-Family Ownership on Company Performance in the Tehran Stock Exchange." *Journal of Accounting and Auditing Research*, No. 25, Vol. 7, pp. 28-41.
- Kotlar, J., & De Massis, A. (2013). Goal setting in family firms: Goal diversity, social interactions, and collective commitment to family-centered goals. *Entrepreneurship Theory and Practice*, 37, 1263-1288.
- Kotlar, J., Signori, A., De Massis, A., & Vismara, S. (2018). Financial wealth, socioemotional wealth and IPO underpricing in family firms: A two-stage gamble model. *Academy of Management Journal*. Advance online publication. doi:10.5465/amj.2016.0256
- Kumar, N., Stern, L. W., & Anderson, J. C. 1993. Conducting interorganizational research using key in-formants. *Academy of Management Journal*, 36, 1633-1651.
- Lazarus, R. S. (1991). *Emotion and adaptation*. New York, NY: Oxford University Press.
- Le Breton-Miller, I., Miller, D., & Steier, L. P. (2004).
- Toward an integrative model of effective FOB succession. *Entrepreneurship Theory and Practice*, 28, 305-329.
- Leitterstorf, M. P., & Rau, S. B. (2014). Socioemotional wealth and IPO underpricing of family firms. *Strategic Management Journal*, 35, 751-760.
- Lerner, J. S., & Keltner, D. (2000). Beyond valence: Toward a model of emotion-specific influences on judgment and choice. *Cognition & Emotion*, 14, 473-493.
- Lerner, J. S., Small, D. A., & Loewenstein, G. (2004). Heart strings and purse strings: Carryover effects of emotions on economic decisions. *Psychological Science*, 15, 337-341.
- Ling, Y., & Kellermanns, F. (2010). The effects of family firm specific sources of TMT diversity: The moderating role of information exchange frequency. *Journal of Management Studies*, 47, 322-344.
- Loewenstein, G., & Lerner, J. S. (2003). The role of affect in decision making. In R. Davidson, H. Goldsmith, & K. Scherer (Eds.), *Handbook of affective science* (pp. 619- 642). Oxford, England: Oxford University Press.
- Love, L. G., Priem, R. L., & Lumpkin, G. T. (2002). Explicitly articulated strategy and firm performance under alternative levels of centralization. *Journal of Management*, 28, 611-627.
- Lubatkin, M. H., Schulze, W. S., Ling, Y., & Dino, R. N. (2005). The effects of parental altruism on the governance of family-managed firms. *Journal of Organizational Behavior*, 26, 313-330.
- Martin, G., & Gómez-Mejía, L. R. (2016). The relationship between socioemotional and financial wealth re-visiting family firm decision making. *Management Research*, 14, 215-233.
- Martin, G. P., Gomez-Mejia, L. R., & Wiseman, R. M. (2013). Executive stock options as mixed gambles: Revisiting the behavioral agency model. *Academy of Management Journal*, 56, 451-472.

- Mazen, A. M. M., Hemmasi, M., & Lewis, M. F. (1987). Assessment of strategic power in contemporary strategy research. *Strategic Management Journal*, 8, 403-410
- Mehrgan, Mohammad Reza (2008). "Quantitative Models in Organizational Performance Evaluation (Data Envelopment Analysis)." Tehran Management School Publications.
- Mehrgan, Mohammad Reza (2009). "A Coherent BSC-TOPSIS Approach for Evaluating Top Management Schools of Universities in Tehran Province." *Industrial Management Journal*, No. 2, Vol. 1, pp. 153-168.
- Namazi, Mohammad, Kermani, Ehsan (2008). "Investigating the Impact of Ownership on Company Performance." *Journal of Accounting and Auditing Reviews*, No. 53, Vol. 15, pp. 82-100.
- Namazi, Mohammad, Mohammadi Mohammad (2010). "Investigating the Quality of Earnings and Returns of Family and Non-Family Companies Listed on the Tehran Stock Exchange." *Advances in Accounting*, No. 2, Vol. 2, pp. 159-194.
- Rezaei, Farzin, Zarai Zahra (2015). "The Relationship Between Family and Non-Family Ownership Structure and Earnings Management, Along with Emphasis on Agency Costs." *Proceedings of the International Conference on Accounting and Management in the Third Millennium*, Rasht, January, pp. 19.
- Rezaei, Farzin, Shiruyi, Maryam (2015). "The Impact of Family Ownership Structure and Transactions with Related Parties (Goods Trade) on the Quality of Earnings of Companies," *Conference on Management and Human Resources*, Dubai, December, pp. 14-1.
- Sharma, P., & Manikutty, S. (2005). Strategic divestment in family firms: Role of family structure and community culture. *Entrepreneurship Theory and Practice*, 20, 293-312.
- Shepherd, D. A., & Zacharakis, A. 2000. Structuring family business succession: An analysis of the future leader's decision making. *Entrepreneurship Theory and Practice*, 24, 25-39.
- Simons, T. L., & Peterson, R. S. (2000). Task conflict and relationship conflict in top management teams: The pivotal role of intragroup trust. *Journal of Applied Psychology*, 85 102-111.
- Sorenson, R. L. (1999). Conflict management strategies used in successful family businesses. *Family Business Review*, 12, 325-339.
- Stanley, L. J., Kellermanns, F. W., & Zellweger, T. (2017). Latent profile analysis: Understanding family firm profiles. *Family Business Review*, 30, 84-102.
- Sundaramurthy, C., & Kreiner, G. E. (2008). Governing by managing identity boundaries: The case of family businesses. *Entrepreneurship Theory and Practice*, 32, 415-436.
- Tabachnick, B. G., & Fidell, L. S. (1996). *Using multivariate statistics* (3rd. ed.). New York, NY: HarperCollins.
- Thaler, R. (1980). Toward a positive theory of consumer choice. *Journal of Economic Behavior & Organization*, 1(1), 39-60.
- Thomas, K. W. (1992). Conflict and conflict management: Reflections and update. *Journal of Organizational Behavior*, 13, 265-274.
- Thomsen, S., & Pedersen, T. (2000). Ownership structure and economic performance in the largest European companies. *Strategic Management Journal*, 21, 689-705.
- Tversky, A., & Kahneman, D. (1991). Loss aversion in riskless choice: A reference-dependent model. *Quarterly Journal of Economics*, 107, 1039-1061.
- Villalonga, B., & Amit, R. (2006). How do family ownership, control and management affect firm value? *Journal of Financial Economics*, 80, 385-417.
- Westhead, P., & Cowling, M. (1998). Family firm research: The need for a methodological rethink. *Entrepreneurship Theory and Practice*, 23, 31-56.

- Westhead, P., & Howorth, C. (2007). "Types" of private family firm: An exploratory conceptual and empirical analysis. *Entrepreneurship and Regional Development*, 19, 405-431.
- Wiseman, R. M., & Gómez-Mejía, L. R. (1998). A behavioral agency model of managerial risk taking. *Academy of Management Review*, 23, 133-153.
- Yang, J., & Mossholder, K. W. (2004). Decoupling task and relationship conflict: The role of intragroup emotional processing. *Journal of Organizational Behavior*, 25, 589-605.
- Zellweger, T., & Astrachan, J. (2008). On the emotional value of owning a firm. *Family Business Review*, 21, 347-363.