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Emotional intelligence in family firms
Its impact on interpersonal dynamics in the family, business and ownership systems

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Abstract

Purpose – Although researchers have highlighted the importance of relational and family factors for the sustainability of a family firm, there is not much empirical research exploring how emotions and the management of emotions play a role in the interpersonal dynamics of family business owners. The purpose of this paper is to explore how the way family members manage their emotions affects the interpersonal dynamics in the family, business, and ownership subsystems of a family firm.

Design/methodology/approach – The paper presents an in-depth case study from a family firm in Colombia-South America.

Findings – The results indicate that the capability that family members have to manage their emotions influences the interpersonal dynamics that take place in the family firm at the individual and group level. In this case, the paper found that although emotional intelligence (EI) affected interpersonal relationships in a firm, this effect was based on the individual’s willingness to use their EI capabilities, previous history between people, and the goals individuals have within each subsystem in a family firm. The paper also found that interpersonal dynamics, in turn, influence how family members work together.

Research limitations/implications – Because this study uses an in-depth case study, the intention of the paper is to provide an initial picture of how EI can play a role in the interpersonal interactions between family business owners. The authors hope that this study can be used as a building block to enhance the understanding of the role of EI in family firms.

Practical implications – EI represents an individual’s capability to perceive, understand, manage, and regulate self and other’s emotions. For family firms, this means that family business owners can use this capability to determine how to enact their roles in the family firm and how to interact with other to ensure harmony in their relationships.

Originality/value – This paper builds on previous work on emotions in family firms to explore the role of EI in family firms, and provides an empirical exploration of the role of management of emotions in family firms.

Keywords Family business, Emotional intelligence, Family dynamics, Emotions in family firms

Paper type Case study

Introduction

Family firms are organizations “governed and/or managed with the intention to shape and pursue the vision of the business held by a dominant coalition controlled by
members of the same family or a small number of families in a manner that is potentially sustainable across generations of the family or families” (Chua et al., 1999, p. 25). These organizations are representative of the majority of businesses in the world and play a significant role in the GDP of their countries (Astrachan and Shanker, 2003; Ifera, 2003). Although some family firms often outperform their non-family counterparts (Anderson and Reeb, 2004), one of the greatest challenges that family businesses face is the transition of ownership and management across generations (De Massis et al., 2008; Le-Breton-Miller et al., 2004). Previous research has indicated that only one-third of the family firms make it to the second generation, and about 15 percent make it to the third generation (Birley, 1986; Ward, 1987). Thus, a lot of the research in the family business discipline has explored the factors that affect the ability of these firms to transition between generations.

There are different explanations for why family firms have difficulty being viable across generations. In work summarizing the factors that prevent succession, De Massis et al. (2008) suggest that five general factors prevent intra-family succession in family firms: individual factors (i.e. issues related to the successor and predecessor), financial factors (i.e. availability of financial resources for the firm to succeed), contextual factors (i.e. changes in the environment in which the organization operates), process factors (i.e. presence of processes that outline the succession process), and relational factors (i.e. relationship dynamics between family and non-family members involved in the firm). This paper focusses on relational factors. We explore how the way family members manage their emotions (i.e. their emotional intelligence (EI)) affects interpersonal dynamics that may lead to negative conflict in a family firm and later affect the succession process.

Although conceptual work has highlighted the importance of family dynamics (i.e. the patterns of interactions and relationships between family members) to the success of the family business, there has been less empirical research that explores family relationships and how they affect the different dynamics of the family in relation to the business (Dunn, 1999; Zachary, 2011). Zachary (2011) argues that family dynamics are important and fundamental in the creation, development and sustainability of entrepreneurial behavior. In this paper we focus on EI as one of the factors that can influence interpersonal dynamics in the family firm. EI describes an individual’s ability to perceive, understand, manage, and regulate theirs and others emotions (Goleman, 1995; Mayer and Salovey, 1997). Empirical research has found that, in organizational contexts, an individual’s EI capability is related to job performance and the dynamics that develop in interpersonal and group relationships (Ashkanasy, 2003; Côté et al., 2010; Joseph and Newman, 2010; O’Boyle et al., 2011). Even though there has been a lot of empirical research exploring the effects of EI in organizational contexts, one aspect that is not well understood is how an owner’s EI can influence the relationships they have with different stakeholders in the firm. Understanding this is important because the relationships that the owners create with different stakeholders can affect how stakeholders react toward the firm and these reactions, in turn, can influence the viability of the organization. Our focus in this paper is the family firm and family stakeholders. We present an in-depth case analysis of a family from Colombia who owns a business and has faced different challenges in the dynamics of the family and in planning the future of the firm. In the case we explore how family members manage their emotions, how it affects the interpersonal dynamics that develop in the family, business and ownership subsystems, and how these dynamics can play a role in other aspects of the business. In the following sections we summarize previous work on
emotions in the areas of social psychology, organizational behavior, and family firms to present the rationale and theoretical grounding for our study. We then explain the methodology used to obtain our data and the findings from this case. We finalize the paper by discussing the theoretical and practical implications of our findings and ideas for future research.

### Literature review

**The study of emotions in the family firm**

The study of emotions has been a topic of interest to researchers and practitioners for many years. Although initially conceptualized as a nuance to rational decision making, researchers now agree that emotions play an important role in understanding human behavior (Caccioppo and Gardner, 1999; George, 2000; Niedenthal and Brauer, 2012; Oatley and Jenkins, 1992). In particular, emotions influence the way individuals think, behave, and make decisions (George, 2000).[1] Research has found that emotions can influence the judgments that individuals make, the materials that individuals can recall from memory, the attributions for success and failure, creativity, and inductive and deductive reasoning (Bower, 1981; Cunningham et al., 1980; Forgas et al., 1990; George, 1991). Thus, understanding the effects of emotion and emotion management on human behaviors has been important for both practitioners and academics.

Researchers have argued that emotions are important in different contexts because they serve as a communication tool that informs individuals about their environment, and prepares them to respond to opportunities and problems that arise from the interactions with others (Keltner and Haidt, 1999; Niedenthal and Brauer, 2012; Oatley and Jenkins, 1992). Emotions can also represent a source of internal conflict for the individual. Based on the role an individual plays in the family or in an organization there are several expectations of which emotions can/should be displayed, and which ones need to be suppressed (Wharton and Erickson, 1993). In the family context, the research on emotions has focussed on understanding how emotions are learned, and how they affect family interactions. Findings indicate that, in the family context, emotions reflect the degree of attachment between family members, the degree of social referencing learned from parents, and the way individuals learn to represent their feelings from their parents (Oatley and Jenkins, 1992). Therefore, the expression of emotions in family interactions serves as cues for others to interpret the feelings of family members. In organizations, the research on emotions has focussed on the critical role emotions play for outcomes such as job performance, decision making, creativity, leadership, negotiation, turnover, and teamwork (Ashforth and Humphrey, 1995; Ashkanasy, 2003; Barsade and Gibson, 2007). Findings indicate that disruptions in the individual’s ability to understand, express, and experience emotions leads to loss of social support, disintegration of groups, conflict between individuals, and loss of economic viability for the organization (Niedenthal and Brauer, 2012).

The exploration of emotions is a relatively new topic for family business scholars (Labaki et al., 2013; Rafaeli, 2013). In recent years family researchers have started to focus on different emotional constructs that can help better understand processes in the family firm. For example, Björnberg and Nicholson (2012) introduced the idea of emotional ownership as a way to measure the “next generation’s” feelings toward the firm, which are expected to influence their intentions to take over the business. In a similar way, Astrachan and colleagues introduced the idea of emotional returns on costs (Astrachan and Jaskiewicz, 2008) and emotional value (Zellweger and Astrachan, 2008) to explain how emotions affect the value individuals place onto a family firm.
Finally, Pieper (2007) introduced the idea of family and business emotional cohesion to describe how emotions can affect the family and business dynamics in a family firm. Although researchers suggest that emotions can play an important role in the family firm, most of this work has been conceptual and there is not much empirical research that systematically explores how and when emotions matter.

One of the main reasons for exploring individual emotions in the family firm is the effects that these emotions can have on the development of negative conflict between family members. Previous research has indicated that although family firms show great variation in the levels of conflict that they deal with, these organizations are fertile grounds for conflict (Harvey and Evans, 1994; Kellermanns and Eddleston, 2007). The reason for this is that in family firms there are three subsystems that are highly intertwined (i.e. family, business, and ownership; Tagiuri and Davis, 1996) and this overlap can result in different types of conflicts that affect both the family and the business (Olson et al., 2003). For example, when a father expresses anger to a son who works with him in the family firm this expression of anger can have repercussions on the dynamics of the family (e.g. the son will not join the family for dinner, or will not talk to the father), of the business (e.g. the son might get angry and quit their job, or sabotage the father), and the dynamics of ownership (e.g. the child may block a proposal from the father about selling shares). In the long run, these conflicts can also affect the feelings that individuals have toward the business and their intentions to stay working for the firm. In this paper, we argue that understanding the way family business members perceive, understand, manage, and regulate their emotions can affect the interpersonal dynamics of owners of the firm, which can have important consequences for the future of the firm.

The management of emotions in the family firm

The majority of work on emotion management has focussed on the study of EI. There are two popular ways to define EI:

1. the ability model; and
2. the mixed model (i.e. combination of traits and ability; Mayer et al., 2000).

The ability model suggests that EI is a type of intelligence or aptitude that overlaps with cognitive ability (Joseph and Newman, 2010). In this sense, EI represents the ability that individuals have to accurately carry out “reasoning about emotions and the ability to use emotions and emotional knowledge to enhance thought” (Mayer et al., 2008, p. 511). On the other hand, the mixed model views EI as a combination of intellect and various measures of personality (Petrides and Furdham, 2000). For mixed model researchers EI is a combination of a personality trait and the ability to identify, interpret, and regulate emotions. Although there has been a lot of research based on these two approaches, the mixed model approach is the source of many criticisms because it defines EI by exclusion, and it is too redundant with other personality characteristics (Joseph and Newman, 2010). Thus, for the purpose of this project we view EI consistent with the ability model.

The work of George (2000) indicates that there are four aspects of EI that are important to consider:

1. the appraisal and expression of emotions;
2. the use of emotion to enhance cognitive processes and decision making;
The first component refers to the extent to which individuals are aware of the emotions experienced by them and others; and the degree to which they can verbally and non-verbally express these emotions to others (George, 2000). Both the appraisal and expression of emotions are important because they facilitate the input when making judgments and decisions, and ensure effective communication with others to achieve goals. The second component refers to an individual’s ability to use emotions in a functional way. That is, this second component reflects the capacity individuals have for using emotions to signal what is important, and to interpret others emotions to be able to anticipate what occurred and how others feel. Understanding how individuals use and interpret emotions is important when interacting with others to better understand communication interactions. The third component is concerned with understanding the predictors and consequences of emotions. Being able to understand the predictors and consequences of emotions can help individuals better understand their environment and interact with others. Finally, the fourth component captures the extent to which individuals differ in their ability to manage theirs and others moods and emotions. This fourth element is an important interpersonal skill and a source of influence when interacting with others.

Most of the research about EI has been conducted in the context of organizations. There are two reasons for this. First, there is empirical evidence that shows the effects of EI on job performance (see: Joseph and Newman, 2010; O’Boyle et al., 2011 for meta-analysis results). Results indicate that in jobs characterized by high emotional labor, those who have a strong EI will perform better[2]. Second, there are multiple organizations that use EI measures as one of their selection criteria for an individual to enter a firm. Thus, researchers have tried to understand how EI affects individual behavior at work.

Although family business researchers have acknowledged that emotions play an important role in the transfer of knowledge (Trevinyo-Rodriguez and Bontis, 2010), sustainability (Jaffe and Lane, 2004), and performance (Sciascia and Mazzola, 2008) of family firms, to date there is not much conceptual or empirical research that directly talks about the management of emotions (i.e. EI) in the family firm context. To our knowledge there are only two published papers that explicitly explore the idea of EI in family firms. Brundin and Sharma (2012) present a conceptual model that suggests that the variations in the levels of EI of key stakeholders affects the role that emotional messiness[3] plays on the propensity of the next generation members to pursue a career in the firm, family harmony, and familiness. They argue that emotions play a central role in the way that family members interpret their experiences in the firm. Thus, the management of emotions plays a central role in understanding how family members may react within the family firm. Boyatzis and Soler (2012) published a case study that explored the role that EI played in the ability of family members to find future opportunities for the family firm. They found that family members who had higher levels of EI were able to see more opportunities for the family firm. Building on this initial understanding of how EI affects the behaviors of individuals in the family firm we wanted to explore how a family member’s ability to perceive, understand, regulate, and manage theirs and others emotions can have repercussions on the interpersonal dynamics of family members in the family, business, and ownership spheres.

Family firms represent an interesting context to study the management of emotions. One of the unique characteristics of family firms is that they require individuals to be
able to manage three types of roles: family, management, and ownership (Tagiuri and Davis, 1996). Previous research has found that the role that individual's have in the family and in their work organizations determines the expectations that others have about what emotions and expressions should be communicated and how they should be communicated (Wharton and Erickson, 1993). For example, in a family context, mothers are expected to be caring, loving, and not yelling at their children. On the other hand, in the work context, supervisors are expected to not show their anger or joy toward their employees. Thus, an individual's enactment of their roles comes with different requirements of how they should manage their emotions. This suggests that family firms are unique contexts to explore how the management of emotions can affect the dynamics in the family, business, and ownership structures of the firm. To explore how EI can affect the dynamics in the family firm this paper presents an in depth case study to answer the following research question:

**RQ1.** How does a family member’s ability to perceive, understand, manage, and regulate emotions (i.e. EI) affect their interpersonal dynamics in the (a) family, (b) business, and (c) ownership contexts?

**Method**
This project used a case study methodology. This methodological approach explores a phenomenon within its real-life context to help researchers answer questions of how and why a phenomenon occurs (Yin, 2003). This project was developed while participating in a consulting practice with a family company to help them work on their family harmony and unity, which was causing problems for the business. The data collection lasted approximately six months and included semi-structured interviews with family members, observation of the interactions between family members, and review of written documents (e.g. family business minutes, annual data on revenue for the last five years, and market data). Semi-structured interviews were conducted separately with each family member and lasted approximately one hour and a half. Questions in the interview tried to assess each family member’s perception about other family members and their take on the dynamics in the family, business, and ownership structures of the firm. Three individuals conducted each interview and took separate notes throughout the process to be able to compare their information. The interviewers also had six monthly meetings with the family members. During these meetings each interviewer conducted direct observations about the interpersonal dynamics and interactions in the family, ownership, and business contexts. These observations focused on how family members treated one another, how they expressed and communicated their ideas and emotions to others, how they interacted when discussing different points of view, and the dynamics that occurred when they tried to make decisions about the family, business, and ownership components of the firm. Finally, written documents were reviewed to obtain background information about the family firm and the dynamics between family members. This variety of information sources allowed researchers methodological triangulation and higher levels of confidence in the quality of the data. Table I presents a general description of the family members interviewed for this project.

**Case description**
The family business used for this case was a firm with members of the first- and second-generation participating in the management of the firm. The company’s main
business is the transportation of fuels and lubricants for producers in Colombia-South America. This company is one of the main transporters of fuel for the largest refineries in Colombia. There are five family members that have ownership in the firm: the father (30 percent), the mother (20 percent), the oldest son (16.66 percent), the middle son (16.66 percent), and the daughter (16.66 percent). The current management structure of the firm has the father as the main decision maker for the firm, the older son is the general manager with no decision-making capability, the middle son is the sales manager, the wife works with accounting and managing finances in the firm, and the daughter works with human resources and marketing. The company was started in 1977 and today it has over 50 employees and $19 million in sales.

There have been three critical incidents that affected the relationships between family members in relation to the business. The first incident began when the mother found out that her husband (i.e. the father) had several extra-marital affairs. As a consequence of this, and in an attempt to protect the family wealth from possible lawsuits, she demanded that her husband create a legal document that explicitly articulated the ownership that each family member had in relation to the firm.

### Table I.

<table>
<thead>
<tr>
<th>Family member</th>
<th>Background description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Father</td>
<td>The father is an entrepreneur that developed his approach and skills through his experiences on the job. He had no formal education to help him manage the firm. Since the creation of the firm he has been the person primarily responsible for the day-to-day operations of the business. He has developed very good relationships with his clients thanks to his general knowledge of the industry. In general he is very strict, disciplined and authoritarian. He believes that the company “has and will always belong to only him. The fact that my wife and children are part owners is only for taxation and protection of wealth reasons”. His priority is the economic viability of the business.</td>
</tr>
<tr>
<td>Mother</td>
<td>The mother is responsible for the financial and accounting tasks in the firm. Although she did not have a college education, she is very good in the management of house finances. This really helped the initial development of the business. Her priority is the family. Because of this she always tries to keep the family together and promotes family harmony and unity. In general she is quiet, and has very good interpersonal skills. She is very empathetic and tries to avoid conflict as much as possible.</td>
</tr>
<tr>
<td>Older son</td>
<td>The older son is the current general manager for the company. He has a bachelor degree in business administration. He has worked for the firm since he was 17 years old and has had to do most of the low level jobs. Since he was born, his dad has thought of him as the successor for the firm. Because of his role, he was raised under very strict rules from his dad. His father believes that he is not a good manager because to be a good manager one has to “be able to control everything, especially in this industry where people tend to steal from you.” The father sees him as “a delegator” and this is not a good characteristic for a manager.</td>
</tr>
<tr>
<td>Middle son</td>
<td>His title in the company is sales manager. He also has a bachelor degree in business administration. He joined the business while he was in college and has worked for the business full time since he graduated. Because of the dominance of his father in the business he does not perform all of the responsibilities of his position because his father would not let him. His mother and sister believe that he should be more assertive in his role.</td>
</tr>
<tr>
<td>Daughter</td>
<td>The daughter is responsible for human resources and marketing for the family firm. She works from a different city where she lives with her husband. She completed her college degree in psychology and has always been protected by her father. She has had continuous education in coaching and personal development.</td>
</tr>
</tbody>
</table>
Her husband agreed and, to prevent their children from finding out about the affairs, the papers were prepared without communicating this decision to the children. Some years later, when the older son was getting married, the family lawyer told him that he needed his fiancé to sign a prenuptial agreement. When he asked why, he found out that he was part owner of the company and this needed to be done to protect the company. This discovery caused a lot of negative feelings between the parents and their children.

The second incident was the result of the father deciding to treat his children differently when they were attending college. When the oldest son was ready to attend college, the father told him that he would be on a very strict budget and that he would have to pay his father back for all the money that he spent while going to school. The son went to school in a larger city and after the first month he found out that the budget his father gave him was not enough to survive. Although he expressed this to the father, the father decided not to increase the budget because he thought his son would use the extra money to party and have a good time, and he would not be invested in his studies. Because of this, the oldest son had to work for the company in the weekends and during university breaks. During his time at work, he would steal resources from the company and sell them to supplement his income while going to school. Seeing her eldest son in such conditions the mother went behind the back of the father and helped her son buy a truck for the transportation of fuel so he could make extra money while going to school. For the middle son and for the daughter the situation was very different. They were given a flexible budget and were not asked to pay back any of the money to their dad. These differences in treatment created a negative tension between the between the oldest son and the father.

The third incident relates to the father being kidnapped for a ransom by the FARC[4]. During this time the oldest son took charge of the business and negotiated to get his father back alive. Although the oldest son was able to both manage the firm and get his father back safely, his father never thanked him for his efforts and focussed on complaining because his son was soft and incapable when managing the firm. This really set a precedent that further harmed the relationship between the father and the eldest son.

Analysis and interpretation of results
The data analysis and interpretation of results was conducted based on a three-step process. In the first step, the three interviewers individually evaluated the information they collected from the interviews and observations about each family member to determine the level of EI of each family members. Before the interviewers analyzed the information, they received a basic training session to understand the concept of EI and how to determine the behaviors that constitute different levels of EI. Based on this training, each interviewer independently evaluated each family member’s ability to perceive, understand and manage theirs and others emotions. To determine a family member’s ability to perceive emotions the interviewers evaluated behaviors such as listening, how each member described each of the other members, and how they interacted in the family meetings. These behaviors allowed the interviewers to understand whether the family members were able to “read” the other members behavior and why it occurred. When assessing the ability to understand emotions, the interviewers based their ratings on family member actions that reflected empathy toward others. Finally, when determining each family member’s ability to manage their emotions, the interviewers focussed on their communication patterns during meetings. These included: the tone of
voice they used when interacting with others, ability to provide constructive responses during heated interactions, the ability to stay calm when others were attacking them, and their reactions to other family member’s comments. Following this individual process, the interviewers met as a group to discuss their evaluations and perceptions about each family member and as a group developed a combined evaluation for each family member. This assessment and information was then presented to a fourth researcher who had not been part of the data collection and had knowledge in the area of EI to help verify the accuracy of the family member’s assessments. A summary of the final assessment for each family member can be found in Table II.

In the second step, the interviewers examined the data they collected based on the interviews and observations to determine the interpersonal dynamics that resulted based on their interactions in the family, business, and ownership subsystems. Similar to other authors (Strike, 2013; Stuart and Jose, 2012; White et al., 2009), we viewed interpersonal dynamics as describing how family members related and interacted with each other when engaging in exchanges about issues in the different subsystems. Thus, to code these dynamics, the interactions during the different meetings were observed to determine whether family members participated in the different interactions, whether conflict was present during the interactions, whether they believed that what others had to say was important, the amount of time that they spent talking about the issues they were facing, whether they respected one another during the interactions, and/or how they interacted with one another, just to mention a few. This process was done first individually and then as a group to verify similarity of the interpretation of the observations. A summary of these observations can be seen in Table III.

The third step included the interpretation of the information collected. To interpret the information obtained and answer the general research question of the paper, three questions were used:

(1) What was each family member’s level of EI?

<table>
<thead>
<tr>
<th>Family member</th>
<th>Ability to perceive emotions</th>
<th>Ability to understand emotions</th>
<th>Ability to regulate/ manage emotions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Father</td>
<td>He can perceive the emotions of the self and other</td>
<td>He is able to understand self and other’s emotions</td>
<td>He is not able to regulate or manage his emotions</td>
</tr>
<tr>
<td>Mother</td>
<td>Very good at perceiving emotions</td>
<td>Very good at understanding the emotions of herself and others. She is very empathetic</td>
<td>Very good at managing/ regulating her emotions</td>
</tr>
<tr>
<td>Older son</td>
<td>He is good at perceiving his and other’s emotions</td>
<td>He is also good at understanding his and other emotions</td>
<td>When he wants to manage his emotions his is good at doing it</td>
</tr>
<tr>
<td>Middle son</td>
<td>He is very good at perceiving his and other’s emotions</td>
<td>He is very good at understanding his and other’s emotions</td>
<td>Out of the men in the family he is the best at regulating and managing his emotions</td>
</tr>
<tr>
<td>Daughter</td>
<td>She has a great ability to read hers and others emotions</td>
<td>Given her education in psychology she is very good at understanding emotions of others and herself</td>
<td>Very good. Her education in psychology has been very useful for her when regulating and managing her emotions</td>
</tr>
</tbody>
</table>

Table II.
Description of EI characteristics of each family member
<table>
<thead>
<tr>
<th>Family member</th>
<th>Family</th>
<th>Business</th>
<th>Ownership</th>
</tr>
</thead>
<tbody>
<tr>
<td>Father</td>
<td>Although he can perceive and understand emotions, his belief that family should be ruled with a hard hand prevents him from having the best relationships with his wife and sons. There are a lot of conflicts in the interactions that he has with the family.</td>
<td>He is able to recognize the emotions of his employees, but is not able to manage these relationships. He uses the information about emotions to interact with other stakeholders but not with family members.</td>
<td>He believes that the other family members are stealing from him because he was the person who created the firm and who manages the firm and given that the others did not do this they are not “real owners” of the business. Because of this the interpersonal dynamics in these systems are very tense.</td>
</tr>
<tr>
<td>Mother</td>
<td>For her the family is the most important system in this firm. Thus, she uses her EI to ensure that the family has harmonious relationships and the unity of members is assured. Thus, caring and empathy mark her relationships in this context. Although she does not confront her husband face to face, she knows that he does not treat employees the best way. So, she sees that employees are treated poorly she goes behind his back to try to fix the relationship.</td>
<td>Although she has good EI, the dynamics of her relationships in this area are primarily influence by the memory of her husband’s affairs. So she prefers not to interact in this context.</td>
<td></td>
</tr>
<tr>
<td>Older son</td>
<td>In this system is where he feels he can be himself. Because of this, he is more likely to use the information he gathers about emotions in this context to enhance his interactions with other family members. Although the son has a good level of emotional intelligence, in this context he feels that he can use his EI capabilities the way he wants to because of how his father interprets the use of emotions by a man in the business. Thus, he is indifferent in the relationships he has in this context.</td>
<td>His dynamics in this context are affected by the actions of the father who does not believe that others are joint owners of the firm, thus the father has great control over ownership decisions. He tries not to interact too much in this context.</td>
<td></td>
</tr>
<tr>
<td>Middle son</td>
<td>He uses his EI capabilities in this system to prevent family conflict. He often focuses on the use of humor to release tension between members and avoid confrontations. Based on his EI capabilities, he decided that his role in this subsystem is to stick to what his job is and let his father do what he wants to avoid family conflicts. Thus, he is not assertive in his position and prefers to spend extra time with his own business.</td>
<td>In this subsystem his interactions with other family members are limited. He is not interested in what happens here because he does not feel he is an owner of the firm because he can not make decisions about the business. She does not really have many interactions in this subsystem. The reason for this is that she does not have enough knowledge about rules and policies that are related to ownership. She believes that her lack of knowledge in this area affects how she can relate with others.</td>
<td></td>
</tr>
<tr>
<td>Daughter</td>
<td>She has a very positive influence in the family. Because she is a conciliatory person, she is able to become a leader when emotions are running high. She tries to enhance the unity and harmony in the family. Similar to her mother, although she does not confront her father face to face, she knows that he does not treat employees the best way. So, when her father gets emotional and hurts the feeling of employees she goes behind his back to try to fix the relationship.</td>
<td>He believes that other family members are stealing from him because he was the person who created the firm and who manages the firm and given that the others did not do this they are not “real owners” of the business. Because of this the interpersonal dynamics in these systems are very tense.</td>
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How did the level of EI play a role in interpersonal dynamics in the three subsystems?

When did EI play a role in interpersonal dynamics in the three subsystems?

We first interpreted the information about levels of EI. Based on the general observations about each family member’s EI, we noticed that the women and the middle son were the best at perceiving, understanding, and managing their emotions followed by the son and lastly the father. It seems that based on the father’s perspective “showing your emotions is a sign of weakness. And, in this industry emotions have no role.” We believe that this point of view reflects the cultural orientation of this area of Colombia. Beliefs in Colombia are highly influenced by the traditional Roman Catholic Church. In this sense, men are traditionally seen as the head of the household and responsible for the family income. Hofstede and Hofstede (2005) describe Colombia as a culture high on power distance, low on individualism, highly masculine, and high on uncertainty avoidance. This means that in general, individuals in Colombia believe that the inequalities among people are a fact of life and it is important to belong to a group and align oneself with the opinions of that group. They are also highly success oriented, competitive and status oriented. Finally, they are generally conservative and have many rules of how individuals should behave. Thus, it seems like the father of this family is greatly influenced by the traditional belief that men should always be strong and the primary way to show that strength is by not expressing their full range of emotion. For him any act that shows “positive” emotions (e.g. love, caring, appreciation, or gratitude) is interpreted as a form of weakness and is not desirable. Thus, a successful manager needs to “control everything and have a strong hand.”

The second step in our interpretation was to evaluate how each member’s EI played a role in how they interacted with others in the family, the business, and the ownership subsystems. For the daughter we noticed that her good EI capability helped her when interacting with family members in all the subsystems. In general, the daughter acted as a leader helping them with issues that occurred in the interpersonal interaction in all of the systems. In the family, she helped when there were misunderstandings or poor treatment between family members. In the business, she helped in the family (i.e. problems between father and sons) and non-family (i.e. problems between father and non-family employees) dynamics. In the ownership, she was not very involved but helped in what she could. For the mother, her EI also helped with the interactions in the family and business subsystems. Similar than the daughter, the mother viewed part of her job in the family and the business as helping others manage difficult interactions with family and non-family members. On the other hand, the mother did not interact with others in the ownership subsystem because it caused her to remember all the problems that the family had because of the father believing and wanting to control the ownership of the firm. For the male members of the family, the story is a little different.

For example, given the fathers view on the expression of emotions, he often goes around the business reprimanding employees in front of others. His belief is that by engaging in this behavior he is showing others who is in charge and responsible for the organization. He tries to do the same to his sons in the family and ownership subsystems, but they ignore him to avoid creating conflict that will hurt their mother. In the business, the father’s actions often cause internal conflict and require that the mother and daughter engage in preventative and restoration work with non-family employees. In the case of the older son, his EI capabilities are more likely to play a role in the family subsystem. In this family context is where he believes that he can truly be
his own self and express his feeling. By expressing his feelings, he is able to work through the conflict and develop better interpersonal exchanges with family members. In the other two subsystems (i.e. business and ownership), he tries to avoid any interaction situations that will create conflict or affect the way he interacts with others. Finally, the middle son uses his EI capabilities to determine when he needs to use humor to help release any tensions that may occur between family members. The middle son views his role in the family as a tension releaser who will help to avoid conflict through the use of humor.

In the final stage of interpretation we noticed that a family member’s EI capabilities were not always playing a role in the interpersonal dynamics. Thus, we looked for commonalities from the observations about the interactions of family members to understand when did EI play a role in the interpersonal dynamics. There were three commonalities that we noticed affected when EI affected interpersonal dynamics (see Figure 1). The first commonality was that family members chose when to use their EI capabilities. This choice affected how their EI was displayed in the interpersonal interactions with others. We noticed that there were several instances in which although individuals had good EI capabilities they often elected a course of action that was different from what would be expected of them. For example, although the oldest son had good EI capabilities, he decided not to use these capabilities during interpersonal interactions in business subsystem. Given that his father had greater influence and power in the firm, he did not think it would be important to use his EI capabilities when interacting with others because they expect him to behave like his father and to use a “hard hand,” something that he did not agree with. In the ownership sphere we noticed a similar dynamic. When talking about ownership, we noticed that the mother, sons, and daughter did not like to engage in interpersonal conversations with the father about the business. Given that the father acted like the others are stealing from him, and that any conversation about ownership reminded the mother of the affair her husband had, these individuals preferred not to engage in interactions in this context to avoid negative conflict between family members. In the business subsystem, we noticed that the father’s belief of ruling with a hard hand and not showing emotions in the organization affected the way he interacts with employees. In particular, we noticed that when the father perceived that an employee had done something wrong his reaction was to punish or yell at the employee in the firm to show the extent to which he has control over others. Although the mother and the daughter

![Figure 1.](image-url)

*Model representation of the observations and interpretations of this study*
did not agree with what the father did, they never confronted him. Instead they went behind his back to fix the relationships that he had broken and tried to explain his actions and provide comfort to others who had been hurt by the words of the father.

The second commonality that we found was that previous history affected how family members used their EI when interacting in the different contexts. That is, the family situations that occurred in the past influenced how members used their EI, and how this affected the interpersonal dynamics in the three subsystems. For example, we noticed that the dynamics that happened in the ownership subsystem where marked by the affair that the father had, and the father’s belief that his family was stealing from him because he had an affair. This translated into the mother not wanting to engage in any interaction in this subsystem to avoid negative memories. On the other hand, for the father, this translated into ignoring that he was not the sole owner of the firm and that others could have a say in the decisions that were made regarding the business. The sons and daughter noticed this behavior from the parents so they avoid any interpersonal interactions that include decisions or communication about ownership issues of the firm. In the business subsystem, the fact that the father has told the oldest son that he is weak and not a capable manager also influences the interpersonal dynamics that the son develops in the firm. For example, although some of the employees view the oldest son as lazy and not as involved as his father in the business, and the son knows about this, he makes no effort to change his behavior or the perceptions that others have. Given that the oldest son believes that his father has all of the decision-making power in the firm and his title is “in name only,” he believes that he should not waste his time. This is a similar dynamic of what occurs with the middle son. This second son limits his interactions in the business to the minimal requirements that his father has about his role in the firm. That way he does not have to deal with any conflicts with his dad and can reap the benefits of being a member of the firm which allows him to manage all the trucks that work for the company and make him extra money with the trucks he owns. Finally, in the family subsystem the fact that the father treated the oldest son, middle son and the daughter differently affects the relationship between the father and the oldest son. The oldest son feels resentment toward the father for not offering similar treatment for all of his children when attending college. Thus, there are perceptions of favoritism between children.

Finally, the third commonality pointed to the idea that the goals that individual’s had for each subsystem influenced how individuals used EI in their interpersonal relationships for each subsystem. For example, in the family subsystem, the mother, middle son, and daughter had a primary goal of family unity and harmony. Thus, all of them paid a lot of attention of what occurred between family members and the emotions it might generate in others to prevent any major problems or conflicts from occurring. In this sense their goal heightened their perceptions, understanding, and management/regulation of their emotions and others emotions. This also applied to the oldest son, who felt that the family context was the only place where he could truly be himself without having to defer to his father’s wishes all of the time. On the other hand, in the business subsystem the father’s goal to ensure economic viability of the firm helped him be more understanding and aware of the emotions of customers and suppliers to make sure that he would do anything that he could to please them. At the same time, this goal also led him not to perceive or understand the emotions of his employees when he was interacting with them in a negative way (e.g. yelling, or having a strong hand). As we have mentioned the father believes that to be a good manager one has to have a “hard hand” and show “no softness” when communicating with
others. Finally, in the ownership subsystem there are three goals that guide the relationships between family members. First, the father’s goal is to make sure others understand that he was the creator of the firm thus this company “is his company and will always be his company.” This makes him impose his decisions onto to others. For the mother, the goal is to avoid any issue related to ownership because it reminds her of her husband’s infidelity. Because of this goal, she avoids any thoughts or interactions in this subsystem. For the children, the goal is to avoid discussions with their parents in this area to avoid hurting their feelings. Thus, these goals take precedence over the individual’s EI when engaging in interpersonal interactions.

Discussion
In this paper we explored the role that emotions and emotion management play in the interpersonal dynamics that family owners develop in the family, business, and ownership subsystems. Building on previous empirical and conceptual work on EI in the organization and the family firm, we suggested that an individual’s ability to perceive, understand, manage, and regulate emotions could play a role in the interpersonal dynamics that owning members have in each of these subsystems. To illustrate our ideas, we conducted an in-depth case study in a family business context. Our observations indicate that a family member’s level of EI played a role in the interpersonal interactions members had in the family, business, and ownership subsystems, but there were three factors that influenced when individuals used EI in their interactions: willingness that individuals had to use their EI capabilities, previous history between members of the family, and the personal goals that individuals had in each subsystem. Based on our interpretation of the information collected in this case study, it seems that, like with any other ability, individuals can choose whether or not to use their EI when deciding how they will interact with others. As mentioned earlier, EI can serve as source of information for individuals when interacting with others. Thus, based on our observations, it seems that it is possible that people use the emotional information they obtain only when they want to invest the time in figuring out what it means and how it can help them when interacting with others. In this case study we found that family members used or ignored the information about emotions they had gathered when engaging in interpersonal interactions with others. In this case, the role of EI was dependent on what the individual wanted to do. In a similar way, previous history also influenced how individuals used the emotional information they obtained through their EI capabilities when interacting with others. In this situation we observed some critical incidents that hindered how emotional information was used when interacting with others. Finally, our observations also indicate that the goals that individuals have can also affect how individuals use the emotional information they obtain through their EI capabilities to interact with others. We saw that individual goals can activate what becomes relevant to an individual and how they use this information in their interpersonal interaction. Thus, we believe that this case study provides a good first attempt for exploring and understanding the role that EI can play in interpersonal dynamics between owners of a firm.

Implications for theory
This project has several implications for theory and research. Consistent with previous research (Keltner and Haidt, 1999; Niedenthal and Brauer, 2012; Oatley and Jenkins, 1992), we saw that the information about emotions that individuals captured through their EI capabilities helped them in their interactions with other individuals in the
family, business, and ownership subsystems. Based on the observations from this study, it seems that family members use their EI capability as a way to understand the context. These ideas are consistent with previous work in the context of family firms that suggests that emotions can serve as a source of tensions in between family members and these tensions can affect important dynamics within the family, business, and ownership (Brundin and Sharma, 2012; Jaffe and Lane, 2004; Sciascia and Mazzola, 2008; Trevino-Rodriguez and Bontis, 2010). In this sense, the feeling that individuals have toward or as a result of the family, the ownership and business components of the firm can affect their actions and the dynamics they have in each subsystem and, in turn, can affect the future of the firm. Thus, our work expands that of Danes et al. (1999) in two ways. First, our exploratory results indicate that tensions in a firm can be a result of emotions and the management of these emotions by family owners who work for and are owners of the firm. Second, our observations also indicate that the tensions that occur in family firms are not only based on what occurs in the business, but they also reflect what occurs in the family and ownership subsystems too. This points out to the important role that emotions can have to the viability of a firm.

These results also provide some initial empirical support for the conceptual work of Brundin and Sharma (2012) who argue that in family firms the level of EI of key stakeholders is important to understand how emotional messiness can affect important outcomes such as intentions of the next generation toward the firm, family harmony, and familiness. We believe the results from this exploratory study provide an initial picture of how EI can affect the behaviors of individuals in the firm. Our observations also complements Brundin and Sharma’s work by highlighting the strategic nature of EI. That is, it provides some support for the idea that although individuals may have different levels of EI they will decide how and when to use it. At the same time, how and when family members use this ability can be affected by previous history between family members and the individual goals they have in the firm. Thus, emotions often play an important role in the family dynamics that can affect a family business.

Our study also provides some initial support as to why the study of emotions in the context of the family firm is important. Consistent with Labaki et al. (2013) and Rafaeli (2013), we see emotions as an important component to understand the interactions between members. The observations from this exploratory study suggest that the emotions of family business owners are complex to understand. One of the reasons for this complexity is that in family firms individuals have roles in multiple contexts that may have loose boundaries. For example, in the family firm it is not uncommon that individuals interact at the family, business, and ownership levels. We believe that each of these systems can create different types of emotions in individuals that may affect how others view them, and how they interact with one another. Thus, one implication of our study is the importance to continue to explore how emotions influence the interactions between family owners and how these interactions play a role in the workings of the firm.

This study has important implications for the understanding of EI and the effects that it can have on interpersonal and group dynamics. In our case, we believe that an important contribution from the exploratory findings is the idea that moderators can influence when EI plays a role in interpersonal dynamics. Although most of the previous work has explored how EI affects the performance of individuals in a firm (Joseph and Newman, 2010; O’Boyle et al., 2011), our observations indicate that there might be some intricacies that need further exploration. It seems that when we describe
EI as a capability, and we suggest that it plays a role in the performance of individuals, we often assume that individuals are willing and able to use their EI capabilities. The observations from this study defy this notion. In particular, it suggests that how individuals use the information that they obtain through their EI capabilities might be determined by the willingness they have to use these capabilities, the previous history they have with the person they are interacting with, and the goals the have about that interaction. Thus, an important implication of our results is that we need to further explore the way that individuals use their EI capabilities because this use might be affected by strategic decisions an individual makes.

A final implication of this project relates to the role that emotions may play in the group context. In a recent summary of the functionality of human emotions Niedenthal and Brauer (2012) argue that, at the group level, emotional processes seem necessary for the creation and maintenance of group viability and long-term commitment to the actions that help achieve the goals of the group. In our study we observed that emotional processes in the family firm (i.e. a type of group) affected their dynamics. In our case, we saw that the management of emotions played a role in the interactions that family members have in relationship to the family, business, and ownership components of the firm. Thus, an important implication of our study is the need to better understand the intricacies of group emotions in the family firm. Pieper (2007, 2010) provides an initial idea of the intricacies of psychological issues in family firms, but future research should continue to explore how individual and group-level emotions affect processes in the family firm and its subsystems.

Implications for practice
There are two important implications for practice based on our study. First, it seems that in family firms the history in the dynamics between members can play a role in the interactions between family members and the way they perceive, interpret, manage, and regulate emotions. Because of this, our results provide some initial support to the importance understanding the dynamics between family members, and the history that is behind the family’s dynamics. We believe that as De Massis et al. (2008) summarized, the interpersonal relationships between family members in the family business context can create conflict situations between family members that will play a role in the future succession process of the firm. Thus, one way that consultants and practitioners can understand the nature of the conflict in family firms may be through the exploration of the emotions of family members and how the different members perceive, interpret, manage, and regulate theirs and others emotions.

A second important implication for practice is the understanding that EI is a capability that individuals have. Because EI reflects an individual capability, people can also choose the extent to which they will use this capability. This suggests that having a strong EI may not always imply that the individual will use their EI and will be efficient in using this capability. This is important for consultants and human resources practitioners who might use EI in their professional practices because it points to the need to understand what are the EI capabilities of individuals, and how and when do the use these capabilities.

Strengths, limitations, and future research
We believe that the major strength of this project is related to use of a case study approach to better understand what and when EI played a role in the interpersonal dynamics in the family, business, and ownership subsystems in a family firm. The use
of a case study allowed us a deeper exploration of the topic, which provided an in-depth understanding of emotions and their importance in family firms. Because this is a new topic in the family business area, the case study was very useful to explore EI from a holistic point of view. At the same time, the use of a case study can have several limitations for the interpretation and use of our results. First, given that this case study only represents one organization, its generalizability is limited. Because of this, we would encourage researchers to try to explore similar processes with other family firms or using other data collection methodologies. For example, if individual’s had access to multiple family firms they could explore this topic using a survey approach to collect more data and see whether our results generalize to wider contexts. A second limitation is that we do not fully explore the effects that interpersonal dynamics may have on other processes of the family firm. Thus, although we believe that the type of dynamics observed in this case could affect different processes in the family business, we do not know how or whether this would occur. Because of this we suggest that future research needs to continue to explore these ideas to better understand how emotional dynamics influence other processes in the family firm. Finally, this case study has unique characteristics that can also affect the results we observed and how we interpreted these results. Thus, although this study provides an exploratory view of the importance of EI in family firms, it is important to continue to explore EI from different methodological approaches.

Conclusion
This paper explored the role that EI intelligence had in the interpersonal dynamics of family business owners in the family, business, and ownership subsystems. In this case study our observations indicate that EI played a role in the interpersonal dynamics of family members in different subsystems of the firm. This role was moderated by three factors: willingness to use EI capabilities, previous history between family members, and the individual goals that family members had in each subsystem. We believe that this exploratory study can shed some light on the importance of family dynamics and emotions for the viability of a family firm. We also recommend that given the nature of our data collection method, future research should continue to explore these issues in the family business context with other methodological approaches.

Notes
1. In the academic literature the term emotion is used to represent high-intensity feelings that are triggered by specific stimuli, demand attention, interrupt cognitive processes and affect behavior (Forgas, 1992; George, 2000).
2. Emotional labor is a term used to describe the degree to which a job “requires individuals to regulate their feelings and expressions of these feelings to achieve organizational goals” (Grandey, 2000, p. 97).
3. Emotional messiness refers to the simultaneous occurrence of positive and negative emotions in family firms (Brundin and Sharma, 2012).
4. Fuerzas Armadas Revolucionarias de Colombia (FARC) is a Colombian terrorist organization that is primarily funded by kidnap to ransom and the production and distribution of illegal drugs.

References


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