

## Emotional Ownership: The Next Generation's Relationship With the Family Firm

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This study introduces readers to the concept of emotional ownership (EO) and the impact it has on the next generation's (NxG) relationship with the family firm. EO is defined as a sense of closeness and belonging to the family business – what psychologists call 'attachment.' In-depth interviews with 56 next generation family members from 8 family enterprises and an on-line survey of 960 next generation family members indicates that some degree of emotional ownership is a necessary but not sufficient condition for the continuation of a family firm.

Some of the major findings of this study are as follows:

- Family members who feel no attachment or identification with the enterprise are unlikely to persist or engage in the enterprise regardless of their ownership or management status in it.
- Family climate was found to influence the level of EO the NxG family members feel towards their business. Family climate can be measured using Björnberg and Nicholson's Family Climate Scale.
- Higher levels of family governance comprehensiveness were found to influence the level of EO the NxG family members feel towards their business. Family governance comprehensiveness was indicated by the formal procedures and rules regarding – (i) how next generation members join the business; (ii) sale of shares or transfer of ownership; (iii) family values and/or family strategy; and (iv) a formal family council.
- In order to experience emotional ownership with the business, NxG family members need a structured, organized and fair process approach to engagement of family members in the business. These factors are equally important for NxG members regardless of whether they work or not in their family enterprise.

These findings have significant importance for practitioners and family business owners. These results emphasize the importance of reviewing the family climate in order to ensure that junior members enjoy a stable base to build their EO for the enterprise. The results also emphasize the importance of developing a family governance system based on a fair process before a need or conflict arises.

If you're interested in reading more about EO, you can find additional information in a report at [http://www.ifb.org.uk/media/46948/emotional\\_ownership\\_final.pdf](http://www.ifb.org.uk/media/46948/emotional_ownership_final.pdf)