Human Resource Management Review xxx (xxxx) xxx–xxx

Contents lists available at ScienceDirect

Human Resource Management Review

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

Learning bad habits across generations: How negative imprints affect human resource management in the family firm☆

Roland E. Kidwell[a,]*, Kimberly A. Eddleston[b], Franz W. Kellermanns[c,d]

[a] Department of Management Programs, College of Business, Florida Atlantic University, 777 Glades Road, Fleming West 127, Boca Raton, FL 33431, United States
[b] D'Amore-McKim School of Business, Northeastern University, 209 Hayden Hall, Boston, MA 02115-5000, United States
[c] Department of Management, University of North Carolina-Charlotte, 9201 University City Blvd, Charlotte, NC 28223-0001, United States
[d] Center for Family Enterprises, WHU (Otto Beisheim School of Management), Germany

ARTICLE INFO

Keywords:
Family firms
Imprinting theory
Dysfunctional behavior
Individual and organizational learning

ABSTRACT

Organizational learning can be a key shared value that perpetuates the family's and the family firm's culture across generations. Imprinting theory helps to explain the impact that lessons learned and transmitted can have on the development of human resources in the family firm. However, the results of imprinting may not necessarily be positive, particularly when imprinting manifests itself in negative processes and expectations. Whereas imprinting and organizational learning are often associated with a "positive halo effect," they have the potential to result in negative behaviors and deleterious firm-level outcomes. Employing imprinting theory as a framework, we highlight the potential dark side of imprinting within the family firm context and how it can damage human resource efforts and threaten company performance and firm survival. Finally, we suggest how bad habits may be broken and replaced with more effective routines so as to ensure the family firm's continuity and success.

A little learning is a dangerous thing;
drink deep, or taste not the Pierian spring:
there shallow draughts intoxicate the brain,
and drinking largely sobers us again

(Pope, 1711)

1. Introduction

Imprinting – the perspective that what happened to people and organizations during past crucial events holds a large sway on how they behave in the present and the future – is an important mechanism to explain how individuals and firms gather resources and pursue opportunities that help the organization survive, perform and grow (Marquis & Tilcsik, 2013; Simsek, Fox, & Heavey, 2015). Research that takes an imprinting perspective has generally focused on potentially positive outcomes such as entrepreneurial legacy and innovation in family firms (Jaskiewicz, Combs, & Rau, 2015; Kammerlander, Dessi, Bird, Flori, & Murru, 2015), entrepreneurial network partnerships (Milanov & Shepherd, 2013), venture capital investment in new industries (Dimov, de Holan, & Milanov, 2012),

☆ The authors contributed equally in the development of this paper.

* Corresponding author.
E-mail addresses: kidwellr@fau.edu (R.E. Kidwell), k.eddleston@neu.edu (K.A. Eddleston), kellermanns@uncc.edu (F.W. Kellermanns).

http://dx.doi.org/10.1016/j.hrmr.2017.05.002

sustaining of multi-family-owned businesses over several generations (Pieper, Smith, Kudlats, & Astrachan, 2015), human resource values in early-growth stage firms (Leung, Foo, & Chaturvedi, 2013), human resource management changes and practices (e.g., Kim, Bae, & Yu, 2013; Kim & Gao, 2010), and organizational learning's role in the survival of new firms (Dencker, Gruber, & Shah, 2009).

As research interest grows regarding imprinting and its impact on entrepreneurship, family firms and human resource management, there has not been as great an emphasis on how the imprinting process might be associated with negative consequences for the organization and its members (for a limited discussion of negative effects of imprinting see Boeker, 1989; Braun & Sharma, 2007; Leung et al., 2013). This is especially true when organizational learning and imprinting are considered in the context of the family firm; most of the relevant literature focuses on how learning aids development and functioning of the family firm, in areas such as stewardship (Le Breton-Miller & Miller, 2015) and continuity (Konopaski, Jack, & Hamilton, 2015; Pieper et al., 2015), particularly how the imprint that occurs among members of the founding family affects how family members subsequently learn and engage in behavior they believe will help their personal success in the family firm. The purpose of this paper is to address a missing element of imprinting theory and research by examining what may be considered by some to be “appropriate” behavior in the context of family relationships and how this behavior relates to the imprinting of bad habits that are difficult to break and that carry with them the possibility of dysfunctional human resource consequences and the ultimate destruction of the firm.

The familiar statistic that family firms fail to pass to the next generation at alarming rates is well known, and many explanations have been offered (for a review on succession see De Massis, Chua, & Chrisman, 2008). We propose that one reason many family firms wither as they pass from generation to generation is a human resource failure that involves the negative effects of imprinting in the family and intragenerational and intergenerational learning that follows from the imprint. We explain the process by which this dysfunctional behavior occurs and is perpetuated over time, and suggest that imprinting originating in relationships among family members can carry into the family firm and evolve into learned shared values that have a negative impact. We discuss how a family culture transfers to the family firm and influences human resource management (HRM) practices such as selection, training and development, performance appraisal and compensation. We identify culture as the overarching element that links the transmission of attitudes, values and behaviors to the family firm. The question of how family members in a family firm learn between and across generations and what they learn locates the imprint of a family firm's culture in the framework of the family, revealing the potential for imprinting to contribute to the dark side of family firm dynamics.

This paper extends imprinting theory to the family firm and human resource management literatures by proposing how a negative manifestation of imprinting in the family subsystem then transfers to the family firm to affect HRM practices. We suggest the roots of potentially negative behaviors and values such as entitlement, injustice and parental altruism are imprinted early in family relationships and can evolve into dysfunction through a learning process on the part of family members, owners and employees. In advancing a model of imprinting in the family firm, we propose that negative family dynamics make their way into the organization through a family culture that develops into the family *firm's* culture and is perpetuated through transgenerational learning that imprints attitudes, values and behaviors on current and future family employees.

2. Human resource management in the family firm

Whereas definitions of the family firm vary, an accepted definition that distinguishes family from non-family firms posits that the family firm is “a business governed and/or managed with the intention to shape and/or 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, Chrisman, & Sharma, 1999: 25).” However, within this broad definition, it is important to acknowledge that a key issue in researching and theorizing about family business is the heterogeneity of family firms; in other words, family firms can differ widely based upon factors such as organizational goals, governance structures, founders' values, firm size, cultural background and type of industry (Chua, Chrisman, Steier, & Rau, 2012). This implies that boundary conditions exist when attempting to evaluate the impact of family member behavior on the human resource practices of the family firm. Whereas the model we propose has some application to all family firms, we believe it would be most relevant to a growing family firm in which formal HRM practices have been established but family members still have a large role in the leadership and management of the business. The model may also be relevant as the family firm engages in a professionalization process by hiring more non-family managers and employees and thus potentially being subject to dysfunctional bifurcation bias, “whereby family employees are treated by default as highly valuable, firm-specific assets, being ‘on the inside for the long run,’ and as loyal stewards with a long-term commitment to the firm, while nonfamily employees are dealt with as easily substitutable, commodity-like, short-term assets, and as self-serving agents who ultimately remain ‘outsiders’ even if used/internalized temporarily by the firm” (Verbeke & Kano, 2012: 189).

Managing human resources in many family firms is complex because family members often participate simultaneously in family and business interactions at home and at work. The lack of boundaries between family and business leads to unclear demarcations of authority and responsibilities that complicate family members' interactions in the family firm (Cruz, Firfiray, & Gómez-Mejía, 2011). The contradictions in institutional norms that govern behavior and expectations in the family and business further confound HRM in family firms (Lansberg, 1983). Whereas the family's primary function is to nurture and care for its members based on an individual's needs, the firm's primary function is to successfully compete in the marketplace, which requires its members to perform and excel in their jobs. In the early years, a family firm often benefits from the institutional overlap between family and business because the family is compelled to assist the founder with his/her needs by offering human capital, social capital and financial capital (Lansberg, 1983; Sirmon & Hitt, 2003). However, as the family firm grows it often requires the establishment of formal HRM practices that conflict with family norms that place emphasis on belonging and loyalty rather than merit (Lansberg, 1983; Verbeke & Kano, 2012).

HRM refers to the process of attracting, compensating, training and retaining a workforce that supports and advances the mission,