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The Impact of Emotions on the Management of Family Businesses: A Case Study

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Abstract

Family Businesses are extremely dense in emotions, which shape the management dynamics, influencing leadership, decision-making and workplace culture. Despite the growing academic recognition of their significance, the role of emotions and their impact in this type of enterprises remains underexplored. This dissertation aims to bridge this gap by developing a conceptual framework that integrates multiple theories and perspectives on emotions and family businesses. Using a qualitative approach, this study employs the case study method, focusing on a small Portuguese family business. Semi-structured interviews were the primary data collection method, providing rich insights into the emotional dynamics of the organization. The findings reveal that low-arousal positive emotions, such as calmness and contentment, play a crucial role in fostering a stable emotional climate, reinforcing trust and cooperation among employees. Furthermore, the study expands Affective Events Theory by demonstrating how personal life events significantly influence workplace emotions in family business contexts, due to the overlap of roles. Additionally, the results show that leadership characterized by high emotional intelligence and open emotional expression strengthens resilience during crises, ensuring business continuity. Instead of suppressing emotions, the managing family actively invests in employee well-being, reinforcing a family-like work culture that enhances long-term commitment. While the study offers valuable insights, its limitations include the generalizability of a single case study and the subjective nature of qualitative data. Future research should explore emotional dynamics across different contexts, leveraging comparative studies to deepen understanding.

Keywords: Family Business; Emotions; Emotional Climate; Emotional Intelligence; Affective Events Theory; Trust; Socioemotional Wealth.

Resumo

As empresas familiares são profundamente influenciadas pelas emoções, que moldam a dinâmica da gestão, impactando a liderança, a tomada de decisão e a cultura organizacional. Apesar do crescente reconhecimento académico da sua relevância, o papel das emoções e o seu impacto neste tipo de empresas permanecem pouco explorados. Esta dissertação pretende colmatar esta lacuna, desenvolvendo um quadro conceptual que integra múltiplas teorias e perspetivas sobre emoções e empresas familiares. Utilizando uma abordagem qualitativa para abordar estas questões, este estudo recorre ao método de estudo de caso, focando-se numa pequena empresa familiar portuguesa. As entrevistas semiestruturadas são utilizadas como principal método de recolha de dados, proporcionando uma visão aprofundada sobre as dinâmicas emocionais da organização. Os resultados revelam que emoções positivas de baixa ativação, como a calma e a satisfação, desempenham um papel crucial na criação de um clima emocional estável, reforçando a confiança e a cooperação entre os colaboradores. Além disso, o estudo expande a Teoria dos Eventos Afetivos ao demonstrar como eventos da vida pessoal influenciam significativamente as emoções no local de trabalho em empresas familiares, devido à sobreposição de papéis. Adicionalmente, os resultados mostram que uma liderança caracterizada por elevada inteligência emocional e uma expressão emocional aberta fortalece a resiliência em momentos de crise, garantindo a continuidade do negócio. Em vez de suprimir emoções, a família gestora investe ativamente no bem-estar dos colaboradores, reforçando uma cultura organizacional de caráter familiar que promove o compromisso a longo prazo. Embora o estudo ofereça contributos valiosos, as suas limitações incluem a generalização dos resultados de um único estudo de caso e a natureza subjetiva dos dados qualitativos. Investigações futuras deverão explorar as dinâmicas emocionais em diferentes contextos, recorrendo a estudos comparativos para aprofundar o conhecimento nesta área.

Palavras-chave: Empresa Familiar; Emoções; Clima Emocional; Inteligência Emocional; Teoria dos Eventos Afetivos; Confiança; Riqueza Socioemocional.

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List of Abbreviations

FB: Family Business

NFB: Non-Family Business

SEW: Socioemotional Wealth

EI: Emotional Intelligence

AET: Affective Events Theory

1. Introduction

Family Businesses (FBs) play a crucial role in the world's economy, generating substantial revenue for the majority of the countries and creating new job opportunities for the population across the world (Zahra et al., 2004; Gagné et al., 2019). Their significance extends beyond financial contributions, as they also shape local communities, driving innovation. Unlike non-family businesses (NFBs), FBs are characterized by their unique governance structure, where family and business roles overlap (Tagiuri and Davis, 1996), creating distinct managerial challenges and opportunities. Despite their impact, these enterprises remain under-researched compared to NFBs, leaving gaps in understanding the dynamics that differentiate these two, particularly the influence of emotions on management.

The role of emotions in FBs has received increasing academic attention, given their impact on leadership, succession planning and strategic decision-making (De Massis et al., 2023). In addition to this overlap of roles, which causes emotions to carry over from the family to the business, FBs frequently place a higher priority on non-financial goals (Berrone et al., 2012), contrasting to NFBs. The Socioemotional Wealth (SEW) perspective has been widely used in research, aiming to explain what makes family-employees prioritize the overall well-being of the family, sometimes hindering business performance (Gomez-Mejia et al., 2007). However, this perspective fails to capture deeper emotional dynamics between family members and the organization.

Similarly, while extensive research has been carried out on the topic of emotions in organizations, we still lack a clear definition of this complex concept. Specifically, distinguishing affect-related terms in the management field compared to psychology and sociology remains a challenge (De Massis et al., 2023). Although research has proved emotions impact organization, particularly in FBs, where members are prone to "emotional messiness" (Brundin & Sharma, 2011), given the coexistence of strong contrasting emotions, which are often portrayed as source of conflict rather than an asset. Moreover, the origin, effects and processes of emotions in FBs remain largely unknown, as they are often treated as a "black box" (De Massis et al., 2023).

Taking these gaps into consideration, and its relevance from both the academic and managerial perspectives, this dissertation aims to address the following research question: "How and why do emotions impact the management of family businesses?". Therefore, this study seeks to provide a comprehensive analysis of the role of emotions in FBs, considering what triggers emotions, the processes in which emotions are perceived, expressed and regulated and how these spread through dynamic interactions between family members and employees. Additionally, this dissertation aims to understand what impact these emotions cause in management practices of FBs, shaping leadership, decision-making and management control.

To achieve the goal of this study, this dissertation integrated the Three Circle Model (Tagiuri & Davis, 1996), the SEW framework (Gomez-Mejia et al., 2023) and several theories on emotional experiences in organizations. Building on these foundations, a conceptual framework was developed to bridge the existing gaps in the literature, suggesting a deeper understanding of the mechanisms through which emotions influence FB management. This framework was then employed through a qualitative study methodology, with the use of semi-structured interviews, allowing for an in-depth exploration of the lived experiences of FB members and their emotional interactions, both within the company and their personal lives.

The structure of the dissertation is as follows: The introduction provides an overview of the research context, motivation and main objectives of the study. The next section presents a comprehensive review of the existing literature on key theoretical themes, including the definition of Emotions and FBs, and providing a conceptual framework that illustrates the interplay between these topics. The next section outlines the methodological approach adopted for this study, detailing the qualitative research design, data collection methods and the strategy employed in their analysis. The fourth section introduces the case study, providing background on the selected FB before presenting and discussing the key findings of the study. The final chapter presents the conclusions of this dissertation, as well as the limitations and potential avenues for future research.

2. Literature review

This chapter is composed of a theoretical review of the main concepts relevant to the topic of this research and is divided into three subsections. Firstly, the concept of emotions will be explored, aiming to provide a thorough definition of the term that will be used throughout the whole dissertation, as well as the exploration of key emotional theories. The next subsection focuses on the definition of FB, presenting relevant perspectives on this complex concept. The last section sheds light on the connection between these dimensions, concluding with a conceptual framework.

2.1. Emotions

Emotions are a complex concept and their definition in the literature is not universally agreed upon (Cabanac, 2002). As a result, multiple efforts have been made to conceptualize these phenomena. In order to fully comprehend this concept, it is crucial to examine not only which emotional states (or any other alternatives used to define emotions) strategy scholars have studied, but also what psychologists describe as an emotion (De Massis et al., 2023).

The definition of emotions has been widely debated, with various distinctions and overlaps in the literature. While the terms "affect" and "emotion" are often used interchangeably, they possess distinct characteristics (Bee & Neubaum, 2014). Affect is generally understood as a broad concept encompassing consciously accessible feelings, which include emotions, moods, and affective traits (Fredrickson, 2001; Frijda, 1986; Barsade & Gibson, 2007). This broad category is typically associated with a prolonged duration and is perceived as a subjective experience that fluctuates along two primary dimensions: positive and negative. In contrast, emotions are dynamic and episodic, characterized by a clear start and finish (Mulligan & Scherer, 2012). They are elicited by specific stimuli and usually involve physiological responses and action tendencies. As discrete entities, emotions are considered to be innate and universal categories, each with distinct triggers, physiological patterns, and functional purposes (Frijda, 1986). Ekman (1992) identified six basic discrete emotions—happiness, sadness, fear, anger, disgust, and surprise—that are universally recognized across cultures and are thought to serve fundamental adaptive functions. Moods, on the other hand, are typically more diffuse, lacking a clear cause or focus, and can persist for hours or even days (Tellegen 1985; Fredrickson, 2011; Barsade & Gibson, 2007). They are also generally

less intense than emotions and influence an individual's general emotional state rather than motivating specific action tendencies. Additionally, dispositional affect refers to relatively stable tendencies to respond to life situations in a consistent emotional manner, predisposing individuals to experience predominantly positive or negative emotions over time (Watson & Tellegen, 1985; Barsade & Gibson, 2007). Similar to affect, moods and dispositional affect can be characterized by their hedonic tone (how pleasant or unpleasant they are).

For a long time, emotions were considered the opposite of rationality, with many organizations deeming them undesirable in the workplace due to the belief that emotions impair judgment and hinder objective decision-making. However, this perspective has shifted over time as scholars have begun to recognize the power emotions hold in shaping workplace dynamics and driving organizational success. This perspective shift has helped widen research, allowing scholars to study emotions in organizations with greater accuracy (Barsade & Gibson, 2007). Consequently, there are three main trends in the study of emotions in organizations, as stated by Barsade and Gibson (2007): broad emotional competencies and skills, personal emotion management and control, and collective emotional dynamics.

Broad emotional competencies refer to general emotional abilities, such as Emotional Intelligence (EI), which play a crucial role in navigating interpersonal interactions and self-management within organizational contexts. EI, initially defined by Salovey and Mayer (1990) as the ability to recognize, understand, and manage one's own and other's emotions, forms the foundation of this concept. Their Ability-Based Model focuses on four core skills: (1) perceiving emotions, (2) using emotions to facilitate thought, (3) understanding emotions, and (4) managing emotions. Perceiving emotions involves accurately recognizing and interpreting emotions in oneself and others, including facial expressions, tone of voice, and body language. Using emotions to facilitate thought refers to the ability to prioritize thinking and engage in problem-solving through emotions. Understanding emotions entails comprehending emotional language and appreciating complicated relationships among emotions, including how they evolve over time and their causes and consequences. Managing emotions involves effectively regulating emotions in oneself and others, which includes managing emotional responses to achieve desired outcomes (Mayer & Salovey, 1990). Goleman (1995) later expanded on this concept, defining EI as "the capacity for recognizing our own feelings and those of others, for motivating ourselves, and for managing emotions

well in ourselves and in our relationships" (p. 316). His broader Mixed Model extends beyond emotional abilities to include personality traits and social competencies, with five key components: self-awareness, self-regulation, motivation, empathy, and social skills. Self-awareness involves recognizing one's emotions and their impact, using gut feelings to guide decisions. Self-regulation is about managing emotions to facilitate tasks, controlling impulses, and delaying gratification. Motivation encompasses being driven to achieve for the sake of achievement, including intrinsic motivation, optimism, and commitment to goals. Empathy involves recognizing and understanding the feelings of others, which includes social awareness and interpersonal sensitivity. Social skills cover managing relationships to move people in desired directions, including influence, communication, conflict management, and team capabilities. This trend has been earning attention and special interest from researchers in the past years, as research in this area helps understand how emotional skills influence behavior, performance, and relationships in organizations.

Personal emotion management involves understanding and regulating one's emotional responses to align with situational demands and organizational expectations. Two primary theories within this domain are Affective Events Theory (AET) and Emotional Labor. Weiss and Cropanzano's (1996) Affective Events Theory defends that specific events at work, whether routine (e.g., receiving feedback) or significant (e.g., changes in responsibilities), trigger immediate emotional reactions. These emotional responses are appraised in real-time, shaping both spontaneous behaviors, such as helping a colleague, and more enduring attitudes, such as job satisfaction and commitment. Over time, these cumulative emotional experiences influence key career decisions, like staying with or leaving the organization (Fisher, 2019). Additionally, AET highlights the existence of personal factors that influence the affective reactions triggered by events: mood and personality traits (Weiss and Cropanzano, 1996).

Complementing AET, Hochschild's (1983) Emotional Labor theory describes the process by which employees regulate their emotions to display socially appropriate feelings, as required by their roles. This act of managing one's feelings in an attempt to display a suitable emotion, even if it is different from what is truly felt, involves emotional regulation, which Gross (1998) has defined as the effort to influence which emotions are felt, and when and how these emotions are experienced and expressed. This involves managing internal

emotions through surface acting (displaying emotions not genuinely felt) or deep acting (modifying inner feelings to align with expectations). However, while these strategies help fulfil job requirements, the discrepancy between employees' displayed and actually felt emotion can be a source of stress and burnout, and can lead to Emotional Dissonance (Hochschild, 1983; Rafaeli and Sutton, 1987; Morris & Feldman, 1996). Labaki et al. (2013) highlight that this process is more commonly understood in the research on family psychology as the result of a socialization process that has its roots primarily in the family, meaning that these norms, and how individuals choose to experience and express their emotions is shaped by the family's climate (Thompson and Meyer, 2007 as cited in Labaki et al., 2013). This notion is particularly relevant for this study, as employees in FBs must adhere to both business and familial norms.

Lastly, collective emotional dynamics refers to the shared emotional processes that occur within groups, impacting the overall emotional atmosphere and influencing group behavior. The two key theories within this area are Emotional Contagion and Emotional Climate. Hatfield et al. (1994) introduced Emotional Contagion to describe how emotions spread through social interactions, defining it as the automatic mimicry and synchronization of expressions, vocalizations, postures, and movements between individuals, which consequently, leads to emotional convergence. This phenomenon can occur both consciously and unconsciously, transforming private emotions into shared experiences within a group (Barsade, 2002). Additionally, like every personal experience, the level of contagion may vary from person to person: some people are more predisposed to transmitting or to be influenced by others' emotions (Verbeke, 1997, as cited in Giuliana and Carvalho, 2016). Some individuals act as "powerful transmitters," strongly influencing others' emotions, while others are more susceptible to absorbing these emotions, known as "powerful catchers" (Verbeke, 1997). These two categories are not mutually exclusive, as a "powerful transmitter" can be a "powerful catcher", or only possess one of those traits.

When individual emotions converge within a group, becoming commonly perceived, they contribute to the formation of an Emotional Climate, which represents the predominant emotional tone felt and shared by group members (Rivera, 1992). This climate, shaped by the organization's values and social norms (Vandekerkhof et al., 2022), reflects the overall

mood of the members towards their jobs, the organization, and its management (Ashkanasy & Dorris, 2017).

Although they are distinct concepts, Emotional Contagion and Emotional Climate are related and are both crucial to understand the emotional processes on a bigger scale: Emotional Contagion is one of the mechanisms that contribute to the formation and maintenance of an Emotional Climate. Since Emotional Contagion can spread individual emotions through a group, it leads to a common experience, establishing an Emotional Climate that, once set, is shaped by the groups' shared emotions.

The following table presents a summary of the affect concepts discussed, as well as the main theories mentioned (Table 1).

Affect Related Concepts	Definition	Authors
Affect	An umbrella term that includes consciously accessible feelings, such as emotions, moods and affective traits. Affect is often free-floating or objectless, more long-lasting and may be noticeable only at the level of personal experience.	Barsade and Gibson (2007); Fredrickson (2001);
Emotions	Brief yet intense episode with behavioural implications, focused on concrete events, objects and situations. Typically tied to a particular trigger, which makes them discrete. For example: happiness, sadness, fear, anger, disgust, and surpsrise.	Barsade and Gibson (2007); Frijda (1986); Ekman (1992); Mulligan and Scherer (2012);
Mood	More diffuse with no apparent cause or focus. Characterized by hedonic tone (pleasant or unpleasant). Can be short or long-lasting and can be influenced by emotions. For example: cheerful, gloomy, irritable, anxious, depressed, etc.	Barsade and Gibson (2007); Frijda (1986); Tellegen (1985); Fredrickson (2001)

Feeling	Long-lasting reactions to emotions that occur when emotions are assigned meaning. Commonly used interchangeably with emotions.	(Damásio, 2001)
Dispositional Affect	General tendency to react to circumstances in a stable, predictable manner. Commonly referred to as "personality trait". Can be positive or negative. For example: being cheerful, energetic, calm, distressed, etc.	Barsade and Gibson (2007); Watson and Clark (1984)
Emotional Intelligence	The ability to recognize, understand, and manage one's own and other's emotions. Conceptualized by two approaches: (1) the ability-based model and (2) the mixed model.	Salovey and Mayer (1990); Goleman (1995).
Affective Events Theory	Workplace events trigger emotions that shape behaviors and attitudes, influencing job satisfaction and retention. Mood and Dispositional Affect moderate these reactions.	Weiss and Cropanzano (1996); Fisher (2019)
Emotional Labor	The act by which employees regulate their emotions to display a suitable emotion required by their roles. Can be done through surface acting or deep acting. Consequences include stress and burnout.	Hochschild (1983); Rafaeli and Sutton (1987)
Emotional Dissonance	Occurs when there is conflict between emotions that are felt and emotions that are expressed. Generally influenced by norms shaped through socialization processes.	Labaki et al. (2013); Thompson and Meyer (2007)
Emotional Contagion	Tendency to mimic and synchronize expressions, vocalizations, postures and movements of others, leading to emotional convergence. Can be conscious or unconscious.	Hatfield et al. (1994)
Emotional Climate	Forms when individual emotions converge. Represents the predominant emotional tone felt and shared by a group. In an organization, it can be shaped by its values and norms and shows a dominant emotional tone.	Rivera (1992); Vandekerkhof et al. (2022); Ashkanasy and Dorris (2017)

Table 1 – Affective Related Terms And Theories Synthesis (Adapted from Barsade and Gibson (2007)).

2.2. Family Businesses

FBs are an essential component of the global economy (Zahra et al., 2004), as they create job opportunities for a large portion of the world's population and generate substantial revenue for almost every country (Gagné et al., 2019). In fact, estimates from the Portuguese Association of Family Businesses (2024) suggest that in Portugal, FBs represent 70% to 80% of the private sector, spanning various sectors and sizes, accounting for 50% of employment and 65% of the national GDP.

However, the definition of a FB is still one of the most debated topics in the literature: there are multiple definitions of this concept being used by various scholars (Chittoor & Das, 2007; Harms, 2014). The first definition was proposed by Donnelley (1964), in which the generational succession factor plays a crucial role, especially when it has a mutual impact on company policy and on family interests and goals. In addition, Handler (1989) lists the succession of leadership positions and major choices made by family members engaged in management or governance as prerequisites for a company to be considered a FB. Common values and the internal transfer of authority and leadership within the family will be determined by the interdependence of the family and the company.

Chua et al. (1999) shifted the focus from ability to intention when defining a FB, highlighting behaviour motivations. Their definition emphasizes governance with the intention to shape a vision held by a dominant coalition of the same family or a few families, aiming for sustainability across generations, which has been argued to be restrictive. In this sense, Sharma and Chrisman (2007) state that broader definitions are preferred over restrictive ones, as it reduces the chances of such definitions becoming outdated.

According to Yu et al. (2011), there appears to be consensus that the family's involvement in both management and ownership is what distinguishes a FB to a regular enterprise. In this line of thought, Tagiuri and Davis' (1996) three circle model (Figure 1) translates the dynamic relationship between the role of being a family member, a manager and/or owner. All of the segments in this model represent the possible positions that any individual might hold in the FB, overlapping in potential subsystems:

1- Family members who are not actively involved in the business;

1+2- Family owners who are not managers/employees;

2- Owners who are not family members nor managers/employees;

2+3- Managers/Employees who are owners but are not family members;

3- Employees that are not owners and are not family members;

1+3- Family members that are employees.

1+2+3- Simultaneous role: family member, owner and manager/employee

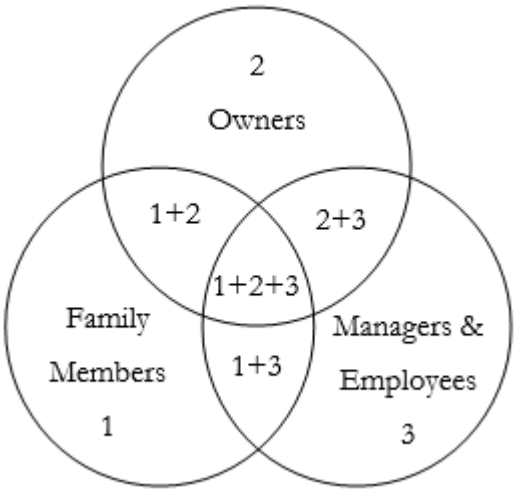


Figure 1– Three-Circle Model of Family Business. Source: Adapted from Tagiuri & Davis (1996, p. 200).

2.2.1 Family Businesses' Characteristics

Tagiuri and Davis (1996) state that these companies are distinguished from others by their unique attributes, which over time will bring advantages and disadvantages to those involved in the entity, whether they are the founders themselves or the employees, family members or non-family members. According to their perspective, some of the key characteristics of FBs are the simultaneous roles played by the elements of the company, the sense of a shared identity and a lifelong common history, the highly emotional involvement of the family in the business, their own private language, mutual awareness and privacy and the meaning the FB holds for the elements of the systems. In addition to these characteristics, it is important to mention that FBs are not as formally organized, like normal enterprises, and have strong nonfinancial goals they prioritize.

One of the defining characteristics of FBs is the presence of simultaneous roles. Family members involved in a business tend to have three coinciding roles, fulfilling the responsibilities of family member, manager and owner. Each of these roles have different goals and their overlap can lead to unavoidable conflict between the systems (Mismetti et al., 2023). As relatives, their main goal lies on the family's well-being; as owners the focus is on return on investment; and managers will work towards the business efficiency. However, when these roles overlap, it can result in the centralization of power (Tagiuri & Davis, 1996), resulting in higher efficiency and effectiveness of business operations.

Another key characteristic is the sense of a shared identity that emerges when family members work together. This shared identity influences the behaviour of the family-employees. According to Labaki et al. (2013), the social identity of an owning family encompasses not just their membership but also the feelings and values that each member of the family holds, as well as the actions that the family uses to express those feelings and beliefs. Decision-making can become somewhat more objective by counteracting the family's influence on the company's management through pressure to act in ways that improve the company's reputation. However, that reputation could increase the pressure to fit into jobs that are more rigidly defined than typical executive responsibilities and increase animosity against authoritative figures in the family and company.

The lifelong common history among family members further reinforces their bond within the business. Having lived together is one of the reasons that justify the behavior of certain family-employees (Tagiuri & Davis, 1996). Spending time together allows each family member to learn more about each other, allowing them to leverage their strengths, but also use such knowledge for negative purposes. Sharing experiences results in assessing their respective strengths and weaknesses. Besides cultivating family ties, this dynamic can also be advantageous for the business, by making the decision-making process smoother. Nonetheless, it's crucial to remember that this comfort level between family members can unintentionally elicit strong feelings and skew discussions, which could result in conflicts (Michael-Tsabari & Weiss, 2013).

This shared experience shared among family members further contributes to creating a highly emotional business environment. In fact, scholars have shown that FBs are fundamentally emotional entities (Shepherd, 2016), as family members tend to experience ambivalent feelings towards each other. This results in a rise of both positive and negative emotions in the workplace, affecting not only work relationships, but also the overall functioning of the company. Although there are psychological barriers that prevent open conflict within families, even when not all emotions are expressed in an outward manner, the lines between emotion and rationality are still blurred between the systems. Family members have to choose whether to express or repress their feelings, resulting in positive or negative outcomes.

Similar to the other characteristics, the existence of a private language between family members can have its advantages and disadvantages. This language can be verbal, with the use of words and expressions, or non-verbal, making use of body language as a way of communicating. Even if this characteristic can allow family members to arrive at decision more quickly, when making use of this private way of communicating, family members can be harming the business environment, keeping non-family employees uninformed (Tagiuri & Davis, 1996).

Mutual awareness and privacy are also distinctive elements of the FB. Family members create a special type of awareness around their own members, easily noticing when something is not right. There are three different approaches for mutual awareness. The first one rises through clear and direct communication among relatives. The second approach is based on the private language of the family that, as mentioned above, supports this awareness. Lastly, awareness is shared by means of mutual relatives, who communicate interchangeably (Tagiuri & Davis, 1996). Although mutual awareness can speed the communication process between the family, it can also lead to a sense of constantly being watch, due to the lack of privacy between members.

Finally, the meaning of the FB evolves across generations: while the company might mean a lot for the founder, for the next generations, this feeling can be different. Additionally, as generations pass, the feeling of affection tends to start fading away. The degree of possessiveness towards the business plays a pivotal role, and if unanimity is not achieved

among family members, it can jeopardize the overall well-being of the family, potentially leading to conflict. In this situation, the founder of the FB is a key actor (Bövers & Hoon, 2021), ensuring the continuity of the core values of the business (Konopaski et al., 2015) as it evolves and acting as a source of legitimacy and structure across generations.

The table below (Table 2) summarizes the main characteristics of FBs.

Family Business Characteristics (Tagiuri & Davis, 1996)	**Description**
Simultaneous Roles	Family members assume overlapping roles as relatives, managers, and owners, leading to both conflicts and efficiency in decision-making.
Shared Identity	Working together fosters a common identity, influencing behavior and increasing pressure to conform to specific roles.
Lifelong Common History	Shared experiences allow family members to understand strengths and weaknesses, benefiting business decisions but also causing emotional conflicts.
Emotional Involvement	FBs are highly emotional, with both positive and negative impacts on relationships and decision-making.
Private Language	Family members communicate in a unique verbal and non-verbal language, which can increase efficiency but also exclude non-family employees.
Mutual Awareness and Privacy	Strong mutual awareness accelerates communication but may create a sense of constant surveillance and lack of privacy.
Meaning of the Family Company	The significance of the business varies across generations, with founders often having stronger attachments than their successors.

Table 2 – Family Business Characteristics.

2.2.2 Socioemotional Wealth

In addition to all these characteristics, the emphasis on non-economic goals is one of the most important principles of FBs (Zellweger et al., 2011). As a means to better understand what drives FBs, Gomez-Mejia et al. (2007) developed the concept of Socioemotional Wealth (SEW).

The authors defined SEW as the "nonfinancial aspects of the firm that meet the family's affective needs, such as identity, the ability to exercise family influence, and the perpetuation of the family dynasty" (Gomez–Mejia et al., 2007, p. 106), basing it on the behavioural agency theory. This approach captures the will of family owners to exercise authority, maintain and enjoy family involvement by appointing family members to key positions and keep the generational commitment. Moreover, since trust plays a crucial role in these groups, FBs are characterised by their informal organization, centralising the decision-making and control mechanisms in the family (Hiebl & Senftlechner, 2015).

Further developing SEW, Berrone et al. (2012) proposed that there are five dimensions that family members tend to strive to uphold, labelling them as FIBER. The first dimension, Family Control and Influence, refers to the intention to keep family members in important decision-making roles and to preserve family control over the company. Second, Family Member Identification with the Firm addresses the strong emotional ties family members develop with the business, often regarding it as an extension of themselves. The third dimension, Binding Social Ties, indicates the value put on keeping personal and professional ties with family members as well as other stakeholders. Emotional Attachment deals with the affective content of SEW (Berrone et al., 2012), reflecting the sentimental worth and strong emotional ties that family members have placed on the company. Lastly, the Renewal of Family Bonds to the Firm Through Dynastic Succession highlights the plan to transfer ownership of the company to next generations in order to maintain long-term family legacy and continuity.

Since SEW encompasses dimensions that are deeply intertwined with personal and interpersonal emotions and interactions, it inherently generates a heightened demand for EL within FBs (Saleem et al., 2023). The authors highlight the importance of engaging in EL to preserve SEW and their study emphasizes the importance of emotional management.

2.3. Emotions in family businesses: the link and the gap

The study of emotions within organizations has experienced significant growth, particularly following the Affective Revolutions in the 1990s, which marked a shift from a focus on rationality to the consideration of emotions (Barsade & Gibson, 2007; Morgan & Gomez-Mejia, 2014). Despite this progress, the emotional dynamics within FBs remain insufficiently explored and understood (Bee & Neubaum, 2014; Morgan & Gomez Mejia, 2014; Saleem et al., 2023). This lack of focus on FBs can be explained by the fact that family-owned firms are intrinsically emotional entities (Shepherd, 2016), which, in comparison to NFBs, are more complex. Consequently, the emotional aspects of family firms continue to be treated as a black box (De Massis et al., 2023) and an under-researched area within the broader field of organizational studies.

When management scholars began emphasizing the importance of studying emotions in organizational settings, research emerged demonstrating the impact emotions have on key business areas such as decision-making, leadership, teamwork, job satisfaction, and employee turnover (Ashforth & Humphrey, 1995; Ashkanasy, 2003; Barsade & Gibson, 2007, as cited in Betancourt et al., 2014). In FBs, however, emotions influence not only the business but also the family system. This dual impact makes it more challenging for researchers to fully understand the complex emotional dynamics between the two systems and how emotions interact.

Over time, researchers have focused on discrete emotions in FBs, studying both positive and negative emotions and their effects on both business and family. For instance, emotions such as guilt (Bernhard & Labaki, 2020) and sadness (Umans et al., 2018) have been linked to ethical behaviors and reparative actions, but also to negative consequences that can harm business performance. Barredy and Caspersz (2022) examine the emotional drivers behind the sale and repurchase of FBs by family members, emphasizing the strong influence of emotional attachment and conflict in these strategic decisions. This attachment, often tied to personal identity and family legacy, frequently overrides purely financial considerations, shaping major business choices.

Betancourt et al. (2014) adopt EI as a tool to help understand how emotions impact the management of interpersonal relationships within FBs, concluding that the ability of family

members to manage their emotions significantly affects the quality of these relationships at both individual and group levels. Similarly, Brundin and Languilaire (2022) explore the complexities of navigating emotions that overlap between business and family, which has also been highlighted by Kellermanns and Eddleston (2004), who show that unresolved emotional conflicts can interfere in strategic decision-making in family firms. Both studies highlight how crucial emotion regulation is to reduce tensions and improve decision outcomes. In fact, effective emotional management has been shown to help ensure smoother succession processes, reduce interpersonal conflict, and enhance strategic decision-making (Bertschi-Michel et al., 2019). Delgado-García and De La Fuente-Sabaté (2009) have found that a family's CEO emotional state has counterintuitive effects on strategic decisions such as R&D investments, with positive emotions lowering innovation investments and negative emotions driving them.

Lastly, FB scholars have also examined the role of SEW and its affective components in shaping family firms' strategic choices and long-term sustainability. The SEW perspective reveals that emotions such as guilt, fear, and pride profoundly influence family members' decisions to prioritize non-economic goals over financial outcomes (Morgan & Gomez-Mejia, 2014; Hu et al., 2022). The fear of losing specific dimensions of SEW, such as family identity or renewal of family bonds, has been linked to strategic shifts that either encourage firm innovativeness or inhibit it, depending on the family's perceived level of threat (Hu et al., 2022).

These studies have challenged the field (De Massis et al., 2023) by revealing that negative emotions do not always lead to negative outcomes, just as positive emotions do not always result in beneficial ones. Despite these contributions, several gaps remain in the literature: negative emotions have been thoroughly studied, but there is still little research on positive emotions. Moreover, the role of non-family employees in shaping and navigating the emotional climate of FBs is underexplored, despite their critical contribution to operational success. This represents a significant gap, as non-family employees often have a different emotional stake in the business, which can impact overall business dynamics.

The framework below acts as a summary of all the affect related concepts and theories mentioned above and how they impact management practices within FBs.

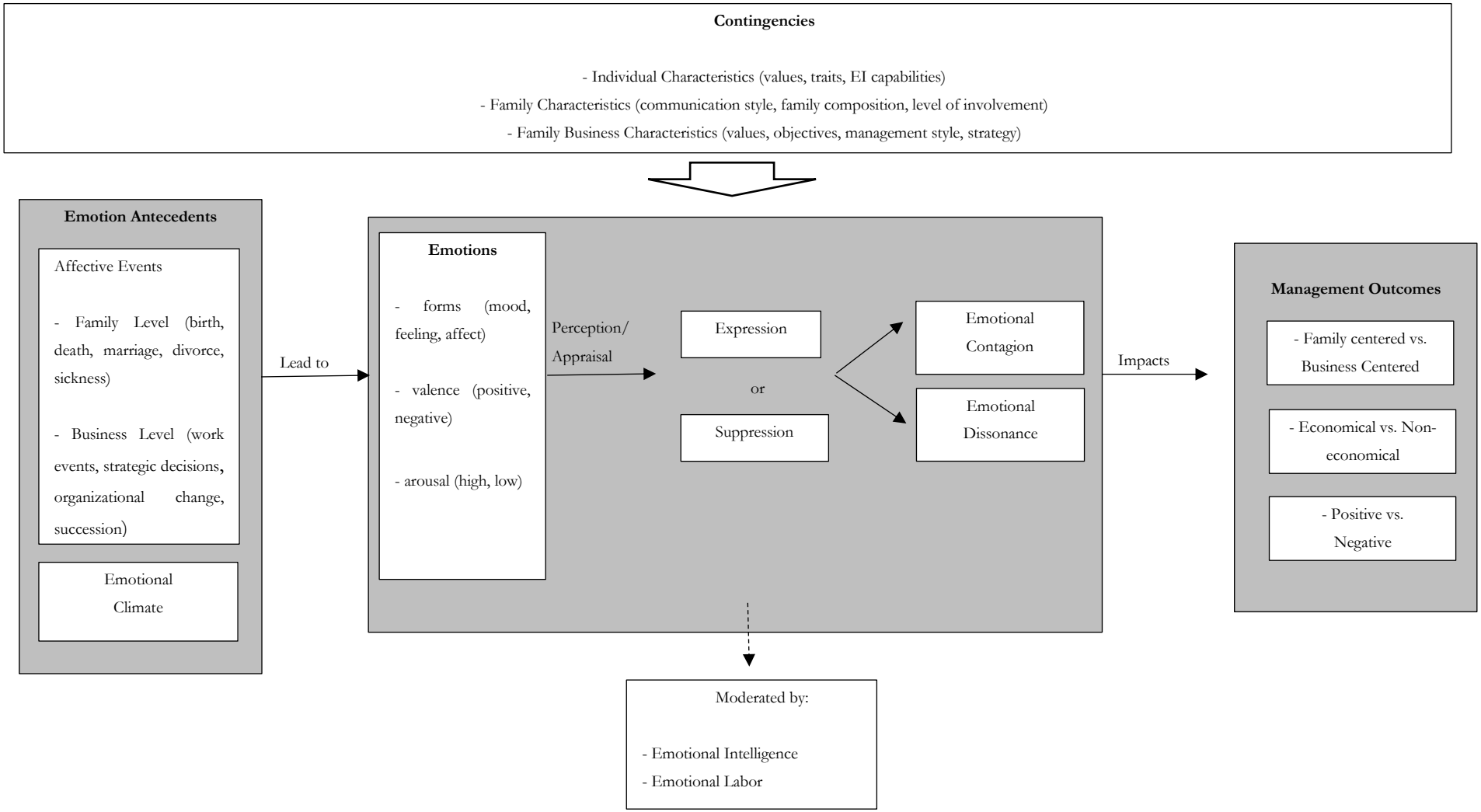


Figure 2 – Conceptual Framework: The Impact of Emotions on the Management of FBs (Based on De Massis et al. (2023) framework)

3. Methodology

This section seeks to provide an understanding of the methodology chosen for the present study. For this, an overview of the methodology employed in similar studies will be presented, followed by a description of the selected methodology for my own research: the case study method.

3.1. Methodological approach of Similar Studies

Studies examining the impact of emotions on FBs predominantly adopt qualitative methods, with the case study being the most common approach. This trend is evident across research conducted in various countries, including France, Australia, and Canada. However, a few exceptions exist, such as the works of Delgado-García and De La Fuente-Sabaté (20009) and Kammerlander et al. (2022), who opted for quantitative methodologies.

Among the case studies, some researchers focus on a single company to provide an in-depth analysis (Barredy & Caspersz, 2022; Brundin & Languilaire, 2022; Koskina & Keithley, 2009). This approach helps capture the nuanced emotional dynamics within individual FBs, allowing for a detailed exploration of emotional influences and their implications in specific organizational contexts. In contrast, other studies investigate multiple companies to draw broader conclusions (Schell et al., 2022; Cadieux et al., 2002). This strategy offers comparative insights that highlight patterns and variances across different FBs, enriching the understanding of emotional factors by examining how they manifest across various settings.

The studies relating to emotions analyse different types of emotions, such as affect (Barredy & Caspersz, 2022; Schell et al., 2022; Delgado-García et al., 2023), emotions and feelings (Brundin & Languilaire, 2022; Koskina & Keithley, 2009) and moods (Kammerlander et al., 2022). Additionally, the studies consider emotional valence, examining positive, negative, or mixed emotional experiences.

Although Cadieux et al. (2002) did not explore the concept of emotions, their use of the case study method in the context of FBs offers valuable insights. Similarly, despite Koskina and Keithley (2009) focusing on a Small-to-Medium Enterprise, their exploration of emotional

influences and methodology used remains pertinent to this study. These studies contribute to the broader understanding of FBs, even when emotions are not the central focus.

Table 4 synthesises the methodological components of similar studies:

Field of Study	Author	Country	Paper Type	Observations
Emotions in the **Strategic Management** of **Family Businesses**	Barredy and Caspersz (2022)	France	Qualitative (single longitudinal case study)	Analyses **affect** with both positive and negative valence.
	Brundin and Languilaire (2022)	Sweden	Qualitative (single longitudinal case study)	Analyses **emotions** and **feelings** with both negative and positive valence.
	Schell et al. (2022)	Switzerland	Qualitative (multiple case study)	Analyses **affect.**
	Saleem et al. (2023)	Australia	Qualitative (interviews)	Links **Socioemotional Wealth** with the concept of Emotional Labour.
	Delgado-García et al. (2023)	Spain	Quantitative	Analyses **affect** with both positive and negative valence.
	Kammerlander et al. (2022)	Germany	Quantitative	Analyses **moods** with positive valence (high-energy emotions).

Family Businesses	Cadieux et al. (2002)	Canada	Qualitative (multiple case study)	Research focused on succession within Women-Owned Family Firms.
Emotion in **Small-to-Medium** Enterprises	Koskina and Keithley (2009)	Greece	Qualitative (single longitudinal case study)	Analyses **emotions** with positive valence.

Table 3 – Methodological consideration of similar studies. Source: Own elaboration.

3.2. Methodology selection: The Case Study Method

As previously stated, this study aims to explore the impact of emotions on management practices of FBs. The research lies in understanding how family members respond to their own and other family members' emotions in a business setting, as well as how the manifestation of those emotions impacts the company. Given the complex and deeply personal nature of emotions in such settings, the case study method was chosen as the most fitting approach.

Since the case study method allows for an in-depth examination of contemporary events within their real context, this approach is one of the most employed methods not only in organizational research (Eisenhardt, 1989) but also in the FB research field (De Massis et al., 2012). According to Yin (2014), the case study method is the most appropriate when addressing "how?" and "why?" questions regarding phenomena in real-life circumstances.

The case study method aligns with the goals of this research by allowing for an in-depth exploration of dynamics within single settings. As Yin (2014) explains, this approach is particularly useful for analyzing contextual conditions that are highly relevant to the study. The intersection of family and business systems creates a unique environment for studying emotions, where personal relationships and professional roles intertwine (Tagiuri & Davis, 1996). The case study method enables the integration of diverse perspectives and supports multilevel analyses, essential for understanding the emotional landscape of FBs (De Massis

& Kotlar, 2014). This method allows for the examination of phenomena within their natural environment, offering insights that might be obscured in more rigid, quantitative frameworks. Quantitative methods, while valuable for identifying patterns and measuring relationships across large datasets, may not provide the depth required to fully grasp the emotional intricacies present in FBs. Furthermore, the flexibility of case studies facilitates the use of various data collection strategies, ensuring triangulation and enhancing the validity of the findings.

For this study, a small FB based in Portugal, operating on the international market and with a long history, was selected as the subject. The company's openness to participate, combined with its rich emotional dynamics tied to its intergenerational involvement, made it an ideal candidate. These factors reflect common challenges and opportunities seen in FBs, making it a valuable case to explore. Additionally, my prior knowledge of the organization, along with indications that it aligned with the characteristics I sought for my study further reinforced this choice. The managers' accessibility and willingness to engage in interviews and share relevant documents also facilitated access to information, ultimately supporting my decision to focus on this business.

3.3. Data Collection and Analysis

In line with the decision to employ the case study method, choosing a data collection method that effectively captures the complexity of emotions within the FB setting is crucial. One of the most popular ways of researching emotions in organizational processes, such as strategic change, decision-making, and entrepreneurial processes is by focusing on individual's internal feelings in their social interactions and how these feelings influence their behavior (Kouamé & Liu, 2020). This perspective usually considers the definition of emotions that have been mentioned in the literature review: discrete, intense and short-lived experiences that stem from a reaction to stimuli.

The collection of data for this study was conducted over the course of two weeks to ensure a comprehensive exploration of the case. Multiple sources were used to triangulate findings and enhance the reliability of the study, including semi-structured interviews, observations and casual conversations, and document analysis. The use of interviews as the main data

collection method allows individuals to share their own emotional experiences and, when analyzing data, these interviews provide verbatim reports of feelings (Kouamé & Liu, 2020). Additionally, combining self-reports with behavioral cues observed during the interview (such as voice intonation, facial expressions and body movements) allows for greater accuracy, providing valuable insights into the emotional dynamics at play.

The first week included an informal visit to the company, aiming to familiarize myself with the managers, employees, and facilities. This visit provided an opportunity to observe a typical day in the workplace, capturing the natural flow of activities and interactions within the open-space floorplan, as well as the warehouse activities. These observations were crucial for understanding how employees and managers interact in real time, offering insights into workplace dynamics and behaviors. During this time, relevant company documents were collected and reviewed. These documents, which included reports, sales maps, and company policies, provided a broader context for the study by highlighting key elements of the company's structure, operations, and culture. By the end of the first visit, participant selection was completed. This process involved identifying individuals who represented a variety of roles and perspectives within the company, ensuring coverage of the key groups outlined in Tagiuri and Davis's (1996) circle model. The selected participants were then interviewed during the second week.

A total of five participants were interviewed, each representing distinct roles within the company. These semi-structured interviews, which lasted between 30 minutes and 1 hour and 30 minutes, were audio-recorded with participants' consent to ensure an accurate record for analysis. Since there were two different groups of interviewees, two distinct interview guides were developed: one for family members involved in the business (father and sons) and another for non-family employees. These guides were structured to allow for a deeper exploration of the emotional dynamics within the company while also allowing for a natural flow of the conversation, encouraging participants to share detailed accounts of their emotional experiences and opinions, and adding their own insights.

The guide for family members was divided into thematic sections to capture the interplay between personal, familial, and professional aspects. The initial questions focused on gathering general information, such as the history of the business, individual roles, and family

involvement over time, providing the context needed to set the foundation for the analysis. The following sections address personal and family characteristics, covering personality traits and communication styles. A dedicated segment on SEW explored the family's emotional investment in preserving its legacy, balancing economic and non-economic goals, and navigating emotionally charged events.

The interview guide for non-family employees followed a similar structure, with adaptations to focus on their unique perspective as external observers and contributors. The guide began with general questions about their roles, tenure, and prior experience in FB and NFB settings. The rest of the questions were developed with the intention of having a different, less biased point of view of the family, their dynamics, management style and priorities of the business. Both guides place emphasis on exploring emotional experiences in the workplace. Table 3 summarizes the participants, their roles within the FB, interview durations and when they were conducted.

Participant ID	**Actor**	**Role/Department**	**Duration**	**Date**
A1	Founder	Boss	00:52:19	28/11/2024
A2	Eldest Son	Manager and Commercial	01:31:15	27/11/2024
A3	Youngest Son	Manager and IT	00:32:23	28/11/2024
B1	Employee	Project Designer	00:52:28	28/11/2024
B2	Employee	Human Resources	00:48:33	28/11/2024

Table 4 – Summary of Interviews. Source: Own elaboration.

The analysis of the data began with the transcription of the interviews, which allowed for the familiarization of the content and identification of themes. Since the interviews were already structured in general themes, the next step consisted in categorizing the emotions mentioned and perceived during the interviews. Given the complexity of this step, a preliminary study on existing emotion models that would allow for the exploration of the range of emotions felt by the interviewees in the FB setting was necessary. The Circumplex Model of Emotion

(Russel, 1980) was chosen as the best framework for the analysis, as it arranges emotions in a two-dimensional space, defined by hedonic valence (positive-negative) and activation level (high-low). This approach allowed for refined distinctions between emotions based on their intensity, capturing a wider range of emotions. Additionally, this model allows for the categorization of emotions displayed through both verbal and non-verbal cues.

The figure below illustrates the model used for the categorization, which aided the thematic analysis:

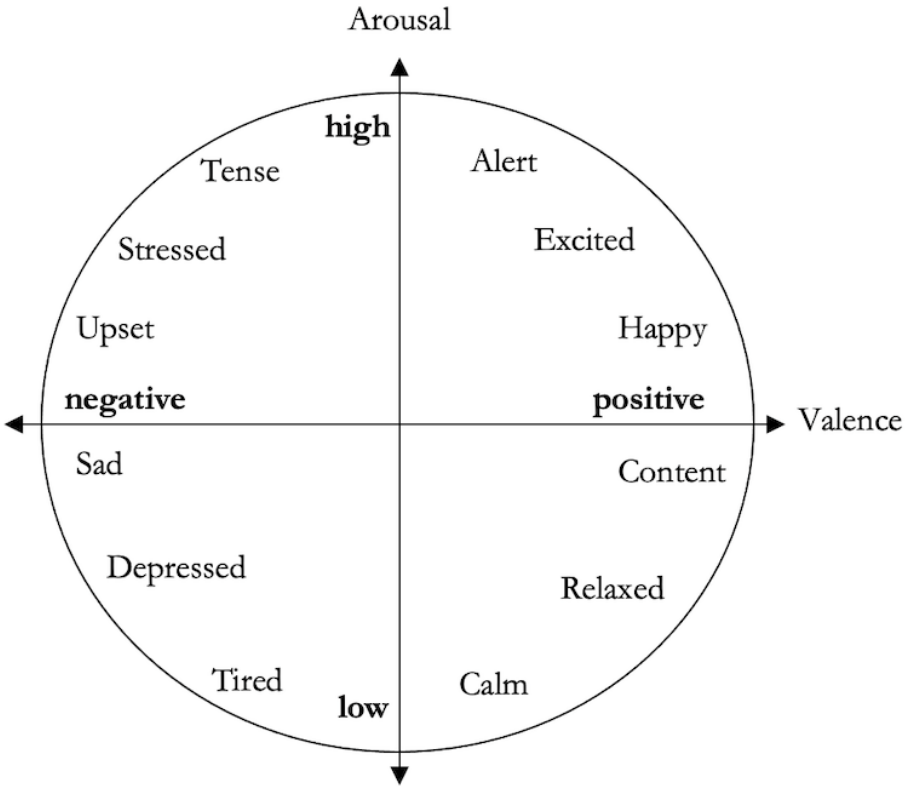


Figure 3 – Circumplex Model. Source: Adapted from Russel (1980)

4. Case Study Results and Discussion

This chapter provides a detailed analysis of the case study's key findings. Given the complexity of the theme, the chapter is structured around the conceptual framework emerging from the literature. It begins with an introduction to the company, offering necessary context for understanding the case study. It then explores the specific emotional experiences within the organization, highlighting the main emotions felt and its mechanisms. Following this, the chapter examines the emotional antecedents that have shaped the company's dynamics and emotional climate. The next subsection presents the contingencies of the emotional experiences, by illustrating the moderating role of individual, family and business characteristics. Lastly, the chapter provides insights into how these factors impact the management of the business and its outcomes.

4.1. The Family Business

The subject of this case study is a family-owned enterprise operating within the automotive industry. The company is headquartered in northern Portugal, with additional operational sites, including a subsidiary in the south and a branch located overseas. The organization currently employs a total of fifty individuals, five of whom are members of the founding family. Among these five family members, three are actively engaged in managerial roles, representing two generations of the family.

Established in 1985, the company's origins stem from a personal setback that inspired the founder to transition from employment to entrepreneurship. This decision led to the creation of a series of ventures that addressed evolving market demands and sustained growth over nearly five decades. These early companies were founded with the support of friends, whose partnership evolved overtime, eventually leading to the splitting of these ventures as they all focused on their companies. This journey not only highlights the collaborative spirit of the friends, but also showcases the founder's ability to find gaps in the market and his commitment to innovation.

Initially, the business began as a small manufacturing company specializing in machines for the chemical and cork industries. A few years later, the company expanded into the production of industrial equipment, including painting lines and ovens, establishing a second company in the process. However, as the business evolved, the founder pursued his vision

for a more focused and independent enterprise, founding his company by 1992. A significant turning point in the company's history occurred in 2010, when the founder undertook a major project, and invested approximately one million euros to establish operations overseas. Reflecting on this decision, the founder admitted that this period was crucial for the survival of the business.

"Looking back, I often think that if we hadn't invested overseas in 2010, we likely would have faced significant challenges. We might have closed down or become a much smaller company." (Founder, A1)

In fact, this expansion was a turbulent period for everyone in the company, as it coincided with one of the biggest economic crises in Portugal, in which the company lost 30% of revenues annually, eventually leading to the delay of salaries. This investment proved to be pivotal, allowing the company to counteract the effects of this drastic loss.

As of now, the founder has stated his intention to step back and transition his responsibilities to his heirs, assuming the role of an advisor. He is currently working less hours, preparing his children to take his spot, ensuring the longevity of this business and preserving the family legacy.

"I believe I am in a phase of transitioning my responsibilities to my heirs. (...) my role will be more of an advisor, particularly a technical advisor to the company." (Founder, A1)

This company becomes extremely relevant for the study as it aligns with each of the defining characteristics of a FB reviewed in the literature, as analyzed below.

4.2. Emotional Experiences in The Family Business

Scholars have extensively acknowledged FBs as fertile ground for emotions. The overlap of both family and business systems makes it so emotions easily permeate the organization (Labaki et al., 2013; Zellweger et al., 2011; De Massis et al., 2023). This company is no different.

During the interviews, it became apparent that the emotional states experienced within the company are strongly shaped by a culture that values stability, professionalism and respect, emphasizing a balanced and cohesive work environment. Employees, especially family

members, maintain a sense of calm, contentment and pride in their work, which contributes to a supportive atmosphere, appreciated by everyone. These findings align with Berrone et al. (2012), who argue that FBs emphasize SEW, as we will see in the following sections.

"A typical day? Well, I'll tell you one thing: I never leave the house thinking 'Oh no, I have to go to work..'." (Employee, B1)

"I think the company ends up being somewhat comfortable for everyone. I think our employees don't feel any major pressure. They feel the pressure of the work itself, but I don't think they feel anything extra beyond that." (Manager, A3)

The predominance of low-arousal positive emotions was often observed when discussing the day-to-day of the office and task-oriented activities. Interviewees stated that emotions are not highly influential, as they are a team with strong bonds, who tend to prioritize focus and productivity. Employee B1 shared *"But the pressure is reasonable—it's just what needs to be done. No one is overbearing; no one is always on top of you. They just want the work finished, yes, by the set deadline."*. In this case, the trust in leadership and the sense of camaraderie between employees plays a major role. Since the company is not only a place of employment, but also an extension of personal and generational legacy, there is a higher importance placed on the well-being of family members and employees, ensuring everyone feels secure in the knowledge that they are part of something larger than themselves.

"We also need to remember that they are workers, humans like us. Without them, we wouldn't be able to function." (Founder, A1)

However, high-arousal negative emotions were also identified, mainly during pivotal events, which will be explored in the next section. Negative emotions, while inevitable, are carefully managed to avoid disrupting the overall balance of the workplace. Stress and frustration were mentioned when talking about high-pressure situations, but employees seem to be aware of the impact emotions can have on others and on the environment as a whole. One of the employees stated *"If someone comes in with altered energy, it can be contagious—the stress spreads. If I'm nervous around you, and I'm gesturing and agitated, and you're already a bit anxious, I could pass that stress onto you."* (Employee, B1). As such, emotional appraisal tends to lead to conscious regulation,

with employees evaluating whether expressing a negative emotion is productive or whether it would be more appropriate to suppress or redirect it. The same employee explained during the interview *"I can't bring my stress to others. I come here to work. I come here to foster a good atmosphere."* (Employee, B1). This statement reflects the high level of awareness employees have about emotional contagion and the importance of emotional regulation. Similarly, the managers showed a high level of awareness of the importance of emotional regulation to maintain a good work environment.

"I often make an effort not to react in moments of heightened tension. I aim to resolve issues in a way that doesn't create sensitivities with employees or, in this case, even with my children or anyone else." (Founder, A1)

Although the members of the company place high importance on fostering a cohesive and calm environment, emotional expression is favored over suppression. The founder highlights *"We provide conditions for employees to manage these situations, let's call them personal crises. We try to help as much as possible."* (Founder, A1). Managers prioritize open communication and strive to provide the support employees need, ensuring they feel heard. During the interviews, employees revealed they feel comfortable approaching the managers when they need *"Yes. I've had some personal issues where I needed to speak up or confide in them. I received fantastic support from them. It was great."* (Employee, B1), which was confirmed by the manager, who knows that they have created a safe environment for the members of the company, sharing *"People come and talk, so I think they feel comfortable enough to share these things. It's not because they feel forced or obligated, they do it because they feel at ease.*" (Manager, A2). Since employees are not required to hide their struggles completely, this emotional regulation becomes intrinsic to the individual, which makes emotional dissonance minimal, as opposed to what is usually seen in the literature.

Given the open space concept of the office, emotions are even more likely to spread across the team. One of the employees recalls when they used to work in individual offices and how the current layout of the space leads to a shared emotional climate, which can easily be disrupted. *"When we had offices, we were there relaxing, just doing our job. But with this new setup, we end up absorbing a lot from others."* (Employee, B2). Nonetheless, the open space ends up

diffusing a lot of the negativity, as there is an emphasis on a supportive environment, as has been mentioned before.

"Since there are many of us, if one person isn't having a good time, it doesn't affect everyone else." (Manager, A3)

4.3. Emotional Antecedents

As mentioned above, the expansion of the company overseas and the economic crisis marked a pivotal moment for the business and the family. Upon being asked about a significant event that had lasting emotional effects, every interviewee mentioned this period. In fact, during this time, the company experienced significant revenue losses, leading to difficult decisions like delayed salaries. Although the expansion came about as a result of a market opportunity, the founder placed all his efforts in establishing the company in this new market, leaving his family in Portugal and relocating to the site of the expansion. This period brought emotional strain and uncertainty, but also fostered resilience and unity among family members and employees. Despite the challenges, the crisis was ultimately overcome through shared sacrifice and collective effort. While the founder managed operations abroad, his sons and employees worked tirelessly to ensure the company met its obligations. These acts of dedication reinforced a sense of unity among the family and the business, which helped shape the emotional climate of the company.

"I was fully aware that everything here had come to a standstill, and if Angola hadn't existed, the company here probably wouldn't have survived." (Manager, A3)

However, this event was perceived differently depending on each person's role and experiences. In the family scope, although difficult, this event proved to be an important leadership milestone, and it strengthened their familial bonds. For the founder, the expansion was essential and ultimately advantageous. He believed his technical expertise was crucial during the early years of the Angola branch, as his presence ensured stability. When asked about an event that had a lasting impact, he replied in a practical way, stating *"From a technical standpoint, those two or three years when I was more in Angola, during the formation of the company and handling the emerging business there, required someone with knowledge to manage."* (Founder, A1). While he acknowledged that his absence affected the family, he maintained that it did not cause any

long-term stress. His priority was ensuring the business' survival, viewing this expansion as a necessary evolution, rather than a disruption.

"It did affect the family to some extent because I wasn't as present at home during that time. (...) There wasn't a lot of stress." (Founder, A1)

The eldest son recognized this period as a challenging time, stating *"We went through the Troika period, and the crisis… and Angola became part of our reality. Those were really difficult times."* (Manager, A2). For him, his father being away represented a shift in responsibility, as he had to step up and manage key operations in Portugal, including making difficult decisions and having serious conversations with his employees about the situation. In his words, *"At that time, my father was already in Angola, and I was 30 years old. I had to sit down with about 20 employees and tell them the reality."* (Manager, A2). This experience gave him a deeper understanding of leadership and financial pressure, as he was directly responsible for keeping the daily operations running in the headquarters at a young age.

The youngest son recalls this period with fondness, revealing that it was an opportunity to reconnect with his parents. He recalled how travelling to Angola allowed him to spend more quality time with his family, which he had not been able to do for a while, as he was a full-time student and didn't spend much time at home. During the interview he stated *"For me it was actually a good thing. I hadn't spent much time with my parents for a while. But when I went to Angola, I started spending time with them again."* (Manager, A3).

Additionally, the whole family gained a newfound sense of gratitude, recognizing the sacrifices made, particularly by the founder and his wife. Since the wife accompanied the founder during this period, moving with him and going to work with him, she was not able to be as involved in the upbringing of the second grandchild and she had been with the first. However, despite the challenges, the expansion led to greater closeness between the founder and his wife, who spent more time together. During the interview, the youngest shared *"In Angola, they worked together. She'd go with him, spend the entire day with him, and stay with him until night, they were together all the time and, in that sense, I think their relationship improved."* (Manager, A3)

"However, one thing is clear: we all understood the sacrifice that both my parents made by going there, when they could have sent someone else." (Manager, A2)

"For example, she practically raised my eldest son during his first two years before he started preschool. But she couldn't do the same for my second child, born two or three years later, because by then, she was in Angola. In that case, one of my aunts stepped in. My mother feels she missed that opportunity." (Manager, A2)

On the other hand, this period was perceived through a different lens by the employees. Many faced immediate and tangible challenges such as delayed salaries and uncertainty about their futures. One of the employees recalls *"The Angola period was very turbulent. We had a period of six months without being paid."* (Employee, B2). Since the new branch was financed by the headquarters in Portugal, the money and resources available were being focused on establishing the company in the new market. This effort meant that many employees saw their workload increased in order to finish projects and bring in more money. One employee explained, *"It was a challenging phase because we had many people with salaries delayed. I remember once I worked extra hours and even came in on a Sunday because I knew if I finished that project, they would pay us in Angola, and some things here could be paid."* (Employee, B1).

However, even with salaries delayed and increased workloads, the employees remained dedicated and resilient. This commitment stemmed not just from financial necessity, but from trust in the leadership. In fact, transparency from management was key during this difficult period. Employees were not left in the dark and, instead, they were given honest updates on the company's situation. Managers understood that it was a troubling period for their employees and talked openly with them, as stated by one of the managers *"We spoke openly with employees, saying 'Things are hard, but we believe in a turnaround, so believe in it too.'."* (Manager, A2). This sense of unity, transparency, and warm support kept employees motivated and committed, making it so that everyone knew they were navigating the same hardships.

"At one point, I was the only one working in my household —my brother had left school, my parents were unemployed, and I was the only one working. I had two or three children at home, one was sick, and I ended up going to my boss and asking to be fired. I thought that, with unemployment benefits, I'd have some money

and could look for another job. But my boss told me he'd never let me down, and he never did. Eventually, my salary was paid in full." (Employee, B1)

4.4. Contingencies

4.4.1 The Moderating Role of Individual and Family Characteristics

The emotional traits and dynamics within the family have a profound impact on the company's management style and workplace culture. Specifically, the management approach of the organization mirrors the individual characteristics of its key figures, a common feature in FBs where leadership is deeply personal and driven by values (Sorenson, 2000; Chrisman et al., 2011).

The founder, for instance, describes himself as a calm and reflective individual who prioritizes emotional regulation before responding to challenging situations, demonstrating a high level of EI. In times of heightened stress, he consciously seeks to recognize both his own emotions and those of others, placing emphasis on understanding and processing these emotions before addressing intense situations. This deliberate regulation aims to maintain a peaceful and harmonious environment among employees. However, the founder also emphasizes the importance of transparency and honesty, asserting, *"I have to make my thoughts known. We have to be honest about what we think and do."* (A1). He further elaborates, stating, *"I often make an effort not to react in moments of heightened tension. I aim to resolve issues in a way that doesn't create sensitivities with employees or, in this case, even with my children or anyone else."* (Founder, A1).

Similarly, the oldest son describes himself as calm and practical, explaining that he does not become overly excited or distressed by work or life events. While acknowledging that emotions naturally arise in the workplace, he believes effective communication is key to managing them appropriately. This composed demeanor plays a crucial role in maintaining workplace morale, as he often uses humor to ease tension. However, he also recognizes when situations require a more serious intervention. One employee observed, *"A2 often steps in with a joke or a comment to lighten the mood and diffuse the tension. Once or twice, things escalated to the point where management had to intervene seriously. When that happened, A2 stepped in firmly, not joking."* (Employee, B1). In terms of leadership, the eldest son seeks to embody the values instilled in him by his father, prioritizing honesty and respect above all. These values are fundamental to his leadership approach, and he emphasizes their importance in fostering a positive and

equitable environment within the company. As he states, *"I place great importance on values like respect for colleagues, regardless of their position in the company or their level of education."* (Manager, A2). The values the father prioritizes are also present in the youngest son's way of carrying himself. Describing himself as a positive person, he believes the key to success is responsibility and integrity, noting *"If people are serious, I think that is half the journey to success, in any position."* (Manager, A3).

The family places great importance in maintaining strong, cohesive relationships, not only within the family and employees, but also with external stakeholders. Internally, the founder and the managers prioritize cultivating close connections that promote trust, loyalty, and solidarity. These values are evident in the company's management practices, as managers consistently demonstrate a willingness to assist and provide support to employees with both professional and personal challenges. During the interviews, the founder stated *"We provide the conditions for employees to manage their personal crisis. We try to help as much as possible."* (Founder, A1). This philosophy is reflected in the workplace environment, where employees feel comfortable confiding in their managers, with one of the employees sharing *"Yes. I've had some personal issues where I needed to speak up or confide in them. I received fantastic support from them. It was great."* (Employee, B1).

The family's emphasis on open communication and empathy shapes the company's culture, resulting in a supportive workplace in which employees feel appreciated and respected. The leadership's dedication to upholding these ideals promotes a sense of belonging and trust throughout the business. Externally, the business has built long-term relationships with its clients, establishing a good reputation in the market. The founder takes pride in this achievement, stating *"We are a company that has a lot of credibility, and I am certain we are considered trustworthy people in a universe of 3 or 4 thousand clients. Receiving this kind of feedback is very rewarding."* (Founder, A1). This credibility is the result of the founder's human-centered approach to management, which emphasizes the collective contribution of the workforce. He explains *"We can't only think about ourselves and our profits. We also need to remember that they are workers, humans like us. Without them, we wouldn't be able to function. I am confident about this approach."* (Founder, A1). These values are deeply embedded in the company's operations.

Beyond the organization, the family extends its commitment to empathy and solidarity to the local community. They actively support local clubs and associations, contribution to the community bond. One of the employees, who is also their neighbor, has described the family as "well-integrated into the community" and "fantastic neighbors". This involvement not only strengthens their local ties but also reinforces the company's image.

4.4.2 The Moderating Role of Business Characteristics

The presence of simultaneous roles, as described in Tagiuri and Davis' (1996) three-circle model, is evident in how family members hold overlapping positions as family members, owners and managers. The founder, both father of the family and ultimate decision-maker, fits all three of the roles described above. The sons, although not owners, hold both the family member and manager title. This centralization of power is a consequence of the overlapping roles present in the business (Tagiuri and Davis, 1996), reinforcing family control and influence, a core dimension of SEW (Gómez-Mejía et al., 2007).

"I feel the company's management is a shared responsibility between my father and me. We always involve my brother in decisions as well, partly because he is younger and has been with the company for less time. (...) his opinions are always sought and valued." (Manager, A2)

Apart from his two sons, the founder also has a daughter who has worked for him before, but after a few months realized she wanted to follow a different path from her siblings. Additionally, there are three other family members who hold the positions of family members and employees, but are not involved in the management of the business. A2 acknowledges that the presence of several family members in the company is something unavoidable in FBs: *"It's a bit of a historical, cultural, and social normal here in Portugal, especially in SMEs, for family businesses to lend a hand to relatives in need."* (Manager, A2)

While the business adheres to the cultural norm in Portugal of involving family members, the founder is deliberate about maintaining professionalism and fairness, treating family employees on par with non-family staff. This commitment to clear boundaries fosters a stable working environment and upholds the company's core values.

"We do have some family members working at the company, but they are treated like any other employees. If they are workers who respect the company's ethics and meet its expectations, there is no problem at all." (Founder, A1)

Guided by honesty, responsibility and transparency, the family members share a strong collective identity with the business, another key dimension of SEW, viewing the business as an extension of themselves. All of the family members have shared that their personal values are inseparable from their work values, and have been highly influenced by their upbringing.

"I have always guided our activities, first and foremost, with a strong sense of responsibility in what we do, and secondly, with honesty towards our clients." (Founder, A1)

"We have had a very paternalistic upbringing and family dynamic. As an entrepreneur, businessman, and father of three, my father has always been someone we listen to and respect deeply. Essentially, we follow his lead and align with his vision. There's not much to argue about." (Manager, A2)

Another defining characteristic of FBs is the lifelong common history among their members, which often extends beyond the workplace into their personal and social lives. This connection to the business often begins at an early age, as demonstrated by the sons of the family under analysis. The oldest son recalls working alongside his father during summer vacations at the age of 12, gaining firsthand experience of the business. Similarly, the youngest son mentions frequently spending time at the company, accompanying both his father and older brother. These early experiences not only introduced them to the operational aspects of the business but also fostered a sense of belonging and responsibility. Over time, familial ties have been further reinforced through shared daily routines and family traditions, creating a strong bond that seamlessly integrates personal and professional relationships. This cohesion contributes to the business's success by enhancing communication, trust, and mutual support within the management team.

"For starters, the three of us work together. Additionally, three to four times a week, we have lunch together. We leave the office, eat, and return. On Sundays, we usually have family lunches with the kids and grandkids, except for my sister, who is currently living abroad. But when she is here, she joins us too. We spend Christmas

together as well. So, we are deeply involved in each other's lives and know one another very well." (Manager, A2)

The family's emotional involvement and attachment to the business is clear, but unlike what is commonly highlighted in the literature, their strong emotional ties do not appear to create significant challenges. Instead, this bond serves as a tool to enhance collaboration and decision-making. One family member describes their approach as casual and straightforward, highlighting an open communication style, where there is no "unnecessary fluff" added to conversations. The family does not feel the need for formal meetings, as they are able to discuss business matters in informal contexts, such as family lunches, without stirring problems. Their strong connection allows them to navigate professional matters without conflicts. Moreover, both sons highlight their respect for their father, aligning with his vision and leadership, which minimizes potential disagreements and fosters unity in decision-making. In this way, instead of being harmful for the company, these blurred boundaries are an asset to facilitate collaboration and efficiency.

"I don't see how one could influence the other—at least not with us. With other people, perhaps, personal and family disagreements might carry over into the workplace, affecting decisions, but not for us." (Manager, A2)

In a similar manner, while there is no explicit mention of a private language among the family members, which is a common characteristic for FBs, there are clear indications of a distinct and effective internal dynamic that shapes how the managers collaborate and solve issues. Their informal and open communication style, combined with their deep mutual understanding, suggests that although there is no private language, their honesty and openness allow the family to align effectively and address challenges cohesively, creating a mutual awareness between family members. However, this style of communication is not restricted to the family, as it also extends to the managers' engagement with the employees. Their honest approach fosters a supportive and comfortable working environment, promoting open dialogue and collaboration across the business, differing from the literature.

"There is a sense of proximity in the way they communicate with us, which makes us feel much more at ease." (Employee, B2)

The FB has a significant and complex meaning for its members, serving as more than just a source of identity, legacy and stability. For the founder, the company is highly personal as it reflects its vision, efforts and dreams. This meaning is visible in his involvement in the company, and his desire for the business to serve as a foundation for generations to come, aligning with the SEW's renewal of family bonds through the business dimension.

"I think for A1, this is more than just a company. He created it and sees it as, I don't know, a child of sorts." (Employee, B1)

"I'd like for this success not to be lost. It's a foundation for the family, for my children and my grandchildren." (Founder, A1)

For the next generation, however, this meaning tends to vary, reflecting on their individual perspectives and emotional involvement. For the first son, his involvement in the company, although not forced, felt almost predestined, as the eldest child. And although he views the business more as a source of income, he strives to maintain the legacy of his father, introducing his own son to the business during the summer just like his father did to him. He shared that *"this year, for instance, I made arrangements for my eldest child to work here during the summer holidays, just as I did 20 years ago."* (Manager, A2)

"Even if it wasn't conscious, being the eldest son in a family business naturally inclined me to see it as my future." (Manager, A2)

"But A2 sees it not necessarily as his love for the company, but rather as the main source of income." (Employee, B1)

Similarly, for the youngest son, this commitment to preserving familial bonds through the business is fundamental, and is echoed in his desire to sustain the company for future generations.

"We will strive to maintain the legacy and uphold the values that have been instilled in us and taught to us" (Manager, A2)

"The intention is, ideally, to keep this life cycle. I would like to have the same relationship I have today with my parents and siblings in the future." (Manager, A3)

The table below (Table 5) summarizes the key characteristics of FBs from Tagiuri and Davis' (1996) found in the study.

Family Business Characteristics	**Presence in the Study**	**Elements in the Study**
Simultaneous Roles	Strong	Founder is both the head of the family and the business; Sons are present in managerial positions.
Shared Identity	Strong	Family members share a strong collective identity; Founder's values were caught by his children; Family values bleed into the business.
Lifelong Common History	Strong	Family members have worked together for years; Family members share daily routines and traditions outside work.
Emotional Involvement and Confusion	Evident, but not problematic (different from literature)	Strong emotional attachment strengthens collaboration; Trust built amongst family members eliminates conflicts.
Private Language of Relatives	Not explicitly present, but informal communication	Family communicates openly and informally; No "unnecessary fluff" added to conversations makes interactions more efficient;

	serves a similar role	Extended to employees.
Mutual Awareness and Privacy	Evident but not problematic (different from literature)	Clear and direct communication among relatives; Family member deeply involved in each other's lives; No pressure added.
Meaning of the Family Company	Strong, but meaning varies by generation	Founder sees the business as a child and a foundation for the family; Eldest son sees the business as a source of income.

Table 5 – Family Business Characteristics Supported by the Case Study

Additionally, the following table (Table 6) gathers all of the FIBER dimensions of SEW (Berrone et al., 2012) present in the study, highlighting the strong affective component of the FBs.

FIBER Dimensions		**Presence in the Study**	**Elements in the Study**
F	Family Control and Influence	Strong	Founder is the ultimate decision-making; Decisions are often made in an informal setting ("at the table"); Sons hold managerial positions; Mother, although not involved, sometimes shares opinions that lead to decisions.
I	Identification of Family Members with the Business	Strong	Business is perceived as a child by the founder; Sons were involved in the business at a young age;

			Business as an extension of the family.
B	Binding Social Ties	Strong	Donations made by the family to local clubs and social activities; Great importance placed in credibility and long relationships with suppliers and clients; Great importance placed in relationships among family members and employees.
E	Emotional Attachment	Strong	Business is deeply intertwined with family's values, legacy and personal identity; Employees are seen as family;
R	Renewal of Family Bonds with the Firm through Dynastic Succession	Strong	Founder expresses the wish to pass the business to the sons; Eldest son is involving his own children in the business, just like his father did; Youngest son would like to keep business in the family.

Table 6 – FIBER Dimensions Supported by the Case Study

4.5 Management Implications and Impact on Outcomes

The previous sections demonstrated how this FB navigates the challenges of overlapping family and business roles by creating a unique emotional climate that influences decisions, leadership and the overall affective tone of the workplace. The historical context of the company's expansion, its ability to manage and withstand economic crises, and the values embedded in its culture have all contributed to the shaping of the management approach. This section examines the key management practices that have emerged from these dynamics and how they have been impacted by emotional experiences.

The literature on emotions in FBs predominantly highlights their negative impacts, commonly emphasizing conflict, nepotism and irrational decision-making as major challenges (Kets de Vries, 1993; Schulze et al., 2001; Chrisman et al., 2010). Unmanaged emotions, such as anger and jealousy can lead to conflicts among family members, affecting decision-making (Labaki et al., 2013). Additionally, these emotions can spread to non-family employees, reducing morale and performance due to negative emotional contagion (Saleem et al., 2023). However, the findings of this study reveal a positive outlook on emotions. When properly managed, they foster a stable, family-like work environment that strengthens employee commitment and promotes harmony.

Unlike NFB, FB are distinguished by their informal approach to management, contrasting with the highly structured and bureaucratic nature of NFBs (Carney, 2005). Family firms frequently base their decisions on trust, shared values, and experience rather than formal regulations and strict hierarchies (Gedajlovic et al., 2004). During the interviews, it became clear that the management approach in this company is not guided by formal training or structured methodologies, but rather by experience and intuition:

"Our company is an SME, and neither my father, nor I, nor anyone in our family has formal management training." (Manager, A2)

"Our approach to management has been somewhat empirical, based on what we've learned from observing the best practices in other companies and from our own business experience." (Manager, A2)

In fact, professionalization has been a topic of interest for FB researchers, who have demonstrated that FB owners frequently lack formal managerial training, compensating with practical experience and in-depth industry knowledge (Hall & Nordqvist, 2008; Stewart & Hitt, 2011). Although the managers lack formal training, they compensate with strong EI, ensuring emotions do not cloud judgement. Unlike the literature that suggests FBs struggle with emotional decision-making, there is a deliberate separation of emotions from managerial decisions. This effort to avoid emotional decision-making does not eliminate emotions from the workplace, it simply aims to manage their impact in a way that aligns with the company's long-term goals and ensures a positive, stable work environment, promoting harmony.

"It's not really an emotional type of management." (Founder, A1)

"We are not the type to act immediately based on feelings or external opinions. Our decisions tend to mature over time." (Manager, A2)

As mentioned above, the overlapping roles influence the control systems in place, since FBs frequently exhibit centralized decision making, where power is concentrated within a small group. In this case, the founder and his sons share the decision-making responsibility, with a clear emphasis on family authority. The founder shared: *"Decisions are often made by the management of the company, by me and my older son, especially by both of us. But we often listen to and consider the opinions of those who work here as well."* (A1).

"When things happen, they are often confined to the family level. By the time the information reaches the rest of us, the decisions have already been made." (Employee, B2)

Although this process tends to be informal and centralized, managers value their employees' opinions and often give them the freedom to make smaller decisions or decisions directly related to their department. One of the employees told *"Yes, they give me the freedom to make various decisions regarding the project. And everything related to production."* (Employee, B1). The high value placed on trust is further evidenced by the low level of oversight and control mechanisms in places. When asked about feedback, employees stated that there was none, but deemed it necessary:

"There's not much. Not much at all. It's mostly based on trust, and there isn't really any oversight. Although I think there should be." (Employee, B1)

"No, and that's something that is often lacking." (Employee, B2)

This aligns with the literature, which highlights that trust often substitutes formal governance structures in FBs, making them more cohesive but also potentially vulnerable to internal inefficiencies (Dawson & Mussolino, 2014).

As mentioned in the previous sections, EI is a prominent feature in the way the family leads this business, particularly in how the founder and the managers regulate their emotions to maintain a harmonious work environment. Studies by Goleman (1995) and Baron (2008) emphasize that EI– the ability to recognize, manage and influence emotions– is essential for effective leadership. A key demonstration of this emotionally aware leadership is the emphasis on clear communication and mutual respect. During the interview, the founder revealed *"I need to explain to my team leader the reasons behind my decision, so they don't feel undermined"* (A1). This transparency fosters trust and minimizes conflict, aligning with Labaki et al. (2013), who found that EI is a critical factor in sustaining FBs across generations, helping them survive in moments of heightened tension.

Another defining practice in this company is the emphasis on employee retention over hiring external talent. Many FBs prioritize long-term relationships and loyalty rather than short-term efficiency, opting to invest in their existing workforce instead of bringing new employees with specialized skills (Cabrera-Suárez et al., 2001).

"There is a perspective for growth within the company. From the moment people serve us well, we don't have a culture of constantly looking for replacements, even knowing that employees might not be perfect and that we could possibly find someone better for the role if we searched." (Founder, A1)

Beyond retention, emotions play a crucial role in employee commitment and resilience, particularly during financial challenges. This was evident when the company expanded into a new market, leading to salary delays, as has been explored in section 5.3. Despite these difficulties, employees remained loyal due to transparent communication and trust fostered by the managers. Zellweger et al. (2011) emphasized that FBs benefit from strong emotional ties between managers and employees, creating long-term commitment. This commitment becomes evident when the founder states "*It's no coincidence that we have employees in their 40s who have been with us for 22 years, or workers in their mid-30s with 15 or 16 years of tenure."* (Founder, A1).

The outcomes of this FB reflect a balanced approach between family-centered and business-centered objectives. While the family plays a crucial role in shaping the company's values and culture, decision-making prioritizes the business's sustainability and long-term success rather than purely familial interests. This balance is reflected in the company's emphasis on

employee retention and trust-based, informal management, blending emotional support with business efficiency. Similarly, there seems to be a balanced approach to the prioritization of economical and non-economic goals. In this case, the company prioritizes financial objectives, such as maintaining financial stability and ensuring business continuity. Nevertheless, considerations such as employee satisfaction, mutual trust, and organizational loyalty are also deemed important and contribute to the overall success of the company. The managers ability to separate emotions from critical decision-making further highlights the prioritization of economic sustainability.

Overall, the findings highlight that this FB operates not just as a company, but as an extended family, where trust and stability shape its management approach. Employee well-being, resilience and business sustainability have been strengthened by the effective regulation of emotions, particularly through EI and trust. In this FB, emotions play a crucial role and their impact is especially positive. Low-valence positive emotions serve as a strategic asset, in contrast to classic literature depictions where emotions frequently result in dysfunctions. These emotions helped create a stable and cohesive work environment, aligning employees with the company's goals. While negative emotions were present, especially during the crisis, their careful regulation improved interpersonal relationships and reinforced employee loyalty, allowing for the survival of the business. Below is an updated version of the conceptual framework (Figure 4), summarizing the findings of the case.

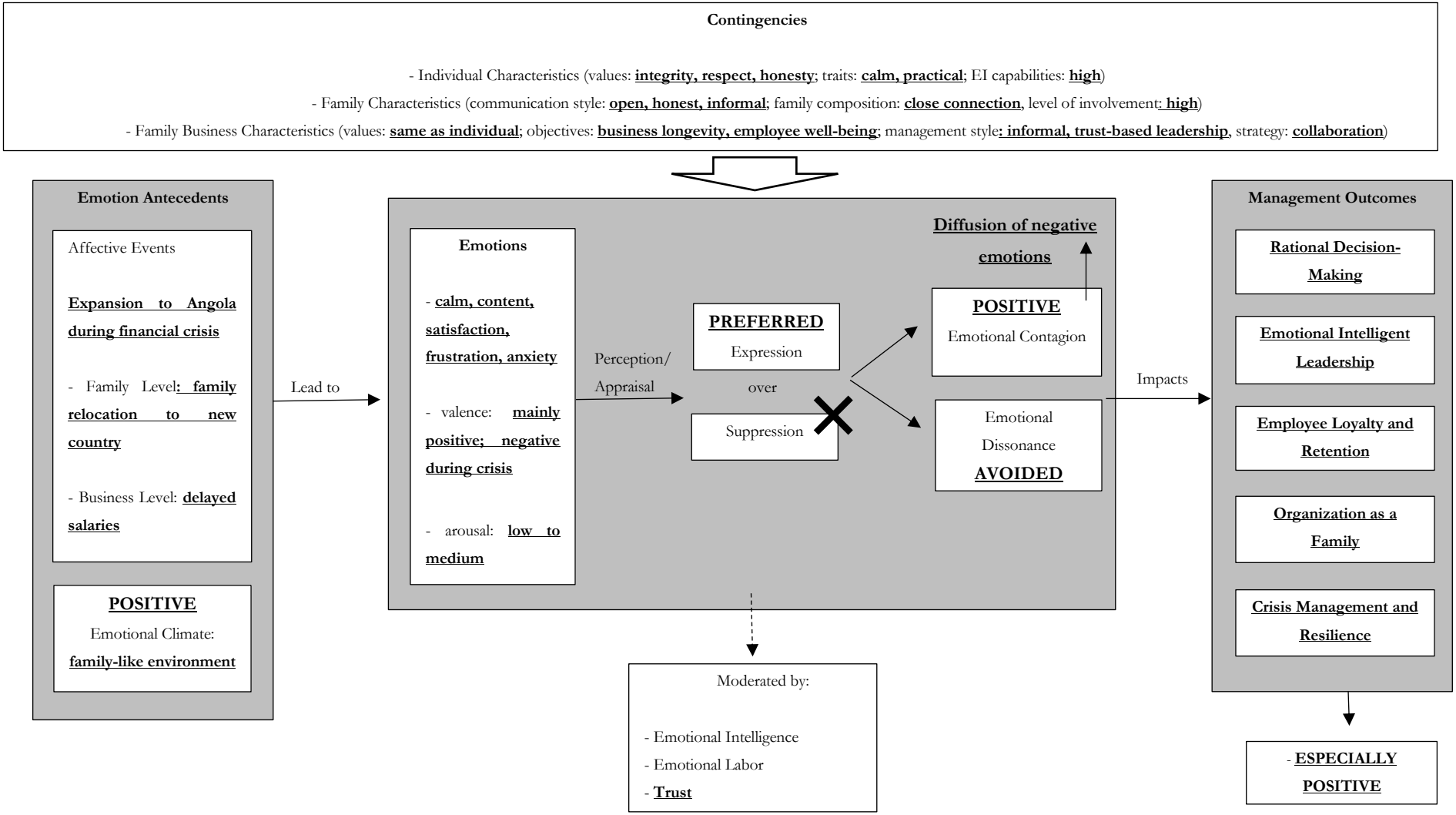


Figure 4 – Updated Conceptual Framework: The Impact of Emotions on the Management of FBs

5. Conclusion

This dissertation aimed to provide a deeper understanding of the complex role of emotions in the management of FBs by developing a conceptual framework and applying it to a real-world case study.

To address the research objectives, a comprehensive literature review on emotions in FBs was conducted, focusing on key concepts such as the Three Circle Model (Tagiuri & Davis, 1996), EI and SEW. Based on this foundation, a framework was developed to link these theories and analyze the mechanisms through which emotions shape the management of FBs. The framework was then applied to a small FB located in Portugal, offering empirical insights into how a specific FB navigates emotional challenges and leverages emotions as a tool for success.

The study revealed that while emotions are deeply embedded in FB culture, they do not necessarily impede rational decision-making. Instead, when managed effectively, this emotional involvement fosters trust and collaboration, strengthens organizational commitment and enhances resilience. The leadership style of the company, characterized by high EI and trust-based, informal management, played a crucial role in maintaining a balanced emotional climate, ensuring that emotions contribute positively to both the family and the business systems. Additionally, the study emphasized the role of informal communication and shared identity in FBs. Although previous literature often associates overlapping roles with a high chance of conflicts, the case study demonstrated that open dialogue and mutual awareness among family members and employees facilitated conflict resolution and reinforced bonds, suggesting that emotional involvement and emotional expression in FBs can be an asset when moderated by EI.

This research also makes several key contributions to the field. Firstly, it expands AET to better fit the context of FBs by incorporating personal events into the analysis. Given the intertwined nature of family and business, personal and family milestones, such as moving to a new country to support the business expansion, significantly impacts workplace emotions. Moreover, the study found that low-arousal positive emotions, such as calmness and contentment, often derived from dispositional affect, were crucial in creating a stable

emotional climate, trust and respect among collaborators. The open and supportive atmosphere, reinforced by trust in leadership, helped minimize negative emotional contagion and mitigate emotional dissonance, especially during the company's expansion and the economic crisis, ensuring that stress and frustration did not disrupt the overall work dynamic.

Despite these contributions, the study presents some limitations. Firstly, the case study approach, while rich in detail, may limit the generalizability of the findings. In the future, research could apply the developed framework to a broader sample of FBs across different contexts to improve the statistical generalizability of the results. Additionally, the qualitative nature of the study, particularly the reliance on interviews and personal reports of a limited number of participants, could have introduced some subjectivity to the findings. The study could benefit from a broader inclusion of participants, as different perspectives and experiences could provide valuable insights into the emotional experiences of the FB.

For future research, comparative studies involving FBs from different industries, cities or even countries, would help further validate the framework. Comparing FBs with different family compositions, family dynamics and characteristics could further the importance of the role of contingencies to the emotional experiences. Further studies could also benefit from a longitudinal analysis of emotional dynamics in FBs, providing valuable insights into long-term success of emotional management strategies, as well as how emotional influences evolve over time.

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Appendix

Appendix 1 – Semi-Structured Interview Guides

VERSION A: Guide for the Father and Sons

General Information

1. Could you start by telling me a bit about the history of the business? Who founded it, how and when?
2. What is your role in the business? How long have you been involved?
3. Before joining the business, do you consider you were involved? If yes, how so? (*Question addressed only to the sons)

Personal and Family Characteristics

Personal Values and Traits

4. What values do you feel most strongly influence the way you approach your work in the business?
5. How would you describe your personality? How do you think it affects your role and interactions at work?
6. When emotions come up during the workday, how comfortable are you in managing them? Can you think of an example?

Family Involvement, Dynamics and Communication Style

7. How many family members are involved in the business? How involved are they? Are some more active than other, and does that affect how you all work together?
8. How would you describe the way your family members communicate? Are there certain topics or situations that stir up more emotions?

Business Characteristics

Business Values and Goals

9. What are the values that the family holds for the business? Does everyone in the family share the same values or is there an intention to shift in the future?
10. Are there specific goals that you feel are deeply tied to the family's emotional investment in the business?

Management Style and Emotional Influences

11. How would you describe the overall approach to managing the business? Do emotions play a part in this style? If so, how?
12. What are the key departments of the company? How are they controlled? (Are there formal control systems or is it more informal?)
13. Can you describe how decisions are usually made in the business? Is there an opinion that is more valued during this process? And are emotions considered?
14. How do you navigate balancing the company's and family's interests in the decision-making process?

Socioemotional Wealth

15. How important is it for the family to keep its legacy or reputation through the business? Could you share any examples where these feelings influenced major decisions?
16. What role does your family's emotional connection to the business play in prioritizing goals outside of profits? What do you consider to be the main concern of the business? (Economic or non-economical goals)

Emotional Experiences

Affective Events Theory

17. I am going to ask you to recall a particular event (in the family or the business) that brought up strong emotions and had a lasting effect. How did it affect the way things are handled at work?
18. How do these types of emotional moments affect the family and the business over time? Did it change the way you feel about working together?
19. Have there been changes in the way the company is managed? Are they related to that event? (if not, why did they happen?)

Emotional Labor and Emotional Dissonance

20. There is a common saying that goes "When we enter work, our problems stay outside the door", which translates the idea of leaving personal issues behind when starting the workday. Do you agree with it?
21. Are there times when you feel you have to hold back what you're truly feeling for the sake of professionalism or to keep things running smoothly? Can you share an example?
22. Is the way you express your emotions to your family different at home and at the company? If yes, how so? (How does it affect you personally when you have to manage or set aside your own feelings, especially around family members?)

Emotional Contagion and Emotional Climate

23. How do you think being aware of emotions—both yours and others'—affects the way family members work together?
24. In case of a bad day/mishap, does it negatively/positively impact the rest of the day or the general mood? If yes, how so? Are there any strategies to avoid such experience?
25. How do you approach situations where there's a need to balance showing emotions with keeping things professional? Are there check-in meetings to see how everyone is doing?
26. Are holidays and outside work events valued at the company? Does it affect the team's morale?

Family Expectations and Professionalism

27. Working with someone you know and trust can help create a better or a stressful work environment. Do you feel there is any pressure to express emotions a certain way in front of family members?

Closing Reflections

28. Are there any aspects of family dynamics or emotional influences that you would like to see shift in order to improve business practices or family relationships?
29. Is there anything else you would like to add or share?

VERSION B: Guide for Non-Family Employees

General Information

1. Could you start by sharing a bit about your role and how long you've been with the family business?
2. Before joining this company, did you ever work in a non-family business? How was it like? Could you tell me the main differences you have noticed working in both family business and non-family business settings?
3. If you have prior experience working with your family, could you tell me how it was like? (*Question asked only if question above was answered with no)

Family Characteristics

4. How many family members are involved in the business? How involved are they? Are some more active than other, and does that affect your daily tasks?
5. How close are you with them? Could you tell me a bit about the boss/your managers? How would you describe them?

Business Characteristics

Business Values and Goals

6. What are the main values that you feel the business emphasizes? Are there any priorities? How do they shape the work culture?
7. Are there specific goals that you feel are deeply tied to the family's emotional investment in the business? Are there specific projects or decisions that seem to reflect the family's emotional investment in the business?

Management Style and Emotional Influences

8. How would you describe a typical workday here?
9. Are there specific expectations you feel from management regarding how you should carry out your tasks? Are these expectations consistent, or do they sometimes change based on family dynamics?
10. How is your performance measured? Do you receive regular feedback on your work?

11. Are you involved in decision-making processes? Are you asked for input on major changes? How do you communicate issues to management, and do you feel heard?
12. How are decisions that affect your department made? Are you involved or are they handed to the family management?

Socioemotional Wealth

13. Do you believe there is a main concern for the business that goes beyond economic goals? If so, what would you say that main concern is?

Emotional Experiences

Affective Events Theory

14. I am going to ask you to recall a particular event (in the family or the business) that brought up strong emotions and had a lasting effect. How did it affect the way things are handled at work?
15. Have there been changes in the way the company is managed? Are they related to that event? (if not, why did they happen?)

Emotional Labor and Emotional Dissonance

16. There is a common saying that goes "When we enter work, our problems stay outside the door", which translates the idea of leaving personal issues behind when starting the workday. Do you believe the family does a good job separating family issues from the business?
17. What about you? Have there been times when you felt you had to hold back what you are truly feeling for the sake of your role?

Emotional Contagion and Emotional Climate

18. How would you describe the overall atmosphere at work? Do you think the family's involvement in the business creates a specific environment (more stable and friendly, more challenging…)?
19. Are there times when family members' emotions or personal dynamics affect the workday for you and your team? Could you share an example?

20. What keeps you motivated in your role? Do you feel the family's management approach helps or hinders your motivation?

Team Cohesion and Professionalism

21. Are holidays and outside work events valued at the company? Does it affect your relationship with your co-workers and boss?
22. Do you feel a sense of camaraderie and connection with family members, or is there a clear division between family and non-family employees?
23. When conflicts or disagreements arise, how does management typically handle them? Do family-related conflicts ever spill over into work matters?
24. Do you feel comfortable sharing your thoughts and feelings with family managers? How do they typically respond?

Closing Reflections

25. Are there any aspects of family dynamics or emotional influences that you would like to see shift in order to improve business practices or family relationships?
26. Is there anything else you would like to add or share?