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Intergenerational strategy involvement and family firms' innovation pursuits: The critical roles of conflict management and social capital

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ABSTRACT

This conceptual article centers on the relationship between intergenerational strategy involvement and family firms' innovation pursuits, a relationship that may be contingent on the nature of the interactions among family members who belong to different generations. The focus is the potential contingency roles of two conflict management approaches (cooperative and competitive) and two dimensions of social capital (goal congruence and trust), in the context of intergenerational interactions. The article theorizes that although cooperative conflict management may invigorate the relationship between intergenerational strategy involvement and innovation pursuits, competitive conflict management likely attenuates it. Moreover, it proposes that both functional and dysfunctional roles for social capital might arise with regard to the contribution of intergenerational strategy involvement to family firms' innovation pursuits. This article thus provides novel insights into the opportunities and challenges that underlie the contributions of family members to their firm's innovative aspirations when more than one generation participates in the firm's strategic management.

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Introduction

Informed by technological changes, competitive pressures, and globalization, family firms experience increasing needs to pursue innovation-oriented strategic goals to build and maintain their competitive advantages (Brines, Shepherd, & Woods, 2013; Cassia, De Massis, & Pizzurno, 2012; Craig, Dibrell, & Garrett, 2014; Sharma, Chrisman, & Chua, 1997). Goal prioritization in family firms' strategic decision-making is a complex process though, because of the unique combination of family, ownership, and business (Chrisman, Sharma, Steier, & Chua, 2013; Habbershon, Williams, & MacMillan, 2003; Kotlar & De Massis, 2013; Memili, Welsh, & Luthans, 2013), which can make it difficult to reach consensus about strategic directions (Kellermanns, Walter, Lechner, & Floyd, 2012). Achieving strategic consensus might be particularly challenging when more than one generation participates in the firm's strategic management (Litz & Kleysen, 2001; Salvato, 2004). Yet intergenerational interactions also have an important role in determining the strategic direction of family firms, particularly for innovation-oriented firms that seek to combine the knowledge bases that reside in different generations (Jaffe & Lane, 2004; Kellermanns & Eddleston, 2006). Because the pursuit of innovation goals by multigenerational family firms[1] is thus marked by both challenges and opportunities, there is a clear need to understand how their innovative aspirations may be influenced by the nature of interactions across generations.

Previous innovation research suggests that managers from different backgrounds can make important contributions to their firm's pursuit of innovative goals (Boone & Hendriks, 2009; Sherman, Berkowitz, & Souder, 2005). For family firms, such findings imply an important role for the strategic input provided by family members who represent more than one generation (Jaffe & Lane, 2004; Litz & Kleysen, 2001), that is, for intergenerational strategy involvement, which is a critical feature of many family firms (Kellermanns & Eddleston, 2006; Salvato, 2004). Yet this

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[1] Our theorizing is focused on family firms in which more than one generation is involved in the strategic management of the firm, but these arguments may apply to other settings too, such as interactions among sibling or cousin groups or between family and nonfamily members. Our choice to focus on *intergenerational* dynamics seeks to ensure conceptual clarity and is consistent with the salient role that these dynamics play in family firms' internal functioning and decision-making with respect to innovation (Jaffe & Lane, 2004; Kellermanns & Eddleston, 2006; Litz & Kleysen, 2001).

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involvement has received relatively scant attention in relation to the pursuit of innovation goals. To delve deeper into the origins of family firms' strategic positioning, it is critical to understand how and when intergenerational strategy involvement might be most likely to promote firms' innovation pursuits. We define these innovation pursuits as the extent to which family firms prioritize innovation goals in their strategic decision-making, which may pertain to developing new products or processes (Uhlaner, van Stel, Duplat, & Zhou, 2013; Yeoh, 2014).

Therefore, the research question that guides this investigation is, *How and in what conditions does strategy involvement by different generations inform the innovation pursuits of family firms?* Although it may seem intuitive that family firms' innovation pursuits are fueled when family members from more than one generation contribute to strategic decision-making, this process is not clear cut, due to conflicting viewpoints about the future of the company (Frank, Kessler, Nosé, & Suchy, 2011; Sonfield & Lussier, 2004; Welsh, Memili, Rosplock, Roure, & Segurado, 2013) and the concomitant presence of disruptive relational dynamics (Jaffe & Lane, 2004; Miller, Steier, & Le Breton-Miller, 2003). Accordingly, we postulate that the effectiveness of intergenerational strategy involvement for family firms' innovation pursuits is contingent on two critical aspects of their *familiness:* conflict management and social capital. The term familiness reflects the "idiosyncratic bundles of resources and capabilities that result from the involvement and interaction of the family in the firm" (Pearson, Carr, & Shaw, 2008, p. 956). It distinguishes family firms from nonfamily firms (Habbershon & Williams, 1999) and speaks to the idiosyncratic character of the relationships that exist within family firms, including but not limited to the relationships among family members who belong to different generations (Jaffe & Lane, 2004; Milton, 2008; Pearson et al., 2008).

First, conflict situations often emerge when different generations contribute to the strategic direction of family firms (Frank et al., 2011; Sonfield & Lussier, 2004; Welsh et al., 2013). Prior family business research typically has studied the role of different conflict *types* (e.g., task, process, relationship; Hoelscher, 2014; Kellermanns & Eddleston, 2004), but we argue that the extent to which intergenerational strategic involvement contributes to innovation pursuits also may be driven by how family members from different generations *resolve* conflict, irrespective of the specific type of that conflict. We focus in particular on whether they apply cooperative or competitive approaches to conflict resolution, consistent with previous research that underscores the tension between collaborative and competitive dynamics in family member disputes (Frank et al., 2011). Cooperative conflict management is characterized by high levels of concern for others, such that family members from different generations seek to bring issues into the open and investigate solutions that are agreeable to everyone involved. In contrast, competitive conflict management conveys low concern about others' opinions or feelings, such that family members attempt to impose their opinions on other generations at all cost, irrespective of the implications for the organization (Alper, Tjosvold, & Law, 2000; Chen, Liu, & Tjosvold, 2005; Zhang, Cao, & Tjosvold, 2011).

Second, we discuss the role of the social capital embedded in family member relationships that span more than one generation and how it influences the contributions of family members' collective strategy involvement to their firms' innovation pursuits. Social capital is a key aspect of organizations' internal relational context that promotes internal knowledge sharing among their ranks, as well as the creation of new organizational knowledge (Leana and van Buren, 1999; Nahapiet & Ghoshal, 1998). Similarly, we expect that the social capital held by family members from different generations has an important role for leveraging collective strategic inputs into innovation pursuits. Previous research suggests that the likelihood that family firms pursue innovation depends on internal social processes, including shared responsibility among family members toward common goals and the development of trustworthy personal relationships (Corbetta & Salvato, 2004; Eddleston & Morgan, 2014). Similarly, we focus on two dimensions of social capital (goal congruence and trust) among family members who belong to more than one generation and discuss how they might influence the usefulness of intergenerational strategy involvement for family firms' innovation pursuits.

Taken together, we seek to extend family business research by theorizing about the roles of conflict management and social capital as two aspects of familiness (Habbershon & Williams, 1999; Pearson et al., 2008), which previously have not been explored in relation to the transformation of intergenerational strategy involvement into innovation pursuits. We postulate that this involvement implies the *possibility* that different generations bring their personal knowledge and expertise to the table (Kellermanns, Eddleston, Barnett, & Pearson, 2008; Salvato, 2004), but the extent to which their respective knowledge bases can be exploited as innovation pursuits fundamentally depends on family-based processes that inform the effective *combination* of knowledge across generations (Cabrera-Suarez, de Saa-Perez, & Garcia-Almeida, 2001; Handler, 1991). Thus, we explicate that different facets of family firms' conflict management and social capital may have instrumental roles in unlocking the innovation potential inherent to intergenerational strategy involvement, because of their influence on how knowledge gets shared and combined among different generations. These issues have not been directly addressed in previous family business research.

Significant in this regard is that our theoretical focus is on the *concurrent* interplay of intergenerational strategic involvement on the one hand with conflict management and social capital on the other. In contrast, previous studies discuss either how family involvement might inform conflict generation and social relationship building in family firms (Arrègle, Hitt, Sirmon, & Very, 2007; Eddleston & Kellermanns, 2007) or how intra-family conflict and social relationships influence family firm goals (Cabrera-Suarez, Deniz-Deniz, & Martin-Santana, in press) and innovation outcomes (Litz & Kleysen, 2001; Sanchez-Famoso, Maseda, & Iturralde, 2014). Consistent with the contingency approach to the study of family firm dynamics (e.g., Eddleston, Kellermanns, & Zellweger, 2012; Hoelscher, 2014; Royer, Simons, & Boyd, 2008), we address *how* the usefulness of family members' collective strategic input for their firm's innovation pursuits varies, depending on (1) how they resolve conflict situations and (2) the nature of their social relationships. Moreover, in contrast with research that addresses the roles of different conflict types in family business settings (Kellermanns & Eddleston, 2004), our focus is on how intergenerational conflict is *resolved*. Finally, we acknowledge the presence of not just beneficial but also potentially harmful effects of social capital. This "dark side" of social capital has received some attention (Arrègle et al., 2007; Milton, 2008; Pearson et al., 2008), but no research explicates how it might operate in relation to different conflict management approaches. We argue that social capital by itself may enhance the usefulness of intergenerational strategy involvement for family firms' innovation pursuits, but it also can have a dysfunctional effect, such that it attenuates the positive (moderating) influence of cooperative conflict management and exacerbates the negative (moderating) influence of competitive conflict management.

Theoretical background

Consistent with previous research on top management team diversity (e.g., Boone & Hendriks, 2009; Qian, Cao, & Takeuchi,

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2013), family business scholarship suggests that family firms should draw from the strategic involvement of different family stakeholders when seeking to fulfill their innovative aspirations (Eddleston et al., 2012; Litz & Kleysen, 2001; Salvato, 2004). Such involvement brings together various viewpoints and approaches, which can promote the exploitation of opportunities that entail novelty and organizational improvement (Cabrera-Suarez et al., 2001). However, though goal prioritization, in terms of the firm's strategic direction, may be informed by the inputs of different family members (Kotlar & De Massis, 2013), consensus about the strategic direction might be challenging to achieve when more than one generation takes part in the firm's strategic management (Kellermanns et al., 2012; Kepner, 1991; Welsh et al., 2013). For example, incumbent generations may be reluctant to allow the significant involvement of younger family members in the strategic decision-making process, so that they can retain control (Kellermanns & Eddleston, 2004; Stavrou, 1999). Incumbent family members may also seek to become indispensable to the business, such that they impose and maintain decision-making authority over more recent additions to the firm (Lansberg, 1988), which can become manifest as limited decision autonomy granted to younger family members (Ibrahim, Soufani, & Lam, 2001).

We extend this research by acknowledging that family firms may exhibit great variation in terms of the level of involvement of representatives of different generations in the strategy decision-making process. We in particular seek to explicate the extent to which such intergenerational strategy involvement can contribute to family firms' innovation pursuits, as it depends on the ability to combine knowledge effectively across generations (Cabrera-Suarez et al., 2001; Kellermanns & Eddleston, 2006). Several factors might influence this ability; we focus on two critical aspects: the ways that conflict situations get resolved among family members who belong to more than one generation (family conflict management) and the social capital embedded in their personal relationships (family social capital). The glue that binds these two contingency factors is their impact on family members' propensity to share and integrate their respective knowledge bases (Cabrera-Suarez et al., 2001; Grant, 1996; Salvato & Melin, 2008) and their effect on whether the firm reaps the full innovation potential of family members' collective strategic inputs.

Family conflict management

Family members from different generations may resist openly sharing knowledge with one another if strong conflicts mark their relationships (Cassia et al., 2012; Sonfield & Lussier, 2004). Conflict in family firms arises in different forms, such as disagreements about content-related or decision-making issues or personal, emotion-based disputes (Hoelscher, 2014; Kellermanns & Eddleston, 2004). Previous family business research addresses the roles of these different conflict forms or types in family firm dynamics, but less attention has been devoted to *how* conflict situations may be resolved, let alone the role of conflict resolution in interactions that span more than one generation. Understanding the implications of conflict resolution across generations is important, because the different generations may be "locked in" to their firm, such that their conflicts are persistent and difficult to resolve (Jaffe & Lane, 2004; Kellermanns & Eddleston, 2004; Schulze, Lubatkin, & Dino, 2003). For the context of this study, we argue that the ways in which family members from different generations manage conflict situations should inform how their strategy involvement can be leveraged in the pursuit of innovation. We thus conceptualize conflict management as a critical resource on which family firms can draw in their strategic decision-making (Chang & Gotcher, 2010).

Drawing from research on conflict management, we distinguish two conflict management types, cooperative and competitive, with important implications for the propensity of effective knowledge combinations among family members from different generations. Cooperative conflict management reflects concerns for others' needs and priorities (Rahim, 1983; Song, Xie, & Dyer, 2000), whereby family members from different generations seek to satisfy one another's needs by searching for acceptable compromises. This collaborative approach entails an open exchange of knowledge across generations, with overt, detailed discussions about opposing viewpoints (Alper et al., 2000). In contrast, competitive conflict management conveys low concerns for the preferences of family members from other generations (Tjosvold & Chia, 1989). Family members give precedence to their own priorities and seek to create win–lose situations, in which they subject others to their personal goals (Oddou, Osland, & Blakeney, 2009). Notably, collaborative and confrontational conflict management approaches are not opposite ends of the same continuum (Deutsch, 1973). Rather, family members may use both approaches, depending, for example, on the specific subject of the conflict (Tjosvold, 1998). Thus, as previous research has indicated, the effects of collaborative and confrontational conflict management on decision outcomes are additive and do not substitute for each other (Chen et al., 2005; Wong, Tjosvold, & Chen, 2010).

Family social capital

We also consider the role of family firms' internal social capital for their ability to leverage intergenerational strategy involvement into innovation pursuits. Previous family business research indicates that social relationships among family members inform strategic goal setting (Kotlar & De Massis, 2013), which may include goals that emphasize change and adaption (Salvato & Melin, 2008). Social capital represents "the sum of actual and potential resources embedded within, available through, and derived from the network of relationships possessed by an individual or social unit" (Nahapiet & Ghoshal, 1998, p. 243). Similar to previous research (Adler & Kwon, 2002; Pearson et al., 2008), we adopt an internal perspective on social capital, in that we focus on the bonding aspect of social capital that resides *within* the collective family firm (and particularly among family members who belong to different generations), rather than external connections that extend this collective. This internal view resonates with the aforementioned familiness concept, which emphasizes the uniqueness of family members' collective interactions and involvement in their firm's functioning and decision-making (Habbershon & Williams, 1999; Pearson et al., 2008).

Despite growing interest in the study of intra-firm social capital in the context of family business (e.g., Arrègle et al., 2007; Pearson et al., 2008; Salvato & Melin, 2008), limited attention has addressed how social capital embedded in family member relationships that span more than one generation might facilitate or hinder the exploitation of intergenerational strategy involvement for innovation pursuits. According to Leana and van Buren (1999), the two primary components of intra-firm social capital are the propensity of organizational members to subordinate individual goals to collective goals and the presence of trust-based relationships. Consistent with this conceptualization, we focus on goal congruence and trust as two critical aspects of family social capital. *Goal congruence* is cognitive in nature and reflects the extent to which family members from different generations share the same vision about the future direction of their firm (Tsai & Ghoshal, 1998). Such goal congruence may help coordinate the activities of different family members to accomplish the firm's long-term objectives (Eddleston & Kellermanns, 2007). *Trust* is relational in nature and

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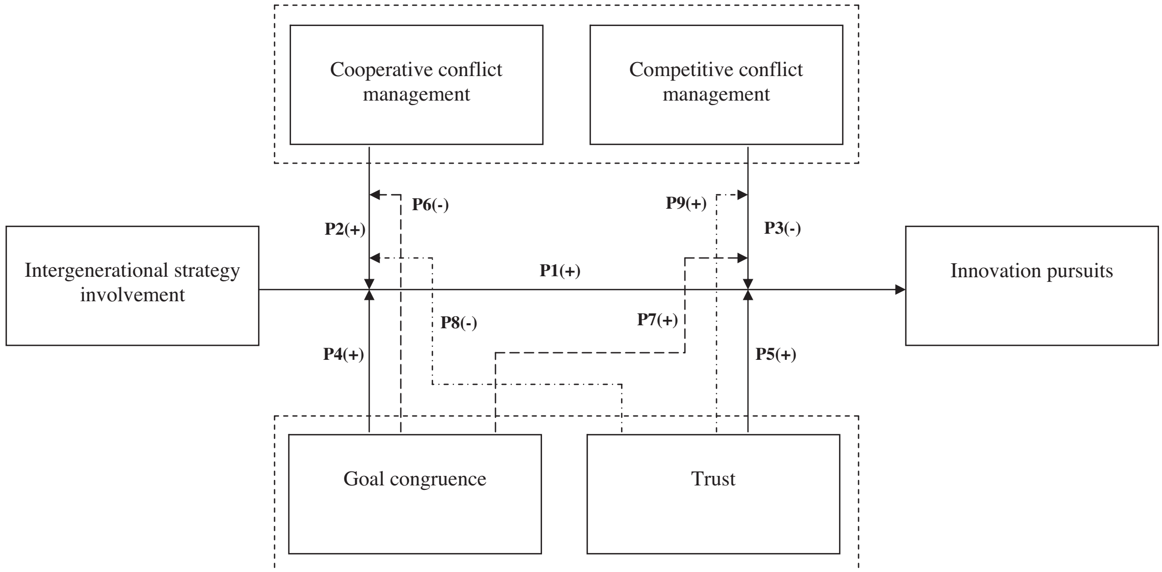

Fig. 1. Conceptual model.

refers to the positive expectations that family members from different generations have about one another's motives in situations entailing risk and vulnerability (Boon & Holmes, 1991; Corbetta & Salvato, 2004). We focus in particular on goodwill trust, which is the willingness of family members to leave themselves vulnerable to one another's actions (Dayan, Di Benedetto, & Colak, 2009).

Our conceptual framework is summarized in Fig. 1. We provide theoretical rationales for each of its constitutive propositions, explicating how the relationship between intergenerational strategy involvement and family firms' innovation pursuits is contingent on the unique and the combined effects of the aforementioned family conflict management and social capital. For each proposition, we illustrate our theoretical rationale with a real-life company example, based on our own observations of decision-making dynamics in Mexican family firms. These examples do not offer empirical evidence of our arguments but rather illustrate how the proposed relationships can work in actual business settings.

Propositions

Intergenerational strategy involvement and family firms' innovation pursuits

Strategic decisions made by a diverse set of contributors tend to be more creative and divergent than those made in settings in which decision makers have similar backgrounds, because the former setting involves the simultaneous consideration of multiple perspectives (Binyamin & Carmeli, 2010; Boone & Hendriks, 2009; Qian et al., 2013). Strategic decisions that draw from multiple perspectives infuse novelty into the goals that firms pursue, because they help reveal the suboptimal nature of current practices (Amabile, Conti, Coon, Lazenby, & Herron, 1996). Similarly, when family firms engage different generations in their strategic decision-making, they may be better equipped to pursue innovation goals. The input from family members who belong to different generations may spur the pursuit of innovation goals, because their combined expertise can fuel a continuous reexamination of viewpoints that might have dominated in the past (Jaffe & Lane, 2004; Kellermanns et al., 2008; Salvato, 2004). The development of a diverse repertoire of knowledge, resulting from intergenerational strategy involvement, also may enable family firms to identify a wider set of possible pathways to generate innovation outcomes, which enhances their perceptions that innovation pursuits are feasible (De Clercq, Dimov, & Thongpapanl, 2013; Floyd & Lane, 2000). In contrast, when intergenerational strategy involvement is low, family members likely perceive fewer alternatives to their current activity set and thus may be less likely to pursue innovation (Kellermanns & Eddleston, 2006). Our baseline proposition therefore asserts that, all else being equal, intergenerational strategy involvement promotes family firms' innovation pursuits.

An example comes from a Mexican family firm active in the hotel industry that faced a decision about whether to adopt a novel strategy and venture abroad, instead of focusing solely on its domestic market. The firm's second generation sought to expand activities to Spain, but the first generation was focused on exploiting the reputation that it had built in the Mexican market. After intensive discussions between the two generations about the best strategy, the firm decided to combine the two approaches into a specific, innovation-oriented goal. That is, it sought to establish a strategic alliance with a foreign hotel chain, so that the firm could learn incrementally about how to do business outside Mexico.

Proposition 1. There is a positive relationship between intergenerational strategy involvement and family firms' innovation pursuits.

Despite the innovation potential inherent to intergenerational strategy involvement, various challenges may disrupt this connection. Even if the *possibility* of enhanced knowledge flows among family members from different generations is high, because of their strong strategic involvement, effective knowledge combinations across generations might be fraught with challenges. Various generations have different priorities and viewpoints about the future strategic direction of their firm or even may blatantly dismiss one another's viewpoints, which can result in severe inefficiencies during strategic decision-making (Van der Hayden, Blondel, & Carlock, 2005). Sharing and combining knowledge with family members from another generation, though useful for pursuing innovation, also may create perceptions of relinquished power (Haberman & Danes, 2007; Shunk, 2003). These perceptions in turn may increase family members' propensity to focus on their personal privileges in the firm, rather than apply their collective knowledge bases to effective strategic discussions about pursuing innovation goals (Cabrera-Suarez et al., 2001; Van der Hayden et al., 2005).

In light of these challenges that underlie the effective integration of knowledge across family generations during strategic decision-making, we propose several contingencies that may influence the baseline relationship between intergenerational strategy involvement and family firms' innovation pursuits. Specifically, we consider the potential moderating effects of family conflict management (cooperative and competitive) and family social capital (goal congruence and trust). For parsimony, we omit the prefix "family" in our subsequent discussions, but our arguments pertain to interactions among family members who belong to different generations.

Moderating role of cooperative conflict management

Intergenerational strategy involvement may be more instrumental for family firms' innovation pursuits, to the extent that family members manage conflict in a cooperative manner. A cooperative approach to conflict management implies that family members from different generations express concern about one another's interests and work together as a collective, with the objective of reaching a solution that benefits everyone, when conflicts arise (Rahim, 1983; Song, Dyer, & Thieme, 2006). Thus, cooperative conflict handling aims to "expand the pie" rather than to divide it, which increases the likelihood that family members can turn their different strategic perspectives into innovation pursuits (Xie, Song, & Stringfellow, 1998). In this case, conflict situations create more objective, instead of self-interest–driven, judgments of how different strategic viewpoints may contribute to innovation-related goals (Dyer & Song, 1998).

Moreover, cooperative conflict management tends to involve significant time investments, required to discuss opposing viewpoints (Wong, Tjosvold, Wong, & Liu, 1999), so family members' personal commitment to applying their collective knowledge bases to their firm's innovation pursuits may increase. Without such cooperation, family members likely try to resolve disagreements by focusing on their own domain-specific tasks or skills, exhibiting less interest in leveraging their strategic discussions for innovation pursuits (Devinney, 1995). Finally, cooperative conflict management stimulates team interconnectedness and spirit (Chen et al., 2005), which should enhance family members' *intrinsic* motivation to combine their respective knowledge bases during strategic discussions to develop innovative goals that benefit the entire organization. In short, we expect intergenerational strategy involvement to be more instrumental in the pursuit of innovation to the extent that conflict is managed in a cooperative manner.

An example comes from a family firm that operates in the car dealer industry in Mexico. An important point of conflict between the firm's first and second generations revolved around the pace of growth and the number of car makes to distribute and service. The company's founder did not have strong growth aspirations and focused on the distribution of one brand (Nissan) through a single point of sale. When the founder's two sons entered the business, intense conflicts emerged about potentially novel ways to expand the business; however, these conflicts were always based on mutual respect and the objective of finding a compromise between the different viewpoints. Ultimately, the strategic discussions that took place among the three parties (the father and two sons), in the presence of these conflicts, led to the innovative goal of generating a unique positioning for the company in the industry. In particular, the company added Renault and Volkswagen as two additional brands and increased the number of points of sale, such that its new, unique positioning entailed the distribution and servicing of a diverse portfolio of car makes and the achievement of deep market penetration through the operation of multiple points of sale.

Proposition 2. The positive relationship between intergenerational strategy involvement and family firms' innovation pursuits is positively moderated by cooperative conflict management among family members from different generations.

Moderating role of competitive conflict management

The application of competitive conflict management likely diminishes the instrumentality of intergenerational strategy involvement for the pursuit of innovation. When family members approach conflicts as competitors, they tend to express limited concern for one another's preferences and interests (Alper et al., 2000; Song et al., 2006), which stifles effective knowledge flows and integration and undermines decision quality (Rahim, 2000; Tjosvold, 1998). Competition-driven conflict management should reduce the innovation potential inherent to intergenerational strategy involvement, because the resulting lack of close interactions makes family members less aware of how they can integrate their respective knowledge bases to pursue innovation from their collective strategic inputs (Cabrera-Suarez et al., 2001; Chen et al., 2005).

Furthermore, interactions between family members who seek to win disagreements at all costs are marked by lower receptivity for others' input and expertise (Tjosvold & Chia, 1989) and thus fewer conscientious efforts to expand personal skills sets, which are needed to leverage strategic inputs in the formulation of innovation-oriented goals (Kellermanns & Eddleston, 2006). When family members focus on their own interests during conflict situations, it is also more likely that they might overlook critical issues that otherwise could have arisen during early strategic discussions about innovation goals; thus, they may devote significant resources to "bad" ideas that get killed later, when they seek to convert these ideas into actual innovation goals (Xie et al., 1998). Accordingly, the use of a competitive conflict handling approach may inhibit the translation of intergenerational strategy involvement to the pursuit of innovation.

This argument is illustrated by the dynamics in a large, Mexican-based, family business active in the soft drink industry. The internal culture of the company was characterized by severe conflicts between father and son about how the firm could expand and rejuvenate its product portfolio. The father, who founded the company, had a very strong personality, which prevented his son's opposing viewpoints from being taken seriously during strategic meetings, even after the son had assumed the position of CEO. This competitive approach to settling intergenerational disagreements thwarted the firm's strategic goal to change its product portfolio and adapt to the changing needs of its industry. Ultimately, the company gave up on its innovative aspirations and had to be sold to another soft drink distribution enterprise.

Proposition 3. The positive relationship between intergenerational strategy involvement and family firms' innovation pursuits is negatively moderated by competitive conflict management among family members from different generations.

Moderating role of goal congruence

Goal congruence reflects the extent to which the goals of family members from different generations converge (Nahapiet & Ghoshal, 1998). The positive impact of intergenerational strategy involvement on family firms' innovation pursuits may be intensified at higher levels of goal congruence. When family members share the same ideas about the goals of their organization, they should be more motivated to combine their respective knowledge bases in anticipation that such combinations may promote the attainment of the common goal set (Leana and van Buren, 1999). When goal congruence is high, family members are more likely to provide wider access to their own knowledge base, such that their strategic input can lead more easily to innovation pursuits. In contrast, when their goals are at odds, family members may be more likely to keep their knowledge to themselves (Larsson, Bengtsson, Henriksson, & Sparks, 1998). Similarly, previous research has indicated that a lack of goal sharing among managers decreases their willingness to share novel information, thereby diminishing the innovative aspirations that underlie their strategic decisions (De Clercq et al., 2013).

Goal congruence also should increase the extent to which intergenerational strategy involvement can be leveraged for innovation pursuits, because shared goals tend to induce a common "dominant logic," which reflects a shared preference for how knowledge is processed and how problems are solved (Lane and Lubaktin, 1998). This logic then creates a deeper understanding of how to combine disparate pieces of knowledge effectively into innovation pursuits (De Clercq, Thongpapanl, & Dimov, 2011). Thus, when family members from different generations share similar goals about their firm, they should have a greater ability to apply their strategic inputs to fulfill their innovative aspirations, because of the superior integration of their respective domain-specific knowledge (Floyd & Lane, 2000). Finally, when their goals align, family members may feel more loyal to their family business (Eddleston & Kellermanns, 2007; Nahapiet & Ghoshal, 1998), such that they are highly motivated to invest significant effort in sharing their personal expertise and insights with one another during strategy meetings. In other words, when family members from different generations share a common goal set, their strategic decision-making is characterized by a greater commitment to their firm's well-being, which should enhance the potency of their strategic decisions to turn into innovation pursuits that can benefit their firm.

An example of this argument comes from a family firm active in the supermarket industry. The company was founded by a Mexican immigrant who moved to the United States to provide more income for his spouse and children. After some time, the immigrant had the innovative aspiration to buy a small convenience store in California and sought to establish a unique market position for the firm, with the help of his oldest sons. The two generations were both strongly committed to the firm's goal of strategic growth and shared a common understanding of how to meet this goal. Currently, the family owns 42 supermarkets, and each family member is strongly committed to the successful implementation of the firm's strategy with respect to future innovation activities.

Proposition 4. The positive relationship between intergenerational strategy involvement and family firms' innovation pursuits is positively moderated by goal congruence among family members from different generations.

Moderating role of trust

We also consider the role of (goodwill) trust, which reflects the willingness of family members from different generations to leave themselves vulnerable to others' actions (Dayan et al., 2009). This trust implies that family members will not engage in opportunistic behavior, even if the opportunity to do so arises (Zaheer, McEvily, & Perrone, 1998). The beneficial effect of intergenerational strategy involvement on family firms' innovation pursuits should be greater, to the extent that the interactions among family members from different generations are marked by higher levels of trust. Trust diminishes fears of criticism or looking foolish during decision-making (Atuahene-Gima & Murray, 2007) and thus may promote efforts by family members to be open to and learn from one another's strategic input when considering innovation-driven goals. If trust is high, family members also are more prone to ask for help and take risks in their strategic decisions (Jassawalla & Sashittal, 1998), which might increase the likelihood that these decisions lead to enhanced innovation pursuits.

Further, because trust reduces the need to monitor possible opportunistic behavior by others (Zaheer et al., 1998), trusting family members from different generations can allocate their time to more productive activities, such as figuring out how to combine their varying strategic inputs effectively to formulate innovation-oriented goals (Eddleston, Otondo, & Kellermanns, 2008). In conditions of high trust, family members also have greater confidence in the truthfulness of others' opinions about innovative approaches, so the chance that they take one another's strategic input seriously may increase (De Clercq et al., 2011). Finally, when family members are confident that others will not take advantage of them, their collective strategic input should be more effective for pursuing innovation, because the enhanced quality of their relationships allows them to voice opinions about a wider set of issues (Lambrechts, Grieten, Bouwen, & Corthouts, 2009) and creates a greater willingness to share privileged and sensitive knowledge (Yli-Renko, Autio, & Sapienza, 2001), including insights they have gained from their previous failures in setting innovation goals (De Luca & Atuahene-Gima, 2007). In other words, when trust is high, the associated psychological safety (Edmondson, 1999; Edmondson, Bohmer, & Pisano, 2001) enhances family members' interpersonal risk taking in terms of the nature of the knowledge that they share during strategic discussions, such that these discussions can be more productively turned into innovation pursuits.

An example can be found in a large, Mexican-based, family firm that operates in the movie industry. At one point in time, the firm's strategic decision-making revolved around choosing a suitable successor, which was deemed critical for its ability to pursue innovation. The decision-making process was influenced deeply by the perceived trustworthiness of the successor. Even though the selected family member was not an expert in the movie industry, family members attributed great importance to his track record of being trustworthy and his emphasis on mutual respect during previous strategic discussions about pursuing innovation goals. Under his leadership, the innovative aspirations of the company increased significantly; today, with more than 3000 theaters, the company is the largest market player in the Latin American movie industry and the fourth largest worldwide.

Proposition 5. The positive relationship between intergenerational strategy involvement and family firms' innovation pursuits is positively moderated by trust among family members from different generations.

In the following propositions, we also consider the combined roles of conflict management and social capital, and particularly how the social capital between family members from different generations influences both the enabling role of cooperative conflict management and the inhibiting role of competitive conflict management in converting intergenerational strategy involvement into family firms' innovation pursuits. These propositions reflect the possible dysfunctional role of social capital for leveraging diverse strategic inputs during conflict resolution (Gedajlovic, Honig, Moore, Payne, & Wright, 2013).

Combined roles of conflict management and goal congruence

We suggest that the desire for consensus seeking that may come with high levels of goal congruence (Homburg, Krohmer, & Workman, 1999; Kellermanns et al., 2012) could diminish the usefulness of cooperative conflict management and thus reduce its effectiveness in turning intergenerational strategy involvement into enhanced innovation pursuits. Consensus seeking among family members may reduce the odds of finding an *original* compromise between opposing viewpoints (Kellermanns et al., 2012; Leana and van Buren, 1999), such that cooperative conflict management becomes less useful for turning diverse strategic input into innovation pursuits. In other words, because goal congruence may encourage family members to focus internally during conflict situations (Nelson & Winter, 1982), it could stifle the infusion of fresh knowledge during collaborative conflict discussions, thereby preventing the identification of creative compromises when considering the strategic input of family members who belong to different generations. Moreover, high levels of goal congruence reflect adherence to prevailing norms and preferences, which may increase the time needed to find common ground when opposing viewpoints arise (Homburg et al., 1999), such that the efficiency with which diverse strategic input can be turned into innovation pursuits may decrease. In short, the focus on maintaining adherence to a common goal set may diminish the *quality* of the win–win situation that cooperative conflict management creates, such that its usefulness for turning intergenerational strategy input into enhanced innovation pursuits suffers.

An example is a Mexican, medium-sized, family company in the paint industry, whose strategic decision making relied on the founder and his nephew, who also functioned as the CEO. The two family members often had conflicting opinions about how the company could differentiate itself from its competitors, yet their decision-making was guided by a common goal set that was strongly informed by the traditional ways in which the business had operated since its emergence, decades earlier. As a result of this tendency to let consensus prevail over the generation of creative compromises between conflicting viewpoints, the company was hampered in its ability to exploit the strategic input of the different family members to derive innovative product goals that matched customer requirements. This dysfunctional process eventually led to the sale of the family firm to an external party.

Proposition 6. The invigorating effect of cooperative conflict management on the relationship between intergenerational strategy involvement and family firms' innovation pursuits is negatively moderated by goal congruence among family members from different generations, such that the invigorating effect is weaker at higher levels of goal congruence.

However, the harmful effect of competitive conflict management on the relationship between intergenerational strategy involvement and family firms' innovation pursuits may be invigorated by goal congruence. When goal congruence among family members is high, the creation of win–lose situations during conflict resolution may be perceived as a strong violation of the desire to respect the common goal set (Eddleston & Kellermanns, 2007), which leads to a perception that competitive approaches for dealing with conflict are highly intrusive. The consensus seeking associated with high levels of goal sharing therefore could make win–lose situations particularly counterproductive, because they would be interpreted as significant threats to previously discussed agreements or expectations (Homburg et al., 1999). If goal congruence invokes coherence in strategic decision-making, contrary to the notion of winning battles at any cost (Alper et al., 2000; Tjosvold, 1998), competition-driven conflict management may be particularly harmful to the ability of family members to apply their diverse strategic inputs for innovation pursuits when goal congruence is high. Finally, family members who experience strong normative pressures to comply with a common goal set may exhibit limited commitment to highly controversial solutions to conflict situations (Nahapiet & Ghoshal, 1998), which in turn could exacerbate the inhibiting role of competitive conflict management in converting intergenerational strategic input into enhanced innovation pursuits.

This argument is illustrated by the case of a midsize, family-owned hardware store in Mexico which relies on the strategic input of three generations. The firm's strategic decision-making with respect to innovative approaches is heavily biased toward following the founder's goals, whose opinions are deemed sacred and typically not questioned by other family members. Recently, the third-generation family members have become less accepting of the founder's prominent influence on the strategy-making process though, such that they increasingly seek to impose their own opinions aggressively when suggesting innovative pathways for the company. This friction across generations has proven dysfunctional for the firm's innovation-related aspirations, because of the great turmoil it has created within a family that, over the years, had become very accustomed to adhering to the founder's goals.

Proposition 7. The attenuating effect of competitive conflict management on the relationship between intergenerational strategy involvement and family firms' innovation pursuits is positively moderated by goal congruence among family members from different generations, such that the attenuating effect is stronger at higher levels of goal congruence.

Combined roles of conflict management and trust

Similar to goal congruence, we expect that the positive moderating effect of cooperative conflict management on the relationship between intergenerational strategy involvement and innovation pursuits gets attenuated when family members from different generations exhibit high levels of trust in one another. Previous research suggests that trust-based relationships may also have a dark side (Molina-Morales, Martínez-Fernández, & Torlò, 2011; Zahra, Yavuz, & Ucbasaran, 2006), and we argue that this dark side features prominently when conflict situations arise during strategic discussions among family members (De Clercq, Thongpapanl, & Dimov, 2009). High levels of trust during cooperative conflict situations can limit the number of conflicting viewpoints that are taken into consideration during strategic decision-making because family members may rely on only a narrow base of 'trustworthy' sources and are more likely to reject or ignore highly controversial viewpoints (Zahra et al., 2006). Furthermore, trust may enhance the tendency that family members take their own knowledge bases for granted and do not critically evaluate the contribution that conflicting viewpoints can make to the generation of creative compromises in collaborative settings (De Clercq et al., 2009). Thus, strong, trusting bonds may diminish the extent to which the knowledge input received from other family members during the collaborative compromise process gets critically evaluated and creatively combined with the own knowledge base (Molina-Morales et al., 2011), such that highly trusting family members have more difficulty applying their collective strategic input to innovation pursuits when cooperative conflict management exists. In this case, their adaptive abilities when seeking common ground become curtailed, and the usefulness of cooperative conflict management for exploiting intergenerational strategy involvement diminishes. In the same vein, Langfred (2004) indicates that high levels of trust limit exchange partners' critical approaches to others' opposing viewpoints when they seek a compromise, which then reduces the rigor with which they evaluate their respective knowledge bases during strategy discussions.

This argument is illustrated by the case of a Mexican-based family firm that produces resins for paint. The company is owned by two brothers and their children and has followed an aggressive growth strategy to give the family members sufficient opportunities to work for the firm. The different generations get along well and tend to seek compromises that are acceptable for everyone involved, whenever strategic decisions are required in terms of opportunities for new products or processes. Yet the trust that marks the intergenerational relationships also has been a liability for the company, because it stifles the creativity of the compromises generated. The primary dynamic that underpins this lack of innovative aspirations is that when conflict situations arise during strategic discussions, family members do not want to undermine the strong harmony they enjoy by appearing overly critical of others' opinions. As a result, the firm has missed various innovation opportunities and lost significant market share relative to its competitors.

Proposition 8. The invigorating effect of cooperative conflict management on the relationship between intergenerational strategy involvement and family firms' innovation pursuits is negatively moderated by trust among family members from different generations, such that the invigorating effect is weaker at higher levels of trust.

The inhibiting role of competitive conflict management in turning intergenerational strategy involvement into innovation pursuits instead may be invigorated when family members exhibit high levels of trust. When trust is high, family members may interpret win–lose situations during conflict resolution as offensive violations (Lewicki & Bunker, 1996), perceiving that competition-based conflict resolution undermines the personal investments that family members have made to build trustworthy relationships (Dayan et al., 2009). Such perceptions in turn might enhance the stifling effect of competitive conflict management on the willingness of family members to combine and integrate their respective knowledge bases to formulate innovative goals. The solidarity that comes with the development of trustworthy relationships over time (Zahra et al., 2006) may evoke strong negative feelings among family members when conflict situations are solved unilaterally because this conflict management approach undermines the premise of collegiality underlying that solidarity (Dayan et al., 2009; Tjosvold & Chia, 1989), such that this conflict management approach significantly challenges the effective application of intergenerational strategy involvement to the firm's innovation pursuits. In other words, when trust is high and family members have high expectations that trusted peers should *not* hurt one another's feelings, competitive conflict management becomes particularly counterproductive and may prevent intergenerational strategy involvement from transforming into innovation pursuits (Leana and van Buren, 1999). Conversely, at low levels of trust, family members may be less offended by aggressive solutions to conflict situations, so the inhibiting role of competitive conflict management in the exploitation of intergenerational strategy involvement might be attenuated.

For example, a large, multigenerational family business is active in the transportation industry in Mexico. Aggressive confrontation is highly valued in its culture, particularly with regard to strategic goals, organizational change, and the introduction of innovative services in the market. The family members of the different generations get along well and value the trustworthiness of their mutual relationships, but this relational quality tends to make them more sensitive to the perception that the prevailing trust across generations might be *breached* if others tried to enforce a decision, without gauging everyone's input. Thus, the ability of the company to suggest innovative solutions to organizational or market problems during aggressive strategic discussions is limited, because of the belief that the presence of "hard" confrontations among family members violates the positive expectations that come with trust-based relationships.

Proposition 9. The attenuating effect of competitive conflict management on the relationship between intergenerational strategy involvement and family firms' innovation pursuits is positively moderated by trust, such that the attenuating effect is stronger at higher levels of trust.

Discussion

Implications for family business research and practice

The proposed conceptual model seeks to provide a better understanding of why some family firms are more likely than others to pursue innovation. We focused in particular on the case of family firms in which more than one generation is involved in the strategic management of the firm. Previous research indicates that family firms in which representatives of more than one generation are part of the strategic decision-making process may suffer competitively, to the extent that they fail to manage conflict within the family or cannot develop and maintain effective social relationships among family members (Beckhard & Dyer, 1983; Kellermanns & Eddleston, 2004; Stavrou, 1999). Therefore, understanding how different conflict resolution approaches and dimensions of social capital influence the usefulness of intergenerational strategy involvement for family firms' innovation pursuits is an important issue.

Our theorizing indicates that intergenerational strategy involvement does not provide an *automatic* platform for family firms' innovation pursuits. Family members from different generations may be hesitant to share and combine their respective knowledge bases with one another during their strategic discussions, because they likely have different views about the type of innovation activities, if any, that their firm should undertake. For example, some research suggests that while first-generation family members tend to be more conservative and focused on preserving family wealth or ensuring a legacy for future generations (Kellermanns & Eddleston, 2006; Sharma et al., 1997), later generation family members instead may be more entrepreneurially oriented and embrace radical innovation, even if it breaks with past decisions (Litz & Kleysen, 2001; Salvato, 2004). Yet other research indicates that lone-founder and first-generation family firms may be more entrepreneurial, whereas their later generation counterparts may focus on nurturing and preserving the family's accumulated wealth (Miller & Le Bretton-Miller, 2011). Accordingly, the successful conversion of intergenerational strategy involvement into the pursuit of innovation becomes more challenging to the extent that family members are less likely to combine their expertise and skills because of their different innovation preferences. In response, we argued that in their pursuit of innovation, family firms should carefully consider the role of two aspects of their *familiness* or unique family member interactions (Habbershon & Williams, 1999: how conflict situations are managed among different generations, and the social capital embedded in intergenerational exchanges.

First, to the extent that family members collaborate when dealing with conflicting viewpoints during their strategic decision-making, they should be better able to leverage their strategic inputs into the pursuit of innovation goals, rather than engaging in activities that focus on preserving their personal privileges, at the expense of the collective benefit (Tjosvold & Poon, 1998; Xie, Song, & Stringfellow, 2003). In contrast, if conflict management is strongly competition driven, family members' willingness to integrate their collective knowledge bases may be low, which would hamper the conversion of their collective strategic inputs into enhanced innovation pursuits (Cabrera-Suarez et al., 2001).

Second, the proposed framework suggests that high levels of social capital—manifested as the presence of common goals and high levels of trust among different generations—can facilitate the conversion of intergenerational strategy involvement into innovation pursuits. Family firms with innovative aspirations can benefit from promoting adherence to collective goals and building trust-based relationships among family members who belong to different generations, because these measures enhance the depth and richness of the knowledge exchange that takes place during strategy meetings (Lambrechts et al., 2009; Leana and van Buren, 1999). Yet our framework also suggests a possible dark side of high levels of social capital among family members across generations, in that such capital can undermine the advantages of cooperative conflict management and exacerbate the negative consequences of competitive conflict management.

On the one hand, we argue that because social capital creates a danger of an overly strong focus on consensus seeking (Homburg et al., 1999; Kellermanns et al., 2012) and tendency to ignore or evaluate less critically strongly conflicting viewpoints (De Clercq et al., 2009; Zahra et al., 2006), it can diminish the quality of the compromises reached during collaborative conflict management. The reduced novelty of the solutions that strongly connected family members devise when looking for a middle ground in their opposing viewpoints then may diminish the relative usefulness of their collective strategic contributions for innovation pursuits. On the other hand, in the presence of high goal congruence or trust, family members may have unrealistic expectations about how they should be treated during conflict situations, such that they may feel offended or personally threatened if others seek to impose opinions on them. In this case, the negative emotions that underpin competition-driven conflict management may escalate (Alper et al., 2000), such that this type of conflict management becomes particularly harmful for the effective translation of intergenerational strategy involvement into enhanced innovation pursuits. Taken together, the trade-off between the "good" and "bad" sides of intra-firm social capital in our theoretical framework suggests that though family firms can benefit from promoting goal sharing and trust among different generations, they also should ensure a minimum level of constructive criticism and create expectations that competitive positions during conflict situations will not be perceived as personal attacks that undermine existing social relationships.

For practitioners, the proposed framework provides insights into the effective management of relationships among family members who belong to more than one generation. Family members who take an active role in the firm's strategic decision-making should not only be proficient in pursuing innovative products or processes but also be willing to combine their respective knowledge bases with others' during conflict situations that span different generations, even if this open knowledge exchange might jeopardize their current privileges in the firm. Family firms that seek to adopt an innovative strategic posture therefore should heed family members who are flexible enough to listen to and integrate others' opposing viewpoints during strategy discussions, rather than automatically disregarding those viewpoints due to internal competition or political considerations. Moreover, family members from different generations who take on strategic responsibility could be *trained* to understand and appreciate the value of managing their conflicts cooperatively and to avoid competition-driven conflict resolution mechanisms. This training could include the identification of positively related goals and the development of skills to discuss differences openly (Tjosvold, Wong, & Chen, 2014).

Finally, priority should be granted to family members with strong social skills who are keen to work toward a common goal set and can be relied on *not* to take advantage of their relatives, even if the opportunity presents itself. Yet our framework also underscores the usefulness of developing a "deeper" set of skills. Family firms should recognize that there is a possible dark side to high social capital, particularly in terms of its potential influence on the relative usefulness of different conflict management approaches.

Future research directions

Our proposed framework suggests some interesting avenues for research. In addition to empirically testing the proposed framework, future research could use it as a platform for further theoretical extensions and empirical investigations. For example, whereas our theoretical focus was on the *concurrent* interplay between conflict management and social capital, future research could use longitudinal designs to investigate how the social capital held by family members from different generations itself may inform the likelihood of certain conflict management approaches, thereby acknowledging the path dependent nature of family members' social relationships and the ways in which they resolve conflict. Furthermore, we have argued that open knowledge sharing is a critical mechanism that underpins the impact of conflict management and social capital on the conversion of intergenerational strategy involvement into family firms' innovation pursuits. Additional research could measure such open knowledge sharing directly and assess how the moderating effects proposed herein relate to different aspects of family member knowledge exchanges during strategic discussions—such as the breadth and depth of knowledge sharing (Zahra, Ireland, & Hitt, 2000) or the tacitness of the knowledge that gets exchanged (Nonaka, 1994)—as well as investigate how these aspects of knowledge sharing might inform the *type* of innovation pursued, such as incremental or radical innovation (Block, 2012; Jaskiewicz, Combs, & Rau, 2015; McAdam, Reid, & Mitchell, 2010).

Furthermore, our conceptual framework focused on family firms in which more than one generation is involved in the strategic management of the firm. Future research could test the proposed relationships across a broad range of family firms, such as interactions among different subgroups (e.g., among sibling or cousin groups or between family and nonfamily members), and investigate whether the strength of the relationships varies across these different settings (Miller, Le Breton-Miller, Lester, & Cannella, 2007). For example, the relative usefulness of effective knowledge combinations among subgroups may be stronger if the interacting subgroups differ greatly in their characteristics and experience, in which case more novel insights could be gained from strategic discussions about possible innovation pursuits (Litz & Kleysen, 2001). Thus, research could investigate the specific roles that conflict management and social capital play in influencing the relationship between strategic involvement and innovation pursuits, depending on the profiles of the interacting subgroups.

Future research also could expand the proposed framework by investigating how *other* internal family processes, such as the formality of succession planning across generations (Sonfield & Lussier, 2004), as well as external market conditions, such as competitive rivalry (Cui, Griffith, & Cavusgil, 2005), influence the contributions of intergenerational strategy involvement to family firms' innovation pursuits. A particularly fruitful area in this regard might be the investigation of the *combined* effects of internal and external factors on the potency with which intergenerational strategy involvement enhances innovation pursuits. For example, different conflict management approaches (collaborative or competitive) might be stronger when family firms compete in markets characterized by high levels of competitive rivalry. Family members may experience heightened pressure to leverage their collective skill sets if they face adverse external conditions (Kim & Atuahene-Gima, 2010), which then might increase the intensity with which they approach conflict situations (Lahiri, Pérez-Nordtvedt, & Renn, 2008) and make the impact of their conflict management approach on the intergenerational strategy involvement–innovation pursuits relationship more salient.

Finally, though our theoretical arguments are general and not country-specific, future research might consider the potential influence of cultural variables on our conceptual framework, particularly for the moderating roles of conflict management and social capital. For example, perceptions of conflict management vary across countries (Oudenhoven, Mechelse, & de Dreu, 1998), so the extent to which different conflict resolution approaches moderate the relationship between intergenerational strategy involvement and family firms' innovation pursuits likely is not identical in different country settings. In collectivistic countries in which collaboration is highly valued (Hofstede, 2001), the potency with which cooperative conflict management converts intergenerational strategy involvement into enhanced innovation pursuits might be stronger than in more individualistic countries. Conversely, in individualistic countries, obtaining success through personal means is regarded more positively than success derived through collective efforts, so the inhibiting effect of competitive conflict management on the relationship between intergenerational strategy involvement and the family firm's innovation pursuits may be less salient (Song, Kawakami, & Stringfellow, 2010). Family members in individualistic countries may enjoy a "good fight" with representatives of other generations, such that strong competition during conflict situations would add to their intrinsic motivation and commitment to convert their collective strategic input into innovation outcomes. Moreover, it would be interesting to examine the interplay of conflict management and social capital across different countries, because of the cultural differences in the importance attributed to consensus building and respect for close social relationships (Hofstede, 2001).

To conclude, this article directed greater attention to the role of intergenerational strategy involvement in the innovation pursuits of family firms. It focused in particular on the circumstances in which such involvement might be more or less useful, as informed by how internal conflict situations are managed and the social capital that exists among family members from different generations. We hope that the ideas advanced in this study can serve as a platform for future theoretical and empirical studies that investigate how family firms can leverage the divergent expertise that is dispersed across their different generations into stronger innovative market positions.

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