

Behavioral bias in the family business: Towards a conceptual model

G rard HIRIGOYEN

Professor of Management Sciences
University of Montesquieu Bordeaux IV
Research Institute of Organizations Management (IRGO)
35 Avenue Abadie
33072 Bordeaux Cedex- France
gerard.hirigoyen@u-bordeaux4.fr
Tel: +33(0) 05 56 00 96
Fax: +33(0)556370025

Rania LABAKI* (Corresponding author)

Assistant Professor of Management Sciences
University of Montesquieu Bordeaux IV
Research Institute of Organizations Management (IRGO)
35 Avenue Abadie
33072 Bordeaux Cedex- France
rania.labaki@u-bordeaux4.fr
Tel: +33(0)663603725
Fax: +33(0)556370025

ABSTRACT: The aim of this article is to extend the concept of behavioral bias to the study of family stakeholders in the family business. Based on organizational behavior and social identity theories as well as on contributions from the family business and governance literatures, the theoretical model explains how the owner-manager's behavior is not static and homogenous as it was traditionally maintained. By focusing on the succession process, it examines possible managerial deviations from the family's utility function. It suggests that managerial bias leads to perceived injustice by the family stakeholders, which generates in turn stakeholders' bias, and threatens the family business succession process. Family and identity-based governance mechanisms are finally suggested as moderating variables regulating behavioral bias in the family business.

Keywords: Behavioral bias - Family business - Perceived injustice - Governance - Social identity – Succession legacy in the form of their family business, which must be nurtured