

**The influence of institutional and in-group collectivism practices on next-generation engagement in the family business**

**Pedro Torres**

University of Coimbra, CeBER, Faculty of Economics  
Av. Dias da Silva, 165  
3004-512 Coimbra - Portugal  
E-mail: [pedro.torres@uc.pt](mailto:pedro.torres@uc.pt)

**Mário Augusto**

University of Coimbra, CeBER, Faculty of Economics  
Av. Dias da Silva, 165  
3004-512 Coimbra - Portugal  
E-mail: [maugusto@fe.uc.pt](mailto:maugusto@fe.uc.pt)

**Rui Quaresma**

University of Évora, CEFAGE-UE, School of Social Sciences, Department of Management  
Largo dos Colegiais, 2  
7004-516 Évora - Portugal  
E-mail: [quaresma@uevora.pt](mailto:quaresma@uevora.pt)

Corresponding author: Pedro Torres

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# **The influence of institutional and in-group collectivism practices on next-generation engagement in the family business**

## **Abstract**

**Purpose** – This research aims to investigate the influence of country culture on the next-generation's intention to become managerial leaders of their family business, focusing on institutional and in-group collectivism practices. We investigate not only the direct effect of these collectivism practices on next-generation engagement but also the extent to which institutional and/or in-group collectivism moderate the relationship between parental support and next-generation engagement and the extent to which institutional and/or in-group collectivism moderate the relationship between self-efficacy and next-generation engagement.

**Design/methodology/approach** – Using cross-national data from the Global University Entrepreneurial Spirit Students' Survey (GUESSS) and the Global Leadership and Organizational Behavior Effectiveness (GLOBE), hierarchical linear modelling is employed to test the hypotheses using a sample of 33,390 observations collected in 20 countries.

**Findings** – The main findings show that both institutional and in-group collectivism practices may increase next-generation engagement levels. Furthermore, these cultural practices can amplify the relationship between family business self-efficacy and next-generation engagement. However, institutional collectivism can slightly reduce the positive effect of parental support on family offspring's intention to become leaders of their family business. The results also reveal that parental support has a stronger direct effect on next-generation engagement than family business self-efficacy.

**Originality/value** – This study examines the influence of cultural practices on next-generation engagement, focusing on collectivism practices. The study distinguishes between institutional collectivism and in-group collectivism. Unlike past research, a direct effect of parental support on next-generation engagement is considered. The study also uses a

particular type of self-efficacy: family business self-efficacy. In addition, a multi-level method is employed, which is rarely used in this context.

**Keywords:** family firms; entrepreneurial intention; institutional theory

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## **Introduction**

It is widely acknowledged that next-generation engagement is essential for family business continuity, even more so in the context of an aging population (Garcia *et al.*, 2019). Without next-generation engagement—the next-generation’s intention to contribute to the leadership and sustainability of the family business—family businesses will not be able to pass control of the business to the younger generation, which may pose a significant obstacle to its continuity (Zellweger *et al.*, 2012). The extant literature emphasises the challenges and complexity of succession, particularly in family firms (see, for example, Bocatto *et al.*, 2010). Thus, next-generation engagement is a relevant research topic (Dawson *et al.*, 2015).

However, despite family business leaders’ concerns about succession, very little research has been devoted to understanding the antecedents of next-generation engagement (Garcia *et al.*, 2019). Some research has found that the cultural context can play an important role in family firms’ continuity (Stamm and Lubinski, 2011). Recent studies suggest that socio-cultural factors should be integrated in studying business succession planning and that future research should adopt an institutional perspective (Ferrari, 2021). Thus, the main objective of this study is to fill this gap and contribute to this stream of research by examining the influence of country culture on the next-generation’s intention to become managerial leaders of their family business, with a focus on institutional and in-group collectivism practices.

Collectivism is considered the cultural ‘dimension that is most intricately linked with the integration of individuals into primary groups, such as families’ (Sharma and Manikutty, 2005, p. 296). Chiefly, it refers to the belief that people are part of close and interconnected groups that protect and provide security throughout life, and in which group loyalty is valued over individual achievements (Gelfand *et al.*, 2004). According to a PwC report, the tension between collectivism/individualism is one of the main driving forces shaping work of the future (PwC, 2018). In the same vein, succession intention might also be influenced by these cultural

practices. Thus, studying differences in next-generation engagement across countries considering cultural practices is relevant because they might inform future public policy.

As aforementioned, next-generation members have been neglected in the family firm research (De Massis *et al.*, 2016). This is even more striking given that next-generation members have low levels of intention to work in the family business (Zellweger, 2017). Intention is considered ‘the best single predictor of an individual’s behaviour’ (Fishbein and Ajzen, 1975, p. 369). Thus, it is crucial to understand the factors that might influence next-generation intention to engage in the family business. While Garcia *et al.* (2019) theorise that parental support has an indirect influence on next-generation engagement, there might be a direct relationship between these constructs. Nevertheless, their conceptual model provides support for considering parental support as an important antecedent of next-generation engagement. Our study addresses calls to empirically test these constructs (e.g. Sharma *et al.*, 2020).

The importance of self-efficacy on career choice intention has likewise been well established in the literature (Lent *et al.*, 1994). According to the theory of planned behaviour (Ajzen, 1991; Fishbein and Ajzen, 1975), behavioural intention is contingent on control beliefs. Given that self-efficacy influences the degree of difficulty in performing an actual behaviour (Bandura, 1994), it might motivate next-generation members to choose their family business as their career path. Accordingly, there are strong theoretical arguments to include this construct in this study.

Furthermore, the interactions between an individual’s predisposition and the societal context should be considered. The entrepreneurship literature (e.g. Schlaegel and Koenig, 2014; Wennberg *et al.*, 2013) posits that entrepreneurial intentions are explained by the interplay between the individual and contextual antecedents. Therefore, a multi-layered approach is recommended to better understand the entrepreneurial phenomenon (Welter,

2011). The same argument applies to next-generation engagement, which can be influenced by national culture. In fact, past studies suggest that the entrepreneurship literature and the entrepreneurial process provide a suitable perspective to examine succession in family firms (e.g. Norqvist *et al.*, 2013; Porfírio *et al.*, 2020). Cultural norms and practices influence entrepreneurial behaviours (e.g. Shane, 1993; Torres and Augusto, 2019). Thus, the cultural context might also directly or indirectly influence next-generation engagement in the family business. However, culture is rarely considered in studies that focus on this issue and multi-level methods, although recommended, are rarely employed. In particular, there are calls for more research on the role of collectivistic and individualistic cultural practices in the context of family firms (e.g. Kotlar and Sieger, 2019; Soleimanof *et al.*, 2019). The individualism-collectivism dimension of culture is considered the most important source of cross-country variation in cultural psychology (Heine, 2007).

Collectivistic cultures might nurture stronger emotional ties with extended family members, which offer both an opportunity and a challenge to family businesses (Khavul *et al.*, 2009). Notably, strong ties are not based on short-term calculations of self-interest and contain an implicit idea of reciprocal obligation (Aldrich, 1999). There is also some evidence that collectivist and individualistic societies differently influence next-generation engagement; previous reports suggest that the higher the individualism in a country, the lower the respective succession indices (Zellweger *et al.*, 2012). When the next generation grows up in a country with loose family ties in an environment where everyone is expected to look after themselves, they might be less likely to become leaders of their family business. Subsequent reports based on data from Global University Entrepreneurial Spirit Students' Survey (GUESSS) also note that succession intention varies across countries. For example, Mexico and Slovenia present high succession intention scores, while the U.S. and Denmark present low succession intention scores (Zellweger *et al.*, 2015). The 2018 GUESSS Global Report (Sieger *et al.*, 2019) also

shows that the share of intentional entrepreneurs differs significantly across countries, which might be explained by individualism/collectivism practices. Moreover, collectivistic and individualistic cultures are likely to present different challenges for policy design aimed at promoting entrepreneurial behaviours (Khavul *et al.*, 2009), which justifies the need for further research. Furthermore, past research suggests that institutional and in-group collectivism might have an opposite influence on entrepreneurial behaviour (e.g. Torres and Augusto, 2021). Thus, it is relevant to distinguish these two types of collectivism and their unique influences on next-generation family members' intention to become leaders of their family business.

Considering the aforementioned aspects, this study seeks to address the following research questions: To what extent are parental support and self-efficacy important to motivate next-generation family members to engage in their family business? What is the effect of institutional and/or in-group collectivism on next-generation engagement? Does institutional and/or in-group collectivism moderate the relationship between parental support and next-generation engagement? Does institutional and/or in-group collectivism moderate the relationship between self-efficacy and next-generation engagement?

Institutional theory provides theoretical support to argue that cultural practices shape individual behaviour (Acemoglu *et al.*, 2005; North, 1990; Williamson, 2000), such as next-generation engagement in the family business. The proposed research model considers both the direct effect of collectivism practices on next-generation engagement and its moderating effect on the relationship between parental support and family self-efficacy on next-generation individuals' intention to become leaders of their family business. Distinguishing between institutional collectivism practices and in-group collectivism practices might provide additional insights. While institutional collectivism tends to emphasise collective interests, in-group collectivism reflects to what extent individuals depend on their families or organisations (House and Javidan, 2004). Hence, in-group collectivism largely reflects family collectivism

(Brewer and Venaik, 2011), which might be of particular importance in the context of family business.

Considering the hierarchical structure of the data, the research hypotheses are tested employing a multi-level approach using two datasets: the GUESSS and the Global Leadership and Organizational Behavior Effectiveness (GLOBE). Combining these two datasets yielded 33,390 observations at the individual level in 20 countries. Hierarchical linear modelling (HLM) was employed because this method can solve the bias of cross-level variances and allows for an analysis of multi-level effects on next-generation engagement.

The findings contribute to the family business literature and advance the career-related literature by considering multiple levels of analysis and the type of career choice. The results show that next-generation family members exhibiting similar family business self-efficacy and with comparable parental support might behave differently contingent to their cultural context. Next-generation individuals' intention to become managerial leaders of their family business is positively influenced by institutional and in-group collectivism practices. Furthermore, these cultural practices might amplify the relationship between family business self-efficacy and next-generation engagement. However, institutional collectivism moderates the relationship between parental support and next-generation engagement such that the relationship is less positive when institutional collectivism is high.

Different from past research, we consider a direct effect of parental support on next-generation engagement. The study results reveal that parental support has a strong direct effect on next-generation engagement in the family business that is even stronger than the effect of family business self-efficacy. Therefore, we suggest that future research consider the direct effect of parental support on entrepreneurial behaviour. It is also worth noting that using a particular type of self-efficacy might be more accurate in the context of family business. In this study, family business self-efficacy refers to skills such as diplomacy, conflict resolution, and



negotiation. Considering the aforementioned findings, we recommend that family business leaders' provide adequate support to their offspring and intentionally expose next-generation family members to societies with high institutional and high in-group collectivism to promote next-generation engagement. Thus, this study advances the succession literature, which is mainly focused on firm level processes and outcomes rather than on individual or family level antecedents (Daspit *et al.*, 2016; Jaskiewicz and Dyer, 2017). In fact, to date, very little research has investigated the antecedents of next-generation engagement in the family business (see Garcia *et al.*, 2019 and Zellweger *et al.*, 2011, for exceptions) and limited research has considered the influence of collectivistic cultures on family firms (see Khavul *et al.*, 2009 for an exception).

Following this introduction, the next section develops the theoretical arguments supporting the hypotheses. The research design section describes the data sources, sample, measures, and method. The following section presents the results of the multi-level analysis. The next section discusses the results and highlights the contributions and limitations, and the last section presents the main conclusions.

## **Theory and hypotheses**

Despite the fact that next-generation engagement is essential to family business continuity, next-generation members have been overlooked in the family firm research (De Massis *et al.*, 2016). In this study, next-generation engagement refers to the intention of the offspring of the founding or incumbent's generation to actively contribute to the leadership and sustainability of their family business (Zellweger *et al.*, 2012). Following past studies, this leadership should be understood as managerial leadership in the context of this research (e.g. Daspit, 2016; Garcia *et al.*, 2019;). Worldwide, the economic fabric mainly consists of family firms (Astrachan and Shanker, 2003). Thus, examining the determinants of next-generation intention to become a

successor is an important research topic, particularly because next-generation members have low levels of intention to work in their family business (Zellweger, 2017). The role of incumbents in family firm succession has been studied often (e.g. De Massis *et al.*, 2008), but little research addresses successors' intention to assume responsibility for the family business leadership (Garcia *et al.*, 2019; Zellweger *et al.*, 2011). This study aims to contribute to this stream of research by examining the influence of institutional and in-group collectivism practices on next-generation engagement.

Research focusing on the next-generation's succession career intent is scarce. Zellweger *et al.* (2011) emphasise that offspring have an additional option regarding career choice if their family runs a business: to become a successor rather than creating their own company or finding employment. This career choice has specificities that justify further research. The conceptual model that guides this research is presented in Figure 1. Additionally, we recognise that other factors can influence next-generation, such as gender and education, which are included in the model as control covariates.

*(Insert Figure 1 about here)*

Institutional theory (Acemoglu *et al.*, 2005; North, 1990; Williamson, 2000) provides support to examine the influence of cultural practices on next-generation engagement. According to this theory, institutions correspond to 'human-devised constraints that shape human interaction' (North, 1990, p. 3) and can either be formal (e.g. regulations, contracts, and procedures) or informal (e.g. culture or social norms). There are two types of informal institutions—cognitive and normative—that relate to the concepts of cultural values and cultural practices (Javidan *et al.*, 2006).

The literature is increasingly paying more attention to cultural practices than cultural values (e.g. Thai and Turkina, 2014) because the former may have a more direct influence on human behaviour; individuals can easily assimilate what they perceive to be usual societal behaviours (Nolan *et al.*, 2008). Thus, this study focus on cultural practices corresponding to a routine type of behaviour (Reckwitz, 2002) that represent a shared understanding of action that individuals continuously draw upon to make sense of their behaviours (Swidler, 1986). In doing so, it also contributes to the scarce career-related literature focusing on the role of proximal environmental affordances in the relationship between individual factors and career aspirations in young people (Sawitri and Creed, 2017).

Among the different cultural dimensions, the importance of collectivism for understanding entrepreneurship is widely recognised in the literature (e.g. Morris *et al.*, 1994; Stephan and Pathak, 2016; Tiessen, 1997; Triandis and Suh, 2002). However, the role of countries' collectivism orientation in the context of family firms is poorly understood. This cultural dimension is often linked to vocational behaviour (Hartung *et al.*, 2010), but has been frequently overlooked in the context of family firms.

Considering a multi-level approach and the interactions between individual and group level factors is also justified by social cognitive theory (Bandura, 1986), which suggests that the founding or incumbent's generation offspring intention to become successors in the family business might reflect person-environment interactions. At the individual level, according to the theory of planned behaviour (Ajzen, 1991; Fishbein and Ajzen, 1975), intentions can result from three factors: *i*) attitude toward performing the behaviour, *ii*) subjective norms, and *iii*) perceived behavioural control (Ajzen, 1991). Among these factors, this study focuses on the effect of perceived behavioural control, namely the influence of self-efficacy. Individuals select activities that are congruent with their self-efficacy beliefs, and a collectivist culture might moderate the relationship between self-efficacy and firm performance (Bandura, 1986).

In collectivist countries, entrepreneurs are likely to pursue goals that are relevant to both the group (e.g. the family) and society (Taylor and Wilson, 2012). Miao *et al.* (2017) suggest that the relationship between self-efficacy and firm performance might be strengthened in collectivist societies due to fewer performance constraints (although this moderating effect is not statistically significant in their meta-analysis, the results lend some support to the hypothesised direction) since this culture encourages group work. In the same vein, we postulate that a collectivist culture might also amplify the relationship between self-efficacy and next-generation engagement in the family business. Furthermore, we recognise that parental support might influence next-generation engagement. Past research linked parental support to next-generation engagement (Garcia *et al.*, 2019). Thus, the perceived appropriateness of parental support might be contingent on the surrounding culture (Lubatkin *et al.*, 2007). Accordingly, this study examines not only the direct effect of self-efficacy and parental support on next-generation engagement but also the moderating role of cultural collectivism practices on these relationships, thereby considering person-environment interactions.

#### *Parental support, family business self-efficacy, and next-generation engagement*

As aforementioned, the literature suggests that parental support and self-efficacy are predictors of next-generation engagement. Self-efficacy refers to ‘the conviction that one can successfully execute the behaviour required to produce (certain outcomes)’ (Bandura, 1998, p. 624). General self-efficacy is a motivational characteristic associated with goal seeking, goal choice, and task persistence (Gist and Mitchell, 1992). Self-efficacy reflects the extent to which individuals believe they possess the ‘capabilities to mobilise the motivation, cognitive resources, and courses of action needed to exercise control over events in their lives’ (Wood and Bandura, 1989, p. 364). Self-efficacy can explain differences among individuals in their

likelihood to view themselves as capable of performing certain tasks across a variety of situations (Chen *et al.*, 2001; Judge *et al.*, 1998). Thus, it was established long ago that self-efficacy is an antecedent of career choice intention (Lent *et al.*, 1994). One's attitude toward a behaviour is influenced not only by one's underlying beliefs about the expected outcomes (Armitage and Conner, 2001) but also by the perceived behavioural control, which includes Bandura's (1994) concept of self-efficacy. Given the focus on family firms, this study considers family business self-efficacy, which is defined 'as next-generation members' beliefs in their ability to successfully engage in managerial leadership of their family business' (Garcia *et al.*, 2019, p. 227). Family business self-efficacy might be more relevant to understand next-generation engagement than general or entrepreneurial self-efficacy because individuals' cognitive processes that support different types of behaviours are regulated by task-specific forms of self-efficacy (Chen *et al.*, 2000; Gist and Mitchell, 1992).

The theory of planned behaviour (Ajzen, 1991; Fishbein and Ajzen, 1975) suggests that behavioural intention is contingent on control beliefs. Self-efficacy determines the ease or difficulty of performing an actual behaviour (Bandura, 1994). In the context of family firms, skills such as diplomacy, conflict resolution, and negotiation can be more important and salient than in non-family firms. Hence, family business self-efficacy is associated with these abilities. Inspired by Ng *et al.* (2008), we define family business self-efficacy as the extent to which an individual believes that he/she is able to set goals and accept challenges related to the family business, put effort into activities that contribute to leadership and sustainability of the family business, and persist in the face of difficulties.

Individuals tend to choose careers in which they perceive a higher likelihood of being successful despite future difficulties (Garcia *et al.*, 2019). Thus, when the next-generation believes they possess the aforementioned abilities (i.e. diplomacy, conflict resolution, and

negotiation abilities), they will be more willing to engage in managerial leadership of their family business. Based on this assumption, the following hypothesis is formulated:

***Hypothesis 1:*** Perceived family business self-efficacy positively influences next-generation family members' intention to become managerial leaders of their family business.

When parents are managers and owners of a company, a transgenerational perspective is usually present (Chua *et al.*, 1999). In this context, the offspring evaluate the amount of parental support they receive (Garcia *et al.*, 2012). Parental support refers to the assistance provided by a primary caregiver to an individual and includes four dimensions: instrumental assistance, career-related modelling, verbal encouragement, and emotional support (Turner and Lapan, 2002). Instrumental assistance corresponds with, for example, educational-related advice or financial assistance that can favourably impact academic results (Turner *et al.*, 2003). In family firms, this can involve providing the next generation opportunities to gain work experience or financial assistance for professional development or formal education (Zhao *et al.*, 2005). Career-related modelling suggests that next-generation family members might benefit from observational learning. The next generation is more likely to engage in the family business if their role models are admired (Zellweger *et al.*, 2012). Verbal encouragement can also promote the next generation's interest in operating the family firm. Besides providing performance feedback, parents often encourage their offspring to join the family business (Litz, 2012). Emotional support can help children explore different types of work to determine the best fit (Guan *et al.*, 2015). Thus, parental support can provide guidance regarding both the formulation of career goals and the adequate choices to achieve those goals (Hargrove *et al.*, 2002). Accordingly, parental support can positively affect next-generation engagement. Hence, we postulate the following:

***Hypothesis 2:*** Parental support positively influences next-generation family members' intention to become managerial leaders of their family business.

*The role of collectivism practices*

This research examines the role of collectivism practices, distinguishing between institutional and in-group collectivism, which were introduced by the GLOBE study. Whereas institutional collectivism tends to encourage collective action, in-group collectivism refers to the extent to which individuals express pride, loyalty, and cohesiveness in their families (or organisations) (House *et al.*, 2004). It is relevant to consider the construct of in-group collectivism, which reflects family collectivism (Brewer and Venaik, 2011) because it can be closely related with individual behaviour within the family. In-group collectivism reflects the degree to which individuals identify and assign importance to social groups (e.g. families) (Gelfand *et al.*, 2004) and describes interaction patterns between individuals within social groups (Laspita *et al.*, 2012).

In collectivistic societies, 'the individual is defined as part of a larger whole; as part of a group of people connected through relationships' (Schmutzler *et al.*, 2019, p. 889). In contrast, in individualistic cultures, individual achievements are valued, which facilitates proactivity and independent actions (Baughn and Neupert, 2003). In collectivistic societies, individuals tend to believe that they are part of close and interconnected groups that protect and provide security throughout life, and in which group loyalty is valued more than individual achievements (Gelfand *et al.*, 2004). Thus, it is likely that next-generation engagement can be positively influenced by both institutional and in-group collectivism because next-generation family members will tend to value the group—the family—rather than their individual achievements. Considering this argument, while next-generation family members' intention to

become leaders of the family business can be seen as an entrepreneurial behaviour, the influence of collectivism practices is likely to be different.

The importance of social relationships in an individual's self-understanding is reflected in the tension between individualism and collectivism (Davis and Williamson, 2019). In collectivistic societies, individuals value social relationships, while in individualist societies individuals are more autonomous (Schwartz, 2006). When the society is characterised by a collectivist orientation, the self is embedded in a web of relationships and obligations (Gorodnichenko and Roland, 2012). A collectivism culture tends to be more hierarchical and patriarchal, emphasising the importance of the family (Davis and Williamson, 2019). A sense of loyalty toward the group and a perception of being protected by the society is more likely to be present in collectivist societies. The stronger the family ties, the more likely the succession intention. Previous studies suggest that individualism is associated with looser family ties (Davis and Williamson, 2020). Thus, these cultural practices might influence next-generation engagement.

Recent research shows that a high share of women self-employment can occur in societies characterised by high institutional collectivism and low in-group collectivism (Torres and Augusto, 2021), which suggests that these two types of collectivism might have opposite effects on succession behaviour. However, engaging in the family business implies that individuals value the family, which is a social group, and put group interests before individual interests. Collectivistic societies value the preservation of in-group solidarity and give importance to tradition (Gorodnichenko and Roland, 2012). Therefore, in-group collectivism might have a positive effect on next-generation engagement.

Considering the aforementioned arguments, we formulate the following hypotheses:



**Hypothesis 3:** Institutional collectivism practices positively influence next-generation family members' intention to become managerial leaders of their family business.

**Hypothesis 4:** In-group collectivism practices positively influence next-generation family members' intention to become managerial leaders of their family business.

In addition to expecting a direct association between collectivism practices and next-generation engagement, we surmise that institutional and in-group collectivism can also act as moderators of the effect of parental support and self-efficacy on next-generation engagement in the family business.

It has been acknowledged that 'the extent to which parental behaviours influence next-generation engagement depends on whether these individuals perceive it as beneficial or constraining' (Garcia *et al.*, 2019, p. 225). In some circumstances, the effect of parental support can be seen as inappropriate or even unethical in the context of succession planning in family firms (Kaye, 1996). For instance, if parental support involves emotional manipulation, it can negatively affect children (Barber, 1996). Parents' influence on their offspring is likely to be contingent on cultural practices (House *et al.*, 2001). Indeed, culture can frequently explain the interaction patterns and processes within families (Giuliano, 2007). In collectivistic cultures, young individuals' career aspirations are influenced by parent and family wishes and expectations (Fouad *et al.*, 2008). Societies characterised by high institutional collectivism are likely to support initiatives that benefit the collective, with parental support being directed toward the family business. Thus, we propose the following hypothesis:

**Hypothesis 5a:** Institutional collectivism practices moderate the positive relationship between parental support and next-generation family members' intention to become managerial leaders of their family business such that the relationship is less positive when institutional collectivism is high.

While individualistic societies tend to value freedom and independence and are apt to prioritise personal interests over common well-being (Ho *et al.*, 2012), collectivist societies exhibit close ties between individuals in extended families and communities where everyone is responsible for fellow members of their group (Peng and Lin, 2009). Individualism emphasises individual freedom and achievement (Gorodnichenko and Roland, 2012). Thus, when considering entrepreneurial entry, past research suggested that self-efficacy is strengthened in societies with low institutional collectivism (e.g. Wennberg *et al.*, 2013). However, institutional collectivism practices promote loyalty and cohesion through generalised trust of peers (House *et al.*, 2004). Hence, next-generation members might perceive that being part of a collectivistic society might provide greater support and favour consensus, which can leverage the effect of family business self-efficacy. There is some evidence that self-efficacy can be influenced by the individualistic-collectivistic character of the national culture (Schmutzler *et al.*, 2019). Thus, we postulated the following:

***Hypothesis 5b:*** Institutional collectivism practices moderate the positive relationship between family business self-efficacy and next-generation family members' intention to become managerial leaders of their family business such that the relationship is more positive when institutional collectivism is high.

Although in-group collectivism may be associated with entrepreneurial intentions (Torres and Augusto, 2019), its role remains unclear. For instance, past research found that in-group collectivism might decrease and increase the likelihood of commercial and social entrepreneurship, respectively (Pathak and Muralidharan, 2016). Thus, taking into account this specific type of collectivism can provide additional insights. Considering the context of family firms, the moderating role of in-group collectivism is likely to be different with respect to

parental support. In-group collectivism can be seen as family collectivism (Brewer and Venaik, 2011), which can indicate the degree to which a society expresses pride, loyalty, and cohesiveness in their organisations or families (House *et al.*, 2004). Hence, in societies characterised by high in-group collectivism, individuals tend to value relationships and be emotionally dependent on their in-group (Hechavarría and Brieger, 2022). Past research noted that in-group collectivism practices might moderate the parental influence on children's entrepreneurial intentions (Laspita *et al.*, 2012). Analogously, in-group collectivism may moderate the effect of parental support on next-generation engagement. In a society that values group loyalty and adhesion (House *et al.*, 2004), the effect of parental support and self-efficacy can be amplified. Societies prioritising in-group collectivism tend to focus on group welfare rather than on solidarity with the out-group (Hechavarría and Brieger, 2022). In collectivist societies, individuals are 'culturally programmed' to favour the group rather than self-interests (Brinkerink and Rondi, 2021). Next-generation engagement might signal that the offspring of the founding or incumbent's generation place the interests of the group—the family—over their own interests. Thus, the next generation might have the support of in-group collectivistic societies to become managerial leaders of their family business, based on which we propose the following hypotheses:

***Hypothesis 6a:*** In-group collectivism practices moderate the positive relationship between parental support and next-generation family members' intention to become managerial leaders of their family business such that the relationship is more positive when in-group collectivism is high.

***Hypothesis 6b:*** In-group collectivism practices moderate the positive relationship between family business self-efficacy and next-generation family members' intention to become managerial leaders of their family business such that the relationship is more positive when in-group collectivism is high.

## **Research design**

### *Data sources, measures, and sample*

This study comprises two levels of analysis: individual and country. At the individual level, data from GUESSS were used to measure parental support, family business self-efficacy, and next-generation engagement. The GUESSS is an international project founded in 2003 at the University of St. Gallen, Switzerland and is supported by the EY Global Family Business Center of Excellence. GUESSS aims to investigate entrepreneurial intention and activities of students across the world and examine succession intention in family firms. Therefore, it is an adequate data source for the study at hand. In fact, past research conducted in the context of family firms used data from GUESSS (e.g. Edelman *et al.*, 2016; Hahn *et al.*, 2020; Zellweger *et al.*, 2011). In 2018, GUESSS asked participants to report if at least one of parents was self-employed and/or a majority owner of a business, with a specific section focusing on succession. The number of responses and geographical scope of the sampling frame is an advantage, although the sample might not be fully representative of the student population of the selected countries. It is also worth noting that the study only collects responses from students, which might be a limitation. Another limitation is that the data are based on self-reported measures. Nevertheless, the data are suitable for testing the hypotheses formulated in the conceptual model that guides the present research. Thus, the empirical analysis of this study is based on data collected by GUESSS in 2018 and considers a sample of students who can be successors of their family business.

Parental support comprises four dimensions: *i*) instrumental assistance, *ii*) career-related modelling, *iii*) verbal encouragement, and *iv*) emotional support. The GUESSS measures these dimensions using the scale developed by Turner *et al.* (2003). Regarding self-efficacy, the GUESSS survey has adapted the items that measure self-efficacy to the family

firm context, reflecting skills such as diplomacy, conflict resolution, and negotiation. The items included in the GUESSS scale theoretically correspond to the concept of family business self-efficacy outlined in this study. Finally, in the GUESSS survey, next-generation engagement was assessed employing a scale adapted from Liñán and Chen (2009). In this study, the average of all items was used in the analysis.

The data on cultural practices—institutional and in-group collectivism—were derived from GLOBE (House *et al.*, 2004). The GLOBE project is a multi-method program that involved a total of over 160 researchers from 62 national societies. Regarding collectivism, the GLOBE study used four questions to measure institutional collectivism practices (ICP) using a 7-point Likert-type scale. The respondents answered the following questions: ‘In this society, leaders encourage group loyalty even if individual goals suffer’; ‘The economic system in this society is designed to maximise individual interests/collective interests’; ‘In this society, being accepted by the other members of a group is very important’; and ‘In this society group cohesion is valued more than individualism’. To measure in-group collectivism (IGCP), four items were used: ‘In this society, children take pride in the individual accomplishments of their parents’; ‘In this society, parents take pride in the individual accomplishments of their children’; ‘In this society, aging parents generally live at home with their children’; and ‘In this society, children generally live at home with their parents until they get married’.

At the individual level, in line with past research, gender and education level were used as control covariates. Past studies suggest that females are more likely to become employees rather than managerial leaders in the parental business (e.g. Schröder *et al.*, 2011; Zellweger *et al.*, 2011). Accordingly, female members of the next-generation might have lower intention than their male counterparts to become leaders of their family business. A higher level of education can alter the goals of next-generation members and provide different role models that potentially make the next generation less willing to become leaders of their family

business. At the country level, the gross domestic product (GDP) per capita on purchasing power parity were used as controls. After merging the two datasets and excluding the cases with missing values, a final sample of 33,390 observations at the individual level nested in 20 countries was obtained.

Table I shows the scales used to measure the individual-level constructs and presents the Cronbach's alpha coefficients, the composite reliabilities (CR), and the average variance extracted (AVE) estimates.

*(Insert Table I about here)*

### *Method*

This study focuses on the analysis of the relationships between lower-level units (in this study the individuals) and the higher-level units (groups) they belong to (in this study, the country). Given the hierarchical data structure, this study uses HLM, also termed multi-level modelling, which allows for the simultaneous estimation of the effects of independent variables at different levels on the individual-level dependent variable while maintaining appropriate levels of analysis for the predictors (Bryk and Raudenbush, 1987).

The multi-level modelling procedure for a two-level model can be described as follows (Hox, 1995; Raudenbush *et al.*, 2004). At Level 1, a within-group regression model is estimated for each group. Then, based on Level 2 variables, a between-group regression model is estimated to explain the variation in the Level 1 estimation. Thus, Level 2 variables are used to explain both the intercept and the slope of the Level 1 regression parameters. To perform multi-level models, the variables should be conceptualised and assigned unequivocally to their appropriate level and the files should be linked through a group criterion (Hox, 1995). A basic premise for using HLM is having a sufficiently large amount of variation between and within the groups of observations. Thus, following the procedures suggested by Muthén and Satorra

(1995) to verify whether there is sufficient reason to employ a multi-level regression model with HLM, the intra-class correlation (ICC) is adjusted for the average class size  $c$  to assess the need to perform a multi-level analysis. These authors use the design effect (DEFF) to measure the deviation from the assumption of independent observations across all classes and suggest that if DEFF is larger than 2 there is sufficient justification to employ a multi-level analysis. ICC and DEFF are computed as follows:

$$ICC = S_B^2 / (S_B^2 + S_W^2)$$

$$DEFF = 1 + (c - 1) \times ICC$$

where,  $\sigma_B^2$  = the variance between class variance,  $\sigma_W^2$  = the variance within class variance, and  $c$  = the ratio between the number of observations and the number of classes.

In this study, the ICC is .1653 (i.e. 16.53% of the variance of next-generation engagement is at the group level). The DEFF of the present study is 276.80, which is well above the critical value proposed by Muthén and Satorra (1995). Thus, the use of multi-level analysis is appropriate. Next, we analyse if the variation between classes is an effect of the variation of the intercepts and/or an effect of the variation in the slopes (for an overview on multi-level modelling issues see, for example, Raudenbush *et al.*, 2004). Table II shows that the intercept and the slopes of parental support and family business self-efficacy are significantly different ( $\alpha=1\%$ ) among the 20 countries considered in the study. Hence, the model considers changes in the intercept as well as changes in the slopes.

*(Insert Table II about here)*

At the individual level, we consider the direct effect of self-efficacy and parental support on the intention to become leaders of their family business. As aforementioned, level of education and gender are used as control covariates. Regarding the country level,

institutional and in-group collectivism practices are used to explain differences in the average intention rate within a country and in the relationship of family business self-efficacy and parental support with next-generation engagement. The country GDP per capita on purchasing power parity was used as a control.

The two-level HLM model is shown below:

*Level 1 model*

$$NEXTGENENG_{ij} = \beta_{0j} + \beta_{1j}*SE_{ij} + \beta_{2j}*PS_{ij} + \beta_{3j}*Education_{ij} + \beta_{4j}*Gender_{ij} + r_{ij}$$

*Level 2 model*

$$\beta_{0j} = \gamma_{00} + \gamma_{01}*ICP_j + \gamma_{02}*IGCP_j + \gamma_{03}*GDPpc_j + u_{0j}$$

$$\beta_{1j} = \gamma_{10} + \gamma_{11}*ICP_j + \gamma_{12}*IGCP_j + u_{1j}$$

$$\beta_{2j} = \gamma_{20} + \gamma_{21}*ICP_j + \gamma_{22}*IGCP_j + u_{2j}$$

$$\beta_{3j} = \gamma_{30}$$

$$\beta_{4j} = \gamma_{40}$$

*Mixed model*

$$NEXTGENENG_{ij} = \gamma_{00} + \gamma_{01}*ICP_j + \gamma_{02}*IGCP_j + \gamma_{03}*GDPpc_j + \gamma_{10}*SE_{ij} + \gamma_{11}*ICP_j*SE_{ij} + \gamma_{12}*IGCP_j*SE_{ij} + \gamma_{20}*PS_{ij} + \gamma_{21}*ICP_j*PS_{ij} + \gamma_{22}*IGCP_j*PS_{ij} + \gamma_{30}*Education_{ij} + \gamma_{40}*Gender_{ij} + u_{0j} + u_{1j}*SE_{ij} + u_{2j}*PS_{ij} + r_{ij}$$

where NEXTGENENG = next-generation engagement, SE = family business self-efficacy, PS = parental support, ICP = institutional collectivism practices, IGCP = in-group collectivism practices. Education is a dummy variable that takes the value of 1 if the individual is an undergraduate student and 0 otherwise, and gender is a dummy variable that takes the value of 1 if the individual is a female student and 0 otherwise. Finally GDPpc = GDP per capita on purchasing power parity (USD).



## Results

Table III presents the means, standard deviations, minimum, maximum, and the correlations among variables. At the individual level, all variables were significantly correlated ( $p < .01$ ), except between the control variables gender and education. Next-generation engagement was positively correlated to family business self-efficacy and students' parental support, which provides preliminary evidence supporting the Hypotheses 1 and 2. The control variable gender (1 = Female) was negatively correlated with family business self-efficacy, parental support and next-generation engagement. These results indicate that female students receive less parental support, perceived less family business self-efficacy, and have less intention to become managerial leaders of their family business.

*(Insert Table III about here)*

Table IV displays the results of the hypotheses testing. The multi-level model estimation for next-generation engagement in the family business includes six specifications. First, within-level relationships were tested. The first model (Model 1) included only the main covariates (family business self-efficacy and parental support) at the individual level. The results showed that family business self-efficacy and parental support positively influence next-generation engagement, thereby proving support for Hypotheses 1 and 2, respectively. Interestingly, the direct effect of parental support on next-generation engagement was stronger than that of family business self-efficacy. The second model specification (Model 2) included the control variables at the individual level (education and gender). As expected, female gender was negatively associated with high levels of next-generation engagement, as was having a higher education. Undergraduates were more likely to intend to become leaders of their family business.

Next, cross-level relationships were added. In the third model specification (Model 3) the main variables of the country level (ICP and IGCP) were included. The results showed that institutional and in-group collectivism had a direct positive effect on next-generation engagement, giving support to Hypotheses 3 and 4. The fourth model specification (Model 4) included the country level controls covariates, which did not have a significant effect on next-generation engagement. The fifth model specification (Model 5) added the interaction terms among the main covariates of the second and first levels. Finally, the model specification six (Model 6) reported the full model considering both intercept and slopes random effects. Model 6 supports Hypotheses 5a, 5b, and 6b. Hypothesis 6a, which proposes that IGCP moderates the positive relationship between parental support and next-generation family members' intention to become managerial leaders of their family business, was not supported.

*(Insert Table IV about here)*

To illustrate the moderating effect of collectivism practices on the relationship between family business self-efficacy and next-generation engagement in the family business, the interactions were plotted on Figure 2. Regarding parental support, only the moderating effect of institutional collectivism was presented (Figure 3), since the moderating effect of in-group collectivism was not significant at the conventional significance levels.

*(Insert Figure 2 about here)*

*(Insert Figure 3 about here)*

The likelihood ratio (LR) test (which accesses the deviance difference between nested models) was performed to compare the successive models (Hox *et al.*, 2018). As shown in

Table IV, the LR test rejected the null hypothesis (hypothesis of no significant difference between nested specifications) in all cases at 5% significance level, thereby evidencing significant interactive effects across the individual and country levels.

## **Discussion**

### *Contributions*

Leadership succession is one of the most critical events in family businesses (De Massis *et al.*, 2008) since it is decisive for the future of the firm (Zahra *et al.*, 2004). This study contributes to the family firm literature by examining the influence of collectivism practices on next-generation engagement in the family business (De Massis *et al.*, 2008, 2016). It also advances the career choice literature by considering the moderating effect of cultural practices on a specific type of career choice for young individuals (next-generation family members with the possibility of becoming leaders of their family business) given that research on the role of proximal environmental affordances in the relation between individual factors and career aspirations in young people is scarce (Sawitri and Creed, 2017). The results show that next-generation family members exhibiting similar family business self-efficacy and with comparable parental support might behave differently contingent on their cultural context.

The findings suggest next-generation family members' intention to become managerial leaders of their family business is positively influenced by both institutional collectivism and in-group collectivism practices. Drawing on institutional theory, the interplay between the individual and collectivism cultural practices is examined, addressing calls for taking into account the context when studying individual intentions (e.g. Welter, 2011). Cultural practices represent a shared understanding of action that individuals continuously draw upon to justify their behaviours (Swidler, 1986), which are easy to assimilate because they correspond to

common societal behaviours (Nolan *et al.*, 2008). Thus, young people, such as next-generation family members, are likely to behave according to this routine behaviour.

This study argues that next-generation family members are more likely to engage in the family business when they live in collectivist societies, since a group-orientation is valued rather over individual achievements. In collectivistic societies, individuals value social relationships and the self is embedded in a web of relationships and obligations. A collectivist culture tends to be more hierarchical and patriarchal; hence, the importance of the family is emphasised (Davis and Williamson, 2019) and family ties are likely to be stronger. Furthermore, the next generation in collectivist culture is more likely to have a sense of loyalty towards the group. Thus, collectivism positively influences next-generation engagement. The results show that both institutional and in-group collectivism moderate the relationship between family business self-efficacy and next-generation engagement in the family business such that the relationship is more positive. Next-generation family members might perceive that being a member of a collectivistic society provides further support and favours consensus, which will leverage family business self-efficacy because it will be easier to deal with conflicts, to negotiate, and to act diplomatically. In contrast, the results suggest that institutional collectivism moderates the relationship between parental support and next-generation engagement in the family business such that the relationship is less positive when institutional collectivism is high. In countries characterised by high institutional collectivism, parents' efforts to convince their offspring to carry forward the family business might be seen less favourably since the interest of the society at large should be prioritised first.

The results also suggest that institutional and in-group collectivism cultural practices might have a positive direct effect on next-generation engagement. In collectivist societies, the offspring of family business leaders are likely to value the group (i.e. the family) more than their individual achievements. The sense of loyalty towards the family and a perception of

being protected by the society, which are typical in collectivist societies, can positively impact the next-generation's intention to become leaders of their family business. Although past research suggests that institutional and in-group collectivism might have an opposite effect on entrepreneurial intentions (see, for example, Torres and Augusto, 2021), this study shows that it is not the case when considering succession intention. According to Gorodnichenko and Roland (2012), collectivistic societies value the preservation of in-group solidarity and give importance to preserving tradition, which might justify the obtained results.

Furthermore, this study demonstrates that parental support has a strong direct effect on next-generation engagement in the family business. This result contrasts with past research, namely Garcia *et al.* (2019), who argued that parental support has an indirect effect through family business self-efficacy beliefs. The results also show that the direct effect of parental support is stronger than that of self-efficacy. Thus, future research might consider both the direct and the indirect effect of parental support on next-generation engagement. Parents are often seen as sources of guidance and advice by their offspring (Turner and Lapan, 2002). According to social cognitive theory, by providing resources and socio-emotional support, parents influence young members of their families (Restubog *et al.*, 2010). By providing parental support, parents show interest in their offspring's career development and offer guidance that might reinforce their offspring's intention to keep the family business going.

Finally, it is worth noting that a particular type of self-efficacy might be more suitable in the context of family business—family business self-efficacy—because individuals' cognitive processes that give support to different types of behaviours are regulated by task-specific forms of self-efficacy (Chen *et al.*, 2000; Gist and Mitchell, 1992). This type of self-efficacy includes skills such as diplomacy, conflict resolution, and negotiation, which better reflect the tasks next-generation family members will have to perform if they become leaders of their family business.

### *Implications*

For researchers, this study suggests that parental support has a direct effect on the next generation that should be considered when investigating family succession intention. This new perspective advances previous work on this topic (e.g. Garcia *et al.*, 2019) and improves our understanding of the antecedents of next-generation engagement. Furthermore, the results show that the relationship between family business self-efficacy and the next generation's intention to become leaders of their family business is impacted by the social degree of collectivism, which highlights the importance of considering this context in family business succession research. Hence, future research should take into account this cultural dimension when studying this topic.

This study also has practical implications for family business leaders. The results suggest that parental support is an effective way to enhance the next generation's intention to become leaders of their family business. Thus, family leaders should provide instrumental assistance, career-related modelling, verbal encouragement, and emotional support to their offspring if they want to improve next-generation engagement. Moreover, family business leaders will find the most support to influence next-generation engagement in collectivistic countries. This insight can inform; for example, parental guidance regarding educational-related advice, as they can influence their offspring to look for courses in countries characterised by high institutional and in-group collectivism. Furthermore, family business leaders could emphasise the values of collectivism, in which group loyalty is valued over individual achievements (Gelfand *et al.*, 2004), to further enhance the effectiveness of family business self-efficacy. Succession plans can be framed using a collectivistic orientation to improve their effectiveness. In the context of this study, self-efficacy is associated with the next-generation family members' belief in their capabilities to successfully manage the

relationships and potential conflicts with other family members. High levels of next-generation self-efficacy will motivate them to assume leadership of their family business and this effect will be amplified by a collectivist culture that encourages collective action and where individuals are more likely to care about the group (in this case, the family).

## **Conclusion**

The findings presented herein advance the family firm succession literature, empirically testing a conceptual model that considers the interplay between the individual predisposition and the societal context. In particular, this study addresses calls for research on the role of collectivistic and individualistic cultures in the context of family firms (e.g. Kotlar and Sieger, 2019; Soleimanof *et al.*, 2019). Furthermore, this study focus on next-generation members that have thus far been neglected in the family firm research (De Massis *et al.*, 2016) that usually emphasises firm level processes and outcomes (Daspit *et al.*, 2016; Jaskiewicz and Dyer, 2017).

In terms of practical implications, the results indicate that parents are an important factor in nurturing the next generation. Thus, family business leaders should provide parental support to their offspring and encourage them so that they might decide to become successors. It is also advisable to expose next-generation members to collectivistic societies since this will positively influence their engagement in the family business. This could be done using exchange programs that are common in most of the universities around the world. Furthermore, policy-makers can design programs to promote supportive relationships between incumbent leaders and successors, which could be instrumental in stimulating good succession outcomes. In addition, the results suggest that policy-makers should promote a collectivistic orientation in their society if they aim to safeguard the continuity of family businesses and promote succession intention among next-generation family members.

In conclusion, drawing on institutional theory, this study examined the influence of institutional and in-group collectivism on next-generation family members' intention to become leaders of their family businesses. A multi-level model of next-generation engagement in the family business was developed and tested, and distinguishing between institutional and in-group collectivism provided a clearer picture of the influence of collectivism cultural practices. The former favours group loyalty at expense of the individual, which, in turn, leads to loyalty of the collective towards the individual, whereas the latter reflects the identification and importance that is given by individuals to social groups, such as families. The results show that both institutional and in-group collectivism practices can increase the level of next-generation engagement in the family business. Apart from the positive direct effect of collectivism cultural practices in next-generation engagement, these cultural practices can also amplify the relationship between family business self-efficacy and next-generation engagement. However, institutional collectivism can slightly reduce the positive effect of parental support on family offspring' intention to become leaders of their family business.

#### *Limitations and future research*

As with any investigation, this research is not free of limitations, which also provide indications for future research. Although cultural practices are relatively stable over time, the data retrieved from GLOBE (House *et al.*, 2004) are not completely up to date. In addition, the framework used by GLOBE has been criticised for being overly simplistic. Furthermore, individual-level data are cross-sectional, and it is preferable to have data from different time periods regarding family business self-efficacy, parental support, and next-generation engagement. We also acknowledge that other variables not included in this study might influence next-generation engagement, such as governance characteristics or expected outcomes. The data collected in the GUESSS project consist of samples with differences between countries in terms of size,



number, and type of participating universities, among other aspects. These issues limited the number of countries used in the analysis. Therefore, in spite of the number of responses and geographical scope of the sampling frame, the sample might not be fully representative of the student population of the selected countries. Furthermore, the study only collects responses from students and the data are based on self-reported measures. Finally, despite the notion established in the literature that intention is 'the best single predictor of an individual's behaviour' (Fishbein and Ajzen, 1975, p. 369), future studies could go a step further and examine the relationship between next-generation intention to become leaders of their family business and their actual behaviour.

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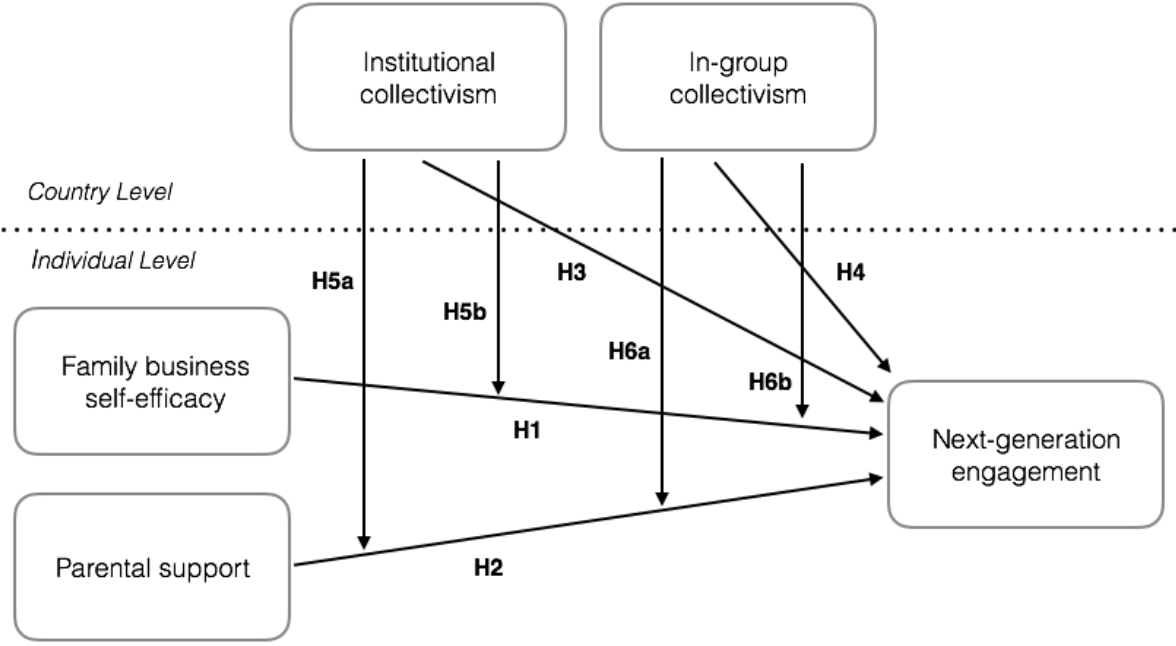
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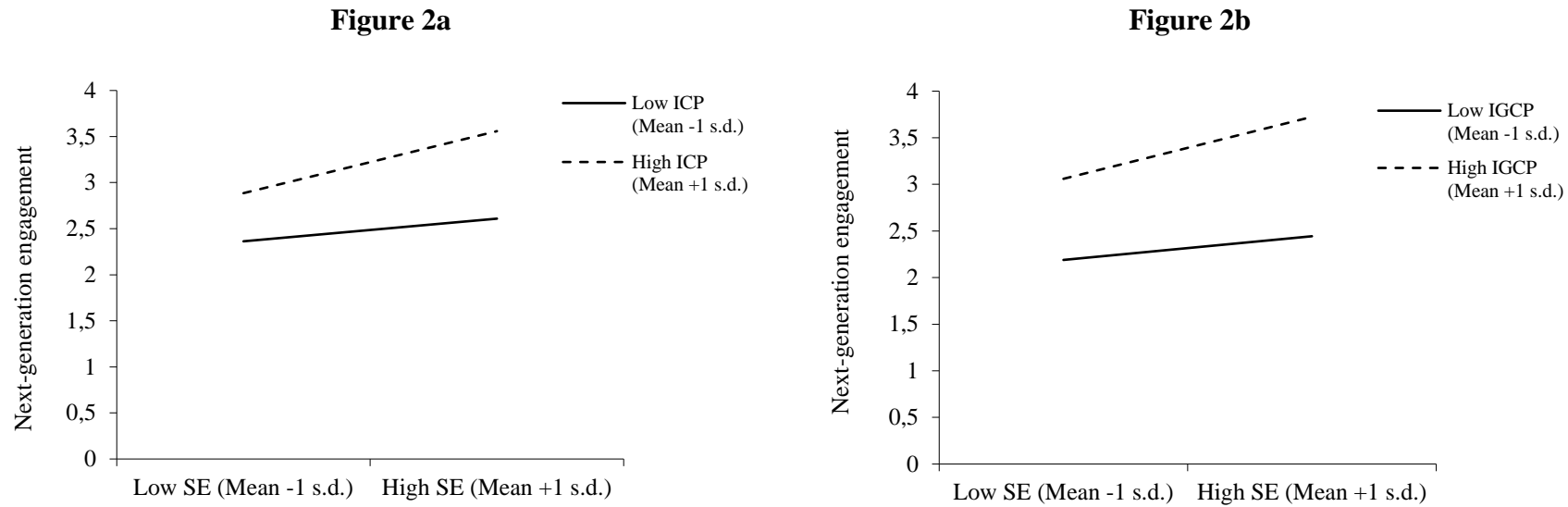


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**Figure 1.** Conceptual model

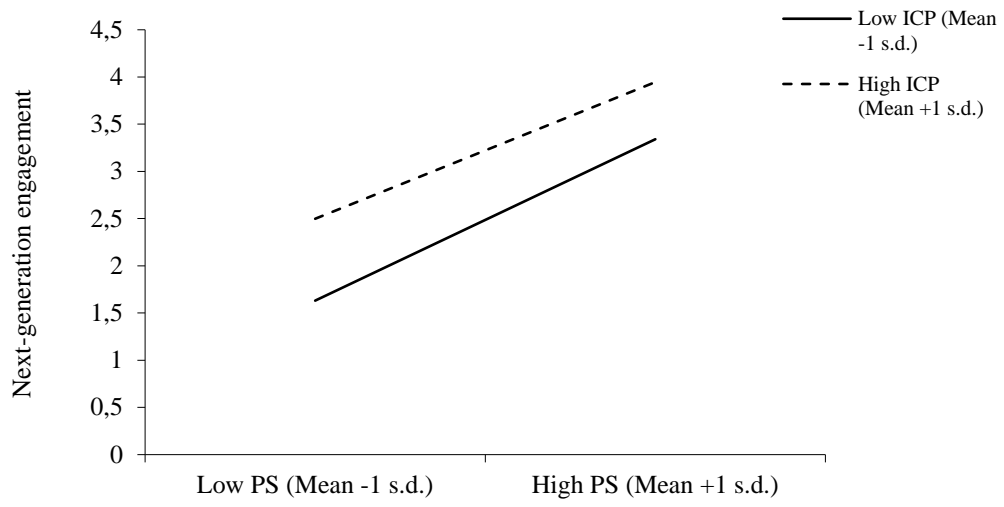


**Figure 2.** The moderating effect of institutional and in-group collectivism on the relationship between family business self-efficacy and next-generation engagement



**Notes:** SE = Family business self-efficacy; ICP = Institutional collectivism practices; IGCP = In-group collectivism practices; s.d. = standard deviation.

**Figure 3.** The moderating effect of institutional collectivism on the relationship between parental support and next-generation engagement



Notes: PS = Parental support; ICP = Institutional collectivism practices; s.d. = standard deviation.

**Table I.** Constructs, scale items, and reliability analysis

<b>Construct</b>	<b>Items</b>
<b><i>Instrumental assistance</i></b>	<p>My parents talked to me about how what I am learning will someday be able to help me in their business.</p> <p>My parents taught me things that I will someday be able to use in their business.</p> <p>My parents gave me chores that taught me skills I can use in my future career in their business.</p> <p><i>Cronbach alpha= .915, CR = .917, and AVE = .788</i></p> <p><i>Source: Turner et al. (2003).</i></p>
<b><i>Career- related modelling</i></b>	<p>My parents told me about the kind of work they do at their business.</p> <p>My parents told me about things that happen to them at their business.</p> <p>My parents have taken me to their business.</p> <p><i>Cronbach alpha= .913, CR = .916, and AVE = .786</i></p> <p><i>Source: Turner et al. (2003).</i></p>
<b><i>Verbal encouragement</i></b>	<p>My parents encouraged me to learn as much as I can at school.</p> <p>My parents encouraged me to make good grades.</p> <p>My parents told me they are proud of me when I do well in school.</p> <p><i>Cronbach alpha= .884, CR = .890, and AVE = .730</i></p> <p><i>Source: Turner et al. (2003).</i></p>
<b><i>Emotional support</i></b>	<p>My parents talked to me about what fun my future job in their business could be.</p> <p>My parents and I get excited when we talk about what a great job I might have someday in their business.</p> <p><i>Cronbach alpha= .905, CR = .906, and AVE = .829</i></p> <p><i>Source: Turner et al. (2003).</i></p>
<b><i>Family business self-efficacy</i></b>	<p><i>Please indicate your level of competence in performing the following tasks:</i></p> <p>Resolve disputes and/or manage conflicts with family members involved in the business.</p> <p>Resolve disputes and/or manage conflicts with family members not involved in the business.</p> <p>Conduct negotiations with the incumbent leader of the family firm.</p> <p>Act diplomatically when different views emerge among family members.</p> <p><i>Cronbach alpha= .917, CR = .917, and AVE = .735</i></p> <p><i>Source: GUESSS 2018 Survey</i></p>
<b><i>Next-generation engagement</i></b>	<p>I am ready to do anything to take over my parents' business.</p> <p>My professional goal is to become a successor in my parents' business.</p> <p>I will make every effort to become a successor in my parents' business.</p> <p>I am determined to become a successor in my parents' business in the future.</p> <p>I have the strong intention to become a successor in my parents' business one day.</p> <p><i>Cronbach alpha= .973, CR = .973, and AVE = .880</i></p> <p><i>Source: Adapted from Liñán and Chen (2009).</i></p>

Notes: CR = Composite reliability; AVE = Average variance extracted. The estimation of CR and AVE were performed considering a confirmatory factor analysis, using the AMOS 25.0 software.

**Table II.** Variance components

Random effect	Variance component	Chi-square ( <i>df</i> =19)	p-value
Intercept ( $u_0$ )	.557	12,877.22	<.001
Slope family business self-efficacy ( $u_1$ )	.011	264.48	<.001
Slope Parental support ( $u_2$ )	.008	175.00	<.001

**Table III.** Descriptive statistics and correlations

Variable	Mean	Std. Dev.	Min.	Max.	1	2	3	4	5
<i>Among individual-level variables (N=33,390)</i>									
1. Next-generation engagement	2.769	1,891	1	7	1				
2. Family business self-efficacy	4.737	1.606	1	7	.360**	1			
3. Parental support	4.727	1.387	1	7	.553**	.490**	1		
4. Education (1=Undergraduate)	0.818	.386	0	1	.024**	-.016**	.018**	1	
5. Gender (1=Female)	.521	.500	0	1	-.140**	-.054**	-.060**	-.004	1
<i>Among country-level variables (N=20)</i>									
1. ICP	4.123	.492	3.246	5.191	1				
2. IGCP	5.311	.515	3.670	5.811	-.341	1			
3. GDPpc	31,048.91	17,536.19	11,648.54	84,459.65	.267	.502*			

Notes: ICP = Institutional collectivism practices; IGCP = In-group collectivism practices; GDPpc = Gross domestic product per capita on purchasing power parity. \*  $p < .05$ , \*1  $p < .01$  (two-tail test).

**Table IV.** Estimation results for next-generation engagement

	Model 1 (level 1)	Model 2 (+control 1 <sup>st</sup> level)	Model 3 (+2 <sup>nd</sup> level)	Model 4 (+controls 2 <sup>nd</sup> level)	Model 5 (Model 3 +interactions)	Model 6 (+random effects)
<i>1<sup>st</sup> level</i>						
Intercept	2.757***	2.772***	2.773***	2.773***	3.279***	2.854***
Family business self-efficacy	.133***	.131***	.131***	.131***	.152***	.143***
Parental support	.570***	.569***	.569***	.569***	.545***	.569***
Education (1 = Undergraduate)		.109*	.109*	.108*	.108*	.102*
Gender (1= Female)		-.187***	-.186***	-.187***	-.185***	-.187***
<i>2<sup>nd</sup> level</i>						
ICP			.733*	.797**	.797**	.748*
IGCP			1.073***	.815***	.814*	1.044***
GDP pc				≈.000†	≈.000**	≈.000
<i>Interactions</i>						
Family business self-efficacy ×ICP					.187***	.135**
×IGCP					.147***	.124**
Parental support ×ICP					-.051	-.096*
×IGCP					-.009	-.053
Observations	33,390	33,390	33,390	33,390	33,390	33,390
Groups	20	20	20	20	20	20
Deviance	118,793	118,629	118,613	118,607	118,376	118,118
$\chi^2$		164	16	6	231	261
<i>df</i>		2	2	2	4	5
LR test		***	***	*	***	***

Notes: ICP = Institutional collectivism practices; IGCP = In-group collectivism practices; GDPpc = gross domestic product per capita on purchasing power parity.

\*\*\*  $p < .001$ ; \*\*  $p < .01$ ; \*  $p < .05$ ; †  $p < .10$ .