



In search of future alternatives for family business: Family law contributions through Civil and Common Law comparison



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ABSTRACT

One of the major issues in family business field is the understanding of what makes family businesses different. Despite an increasing development of research during the last 30 years, little attention has been paid to the legal component of the family. The aim of this article is to explore the way legal attributes of the family, comparing Civil Law and Common Law, foresight the heterogeneity and the future of family business. The identification of a Civil Law specificity, No Exit Option, and the Common Law specificity, Exit Option, supports the formulation of different alternatives for family business futures.

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1. Introduction

The last three decades have seen a great increase in family business research development. Researchers encourage the “*incorporation of family considerations*” to better understand family business [14–40–45]. Sister disciplines, like psychology or sociology (Aldrich & Cliff, 2003) have greatly contributed to the identification of the place taken by non-economic goals in family business, which is one of the most genuine components of family business (Chrisman, Chua, Pearson, & Barnett, 2012). At the same time, different futurists have looked at the evolution of the family exploring the role of men and women (McCorduck, 1996), the evolution of parenting and marriage and the way the family can build up in the future particularly in the US (Jones, 1996; Haley, 2000). One of the major issues in family businesses research remains the different influences the family could have on the business and the development of the idea that family businesses are heterogeneous [28–9–24–13–43].

Until now, the legal dimension of the family has never been taken into account to understand the distinctiveness and heterogeneity of family businesses. However, as explained by (Marcus, 1980) “*if the law dimension of the family is not taken into account, the distinctive nature of family firms cannot be fully understood*”. The philosophy of the law, which is fundamentally different in the case of Civil Law and the case of Common Law, defines the formal structure of relationships between family members into free-will and precedent. The family is the only social group which is at the same time the result of legal relationship constraints and emotional-affective motivations. The evidence is the positive influence of the Civil Law system in the place of family business in a country’s landscape. In Civil Law countries, for 67% of firms a family owns more than 20% of the shares and for 44% they are managed by a family member [6–15–38–39–18]. However, the vast majority of academic research on family business was made in and based on the Common Law system. The two systems present the same aim with a very different philosophy. Civil Law, mainly developed in Continental Europe, a part of Asia and Africa and across South America is based on a deterministic approach and aims to protect the family group considered as a pillar of the society. A set of contracts defines constraints in people’s intimacy and interactions with members (Plucknett, 1956). The

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Common Law mainly developed in the United-Kingdom, the USA, and the Commonwealth and former British colonies, is based on freedom and the protection of individuals' rights rather than social group rights. This system lets owners free to make decisions during their life time and at the time of death which are supposed to be based on moral obligations towards family but it is not necessarily the case (Plucknett, 1956).

We assume that the future alternatives of a family business are linked to the influence of the system of law on the family functioning and therefore on the family business. One way to forecast the future of family business integrating the law dimension of the family could be to construct alternative futures. "Scenarios can be useful not just for imagining alternatives, but also in terms of organizing strategic action around an issue" (Montgomery, 2008).

The aim of this article is to shed light on family business heterogeneity through future scenarios coming from the legal component of the family. No Exit Option is coming from the Civil Law and is based on the fact that the legal system constrains prevail on personal free-will whereas Exit Option is coming from Common Law and is based on the possibility of free-will in personal choices concerning the family. The difference between Common Law system and Civil Law system stands basically on the predominance of the group over the individual through legal filiation (vs natural filiation), a reduction of family members' free will to take part in the family (vs the free choice of family members) and high legal constraints in family membership and relationship around rights and duties (vs group socialization through values). The evolution of NEO according to the genealogical proximity of family members and the similarity of family members' goals leads to four different alternatives of the future for a family business giving way to four different future scenarios of family business (Tables 1–3).

This article makes several contributions for research in family business. The first main contribution is to highlight of the potential of law in understanding the heterogeneity of family businesses and future alternatives. NEO, proper to Civil Law systems, and OE proper of the Common Law system give way to different futures. The second main contribution is the introduction of genealogical proximity coming from NEO and the elaboration of four scenarios for the future of family business. The third contribution is the link between the type of family business, the legal type of family and the regulation needed to maintain family continuity through socioemotional dynamics or formal structured mechanisms.

The paper starts with the history of the family concept and the way family became an institution. Then we develop the comparison between the Civil and the Common Law systems to finally explore the new orientations of family influence on the business, family business transmission and family business governance issues produced by the Civil Law alternative and the Common Law alternative.

1.1. The Family concept through the Legal System: Common Law vs Civil Law

The development of Republican nations based on hard law systems placed the family as the center pillar of the society. The family plays a role of socialization of individuals through social, cognitive and behavioral norms that are transferred from generation to generation. "The society delegates the citizen education and training to the family. The emotional connection is not enough to establish the family. The family ties do not become standard structure by its own but because it is based in an institutional structure that gives the family establishing its normative status. The family is instituting because it is established, recognized, defined and supported in its social difference. The family then receives its legitimacy not because of natural ties but because of its institutional structure. Thus, the family can only survive as an institution and only last because it is an institution" (Lavaud, 1997). Therefore, the family can be seen as an institution, "a set of ordered relationships among people which defines their rights, exposures to the rights of others, the privileges and the responsibilities" (Schmid, 1972: 893). The law has an important role in the definition and the functioning of a family (Marcus, 1980). The main difference between Civil Law and Common Law lies in the focus and in the formalism of the law and rules. Civil Law emerged in continental Europe in the Middle Ages. It is based on the continuity of ancient Roman law. Common Law was created in England in the Middle Ages. It is

Table 1
Main differences between Civil Law System And Common Law System.

points of differences	Civil Law	Common Law
Place Of rules, law in everyday life	Total control of family life	Little influence in everyday family life
Formalization	High	Place of free-will
Drafting laws	Government legal system	Low
Family membership	Totally determined by law	Statute and precedent
	No possible choice	Determined by law with a space for free-will to choose who will get what from whom
	Testimony possible only to choose the type of goods but not their value	Role of testimony during succession for example
Value	Constrains	Freedom and free-will
Philosophy	Family reign	Individualism reign
Foundation of relationship	Equality	Kinship

Source: Author.

Table 2

No Exit Option Components vs Exit Option Components.

	Civil Law No Exit Option (NEO)	Common Law Exit Option (EO)
General focus	No place for free-will, all the relationships are legally crafted.	Free-will plays a role in defining family relationship particularly concerning inheritance
Family	Founded through legal filiation	Founded through legal and biological filiation
Family rights and duties	Legal ties Someone loved but not recognized legally, so without legal links defining the family relationship has no rights concerning the family and its members. For example, a son born out of wedlock and not legally recognized cannot get access to family rights naturally. He will need a legal procedure of recognition. On the contrary, an adopted child will naturally get access to family rights and duties because he is legally designate as the son, even if there is no blood links with the other family members. In a brotherhood, two brothers, one adopted and the other born by blood, have exactly the same rights and duties among the other family members.	Legal ties and possible personal decisions There is no legal procedure needed starting from the point that an individual choose for its own stake what he wishes to do. For example, it is easy to transmit patrimony to people not taking part of the family
Type of links	Unbreakable and constrained. Once the legal link is created there is no way to go back or to change it. This could lead to very tough situations when people have to invest themselves or their money in taking care of family members they have never met, or may not even know of the existence. This could happen because legally family members are linked. For example, a grandson could become financially in charge of his grand-mother who has no financial means, even if they never met and did not even knew the existence of one another. This is also true for a son who will be in charge of his stepmother after his father's death, even if he hates her. Genealogy is the means by which family legal links persist after people's death	Possibility to disown family members Family members are not financially dependent under the law. If a family members needs financing, the help is only based on free will from the other family members
Choice of family members	No possible to choose who get what from whom inside the family: the persons who have rights and duties to other family members are selected through legal criteria (as we know now, essentially filiation). There is no possibility to choose family members	Possible choice of who will get what from whom inside the family. There is no rank of priority for transmission
Treatment among children	Imposed by law to be equal Each child must be treated the same concerning relations with other family members and property access through transmission. Legal proceedings can be used if one child estimates to be aggrieved	Equality is only if it is wanted but it is not necessary. Possibility to transmit different amounts of patrimony to each children. Possibility to select the one who will get more than the others
Sealed boundaries		No place for personal will The group is legally defined
The group is crafted by law and the personal will		
In case of conflicts	The court and the code (family, civil code)	Statute and precedent (coming from individual will recognition by the law) Possibility to create new situations

Source: Author.

based on case and precedent and is far less formalized and codified¹ than Civil Law. Both systems have a common aim: determining who is in and who is out the family, and for those who are in, what they can get from other family members (Plucknett, 1956). The two systems reflect very different philosophies in terms of the family and its dynamics. The Civil Law system develops a significant attachment to the law as an artifact myth able to solve any kind of problem in family functioning, in particular by the creation of new rules. The law expresses the general will and comes from an intention of control on the reality. More specifically, Civil Law develops the right or claims of family members to receive the property of another family member when the person dies. In Common Law, the testator is free to make decisions during his life time and upon death (Plucknett, 1956). Freedom is an achievement and everything which is a restriction is rejected. It is rooted in the spiritual idea that *"father knows best"*. People are considered to be sovereign in their own private territory and free to choose who takes part of it (Plucknett, 1956). *"Freedom"* is central whereas in Civil Law, it is *"forced portion"*, *"forced heirship"* (Croucher, 2005). Civil Law makes a strong restriction of personal free will in family relationships; a person's power is framed, limited by strong legal obligations. Civil Law does not focus on people but on the rights to be a family member and to be allowed to receive property from the other members. As developed by (Croucher, 2005), the two main differences between Common Law and Civil Law lies first on the focus of the law system (individual free-will vs family group protection) even if some statutory laws exist in the united States and in Canada. Secondly the main difference is the role precedent in interpreting the statutes and the building of statutes through precedent. This is not the case in the Civil Law system where precedent is not binding in Civil Law System.

¹ Only a few countries in the world follow the two systems e.g. Canada.

Because the focus of Civil Law is the family and not the individual, going deeper into the set of practices determining family life in Civil Law is very promising. The rules concern marriage, filiation, marriage matrimony contracts, and parental authority (Fulchiron, 2014). The requirements of family life are particularly accurate on the rights and duties of parents, children and persons considered as family members, the naming of children, the definition of the genealogy line independently of the biological links, the definition of responsibilities, rights and duties of persons between them. The designation of family ties is defined by the law. If the French Civil Code is taken as example, article 213 makes it clear that “the spouses lead together the moral and material direction of the family, they provide for the education of children and prepare their future”. The consequences of the legal component of family specific to Civil Law systems leads to suggest the No Exit Option specific to the family social group (Figs 1–3).

1.2. A legal component of the family: exit option in the Common Law alternative vs No Exit Option in Civil Law alternative

Civil Law produces a set of specific components to the family, founding the distinctiveness of the family group among other social groups. The first specific component of Civil Law is filiation. It means that a family starts when a child is born and not only when a couple get married. A child’s birth, in any circumstances (except legal abandonment), is the founding act of a family and it is the legal recognition (Boisson, 2006). Historically it was preceded by marriage but the role of filiation has been reinforced since the 1970s to become the founding act of the family. All children are recognized equally whether they were born outside or inside of wedlock, from an egalitarian perspective. This changes a lot the way family is perceived because it puts a strong restriction, first for an individual (to desire or not of family membership) and then on the group or social side (the freedom to choose members of the family).

There is no choice in the selection of family members; it is imposed and irreversible by law. At the level of the society, childless people view their social and taxation rights reduced in comparison with singles with children who have the same rights as married couples with children. In some countries such as Vietnam, the lack of an offspring in the two years following a marriage is a reason for separation on the husband’s side. In the French Civil code, Article 371-1 states that “parental authority is a set of rights and duties which purpose is the interest of the child. It belongs to the father and mother until the majority or emancipation of the child in order to protect his safety, health and morals, to ensure his education and allow his development, with due respect to his person. Parents associate the child in decisions that affect him, according to his age and maturity. The child doesn’t belong to his parents, nor his family; he can’t be a means for anybody, as a human person he can only be a radical end”. Blood ties define the biological filiation whereas the legal filiation is given through the name and a set of rights, duties and the transmission of the property (Weber, 1904). However, the biological link does not necessarily lead to a legal relationship as in the case of abandonment or adoption. “The father is not the one designed by the marriage. That makes a difference between the biological parent and the parent” (Boisson, 2006). Family membership is defined by law. Blood ties are one of the possibilities of parenthood but not the only one. Even after a divorce, the parental couple of a child remains steadfast establishing that the priority remains within the family when considering the child. The extended family is therefore the succession of filiation over time giving way to different stages with different legal rights and duties. The number of stages of filiation determines the intensity of the legal relationship between people.

		FAMILY MEMBERS GOALS	
		Divergent	Aligned
SOCIOEMOTIONAL TIES BETWEEN HEIRS AND PREDECESSORS	Strong (exit other members)	Scenario 2. Family business co-construction (situation with conflicts but natural regulation)	Scenario 1. Family business priority (situation priority chosen)
	Weak (No exit other members)	Scenario 4. Exit family	Scenario 3. Multiple heirs transmission (situation producing organizational complications)

Fig. 1. Family business potential scenario in EO alternative.

Source: Author.

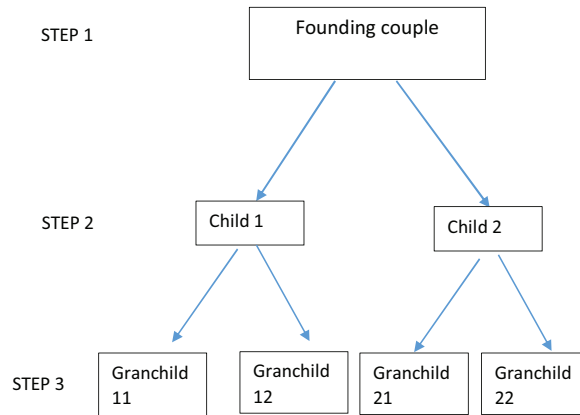


Fig. 2. Relationship between genealogy and generation.

The family produces a confinement on itself. This leads to separate family members into two groups: those who consider the family as “a haven, a refuge in which the furious pace of getting and spending is slackened, the burden of affairs is lightened, tensions are erased, enmities forgotten” and those who consider family as “a prison” (Herlihy, 1991). Therefore there is a need to include in the future evolution of a family business, the legal dimension of the family coming from the Civil Law system. Therefore the family concept is differently sight between Civil Law and Common Law. On the Civil Law side, the unbreakable family membership and legal right and duties between family members define a No Exit Option (NEO) for family members whereas, the free-will and the use of precedent in the law let the possibility of the exit option (EO) in Common Law countries. NEO and EO can be defined through the following items:

As the family is the major source of distinctiveness for family business, the identification of the new component creates a significant change in the understanding of the influence of the family on the firm. It creates different alternatives of futures for family business according to family members’ ties.

1.3. Different family business scenarios ahead EO and NEO

We consider different alternatives of the futures of family business through the impact the legal system and the wish of the family not to sell-out the company. Each legal scenario, EO or NEO, gives way to a different types of family business evolution with different needs of regulations among family members into the firm from socioemotional dynamics to formal structuration. In the EO situation, the alternatives are essentially base on the free-will different option choice. Whereas in the NEO situation, the alternatives are based on legal determination. This changes totally the possible future alternatives for family business.

		FAMILY MEMBERS GOALS	
		<i>Divergent</i>	<i>Aligned</i>
GENEALOGICAL TIES	<i>Homogeneous and strong NEO</i>	Scenario 2'. Family Business Dilemma	Scenario 1'. Family Business Balanced
	Socio-emotional regulation		
GENEALOGICAL TIES	<i>Heterogeneous and different intensity of NEO</i>	Scenario 4'. Family Business Diluted	Scenario 3'. Family Business Sophisticated
	Formal regulation		

Fig. 3. Family business potential scenario in NEO alternative.

1.3.1. Scenarios of family businesses in Common Law EO alternative

The family business in the EO situation is partly based on the free-will of family members to transmit their patrimony to the heir of their choice. Even if the family is also based on filiation the possibility to choose the heirs will give way to simple solutions where socio-emotional dimension will take a great place. The possibility to choose the principal heirs will lead to prioritize the child who is the best suited for the situation in terms of skills, will to take over and with whom the emotional relationship is the best. Therefore, the possibility to select one child among the others to succeed without the obligation to reward the other will lead to simple evolution of the family business mostly based on a will of cohesion. So it can be assumed that the evolution of the family business will be in priority on single heir transmission. In that situation, because there is no obligation of rewarding the other children of the family, there are less needs for organizational change of the company to include the other family members because it is possible to choose to exit them without any reward. Therefore, the socio-emotional mechanisms of regulations are expected to take a great importance because there are the basement of the choice made by the predecessor to transmit the company. The need for formal regulations like pyramids or specific family governance bodies (family councils) occur only if the predecessor wishes to transmit to more than one heir, but it remains his choice.

In Common Law countries, the alternatives of evolution of family business could be based first on the socio-emotional ties between the family business leader and his heir(s), strong or weak. A strong emotional tie means that the family member is chosen to succeed which means that the predecessor chooses to exit the other family members from heritage. On the situation of weak ties, the predecessor does not choose to exit family members and decides to spread the inheritance between them. Secondly the scenarios are based on family member's goals. Four different alternatives can be drawn out but all depending on the family business leaders' choice.

2. Description of scenarios

2.1. Scenario 1. Family business priority (situation priority chosen)

The predecessor choose his heir. He can be his child or any other family members. He can transmit the power and the share at the same time without having to reward the other family members. The legal link does not really enter in the decision. This scenario is the one a family leader have the higher chance to choose. Therefore, the family business will remain centered on a small group of family members avoiding the increase of potential family conflicts.

2.2. Scenario 2. Family business co-construction (situation with conflicts but natural regulation)

This scenario is based on strong socioemotional ties but different goals among family members. This situation leads the predecessor to choose his heir but he knows they differ in terms of goals achievement. In that situation, the socioemotional mechanisms of regulation take a great place. This is typically in that situation that the well-known mechanisms of trust, altruism, loyalty will enter in action. The family business will still remain centered on a small group of family members who have chosen to stick together in managing the company. Even if conflict exist, the value of socioemotional relations remains the priority.

2.3. Scenario 3. Multiple heir's transmission (situation producing organizational complications)

This scenario is based on the assumption that the predecessor does not choose his heirs (this could be the case of an early accidental death) or wishes to transfer to more than one heir. This situation is not the best evolution for the family business because it increase the number of family members running the company and by the way the potentiality of conflicts. The large number of family members involved into the business lead to the necessary use of formal organization of the company. This could be the case to holding pyramids building or foundation building. However, because this solution is not the best for family business continuity this could explain why the development of those structuration of the organization are fewer in Common Law countries (Morck, 2005). This alternative is the nearest from the Civil Law situation but the difference remains in the fact that it chosen in the Common Law case and constrained in the Civil Law case.

2.4. Scenario 4. Exit family

This situation is the worst in the Common Law because it means that the predecessor did not make any choice concerning heirs, family members do not have the same goals and the socioemotional relationship are weak. There is no rationality to choose this alternative. That situation lead necessarily to family exit of the company.

Concerning the Civil Law alternative, because of the absence of free-will in family decisions, the socioemotional ties can not continue to be a reference for defining the future alternatives of the family business. The legal filiation and the right and duties that go with it lead to consider the legal relationship between family members as a reference. Therefore, it is the genealogical link that plays a crucial role in defining the possible future alternatives in the Civil Law family business.

2.4.1. Scenarios of family businesses in Civil Law NEO alternative

A particularity of the family business is the potential different family links for family members inside the firm. The family starts when a child is born. This is true whatever the type of family. The current literature on family business introduces the concept of generations but the legal component of the family, NEO, produces a powerful new orientation giving way to different future scenarios for the family business. One issue developed by the identification of NEO concerns the link between generation and genealogy. People from the same generation could have different genealogical ties. For example, cousins and brothers/sisters belong to the same generation but they have different genealogical links. The genealogical proximity can be defined as the number of family links separating family members. A high proximity means a strong NEO. The genealogical proximity is a good indicator of the potential tension between members inside the family.

At STEP 1 and 2, all the children have the same link with their parents and in between them. They also belong to the same generation. Only emotional dynamics like rivalry between the children or with the parents could bring destabilization. Starting from STEP 3, the relation between genealogy and generation changes. All the grandchildren belong to the same generation but they do not have the same genealogical link between them and with the generation before. For example, if 11 and 12 are brothers and/or sisters, 21 and 22 are their cousins even if 21 and 22 are also brother and/or sisters. The STEP 3 allows two types of genealogical links, even if it is the same generation. Therefore, at STEP 3, relationship can be divided into two sets:

- intra generation: brothers and sisters vs cousins
- inter generation: parents vs uncle/aunt.

Direct genealogical links (brother–sister or children–parents) could enter in competition with indirect genealogical links (cousins or uncle–aunt and niece–nephew).

This distinction introduces different levels of intensity for NEO. The different links between family members define the family profile. The relationship between brothers and sisters or parents and children is, according to the law, far more intense than the relation between cousins, uncle and aunt. The extension of the family introduces a new distance between family members. Therefore, the profile of family is different when the relationships are the same for all family members and when they are different. This dynamic produces a reduction of the intensity of NEO at the same time as the genealogical distance increases between family members, basically from STEP 3. At the same time, there will be a strong NEO for all of the relations inside the family which are at the STEP 1 or 2. Each new born child creates a new STEP 1 and 2 for his parents and at the same time a STEP 3 or more with the other family members. Therefore, when the family involved is composed of STEP 1 and 2 members, the links are homogeneous. When the family involved is composed of STEP 1 and 2 and 3 or more, the links between members are heterogeneous. The heterogeneity could be measured by the number of nuclear families involved in the whole family business in ownership and management. We are not talking about the nuclear family in the same way as (Haley, 2000) or (Montgomery, 2008) but to express the legal relation between parents and children which is the basic step of the family. It leads to different evolutions of the family business according to the number of nuclear families produced by each filiation. NEO is the strongest when the genealogical links are homogeneous. The intensity of NEO remains the same in the nuclear family but evolves concerning the rest of the family. The nuclear family could enter in competition with the rest of the family in terms of interest. Therefore, the risk of conflicts is influenced by the genealogical link and increases with the number of genealogical links.

Therefore the different profiles of family produce different scenarios of future family business. The scenarios are determined first by the genealogical ties being homogeneous with strong NEO or heterogeneous with different intensity of NEO. They are determined secondly by the family members' goals being aligned because they are pursuing the same goals or divergent if they are pursuing different types of goals. This is basically the current difference between socioemotional goals and financial goals.

3. Description of scenarios

3.1. Scenarios 1': the Balanced Family Business

The family running the business is composed of a nuclear family (parents and children). NEO is the same for children and parents. It leads to strong legal rights among the family members. The family members' interests are aligned and the socioemotional wealth is high. The whole family motivation for the business is the success and the family continuity (Ward, 1987). The organization is simple; there is no real need for regulation.

3.2. Scenario 2': the Dilemma Family Business

The family business is composed of the nuclear family but divergent goals rise between family members. This is the case for example when one of the children wishes to invest in the firm more than simply the patrimony he or she received by transmission. He wishes to invest his human capital but the others children do not wish so: the goals are different between the children. Family performance is maintained by its ability to manage the paradox between constrained relationships and emotions. The way to stabilize relations is based on values, socioemotional dynamics, norms like trust, altruism,

nepotism . . . among family members. They are internal family mechanisms designed to preserve the balance inside the family group and appease family relations.

3.3. Scenario 3': the Sophisticated Family Business

The family generates many heterogeneous links. This is the case of families with different branches linked together by the ownership transferred by previous generations. Each transfer contributes to diluting ownership (Carney, Gedajlovic, & Strike, 2014) but at the same time it produces the direct commitment of heirs and contributes to an additional one-step separation in terms of genealogical distance. In this scenario, the business is sophisticated. The emotional and symbolic attachment to the family business decreases as the intensity of NEO decreases. Therefore, the sophistication of the family business comes from the heterogeneity of the relationship leading to the presence at the same time of members strongly attached to the firm and others weakly attached to the firm. The power of socio-emotional mechanisms of the whole family is reduced because each generation replaces the priority of relations on its nuclear family. If the first generation shareholders are patient, along generations, NEO could increase the pressure to claim for financial compensations as a counterpart of maintaining family continuity of the business. The business becomes a solution for reducing the family instability. The business provides jobs, funds . . . to family members. The family motivation for the business is the need for family stability (Ward, 1987). The business then must serve the family because the importance of family members' well-being increases in the global equilibrium (Gomez-Mejia, Larraza-Kintana, & Makri, 2003; Combs, Penney, Crook, & Short, 2010). The financial aspect becomes more and more important, particularly concerning the members with a weak NEO relation with those involved in the management. As a response, the business becomes the base of the family cohesion [41-7-11-30]. The complexity of the relationships and the tension in terms of priority and interest leads to a need for formal mechanisms (Breton-Miller & Miller, 2013). The tension between family members creates very different agency conflicts much more difficult to solve (Schulze, Lubatkin, Dino, & Buchholtz, 2001). According to the level of heterogeneity, the range of formalism could be large, starting from the structuration of the board, the creation of family council, a family charter . . . It could continue towards the creation of business groups of pyramids, including family offices, dedicated to family regulation. Pyramids are much more developed in Europe and far less in the USA (Morck, 2005). "Large listed firms in the United States today are exceptional in the sense that virtually all are freestanding: that is, they neither control nor are controlled by another listed firm [38-46-32]. Elsewhere, large listed firms often belong to pyramidal business groups, structures in which an apex firm, usually controlled by a wealthy family, holds equity control blocks in one or more listed firms, each of which then holds equity control blocks in one or more other listed firms, and so on. Such structures let business families outside the United States magnify their fortunes into control over corporate assets worth vastly more, effectively entrusting the corporate governance of large swaths of a national economy to a handful of business families" (Kandel, Kosenko, Morck, & Yafeh, 2015). This type of arrangement is dedicated to family financial and patrimony management. It contributes to relocating family issues in the holding company and to preserving the indirect family influence on the business. The arrangement contributes to refocus the management of the initial family business on homogeneous ties and to exit the heterogeneous ties in the business group of pyramid. Then, family members who wish to opt out could easily do it. This scenario necessarily concerns firms releasing cash. The aim is the possibility to use leverage arrangements to buy out the share of exiting family members from the business and refocusing the ownership on one family branch. The sustainability of this scenario is determined by the ability of the family business to use legal arrangements like business group of pyramids, prevalent in Civil Law (Marcus, 1980). By separating the management of family patrimony from the initial family business, the system allows for a better selection of family members involved in the initial family business management. It could also permit the selection of external managers.

3.4. Scenario 4': the Diluted Family Business

This is the case of very heterogeneous genealogical links and divergent goals. This is the case where the family is very large and the firm is not run by family members. The family influence is very low. The organization is very complex and the company is becoming managerial. The family continuity is no more a priority.

These different futures of a family business are totally determined by the type of family involved into the business. The strategy the family will choose afterwards creates a kind of a dynamic between the scenarios. The succession of scenarios that ensure the sustainability of the family business and created family dynasty is Scenario 1–3. The others shed light on family issues going against the business stability. Scenario 1 can develop into scenario 3 through the creation of a family holding company and the family continuity will be safe. Scenario 4 is often synonymous with the end of the family continuity priority giving way to another type of life for the company.

4. Conclusion

The aim of this article was to focus on the family as the major source of heterogeneity for the family business. The axis of analysis chosen is the legal dimension of the family to foresight family business future alternatives. While major advances are made in the field of family business research, particularly with the identification of the role played by non-financial goals (Astrachan & Jaskiewicz, 2008; Bachofen, 1861; Boisson, 2006; Breton-Miller & Miller, 2013; Carney et al., 2014; Chrisman, Chua, & Litz, 2004; Chrisman, Chua, & Litz, 2003; Chrisman et al., 2012; Combs, Penney, Crook, & Short, 2010; Corbetta &

Salvato, 2004; Croucher, 2005; Dawson & Mussolino, 2014; Dyer & Dyer, 2009; Faccio & Lang, 2002; Frier, 1982; Fulchiron, 2014; Gedajlovic & Shapiro, 1998; Gersick, 1997; Gomez-Mejia et al., 2003; Gomez-Mejia, Haynes, Kathryn, Manuel, & Moyana-Fuentes, 2007; Haley, 2000; Herlihy, 1991; James, Jennings, & Breitzkreuz, 2012; Jones, 1996; Kandel et al., 2015; de Vries, 1996; Lansberg, Perrow, & Rogolsky, 1988; Lavaud, 1997; Lubatkin, Lane, Collins, & Very, 2007; Marcus, 1980; Masulis, Pham, & Zein, 2011; McCorduck, 1996; Miller, Breton-Miller, Lester, & Cannella, 2007; Montgomery, 2008; Morck, 2005; Plucknett, 1956; Porta, Lopez-de-Silanes, Shleifer, & Vishny, 1999; Porta, Lopez-de-Silanes, Shleifer, & Vishny, 1998; Rogoff & Zachary, 2003; Schulze et al., 2001; Schmid, 1972; Sharma, Chrisman, & Gersick, 2012; Singly, 2004; Stafford, Duncan, Dane, & Winter, 1999; Villalonga & Amit, 2009; Ward, 1987; Weber, 1904; Zellweger & Astrachan, 2008) and the objective of socioemotional wealth (Gomez-Mejia et al., 2007) the law presents a real potential to explore the future of family business. This article opens a new type of scenarios for family business, coming from the legal system. Considering family in the Civil Law and the Common Law systems contributes to identify a family specificity coming from the Civil Law, No Exit Option (NEO) and from the Common Law, Exit Option (EO). The intensity of NEO between family members involved in the family business contributes to understanding family business heterogeneity, that is to say the different profiles the family business can take in its future. The main contribution is the identification of the NEO and EO as the basement of different alternatives scenarios of the family business futures. The theoretical contributions show the power of the law system as a determinant of family business heterogeneity. The legal form of the family defined by genealogical links determines the need for different types of regulations. The family business form is mainly determined by the legal type of relation between family members.²

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