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A generational perspective of family firms' social capital: Interplay between ethical leadership and firm performance

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Abstract

This study proposes and tests a model that integrates ethical leadership, internal social capital, and firm performance in small- and medium-sized family firms at different generational stages. Using the upper echelons theory and the social capital perspective of familiness, this study shows that ethical leadership can explain the effectiveness of certain behaviors in relation to family firm performance. Moreover, social capital helps spread a leader's business ethics to firm members, thus improving the family firm's performance. Our results show that founders' personalities and identities determine high internal social capital, which decreases over generations. The study also shows that internal social capital is a communicative element crucial to ethical leadership, facilitating the absorption of the culture and values of the family in the firm. This powerful resource should be promoted and supported by coherent behavior over time by senior leaders.

KEYWORDS
ethical leadership, family business, firm performance, generation, heterogeneity, social capital

1 | INTRODUCTION

Recently, the ethical implications of leadership have generated substantial interest among the general public and researchers. This may be due to a wave of corporate, environmental, and political scandals that have received extensive media coverage of unethical behaviors. The misconduct of corporate leaders has been one of the principal reasons for these scandals (Reck et al., 2021); hence, there is increased social pressure on organizations to enhance their ethical behavior (Saha et al., 2020).

The call for top managers to act as ethical leaders also builds steam for a change in stakeholders' expectations in relation to the behavior of firms and their leaders (Pless & Maak, 2011). Therefore, ethics are increasingly being considered an essential characteristic of leadership (Nguyen et al., 2021). Given that employees are the primary addressees of leadership, leader–follower relationship is an essential part of ethical leadership. Research has focused primarily on examining this relationship and its implications. For instance, several studies analyze how ethical leadership can enhance job performance or positive behaviors (e.g., Le & Lei, 2018; Sosik et al., 2019), whereas others examine the extent to which ethical leadership intervenes in alleviating the negative behaviors of organizations (e.g., Dust et al., 2018; Neves & Story, 2015). Studies associate ethical leadership with employee effectiveness and job embeddedness (Dineen et al., 2006; Halbesleben & Wheeler, 2008; Mayer et al., 2009), whereas others have determined that social capital is a consequence of ethical leadership (Pasricha & Rao, 2018; Pastoriza & Ariño, 2013). However, studies examining the relationship between ethical leadership and financial outcomes are scarce (Eisenbeiss et al., 2015; Shin et al., 2015), and the few that exist are mainly based on large firms (Scalzo & Ramirez-Perez, 2020). Few studies analyze the relationship between ethical leadership and financial performance in small- and medium-sized enterprises (SMEs), and even fewer in family firms, the most common form of business organization worldwide.

Bridging this gap is significant because family firms are considered value-oriented businesses (Dyer, 1989). A defining element of these firms is their family orientation, which explains the extent to which individuals inject family essence into a family business setting (Diaz-Moriana et al., 2019), such as the furtherance of family values through the business or the perpetuation of the family dynasty (Berrone et al., 2012). Their deep-rooted values provide a basis for higher expected ethical behavior than that of nonfamily firms (Adams et al., 1996; Dyer & Whetten, 2006; Vazquez, 2018). The higher propensity for ethical leadership in family firms may be due to the influence of their leaders and family firms' culturally embedded emotional aspects such as trust, feelings, and emotions (Vallejo-Martos & Puentes-Poyatos, 2014). Family values guide the behavior and decision-making of their leaders (Giberson et al., 2009), who consider these values a legacy, an element of family social capital, which should be transmitted to the next generation (Sorenson, 2013). Accordingly, some studies suggest that family firm leaders exert a stronger influence on ethical issues than their nonfamily counterparts, evidencing a positive connection to various noneconomic outcomes (for an overview, see Vazquez, 2018). However, other studies also show the dark side of family firms' idiosyncratic leadership (e.g., Ding & Wu, 2014; Eddleston & Mulki, 2021), which stems from the excess power of family owners and leaders of the business may cast a shadow on ethical leadership (Dyer, 2021). Other characteristics of family firms, such as distinctive human and social capital, maintaining family-oriented goals related to socioemotional wealth, and long-term orientation due to their transgenerational intention (Cano-Rubio et al., 2021; Chrisman et al., 2012; Gómez-Mejía et al., 2011), also determine behaviors that may influence leadership (e.g., McAdam et al., 2020; Miller & Le Breton-Miller, 2021). Leadership succession is a singular event in family firms that depend on the leadership of the incumbent (Fries et al., 2021). As Jaskiewicz and Dyer (2017) noted, family norms, values, traditions, and goals not only shape family dynamics but also how the family deals with potentially competing logics in the decision-making of their firms. Decisions depend on both family members' identification with and implications in the business and how they balance the family's needs or interests with those of the business (Neubaum et al., 2019). While some attribute high importance to achieving the financial well-being of family members, others attach more importance to achieving socioemotional wealth goals (Samara et al., 2021). Leadership capacities in the firm and family are relevant factors in aligning the financial and nonfinancial objectives of business families with those of the business (Alayo et al., 2022).

Based on the above, a promising avenue of research is to analyze the financial performance implications of ethical leadership in family firms, the force of internal social capital in the transmission of leaders' ethical values, and the extent to which ethical leadership varies depending on the family generation running the business. The following research questions address these gaps: Is social capital a mechanism that helps transmit ethical leadership behavior in family firms? Can ethical leadership and social capital influence family firm performance? Does ethical leadership behavior evolve as the generation in charge of the family business changes?

Based on the upper echelons theory (Hambrick & Mason, 1984), and following a social capital perspective of "familiness" (Pearson et al., 2008), our study attempts to elucidate the aforementioned research questions. We propose that ethical leadership in family firms is idiosyncratic and has implications for financial performance, which is an underexamined issue (Vazquez, 2018). Moreover, there is a need for a better understanding of whether and how internal social capital may be used as a transmission mechanism for ethical leadership. Social capital is an umbrella concept that refers to the goodwill available to individuals or groups because of the structure and content of actors' social relationships (Adler & Kwon, 2002). As Wang et al. (2017) noted, limited attention has been paid to obtaining empirical evidence on the importance of social capital in the relationship between ethical leadership and family firm performance, although social capital is particularly relevant in the context of family firms as it can be considered a source of distinctive familiness (Pearson et al., 2008). This study takes a step forward to analyze whether there are differences depending on the generation in charge of the business in the way in which internal social capital helps extend ethical leadership. We test our hypotheses in Spain, a suitable context for conducting this study, where family firms represent close to 89% of Spanish firms, most of which are SMEs, and significantly contribute to national economic development (Spanish Family Enterprise Institute, 2021). Spain has strong family roots and maintains a close relationship with family members who share similar values and cultures. This differs from Anglo-Saxon countries, which are more individualistic (Vitell et al., 2010). Given that family firm culture is shaped by family values, examining the effect of ethical leadership on firm performance through internal social capital may be fruitful.

This study contributes to the literature in several ways. First, previous research has used several theories (e.g., social learning theory and social exchange theory) to examine the relationship between ethical leadership and business outcomes, focusing on explaining followers' perspectives rather than analyzing leaders' perspectives. This study shifts our attention from employees to leaders to understand the implications of ethical leadership on family firms' performance over multiple generations. Specifically, we focus on the ethical behavior of upper echelon leaders and analyze the extent to which their attachment to the firm and the family influences firm performance by combining the upper echelons theory (Hambrick & Mason, 1984) and the social capital perspective of familiness (Pearson et al., 2008). Thus, our study sheds light on two idiosyncratic aspects of family firms (ethical leadership and social capital) intertwined to foster firm performance. Second, we contribute to the family firm literature by analyzing the mediating role of internal social capital and whether it can help promote ethical behavior in the business, which ultimately determines positive financial outcomes. Common values and a shared vision encourage the development of trusting relationships and a cooperative atmosphere that removes the possibility of opportunistic behaviors and enhances engagement with goals (Sanchez-Famoso et al., 2015; Tsai & Ghoshal, 1998). To the best of our knowledge, limited research has examined whether internal social capital is an important mechanism for ethical leaders to boost a cooperative environment that ultimately helps business performance.

Third, this study contributes to research aimed at analyzing the uniqueness and heterogeneity of family firms (for an overview of typologies, see Neubaum et al., 2019), a prominent topic in modern family firm scholarship research (Daspit et al., 2021). Although there is agreement about family firm heterogeneity, it is necessary to delve deeper into the motivations for such distinctive behavior, taking into account the generational stage of the firm (first, second, and later generations). Specifically, we investigate the influence of social capital on the ethical leadership–firm performance nexus, and whether this influence varies depending on the firm's generation.

The remainder of this study proceeds as follows. The second section provides a theoretical background for ethical leadership and internal social capital in the context of family firms to develop the hypotheses. The third section describes the framework of the empirical analysis. The fourth section reports our findings. Finally, the fifth section presents some conclusions, discusses the implications for management theory and practice, and identifies aspects that merit further investigation.

2 | THEORETICAL BACKGROUND AND HYPOTHESES

2.1 | Ethical leadership and family firm performance

Ethical leadership can be described as the demonstration of appropriate social behavior that significantly influences groups or group members, serving as a guide for the achievement of common goals (Brown et al., 2005; Nguyen et al., 2021; Treviño et al., 2003). This “appropriate social behavior” that characterizes ethical leaders involves a “moral person,” referring to leaders' personality relative to their moral characteristics and traits, and a “moral manager,” referring to leaders' intentional efforts to influence and manage followers' ethical conduct (Brown et al., 2005).

Family firm culture does not build randomly but rather is a reflection of family identity, culture, and values (Blodgett et al., 2011) and leaders' personalities (Giberson et al., 2009). Leaders imprint business with their experiences, values, and personalities, influencing strategic decision making and firm outcomes (Carpenter et al., 2004). Upper echelon leaders are believed to have a primary influence on the creation and development of organizational culture (Giberson et al., 2009) and, therefore, on those who boost ethical values and behaviors in the firm (Treviño et al., 2003). Business ethical awareness is not possible without deeply rooted ethical values (Belak et al., 2010), which may help build a strong sense of belonging among its members by emphasizing the importance of ethical behavior and social responsibility practices (Wu et al., 2015).

Family firms are organizations in which the deep connections between the family and the business provide a unique identity and organizational culture encompassing ethical values (Blodgett et al., 2011). Moreover, the objective of passing the business to the next generation, a defining feature of family firms (Chua et al., 1999), entails that family owners and leaders care much about their reputation and social status (Berrone et al., 2012; Deephouse & Jaskiewicz, 2013). The incumbent's intention regarding leadership succession or ensuring the successful transition of ownership and governance across generations without the risk of intra-family conflicts is integrated into the core of the duties and responsibilities of ethical leadership in family firms (Cabrera-Suarez, 2005; Richardson et al., 2019). Consequently, family firms are less likely to be associated with unethical misconduct (Ding & Wu, 2014). Family leaders are the main transmitters of family and business culture and values, playing an influential role in building and reinforcing adequate organizational behavior (Alrubaishi et al., 2020; Garcia-Alvarez & Lopez-Sintas, 2001). While it is true that family firms can engage in unethical behaviors or show a low commitment to social responsibility (e.g., Campopiano & De Massis, 2015; Cuadrado-Ballesteros et al., 2017; Eddleston & Mulki, 2021), they are expected to be less incentivized to do so, given that corporate misconduct would compromise their image and reputation and put at risk the conservation of their influence and social connections (Deephouse & Jaskiewicz, 2013). Research suggests that unethical behavior is more likely to occur in family firms with informal structures, where dishonest family members may take unfair advantage of their power and position (Gallo, 1998). Certain misconduct may also occur in firms with high leader discretion that places family interests first (e.g., nepotism) to the detriment of other stakeholders (Miller & Le Breton-Miller, 2021; Rodriguez-Ariza et al., 2017), in businesses with weak family firm identity (Eddleston & Mulki, 2021) or with low identification of the family with the firm (Deniz-Deniz et al., 2020). Miller and Le Breton-Miller (2021) note that misconduct is limited when top managers are monitored by influential boards, shareholders, and disclosure regulations.

Drawing on the upper echelons theory (Hambrick & Mason, 1984) and the social capital perspective of familiness (Pearson et al., 2008), we assume that the emotional attachment of family leaders to the business and their concern for positive reputation and social status, along with their distinctive personality, may encourage ethical conduct and decision making to ensure social responsibility and employee best practices (Le Breton-Miller & Miller, 2020), which provides a unique competitive advantage (Chrisman, 2019; Kidwell et al., 2020). In other words, a sense of responsibility toward the firm and the family of leaders fosters ethical leadership. Employees who perceive their leader to be honest, respectful, and altruistic are likely to identify with and be involved in the firm, aligning their interests with the firm's goals (Bourini et al., 2019; Samara & Arenas, 2017;

Sanchez-Bueno et al., 2020). Ethical leadership encourages a good environment in the firm and shares goals and values, engendering collective learning that facilitates the exploitation of the internal resources of the firm and its competitiveness (Barney, 1991), helping achieve better financial performance (Wang et al., 2017). Moreover, firms with high ethical leadership are expected to enhance their reputation based on their responsible business practices (Wu et al., 2015) and the principles of loyalty, fairness, and respect derived from familiness, which can also help the firm build a competitive advantage that improves its performance (Zellweger et al., 2010). Considering this, we propose the following hypothesis:

> **Hypothesis 1.** Ethical leadership positively influences family firm performance.

2.2 | Role of social capital as a mediator

The literature defines social capital as the "goodwill that is engendered in the social relations of social systems, and that can be mobilized to facilitate collective action" (Adler & Kwon, 2002, p. 17). From the firm's internal perspective, social capital is considered an organizational value comprising three interconnected dimensions: structural, cognitive, and relational (; Leana & Pil, 2006; Nahapiet & Ghoshal, 1998). According to Pastoriza and Ariño (2013), the structural dimension reflects with whom and how often firms' members share information and resources; the relational dimension reflects the extent to which relationships are characterized by trust, reciprocity, and emotional intensity; and the cognitive dimension refers to the extent to which they share a common perspective regarding the firm's goals (Moran, 2005). Social capital facilitates cooperation, knowledge sharing, coordination of collective activities, coherence of action, and intellectual capital (Adler & Kwon, 2002; Nahapiet & Ghoshal, 1998). Cohesive teams react faster, are more flexible, use superior problem-solving techniques, and are more productive and efficient (Smith et al., 2004). Social capital facilitates the pursuit of common goals and strengthens the motivation of the group to pursue them (Adler & Kwon, 2002). Therefore, social capital can be considered a specific resource of the firm and a source of competitive advantage (Nahapiet & Ghoshal, 1998).

Bringing these ideas into the family firms' context, it can be stated that familiness, defined as "resources and capabilities resulting from the family involvement and interactions" (Chrisman et al., 2003, p. 468), is a key element in generating and maintaining social capital (e.g., Pearson et al., 2008; Rutherford et al., 2008). Indeed, Pearson et al. (2008) assumed that social capital manifests itself through the "structural dimension of familiness," "relational dimension of familiness," and "cognitive dimension of familiness," which represent the family firm resources that affect family firm capabilities. In other words, family firms' social capital is considered a source of distinctive familiness (Pearson et al., 2008).

Strong family involvement in the business establishes conditions whereby the family may influence other individuals in the firm (Le Breton-Miller & Miller, 2009) through a "social contagion effect" (Barsade, 2002; Zahra et al., 2008). The characteristics and attitudes of trust, friendship, respect, and reciprocity, which are developed through a history of interactions, create a relational setting that favors collaboration and decreases opportunistic behavior (e.g., Salvato & Melin, 2008; Sanchez-Famoso, Pittino, et al., 2019), which are highly interconnected with business ethics. Trust is considered paramount for a good atmosphere that enables cooperation, promotes network relationships, and facilitates effective responses to crises (Sundaramurthy, 2008). Thus, social capital in family firms makes collective business work better while allowing complementary resources to be accessed and shared. The close connections between the family and the business influence the development of internal social capital (Arregle et al., 2007), trusting relationships (Adler & Kwon, 2002), and strong ties between family and nonfamily employees (Kavas et al., 2020), positively contributing to firm outcomes (Nahapiet & Ghoshal, 1998).

Managing social capital effectively requires appropriate leadership, as top managers are the primary source of influence on employee behavior by building long-term relationships with their members (Giberson et al., 2009). Many scholars support the positive relationship between ethical leadership and job behavior (i.e., work engagement and job embeddedness) and its positive effect on work atmosphere and performance (e.g., Brown et al., 2005; Halbesleben & Wheeler, 2008). However, the literature also recognizes that there may be situations in which a high level of job embeddedness can negatively influence social capital by reducing employees' job motivation (Lee & Huang, 2019). Therefore, leadership should be considered as a concept closely related to social capital, as internal social capital is conducive to a supportive environment that helps leaders build relationships that connect individuals. According to Carney (2005), when personalized leadership is combined with particularism, it generates a series of advantages in the creation of social capital, which brings advantages and resources to firms (Nahapiet & Ghoshal, 1998). Ethical leaders encourage information, resource sharing, and trusting relationships, and accomplish shared goals among their employees (Pastoriza & Ariño, 2013). By displaying ethical behavior, leaders facilitate employee learning to empathize with other members and build cordial relationships with them, thus contributing to the creation of social capital in the organization (Pastoriza et al., 2008). By encouraging such behavior and actions among employees, ethical leaders shape and consolidate their perceptions of ethical leadership (Pasricha & Rao, 2018; Pastoriza & Ariño, 2013).

Furthermore, ethical leaders who demonstrate altruistic behavior create a work environment that inspires positive feelings, facilitating the process through which employees learn to feel empathy toward others and establish profoundly effective relationships with them (Pastoriza et al., 2008). Consequently, we posit that social capital helps leaders spread ethical behaviors among family firm members, resulting in collaborative and innovative behaviors that improve firm performance. Considering this, we propose the following hypothesis:

> **Hypothesis 2.** Social capital mediates the relationship between ethical leadership and family firm performance.

2.3 | Influence of family firms' generational stage

According to the upper echelons theory, organizational characteristics influence top managers' choices and features (Carpenter et al., 2004; Hambrick & Mason, 1984). In family firms, one of these organizational characteristics is the family firm's generational stage. In this sense, dispersion of ownership among families alters the dynamics of family members (Gersick et al., 1997; Schulze et al., 2003). This dispersion relates to the generational phase of the family firm. Prior studies have examined the differences between first-, second-, and later-generation family firms (e.g., Gersick et al., 1997; Sonfield & Lussier, 2004), indicating that the generational phase is one of the most important sources of heterogeneity among family firms (e.g., Eddleston et al., 2013; Gómez-Mejía et al., 2011).

We contend that the dominant presence of family social processes is stronger in a firm's initial stages. Founders create a stronger family effect because family values and the resulting social structures are enacted on family members for years, often beginning early in life (Stewart, 2003). Founders tend to maintain a personal leadership style and informal management culture in first-generation family firms (Ensley & Pearson, 2005). The first generation, where ownership and control rest primarily within a small number of homogeneous family teams, will lead to reduced conflicts because of a single vision that is more commonly shared, held, and communicated (Davis & Harveston, 2001). First-generation family members contribute to building the business; therefore, there is a high emotional attachment to founder values (Le Breton-Miller & Miller, 2009) and a unified vision of the family firm. These leaders have a strong identification with the business and are more likely to build and transfer a well-reputed and long-term-oriented business to the next generation (Samara et al., 2018). A common vision positively affects the level of trust between group members, thereby creating a positive cognitive relationship between them (de Groot et al., 2022).

Thus, in the first stage of a firm's life, internal social capital is strong. As family firm life advances, management style and governance mechanisms change (Salvato, 2004) and the strength of family ties weakens, affecting the degree of family motivation and identification with the firm (Cruz & Nordqvist, 2012; Le Breton-Miller & Miller, 2013). Firms run by succeeding generations are characterized by more formal, objective, and professional leadership and management styles (Mitter et al., 2014). In the second generation (sibling partnerships), although familial distance increases, siblings still maintain close ties. Hence, although they may not share all the original familial values, internal social capital still plays an important role as a binding element. Emotional attachment among family members and loyalty to the past are likely to remain strong during this stage of a family firm's life. Family members' personal legitimacy may still be dependent on the firm, especially if the firm bears the family's last name, which encourages top managers to care about corporate social responsibility and ethical practices (Fehre & Weber, 2019). With the third and later generations (cousin consortia), each brand and family member has its own agenda, which may sometimes be a source of conflict (Ensley & Pearson, 2005; Gersick et al., 1997). Therefore, the cohesion of values shared among cousins and communication between them could be very low, and conflicts of interest can occur, which causes trust between them to become low. In this generational phase, internal social capital is not as important as it is in the first stage of a family firm's life.

As Salvato and Melin (2008) highlight, the closeness of ties among family members and the trustworthiness among them generate valuable resources that are relevant in the early stage of family and family firm development. As the family firm ages and new generations become involved, the convergence of interests among different family branches does not necessarily occur (Gersick et al., 1997; Schulze et al., 2003). While some actively participate in the family firm, others may assume a passive role, with members having different interests and goals (Le Breton-Miller & Miller, 2013). Therefore, owing to their inferior leadership, second- and later-generation top managers may be subject to counterproductive family disputes and interests (Le Breton-Miller & Miller, 2009). These arguments suggest that family firms differ in their internal social capital, depending on the generation in charge. Based on these reasons, we propose the following hypothesis:

> **Hypothesis 3.** The social capital of a family firm varies depending on its generational phase. That is, the positive mediating role of social capital in the relationship between ethical leadership and firm performance is reduced as the generations of the family firm advance.

3 | METHODOLOGY

3.1 | Sample and data collection

The model is presented in Figure 1, and its hypotheses were tested using quantitative methods based on survey data collected in Spain. We used a phone survey conducted by a professional survey company to examine our model in Spanish family firms. Before the survey began, we sent a letter to each enterprise, briefly explaining the nature of the research, ensuring respondents' anonymity, and guaranteeing confidentiality in their responses. The questionnaire was directed at nonfamily managers, with a top family manager supervising them. These nonfamily managers are well-informed about the firm's main goals and outputs (Whetten et al., 2009). After defining the objectives and scope of this study with a review of related literature, the first draft of the questionnaire was formulated. This draft

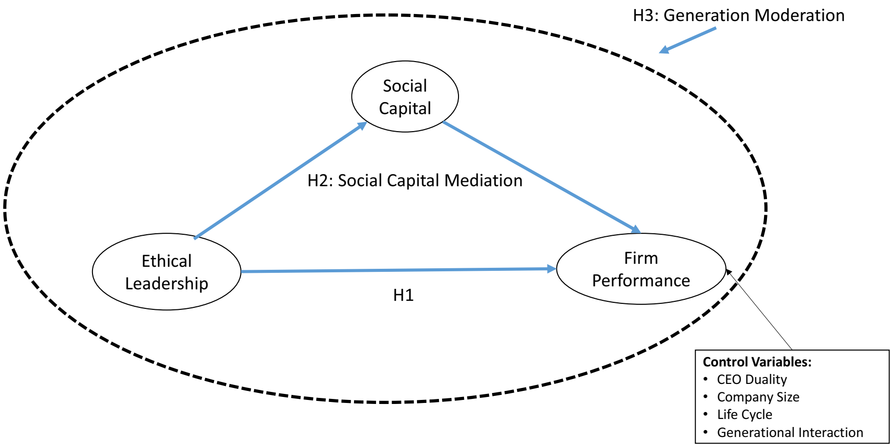

FIGURE 1 Representation of the Model. [Colour figure can be viewed at wileyonlinelibrary.com]

TABLE 1 Sample description.

Sampled companies	Number of firms	Percentage	Mean	Deviation
Age (years)	232	100%	29	15
Younger than 10	14	6%		
10–25	97	42%		
26–50	102	44%		
More than 50	19	8%		
Firm size (number of employees)	232	100%	95	45
10–50	53	23%		
51–250	167	72%		
More than 250	12	5%		
Generations managing the firm together	232	100%	1.46	0.59
Only one generation	130	56%		
Two generations	93	40%		
Three or more generations	9	4%		
Sector (manufacturing firms or service firms)	232	100%		
Manufacturing firms	111	48%		
Service firms	121	52%		

questionnaire was pretested on a pilot sample of ten managers to determine the comprehensiveness and relevance of the questions.

We identified potential enterprises for the survey using the Iberian Balance Sheet Analysis System (SABI) database. We identified family firms that fulfill the following three main conditions: (i) two or more shareholders must share one of the two family names used in Spanish surnames (the first surname of the father and the first surname of the mother), which makes family relationships among shareholders evident; (ii) the control of the enterprise is in the hands of the family; and (iii) at least ten employees work in the firm. Moreover, the first question in the survey corroborated that the respondents recognized the enterprise as a family firm. Additionally, we excluded enterprises affected by insolvency, liquidation, zero activity, and listed companies. Finally, we removed firms with incongruent data or missing contact information. Starting with the sample meeting the specified family criteria (1625 enterprises), we received responses from 232 family firms, at a rate of 14.28%. Table 1 summarizes the descriptive statistics of the sample.

3.2 | Variable measurement

We used the variables drawn from previously validated instruments in our analysis. We based the dependent variable (firm performance), independent variable (ethical leadership), and mediator variable (social capital) on multiple-item constructs with all items measured using Likert-type scales.

3.2.1 | Dependent variable

Family Firm Performance (α = 0.76) is a multidimensional concept. Two types of performance measures can be distinguished in the literature: financial or objective measures, such as return on assets (ROA) and return on investment (ROI), and nonfinancial or subjective measures, such as owners' overall satisfaction and nonfinancial goals (Lumpkin & Dess, 1996). Perceptual measures are often recommended for studies of human behavior and relationships. A subjective assessment of performance in family firms has been demonstrated to correlate highly with objective performance data (Venkatraman & Ramanujam, 1987). We used a subjective (self-reported) measure of firm performance, measured using a five-point Likert scale consisting of three items adapted from Sorenson et al. (2009).

3.2.2 | Independent variable

Ethical Leadership (α = 0.91) was assessed using ten items from Brown et al. (2005) and Pastoriza and Ariño (2013). The responses were measured using a five-point Likert-type scale that ranges from "strongly disagree (1)" to "strongly agree (5)" (a detailed set of items is described in Table 2).

3.2.3 | Mediator variable

Social Capital (α = 0.85) was assessed using a scale developed by Nahapiet and Ghoshal (1998), where respondents were asked to rate their relationship with family employees on a five-point Likert-type

TABLE 2 Validation of the measurement model: internal consistency, reliability, and convergent validity.

Construct/dimension/indicator	Loadings	Composite reliability	Average variance extracted
Ethical Leadership (Cronbach's alpha = 0.913)		0.927	0.562
TMT of the company listens to what employees have to say	0.846		
TMT of the company disciplines employees who violate ethical standards	0.823		
TMT of the company conducts their personal life in an ethical manner	0.803		
TMT of the company has the best interests of employees in mind	0.751		
TMT of the company makes fair and balanced decisions	0.738		
TMT of the company can be trusted	0.658		
TMT of the company discusses business ethics or values with employees	0.587		
TMT of the company sets an example of how to do things the right way in terms of ethics	0.719		
TMT of the company defines success not just by results but also the way that they are obtained	0.658		
TMT of the company, when making decisions, asks "What is the right thing to do?"	0.865		
Social Capital (Cronbach's alpha = 0.766)		0.887	0.567
Family members spend time together on social occasions	0.714		
Family members maintain close social relationships	0.676		
Family members can rely on each other without any fear that some of them will take advantage even if the opportunity arises	0.776		
Family members always keep the promises they make to each other	0.776		
Family members share the same ambitions and vision	0.764		
Family members are enthusiastic about pursuing the collective goals and missions of the whole organization	0.803		
Family Firm Performance (Cronbach's alpha = 0.766)		0.865	0.681
We have had a higher level of growth than that of our close competitors during the past 5 years	0.844		
We have had a higher level of profitability than that of our close competitors during the past 5 years	0.836		
Our financial position has been better than that of our close competitors in the past 5 years	0.794		

scale (1 = strongly disagree; 5 = strongly agree) relative to six items (a detailed set of items is shown in Table 2).

3.2.4 | Moderator variable

We operationalized the *generational stage* as the generation leading the family firm (Sonfield & Lussier, 2004), considering three categories: first, second, and later generations. Respondents were asked about the generation currently leading the company.

3.2.5 | Control variables

As many of the same factors can influence the dependent, mediating, and independent variables, we controlled for three variables. First, *firm size* was measured using the natural log of the number of employees given that family SMEs may have a greater influence on nonfamily members' motivation and commitment (Chen & Hsu, 2009). Second, the respondents provided a *firm life cycle* using Adizes's (1979) framework. According to Dyer (1988), family firms commonly have more innovative perspectives (related to performance) during their first and second life cycles. As the leader largely creates and shapes the patterns of the business, including ethical patterns, they must take steps to ensure that those patterns allow the business and family to grow and thrive (Dyer, 1988). Third, we controlled for *CEO duality* (Boyd, 1995). CEO duality occurs when the same person is chief of the enterprise and head of the board. The latter was included in the model to understand its effect on firm performance based on the findings of Cucculelli et al. (2014).

4 | RESULTS

4.1 | Measurement instrument

We tested our research model using partial least squares (PLS), a variance-based structural equation model. The assessment of the measurement model for reflective indicators in PLS was based on individual item and internal consistency reliability and convergent and discriminant validity (Roldan & Sanchez-Franco, 2012). This study considered individual item reliability to be adequate, as all indicators and dimensions had loadings above 0.587 (Table 2).[i] Although Cronbach's alpha (α) for the ethical leadership construct is slightly higher than 0.90, as Hair et al. (2017) observed, one disadvantage of α is its sensitivity to the number of items in the scale. This generally underestimates internal consistency reliability. Thus, it might surpass 0.90 by a small degree, even if the internal consistency is correct. Nevertheless, owing to Cronbach's limitations, it is more appropriate to apply a different measure of internal consistency reliability, referred to as composite reliability (Hair et al., 2017). Composite reliability (CR) solves this problem because it considers the different outer loadings of the indicator variables. As Garson (2016) suggested, this index is between 0.60 and 0.95 in all constructs. The results confirm the reliability of internal consistency. In other words, the indicator for all constructs is representative of the desired dimensions. We examined AVE to assess convergent validity. All latent variables achieved convergent validity, given that their AVEs surpass the 0.5 level (Table 2).

Finally, Table 3 demonstrates that all the constructs attain discriminant validity following the Fornell-Larcker and strictest $HTMT_{85}$ criteria (Hair et al., 2017). This means that all the constructs are empirically distinct.

Before testing our hypotheses, we verified whether a common method variance (CMV) might have influenced the data. Therefore, we followed Lindell and Whitney's (2001) method, employing a theoretically unrelated marker construct to adjust the correlations between the principal constructs. We employed a six-item scale taken from Meyer et al. (1993) to conduct a marker construct test for measuring affective commitment. Several researchers have used this construct as a marker (e.g., Irving et al., 2005). This construct also satisfies the required criteria (Chin et al., 2003; Lindell & Whitney, 2001). Specifically, it is theoretically unrelated to other variables and is a multi-item measure (composed of six items) with high reliability ($\alpha = 0.84$). This marker construct assesses CMV by determining the correlation between the marker construct and latent variables. If the correlation between latent variables and marker variables is greater than 0.30, CMV exists in the study (Chirico et al., 2022; Sanchez-Famoso, Cano-Rubio, & Fuentes-Lombardo, 2019; Tehseen et al., 2017). Please see Table 4 for the evidence of CMV infection.

4.2 | Structural model

The structural model assessment estimated the path coefficients and their significance using bootstrap tests, R2 values, and Q2 tests

TABLE 3 Discriminant validity (Fornell-Larcker Criterion & $HTMT_{85}$ criterion).

	Fornell-Larcker criterion			Heterotrait-Mototrait ratio ($HTMT_{85}$)		
	Ethical leadership	Social capital	Family firm performance	Ethical leadership	Social capital	Family firm performance
Ethical leadership	0.750					
Social capital	0.460	0.753		0.480		
Family firm performance	0.347	0.525	0.825	0.390	0.647	

TABLE 4 Correlations among latent variables and marker variable.

	Ethical leadership	Social capital	Family firm performance	Marker
Ethical leadership	1.00			
Social capital	0.46	1.00		
Family firm performance	0.35	0.53	1.00	
Marker	0.14	0.29	0.14	1.00

TABLE 5 Structural model results and statistics.

Direct relationship—$R^2 = 0.132$	Direct effect	Bootstrap 95% confidence intervals (two-tailed)
Ethical leadership → Family firm performance	0.333	[0.217; 0.472]

	Direct effect	Bootstrap 95% confidence intervals (two-tailed)	Indirect effect	Confidence intervals
Mediation model (without moderation)				
Mediation model—$R^2 = 0.319$				
Ethical leadership → Social capital → Family firm performance	0.118	*[−0.017; 0.255]*	0.460 * 0.469 = 0.215	*[0.141; 0.309]*
Mediation model (moderated by generation)				
Group 1: first generation—$R^2 = 0.332$				
Ethical leadership → social capital → family firm performance	0.062	*[−0.147; 0.258]*	0.542 * 0.535 = 0.290	*[0.128; 0.377]*
Group 2: second generation—$R^2 = 0.405$				
Ethical leadership → social capital → family firm performance	0.099	*[−0.074; 0.256]*	0.469 * 0.405 = 0.190	*[0.180; 0.393]*
Group 3: Later generations—$R^2 = 0.337$				
Ethical leadership → social capital → family firm performance	0.365	*[0.029; 0.657]*	0.364 * 0.345 = 0.126	*[0.120; 0.333]*

for predictive relevance. This analysis was conducted for the total sample and three subsamples, with one per generational stage. The Q2 value was obtained using a blindfolding procedure for a specified omission distance (seven in our case). When a PLS path model exhibits predictive relevance, it accurately predicts data that are not used in the model estimation. Additionally, Q2 values greater than zero for a specific reflective endogenous latent variable indicate the predictive relevance of the path models for a particular dependent construct. In our case, all the reflective constructs surpassed zero, indicating predictive relevance.

To assess the model, we also calculated the standardized root mean square residual (SRMR). Henseler et al. (2014) advocated using the SRMR indicator to measure the model's goodness-of-fit, recommending values of less than 0.10. In our model, the value is 0.06, which means that the model is a good fit.

To test H1 and H2, we used the confidence interval method: an effect is significant with a 95% probability if, after running 5000 bootstrap samples, the resulting confidence interval does not include zero (Hair et al., 2017; Hayes & Scharkow, 2013). Supporting H1, the relationship between ethical leadership and family firm performance is significant (β = 0.333), with a confidence interval [0.217; 0.472]. We applied the analytical approach to testing H2 (mediation model), as described by Nitzl et al. (2016), indicating that the indirect effect must be significant in establishing a mediating effect. The indirect effect is positive and significant (β = 0.215 [0.141; 0.309]). Thus, we conclude that mediation exists, supporting H2.

Subsequently, to define the type of mediation, we analyzed the direct effect of ethical leadership on firm performance, which is not significant (β = 0.118 [−0.017; 0.255]). Hence, we conclude that social capital fully mediates the relationship between ethical leadership and family firm performance. The results of the direct and indirect effects and bias-corrected confidence intervals with a two-tailed test are presented in Table 5 at a significance level of 0.05.

Multigroup analysis (MGA), a process used to divide the sample into groups, was used to test H3. However, before performing MGA, to compare the path coefficients among different family firms' generations, the acceptability of the measurement models and measurement invariance should be established (Hair et al., 2017; Henseler et al., 2016). PLS-SEM is a composite model with latent variable scores calculated using a hybrid algorithm. We followed Henseler et al. (2016), who suggested the measurement invariance of composites (MICOM) method. This is a three-step process involving: (1) configurational invariance assessment, (2) establishment of compositional invariance assessment, and (3) assessment of equal means and variances. Following the MICOM procedure, for the three groups, we established the corresponding generational phase wherein measurement invariance was divided, and at least partial measurement variance was a requirement for comparing and interpreting the MGA's group-specific differences in PLS-SEM results.

Once we tested the structural model and guaranteed metric invariance,[ii] MGA was performed considering different generations of the family firm. Therefore, the permutation test was mainly used (5000 permutation runs; two-tailed 0.05 significance level) for each group of observations. Specifically, the sample was divided into three groups: first, second, and third or subsequent generations.

As Table 5 shows, in the first generation, the indirect effect is significant (β = 0.290 [0.128; 0.377]). Moreover, the direct effect of ethical leadership on performance is not significant (β = 0.062 [−0.147; 0.258]); therefore, social capital fully mediates the relationship between ethical leadership and performance in first-generation family firms. In the second generation, social capital also has a fully mediating role: the direct effect of ethical leadership on firm performance (direct effect) is not significant (β = 0.99) [−0.074; 0.256]), and the indirect effect is significant (β = 0.190 [0.180; 0393]. Although social capital fully mediates the relationship between the first and second generations, the indirect effect in the second generation is significantly lower than that in the first generation (β = 0.100 [0.097; 0.237]). In the third and subsequent generations, social capital partially mediated the relationship between ethical leadership and performance, as the indirect effect is significant (β = 0.126 [0.120; 0.333]), and the direct effect of ethical leadership on performance is significant (β = 0.365 [0.029; 0.657]). Consequently, there are differences between the first and subsequent generations. These findings show that the generation in charge of the firm moderates the relationship between ethical leadership and performance mediated by social capital such that the presence of later generations in family firms reduces the importance of social capital in the relationship between ethical leadership and firm performance.

We followed Falk and Miller's (1992) system to address how the variables contribute to the explained variance in family firm performance. Table 6 shows that in the mediation model without moderation, social capital explains 15.81% of the variance in firm performance, whereas ethical leadership explains 5.17%. In the first-generation model, social capital explains 27.66% of the variance in firm performance, whereas ethical leadership explains only 2.03%, which is negligible. In the second-generation model, social capital explains 23.73% of the variance in family firm performance, while ethical leadership explains 3.85%. In the subsequent generations model, social capital explains 11.63% of the variance in firm performance, whereas ethical leadership explains 15.99% of the variance in family firm performance. These findings confirm the moderating effect of the generational stage. Although social capital is the variable that affects firm performance the most, this influence is stronger in the first generation. However, ethical leadership is stronger in the later generations. This finding confirms that the role of social capital in the relationship between ethical leadership and family firm performance is critical in the initial stages of a firm's life.

Regarding the control variables, as Table 7 shows, from the four control variables, CEO duality is significant in the model without moderation and in the first-generation model; however, the number of employees is only significant in the second-generation model, the life cycle is not significant in any model, and generational interaction is significant only in the mediation model. Therefore, additional evidence of the generation moderation effect is found in the model that considers CEO duality and the number of employees.

TABLE 6 Explained variance decomposition.

Mediation model	Dependent variable	R^2		Path coefficients	Correlations	Explained variance
Without moderation	Family firm performance	*31.90%*				
			Social Capital	0.469	0.337	*15.81%*
			Ethical L.	0.118	0.438	*5.17%*
			Control V.			*10.93%*
First generation	Family firm performance	*33.20%*				
			Social Capital	0.535	0.517	*27.66%*
			Ethical L.	0.062	0.328	*2.03%*
			Control V.			*3.51%*
Second generation	Family firm performance	*40.50%*				
			Social Capital	0.405	0.586	*23.73%*
			Ethical L.	0.099	0.389	*3.85%*
			Control V.			*12.92%*
Later generations	Family firm performance	*33.70%*				
			Social Capital	0.345	0.337	*11.63%*
			Ethical L.	0.365	0.438	*15.99%*
			Control V.			*6.09%*

TABLE 7 Control variables: factor loadings and significance.

Control variables	Mediation model		Mediation - moderation models					
			First generation		Second generation		Later generations	
	Path coefficient (β)	Bootstrap 95% confidence intervals (two-tailed)	Path Coefficient (β)	Bootstrap 95% confidence intervals (two-tailed)	Path Coefficient (β)	Bootstrap 95% confidence intervals (two-tailed)	Path Coefficient (β)	Bootstrap 95% confidence intervals (two-tailed)
CEO duality	0.116	[0.025; 0.205]	0.206	[0.058; 0.345]	0.085	[−0.050; 0.215]	−0.076	[−0.347; 0.196]
Number of employees	0.055	[−0.050; 0.151]	0.000	[−0.098; 0.126]	0.196	[0.048; 0.304]	−0.271	[−0.537; 0.089]
Life cycle	0.008	[−0.076; 0.091]	0.025	[−0.093; 0.136]	0.047	[−0.099; 0.203]	−0.132	[−0.352; 0.149]
Generational interaction	−0.125	[−0.215; −0.037]	−0.145	[−0.281; 0.009]	−0.133	[−0.268; 0.009]	−0.126	[−0.490; 0.236]

5 | DISCUSSION AND CONCLUSIONS

Following the upper echelons perspective, this study argues that an organization can be viewed as a reflection of its top managers (Hambrick & Mason, 1984) and that firm performance is partially predicted by managerial characteristics. Previous research has argued that the essence of effective leadership is the ethical behavior of leaders (e.g., Bedi et al., 2016; Brown & Mitchell, 2010); however, this topic is underexplored in the family firm context (Vazquez, 2018). This suggests the need for this study to explore the consequences of ethical leadership in these firms and how internal social capital affects their behavior and performance. Thus, this study extends the family firm literature by introducing the social capital perspective in the leadership-performance relationship.

We provide evidence that particularly in family firms, leaders' ethical behavior may foster an ethical culture in the business that can be transferred through the firm because of internal social capital (Arregle et al., 2007; Dyer, 1988). Family firms are organizations in which the strength of the relationship between family firm members is their most important characteristic (Arregle et al., 2007), communicatively built in the context of trust (Frank et al., 2017). Strong relationships in family firms lead to more effective knowledge sharing among members with a common goal orientation (Sanchez-Famoso et al., 2015; Sanchez-Famoso, Pittino, et al., 2019). Common values and a shared vision encourage the development of trusting relationships that eliminate the possibility of opportunistic behavior and enhance engagement with goals (Pearson et al., 2008). Hence, ethical leadership can be used to explain the effectiveness of certain behaviors in relation to family firm performance and to determine the influence of internal social capital, considering the generational involvement of the firm.

Interesting results are obtained from this study. As expected, ethical leadership is positively related to family firm performance through internal social capital mechanisms. Relationships and ties among family firm members developed through a history of interactions and an internal network configuration in terms of density, connectivity, and hierarchy help top management leaders improve firm performance. We also found that as the life of a firm (the generation in charge) progresses, the role of internal social capital changes. The role of internal social capital is essential in the first generational phase, but less essential in the second generational phase, and almost expendable in the third and subsequent generational phases.

Our findings have important theoretical and practical implications. *First*, concerning the theoretical implications, despite the upper echelons theory and the social capital perspective of familiness, this study integrates ethical leadership and social capital, two idiosyncratic aspects of family firms that are intertwined to foster firm performance. Our study shows that social capital is a channel through which ethical leaders promote a supportive atmosphere that facilitates business performance. In contrast to other studies that focus on creating social capital and social capital outcomes (Pastoriza & Ariño, 2013; Sorenson, 2013; Sorenson et al., 2009), we propose using social capital as a mediator to show entrepreneurs and managers its value as an internal resource of the business. In addition, we demonstrate the impact of ethical behavior on business performance and highlight the importance of internal social capital so that top managers can extend this behavior among members of the business.

Second, the generational stage approach offers a novel result, as it determines that the value of internal social capital is linked to leadership. In first-generation family firms, founders define themselves and their businesses. Moreover, the priorities and values of the founder are shared by the rest of the family members to define ethical family business conduct. They are typically viewed as charismatic leaders who inspire employee performance. They are considered ethical leaders when they enable family firm members to share their vision and goal orientation, incorporating followers' aspirations into their vision and ultimately determining positive firm outcomes. In the second generation, as siblings are still in charge of the firm, social capital also plays a vital role. However, we found some evidence that third and later generations weaken the vital role of internal social capital between ethical leadership and firm performance. For example, when many family branches are in charge of a firm, family distance increases (kinship dispersion), which may be a source of conflict, as Ensley and Pearson (2005) asserted.

Third, we contribute to family firm heterogeneity by considering ethical leadership and social capital as they are unique elements of family firms and are likely to change firm behavior. Chua et al. (2012) point out that the heterogeneity of goals, governance structures, and resources of family firms can play important roles in their firm strategies, systems, processes, and management behaviors. Interactions between family and business systems, formal and informal communication channels in the business, and family and business culture are key elements that also contribute to family firms' heterogeneity (Kotlar & Chrisman, 2019). Families are another source of heterogeneity that affect the formation, climate, and continuity of family firms (Dyer, 2022; Jaskiewicz & Dyer, 2017). Business families vary considerably with respect to structure (e.g., nuclear family, extended family, blended family, same-sex, etc.), size of the family (Dyer, 2022), and the norms, values, goals, and traditions that they possess (Jaskiewicz & Dyer, 2017), among other aspects. The cultural setting in which the family and firm are embedded is another source of heterogeneity, as the expectations that families render to their members and the interactions among family members vary across contexts (Neubaum et al., 2019). For instance, in collectivist cultures, business families feel duty-bound to cater to the well-being of their members, whereas in individualist cultures, the moral obligation to serve family needs is weaker (Samara et al., 2021).

Leaders are the primary transmitters of family culture and values and are unique distinguishing features of the family firm, many of which are family SMEs, wherein the overlap between the family and the business is high. The centrality of their position in the family and firm empowers leaders and considerably influences the culture and performance of their firms. Amason and Sapienza (1997) contended that teams in which members accept joint responsibility and share goals are more likely to be effective. Mutual responsibility may help explain the differences in the conflict between the first, second, and later generations. Our results show that kinship dispersion results in the least effective critical ethical values and behavioral dynamics. Therefore, the generation that leads the family firm is another element that introduces different levels of complexity in terms of relationships. In this sense, the relational dynamics of business members concerning ethical leadership and social capital and how family and nonfamily members are involved in and identify with the family firm represent aspects of heterogeneity that should be examined in future research. Understanding the trajectory, stability, and functioning of families and how they influence businesses and vice versa is also key to understanding the behaviors of family firms "given the bidirectional effects existing between families and their firms" (Jaskiewicz & Dyer, 2017, p. 116). In the words of Daspit et al. (2021, p. 309), "given that families are a primary source from which family firms' differences emerge, … additional advances are needed to understand heterogeneity among families."

As for practical implications, *first*, family firm managers should make an effort to maintain emotional bonds across generations and strong family social capital that may be transferrable to the firm. A high level of trust among family firm members can lead to the development and maintenance of common goals, ethical values, and sustainability strategies. These circumstances could be important for ensuring firm performance and long-term orientation. Thus, the development of social mechanisms, such as informal meetings and proceedings across generations, could contribute to shortening the family distance that appears as a firm matures. *Second*, in line with Saha et al.'s (2020) proposals, our study highlights the need for ethical leadership, not just sheer leadership, to ensure business sustainability. It is important for family firm owners to invest in the development of social capital to provide the necessary canals to build followers' trust. Our results indicate that ethical leaders promote a supportive environment that facilitates and stimulates relational, structural, and cognitive dimensions of social capital. However, it should also be noted that there can be situations where leadership can harm the social capital of the firm (e.g., Lee & Huang, 2019). As family firms are considered a suitable context for ethical leadership and enduring internal social capital characterizes these firms, further research should analyze the influence of ethical leadership on job behavior in the context of family firms, specifically, whether ethical leadership relates to less counterproductive and more positive employee behaviors (Dineen et al., 2006; Mayer et al., 2009). It would also be interesting to analyze ethical leadership at different organizational levels (Dineen et al., 2006) and groups of family firm members. Future studies may also consider the level of involvement of family and nonfamily members in the firm, the relationships among these employees, and their influence on long-term survival.

An adequate transmission of the values and goals of a family firm among its members can be a source of a competitive advantage that should be maintained over time. To this end, relationships with members of the firm should rest on a relationship of trust, proximity, and dialog, given that managers' attitudes toward employees are more important than other formal systems. Research should also be directed toward understanding effective ways to transfer these resources across generations. At all levels in organizations, managers are crucial in shaping the ethical climate. *Third*, human resources management practices attract and retain the best employees in the labor market. Therefore, managers should encourage their employees (family and nonfamily employees) not only to be engaged at work to achieve high performance but also to search for an appropriate balance between work and family lives, thus overcoming the dark side of ethical leadership.

5.1 | Limitations and future research directions

Despite its contributions, we acknowledge certain limitations of this study. The first limitation relates to the data, which were obtained entirely from Spanish family firms. While we believe that our theoretical predictions may correspond with other research contexts, our sole focus on Spain limits the generalizability of our findings. Future research could use our model with different samples from other cultural contexts to confirm and generalize our findings, given that the nature of a country's culture (e.g., collectivist or individualist) can affect levels of internal social capital and ethical leadership. Furthermore, our hypotheses were tested using only a sample of family firms. It would be interesting to test these hypotheses across nonfamily firms and compare the results. In this way, we could verify whether family firms are a favorable context for ethical leadership and social capital and whether their behavior with respect to nonfamily counterparts is different. Another limitation is the quantitative approach used for data collection. Our measures were based on the subjective perceptions of the survey respondents, and although we believe these measures to be reliable, we are cautious about possible data bias. Based on Reilly and Jones III (2017), future research could use mixed-methodological approaches (e.g., quantitative data collection and qualitative interviews) to overcome the problems of using a single data source that may not facilitate a complete understanding of the research. Additionally, other researchers could broaden the scope of the study by conducting the same survey with family managers supervised by nonfamily CEOs. Thus, it is possible to delve into the heterogeneous management structure of family firms. Further research is necessary to explore the different ties and internal social capital mechanisms that affect ethical leadership and firm performance. Our understanding of ethical leadership and internal social capital could serve as a starting point for future analysis, offering other perspectives on these two concepts and their interrelationships. Although we assumed the benefits of social capital and used a positive perspective to examine ethical leadership, the potential dark sides of social capital and ethical leadership should be examined. The tensions and complexity of leadership, the internal management of the business, and the nature of ties between different collectives that form a part of family firms cannot be ignored. Future research could also analyze the different levels of internal social capital in family firm employees over generations, and consider both internal and external social capital. Finally, further study on the emergence of social capital through social exchange theory will shed additional light on this critical element of organizational science.

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CONFLICT OF INTEREST STATEMENT

The authors declare no potential conflicts of interest with respect to the research and authorship of this article.

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DATA AVAILABILITY STATEMENT

Results on invariance are available upon request.

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ENDNOTES

[i] Several indicators were loaded between 0.40 and 0.70, indicating that they might otherwise be considered for removal based on the Composite Reliability (CR) and Average Variance Extracted (AVE). However, as the CR and AVE exceeded the threshold, we concluded that the removal of indicators from the model with loadings 0.40–0.70 was unnecessary.

[ii] Results on invariance are available upon request.

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