Introduction

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THE AIM OF THE BOOK

We are pleased to introduce this volume on "family firms and institutional contexts: business models, innovation and competitive advantage."

The intersection between family business studies and institutional analysis lies at the core of this book, which collects selected contributions from senior and junior researchers. The aim of this collection is to explore the different meanings of this intersection, and how the investigation of institutions can be beneficial in family business research and, vice versa, how family business scholars can offer interesting insights for the study of how institutions work.

In this book, we, as editors, define institutions in the usual, broad sense of formal and informal "rules of the game," translated into codified rules and norms, but also into shared values and visions of the "World."

The general perspective adopted in this collection has been that of an investigation both of the impact of exogenous institutions on the presence, diffusion, persistence and efficiency of family firms, and of the way in which family firms can influence, or even generate, a set of institutional settings which are therefore considered to be endogenous to family capitalism. Also of significance is the fact that family firms form a unique business model, which is characterized by a set of idiosyncratic relations among the actors involved, a bundle of behavioral codes and norms that translate into a specific institutional setting. The idea of studying family firms as institutions is therefore one of the key approaches of this book.

The volume collects a wide range of contributions from many different perspectives and research competencies on the topic. The diversity of approaches also provides us with some assurance about the importance and enduring appeal of the topic, which might encourage other scholars to apply their expertise and perspectives in developing knowledge in and around this area. We briefly introduce each chapter below and encourage readers to immerse themselves in each chapter for further edification.

For the goal of this introduction, each chapter was classified based on three different dimensions. These dimensions, as well as the specific classification of the chapters in terms of these dimensions, are meant to be value-neutral – we do not imply that these dimensions are better than other dimensions, nor that any particular classification on any dimension is superior to other classifications on the same dimension. The three dimensions are:

- scale of institution – relatively macro (national, regional context) versus relatively micro (family, individuals);
- nature of agency – proactive (whether actions by family businesses aim to change institutions) versus reactive (whether actions by family businesses are in response or reaction to institutional constraints or conditions);
- ontological assumption – subjective (whether family businesses engage with institutions as they perceive and construct them) versus objective (whether family businesses engage on the basis of an objective institutional context).

For a conceptual, at-a-glance map of the chapters, see Table I.1.

The chapters that were reviews of methods were not classified, since they did not advocate any one particular stance. Chapters were also not classified if no particular stance was obvious. We conclude by providing some future research directions.

Table I.1 Map of chapters

Chapter	Scale		Agency		Ontological assumption		Review
	Macro	Micro	Proactive	Reactive	Subjective	Objective	
1	✗		✗			✗	
2	✗		✗	✗		✗	
3							✗
4							✗
5	✗			✗		✗	
6		✗		✗	✗		
7	✗			✗		✗	
8	✗			✗		✗	
9	✗			✗		✗	
10		✗		✗		✗	
11	✗			✗		✗	
12	✗		✗		✗		
13	✗	✗					
14	✗			✗		✗	

Chapter 1: Macro, Proactive, Objective

D'Allura develops a broad model of how family businesses and institutions interact. The model is dynamic, and can be used to situate longitudinal studies of family businesses as they interact with the institutional context. D'Allura's model also allows for the family to influence the institutional context in which the family is embedded. The reciprocal influence of the family and family business on the institution and vice versa can be teased out further with more specificity, but the message of family firms not being passive actors in the institutional context is important.

Chapter 2: Macro, Proactive, Reactive, Objective

Colli proposes a model of the interaction between organizations and institutions, offering a further refinement of these broad concepts in the case of family firms. The main contribution of the chapter is to assert that it is not possible to dismiss the influence of the "family dimension" over the production of the norms and rules on which family-owned firms as organizations base their action. Further, Colli states that family firms are themselves peculiar forms of corporate organization, in their turn embedded into a well-defined macro-institutional context. Both these levels tend to co-evolve, and they influence each other in the process.

Chapter 3

D'Allura and Bannò provide a useful guide to selecting mixed methods in studying family businesses and institutions. Researchers can choose the specific research design based on the specific or general phenomena related to family business that they are interested in, and their specific epistemological and ontological assumptions, subject to their expertise, budget and institutional expectations. By choosing a clear strategy and making the choice explicit at the outset, scholars may be able to better position their research in the broader conversations in the area, leading to new and more insightful research questions.

Chapter 4

Carreri provides an invigorating call for more qualitative research in exploring family firms from an institutional perspective. The focus of the chapter is both on the question of "why" qualitative research should be deployed and on "how" it can be done. The argument complements the content of Chapter 3 by D'Allura and Bannò on mixed methods, in part by focusing on the "qualitative" part of mixed methods. However, mixed methods may need to conform to the ontological and epistemological assumptions of the researchers. Carreri's focus on qualitative research alone may allow for a wider range of phenomena to be abstracted, free from any constraint of conforming to the aims of quantitative research.

Chapter 5: Macro, Reactive, Objective

Labaki and Haddad propose a model of specific features of family businesses' business model innovation (BMI). In their model, families incorporate their values, unique resources and perspective in their business models, to maintain the value of their resources (seeking continuity) while adapting to a specific institutional context.

Chapter 6: Micro, Reactive, Subjective

Faraci and Ferlito use the business model canvas (BMC) to develop a relatively generalized (i.e. institutionally context-free) model of the business family model canvas that integrates all activities of the family within the logic of business survival and growth. In their model, family values are the internal and self-imposed institutional constraints on family activities across the generations. As a next step, the authors suggest that perhaps the external institutional influences (e.g. formal or informal institutions at the national or regional level) on variations in the business family model canvas could be explored.

Chapter 7: Macro, Reactive, Objective

Della Piana, Santulli and Gallucci provide a meta-analytic overview of how a specific and significant slice of institutions, the cultural context, influences family involvement in the business and its effect on performance. They find support for the notion that the informal institutional context affects family firm behavior. Their review finds support for specific cultural variables that are implicated in influencing family firm behavior and has several implications for research and practice. In particular, researchers may study how degree of internationalization affects the influence of family businesses' home country culture – one may expect that more international or global family firms will learn and be influenced by the cultures of their international markets, and choose specific strategies to resolve multiple cultures, for example, synthesis, insulation, resolution or choice.

Chapter 8: Macro, Reactive, Objective

Dawson shows how family firms' behavior, leading to specific financial performance, may affect their standing in a particular institutional environment. The model can be extended by investigating the sensitivity of the relationship to different financial as well as non-financial performance measures. In addition, how the institutional environment may influence the choice of performance measures that family firms use may be explored – this sheds light on the issue of how idiosyncratic family firm goals really are, since it is likely that business families incorporate institutional expectations about performance in the formulation of their goals.

Chapter 9: Macro, Reactive, Objective

Feninger, Kammerlander and De Massis provide an updated circular model of innovation in family firms, where the innovation activities and process as well as the learning and adaptation process feed into each other in a reciprocal manner. Both processes are influenced by the broader institutional context in which the family firm is embedded. Both processes receive inputs from the family system, and the output provides a feedback loop to revise or reassess the inputs. The model is comprehensive in integrating the family system into the innovation process, and may be useful to scholars in this area.

Chapter 10: Micro, Reactive, Objective

Craig, Lumpkin and Meyer develop a model of innovation advantages in family firms based on a contrarian view of the value of being a family firm. Their model may explain the innovation advantage of family firms, especially in turbulent environments or environments with institutional voids, where family firms may provide consistency of vision and, by being model and stable employers, cultivate capable and loyal employees. Their "socially complex" management capabilities earn them external legitimacy to pursue activities that define their identity, enhance their reputation and perpetuate their legacy. In more stable environments and environments characterized by institutions that have competitively evolved naturally to aid economic activity, family businesses may face more competition from non-family businesses to out-innovate. Family businesses may then be able to maintain low reliance on capital markets to invest for the long run, but may face pressures to hold on to capable employees, who face more efficient markets for their talents.

Chapter 11: Macro, Reactive, Objective

Giménez Jimenez and Calabrò investigate how formal institutions affect innovation in family firms via their effect on the family's entrepreneurial orientation (EO). Their research is inspired by the new institutional economics and finds that some formal institutions, such as the size and power of the government and lack of clarity on property rights, affect some dimensions of EO and affect family firm performance. Their chapter contributes to analytical discourses about formal institutional environments and their effects on performance of organizations differentiated by their ownership.

Chapter 12: Macro, Proactive, Subjective

Bannò, D'Allura, Amorim Varum and Trento show how firms decide to exploit more favorable institutional contexts when they find that they cannot capture the full economic value of their innovation capability at home. The variation in innovation competencies leads to differences in which firms are more susceptible of internationalizing their activities. To the extent that innovation is scale-invariant, the more innovative firms may also find it more attractive to look for international markets to profit from their innovation strategies. Furthermore, the more "active" family firms may choose to internationalize first and then rapidly use internationalization to learn and innovate, leading to bi-directional effects between internationalization and innovation in family firms. Future research may parse out the contingencies that lead family firms to follow one pathway or the other.

Chapter 13: Macro, Micro, Reactive, Subjective

Tomaselli, Agrò, Fazio and Fricano show how family firms draw strength from the regional institutional context (where the region is properly intended as an administrative sub-unit at the national level), as well as contribute to its evolution via their own actions. The variations in family competencies and internal dynamics lead to differences in family firms' overall performance. The relationship with the regional institutional system is mutually synergic – even marginal family businesses add their voice to the whole, resulting in greater collective political influence, and at the same time the institutions at the regional level provide some degree of legitimacy to all players.

Chapter 14: Macro, Reactive, Objective

Caspersz, Wang, Tomaselli and Pei's chapter draws on evidence from a qualitative study concerning how family businesses manage the demands of the institutional context as well as differences within the family system as they adopt technological innovation (e.g. e-commerce) in the family business. Their findings, that institutional context as well as generational involvement in the family business affect both the organizational form and the organizational identity of the family firm, can be used to develop testable propositions across a variety of institutional and family contexts to determine the relative contribution of the context and the family. Other contingencies that could influence the degree to which institutions and family influence organizational form and organizational identity can also be incorporated.

DISCUSSION AND SOME FUTURE RESEARCH DIRECTIONS

The wide-ranging coverage of the chapters and the variety of ways that they connect institutions and institutional context suggest several new directions for scholars interested in family businesses as well as for those interested in the role of institutions in modern economic systems. We outline four broad areas:

1. Studies could explore how family businesses evolve from relatively powerless actors reacting to institutional contexts to relatively powerful actors engaging with and influencing their institutional context. Family businesses may have their origins in the vision of a founder who conceives of an entrepreneurial action within an institutional context. As family businesses grow, their size and presence in the institutions may provide them with more influence in shaping or changing the institutional context. Family businesses may also gain influence via direct actions aimed at influencing their institutional context (via ingratiation activities or activities that challenge the extant institutional structures). While some of their "influencing activities" may be directed toward ensuring their own survival and perpetuating their legacy, other activities may be directed toward institutionalizing families' core values and priorities, for example strengthening families or communities, environmental sustainability or enshrining the dignity of labor. Studies could also use "influencing activities" as a dependent variable, exploring the determinants of these

activities by heterogeneous family businesses, which differ in their ownership, goals, strategy, family structure, age and a variety of more micro characteristics.

2. Another interesting direction that could be taken is to change the ontological assumption about the "institutional context" that the family businesses "face." Research in family business sometimes assumes that the institutional context is objectively and undisputedly real or "solid." If we change this ontological assumption and assume instead that family businesses "construct" the institutional context, which they then "react" to, we may be able to derive abstractions related to the micro-processes that relate to this construction and explain the heterogeneity of family firm behavior in the same macro-institutional context. In other words, applying Weick's (1979, 1995) sense-making perspective, family businesses may "sense-make" their institutional environments based on their own characteristics to legitimize the actions that they wish to take. For example, some family businesses may construct the institutional context of "great uncertainty and upheaval due to institutional voids" in an emerging economy. Other family businesses may construct the institutional context of "great opportunity to resolve uncertainties due to institutional voids" in the same emerging economy. The antecedent structural characteristics and micro-processes that lead to different constructions are worthy of study, as are differences in actions based on these varying constructions.
3. Because of the nature of institutions and the wide variety of ways in which they can be conceptualized, there is also a need for more partially nested models. Family businesses may be partially subjected to certain institutional constraints owing to their desire to stay close to their founding geography (as the fount of their legacy and values, for example), but as they grow in scale, ambition and influence they may also be able to side-step certain constraints by indulging in institutional shopping. This institutional diversification may enable them to pursue opportunities that the family can visualize via their internal capabilities but that are severely constrained by their domestic macro-institutional context. The trajectory of internationalization of some family businesses could be understood through this lens. Furthermore, the pathways of such institutional diversification could be somewhat idiosyncratic if we bring in the development of the family and family owners, and the evolution of governance across generations. Depending on how the succeeding generation is developed and parented, how the ownership of the family business evolves over generations and how governance issues are addressed among the owners,

the assessment of constraints in the domestic macro-institutional context and the awareness and construction of opportunities in other institutional contexts may vary, leading to different trajectories of institutional diversification (e.g. via international expansion) as well as expansion into different business domains.
4. Finally, we suggest further reflection on the fact that family firms themselves base their governance and internal dynamics on a set of shared norms and behavioral routines, which may be rightly considered as institutional settings. In their turn, consolidated institutional settings at the "micro"-level can be investigated in order to understand their relative efficiency, but also the way in which, for instance, new generations challenge the institutional routines in place.

In summary, we hope that this volume sparks new interest and draws new scholars to study family firms and institutional context, and develop new insights into the business models, innovation and competitive advantage of family firms.

Last but not least, we thank the reviewers who conducted the double-blind review process of the chapters. Thanks for their careful reading and their many insightful comments and suggestions to the contributors of this book. Specifically, we thank:

- Cristina Bettinelli, Università degli Studi di Bergamo;
- Francesca Cesaroni, Università degli Studi di Urbino;
- Josip Kotlar, Politecnico di Milano and Lancaster University Management School;
- Gabriella Levanti, Università degli Studi di Palermo;
- Dirk Libaers, University of South Florida;
- Anna Minà, Università di Roma – LUMSA;
- Pasquale Massimo Picone, Università degli Studi di Palermo;
- Daniel Pittino, Jönköping International Business School and Università degli Studi di Udine.

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