



Developing theory-grounded family business research: Some suggestions[☆]



Shaker A. Zahra

Strategic Management & Entrepreneurship Department, Carlson School of Management, University of Minnesota, 321-19th Avenue South, Minneapolis, MN 55455-040, USA

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ABSTRACT

Theoretically grounded research is important for the continued development and growth of the family business field. This article identifies some recurring problems observed in theory building and testing in family business research and how to best avoid them. The discussion highlights the importance of understanding theories' assumptions, propositions and boundaries as well as the need to contextualize arguments, designs, analysis and interpretations.

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1. Introduction

Family business research has grown rapidly over the past two decades, showing greater diversity in the topics examined, questions asked, settings explored, and methods used. Researchers have also shown considerable attention to grounding their research in good theory.¹ To do so, family business researchers have imported theories from anthropology, economics, sociology, psychology, organizational theory, organization behavior, entrepreneurship, and strategic management. Borrowing and importing theories from other fields is a common strategy to expedite and improve the quality of research in a young field (Zahra & Newey, 2009). Researchers have also made some progress in improving measures of the theories' key constructs (Pearson & Lumpkin, 2011). This attention to better theory building has helped to advance family business research and highlight its cumulative impact.

Developing sound theory-based research is a creative but challenging process (Weick, 1995). It is a process that requires

attention to the context and its key actors as well as the underlying relationships of interest therein (Zahra, 2010). Iteration between observations, data and theory are frequent and common (Van de Ven, 2007). Causal mechanisms underlying relationships are typically deeply embedded in the structure of these relationships and are hard to identify or articulate. Rival causal mechanisms may also exist, making it difficult to ascertain the accuracy of the chosen mechanisms. Theory helps in highlighting potentially important variables of interest and the relevant causal mechanisms.

2. Focus and contributions

Even though recognition of the value of theory is nearly universal, some have noted that organizational sciences have been obsessed with theory (Hambrick, 2007) to the point of handicapping creativity and exploration. Despite these concerns, there is a strong belief that scientific progress and rapid accumulation of knowledge require the development and use of good theory. But writing theory, let alone making a theoretical contribution, is a major challenge. This is even more so in emerging fields such as family business where paradigms are not well developed, debates persist on basic definitions and on the variables to study and how to best study them. Currently, family business research is replete with competing conceptual frameworks. Lacking empirical support, these frameworks add richness to thinking about the field, but often suggest different pathways to developing the field. Some of these conflicting views could be resolved by logic, others by empirical work; but in all cases, theory matters greatly.

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E-mail address: zahra004@umn.edu (S.A. Zahra).

¹ Several authors have examined the state of theory in family business research. Examples include: Bird, Welsch, Astrachan, and Pistrui (2002), Dyer and Sanchez (1998), Sharma (2004), Sharma, Salvato, and Reay (2014), and Zahra and Sharma (2004).

So, how can we improve writing theory in family business research? This simple question defies a single answer. There are different ways that include: better teaching of theory, greater practice with master teachers, and engaging managers and family firm owners in the academic conversation. Another approach, one that I use here, is to recognize recurring problems in published research and then target these problems to reduce (or even eliminate) them. Towards this end, I have identified several issues that I have observed in recent family business research and will suggest ways to address them. Of course, addressing these issues will not automatically raise the rigor or theoretical relevance of family business research. Instead, it will simply improve the quality of our reasoning and interpretation of family business-related phenomena. By necessity, my coverage is selective, as I focus on issues that I have observed while reading and reviewing recent research. Other researchers, therefore, may have a different list of other equally or even more important concerns.

3. Theory as citation of the literature

Some researchers confuse theory building and citation of the literature, which are related but different things (Sutton & Staw, 1995). The problem usually arises when researchers cite related studies as the foundation for their predictions, without offering a compelling theoretical lens that connects or gives meaning to these studies. Thus, researchers may cite several studies and conclude that based on evidence from them it is safe to make specific predictions. This may be true and useful, but without theory it is hard to understand what these studies have attempted or accomplished and why it matters. Theory should drive the development of the arguments and understanding of the underlying causal mechanisms. Prior research is useful in showing support or lack of support for theory and how these results fare up in terms of the predictions they advance. Consequently, authors need to organize past research findings in a coherent manner to show whether there is support for a given perspective. It should also demonstrate the quality of existing evidence for or against a particular view or perspective. This is not an easy task, as studies may have different sets of variables and generate idiosyncratic findings that are hard to appreciate independent of their context.

The problem of confusing citations of prior research with theory building is compounded by the fact that early family business research has been mostly a-theoretical or marred with serious conceptual (e.g., the basic definition of a family business) and empirical issues (e.g., sampling on the dependent variable, endogeneity and not testing for omitted variables) that limit the validity of prior findings. While suggestive in general terms, this early work often lacks attention to careful validity checks. As a result, relying exclusively on this body of literature in developing research can be misleading and even dangerous. To be sure, this is not an invitation to abandon earlier work. It is simply a call for caution in using it when conducting future research. Probably more important, it is a reminder to start with theory and use the literature to show support for one's arguments and predictions.

4. Invoking the wrong theory

One of the most common problems in family business research is invoking the wrong theory; i.e., the theory used does not match the research question or the phenomenon being examined. This may result from failing to appreciate the features and dimensions of the phenomenon being studied because of the authors' distance from the setting, not taking the time to talk to industry experts, and not reading the existing literature in sufficient depth. Usually, there is abundance of such literature on industries and phenomena of interest but this literature may be disorganized, fragmented and of

varying quality. These things may discourage researchers from investing time in understanding the phenomenon of interest. Further, there are usually several ways to conceptualize, capture or identify a given phenomenon. These different approaches add complexity to studying the issues at hand, magnifying the confusion researchers might encounter when they begin their research. Failing to invest in understanding the nature and the boundaries of the phenomenon can create serious problems in selecting the questions to raise and the theory to be used. Later, it could also lead to poor interpretations of the findings.

In addition, with the growing use of large scale secondary databases, some researchers are becoming more disconnected from field research and from industry members and experts. This also makes it difficult for family business researchers to fully comprehend the phenomena they are studying or the issues facing an industry and the key family business players. Many of these issues are embedded in relationships and structures that are hard for outsiders to observe or understand. Interviews with industry experts and family business owners and managers can complement the use of these databases.

The complexities just noted in mapping and understanding the phenomenon are further magnified by the fact that theories also have life cycles of their own. When a theory is in vogue, some researchers may attempt to capitalize on its popularity even though it may not neatly fit the phenomenon. Researchers assume that using a popular, theory would help them gain credibility for their research and give it an aura of currency and relevance. By the same token researchers may shy away from theories that have been around for a while or are in decline. Neither practice helps family business research. Theory should be chosen with the phenomenon and research context and question in mind. Family business researchers frequently overlook the fit of a given theory to the context of the research, creating serious misalignments that can lead to confusing results. They may also ignore the fit of a theory to the level of analysis where research is conducted (Hitt, Beamish, Jackson & Mathieu, 2007). Different dynamics and forces are usually at play at different organizational levels, influencing the relationships among organizational actors and the outcomes of these relationships.

5. Invoking the right theory incorrectly

Here, family business researchers may select the theory that best matches their research questions and phenomena of interest but invoke the theory incorrectly. For example, they may overlook the causal chain implied in the theory, ignore its boundaries, and mistake or even misrepresent its key propositions and arguments. This may happen when researchers rely on the popular reviews and summaries of the theory developed by other researchers, instead of reading the original references on the theory (for a discussion of the value of classics, Thornton, 2009). Reviews often simplify and provide stylized depictions of the theory. For instance, scholars attempting to use transaction cost economics (TCE) theory, agency and institutional theories have a wide assortment of reviews and critiques of each—but these reviews sometimes oversimplify these theories. Understanding each of these theories requires grounding one's knowledge in the original writings on it. Authors need to know a theory's key arguments and propositions, its fundamental assumptions and relevance, its key constructs, and its boundaries. Knowing a theory's boundaries is especially important as it defines the intellectual space where the theory works—going beyond that space may render its propositions irrelevant.

There are times when it is essential to question or relax the assumptions of a theory and determine whether its predictions will hold when this happens. If this is the objective of inquiry, then

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