



## The concept of “Familianness” Literature review and systems theory-based reflections

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### ABSTRACT

Familianness is one of the central concepts of family business research. Nevertheless there has been little research explicitly dedicated to familianness. The literature analyzed reveals four research strands that all have very different approaches. Based on systems theory, which interprets social systems (such as families or enterprises) as autopoietically closed meaning systems, consisting of communication and decisions, familianness is discussed. Familianness is the specific result of the structural coupling of family and enterprise, which can bring forth a particular identity as a family business that has grown historically and incorporates different content relations such as particular abilities to innovate. Familianness shows both manifest and latent characteristics and thus requires specific methods of diagnosis. Objective hermeneutics fulfils these requirements. A case-based research strategy seems to be a suitable approach for developing typologies of familianness.

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### 1. Introduction

Family business scholars purport to study a unique entity in society: family businesses. A rather new but key concept for understanding the family business is “familianness”. Since Habbershon and Williams (1999) introduced the concept of familianness, several contributions have been made (e.g. the social capital approach to familianness) to advance the understanding of the essence of family businesses. A better understanding of familianness and effects resulting from familianness on goals, behaviors and performance(s) of family businesses is considered as a prerequisite for theoretical progress in family business research (Hack, 2009).

Habbershon and Williams (1999, p. 11) define familianness “as the unique bundle of resources a particular firm has because of the systems interactions between the family, its individual members, and the business”. The field of family business research has struggled since its inception to recognize and clarify the distinctive qualities of this type of organization, and the concept of familianness may unclothe a perspective for uncovering these qualities. The familianness concept tries to answer the question “How are family businesses different from other types of businesses (i.e., non-family businesses)?” In most countries the great majority of enterprises are family

businesses (IFERA, 2003), and these economies boast numerous academic research and educational facilities (Sharma, Hoy, Astrachan, & Koiranen, 2007), but the context factor of “family” as a relevant factor of influence on competitive advantages and disadvantages, as well as the success of family businesses, has been widely ignored in research (Astrachan, 2010) – despite the reasonable assumption of its significant explanatory potential (Dyer, 2003).

Although attempts have been made to review the development of the familianness concept (e.g. Pearson, Carr, & Shaw, 2008), there is a definite need for describing and reflecting on the current state-of-the-art of research on familianness because of its core value for family business research and the heterogeneity of approaches in extant research. Different approaches are a barrier to cumulative progress in family business research. For this, a unified theoretical framework is necessary, which, due to the heterogeneity of approaches requires a suitably abstract theory such as systems theory to integrate these approaches.

Given this importance of “familianness” for scholars and family firms, there is a need to summarize and systematize extant knowledge and setting the stage for further advances. Against the backdrop of this research deficit and the different approaches to familianness, the question arises whether research strands can be recognized, how these can be characterized and how their results can be (selectively) integrated into a theory that is in itself appropriately complex to subsume family and enterprises with their own specific types of logic.

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Therefore, the two purposes of this paper are (1) a description and appraisal of English- and German-speaking journal literature which directly addresses the concept of familiness in order to identify potentially different strands of research. The identification of these strings is based on a systematic search of the literature. (2) The reflection on the current state-of-the-art using modern systems theory, which considers social systems as autopoietic systems as a general point of reference (Luhmann, 1995, 2000). In addition, methodological suggestions are developed for enhancing familiness research. Finally, an attempt is made to redefine the familiness concept. The paper is structured accordingly.

This research contributes in two significant ways to familiness research: (1) It offers a new perspective for researching familiness. (2) It makes a selective use of extant research on familiness and integrates it into this new theoretical and methodological perspective.

## 2. Literature review

In this chapter method and results of the literature review are presented. As a conclusion, the systematized research results are critically analyzed.

### 2.1. Method of the literature review: search procedure and clustering of articles

To further the understanding of the familiness concept, we reviewed publications appearing in highly regarded scholarly journals recommended by Chrisman, Chua, Kellermanns, Matherne, and Debicki (2008). They asked 40 scholars who published in the family business field to judge where relevant research should be published. The results enable an overview of 22 ranked management journals. Based on this result we chose the top nine journals which were ranked according to these authors as “outstanding” and “significant” for family-firm-related research. These journals are: Family Business Review, Entrepreneurship Theory and Practice, Journal of Business Venturing, Academy of Management Journal, Academy of Management Review, Strategic Management Journal, Administrative Science Quarterly, Journal of Small Business Management, and Journal of Management Studies. In addition, we included the only German-speaking journal that publishes family business research on a regular basis, Zeitschrift für Klein- und Mittelunternehmen und Entrepreneurship. We also added the newly established Journal of Family Business Strategy, which has been available online since February 2010. In addition, we included the Strategic Entrepreneurship Journal (founded in 2007). Apart from the journals listed, we searched the ABI/Inform database, starting with the year 1999 (since the seminal article from Habbershon and Williams was published in this year) and ending with March 2010.

For the search procedure we used the search string “familiness” or “familyness”, which had to be included in title, keywords, or abstract. We are aware of the fact that there are many more publications which advance the understanding of the familiness concept. Thus one can expect that the articles included in our review explicitly deal with the familiness topic to a higher degree.

Based on this search procedure we extracted 17 articles. A closer examination going beyond an analysis of the abstracts revealed that 15 theoretical or empirical articles really addressed the familiness topic. Seven articles were published in Entrepreneurship Theory and Practice, five in Family Business Review, one article each in the Journal of Business Venturing, Journal of Management Studies and Journal of Family Business Strategy. The articles were inductively grouped into four clusters according to their thematic similarities or differences: ‘conceptual research articles on familiness’, ‘social capital theory of familiness’, ‘area-specific articles on familiness’ and

‘measurement of familiness’. These four clusters provide a systematized insight into the development so far and the current state of research. In the next step a rough overview is given in order to make the logic behind the clustering transparent.

*Conceptual research articles* address questions of how familiness can be explained. These articles refer to the resource-based view (RBV) of the firm and to systems theory. In this category no empirical papers could be identified. The article by Habbershon and Williams (1999) indicates the beginning of familiness research. From this, Habbershon, Williams, and MacMillan (2003) developed the unified systems model ‘the family business social system’, which was later expanded by environmental components by Habbershon (2006) and also adds the interactions between the ‘family business social system’ and its environment in a family business ecosystem model. Moores (2009) describes familiness in relation to the RBV and characterizes it as a “somewhat fuzzy concept”, raising the question “whether all family firms do possess familiness resources” (p. 174). Zellweger, Eddleston, and Kellermanns (2010) build on the work of Habbershon and Williams (1999) and Habbershon et al. (2003) and develop a new, comprehensive concept of familiness based on the involvement approach, the essence approach and organizational identity. According to this, familiness is the result of a (selective) interplay of these three components. The unifying characteristic of this cluster is the conceptual approach of the articles.

*Social capital theory of familiness*: these articles refer to a middle range theory, the social capital theory. These papers are usually concept-driven, discussing different dimensions and variables and how these can be used to describe and explain familiness. One of the first papers explicitly relating social capital theory with familiness was written by Lester and Cannella (2006), who focus on the concept of ‘community-level social capital’. Besides Lester and Cannella (2006), also Pearson et al. (2008) rely on social capital theory in order to point out limits and weaknesses of the RBV and to contribute towards expanding the theoretical discourse on familiness. The final article in this cluster was written by Sharma (2008) as a commentary on the article by Pearson et al. (2008). She extends the social capital model of familiness by the internal and external perspectives. The articles of this cluster are connected through social capital theory.

*Area-specific articles* usually discuss the familiness topic with regard to a specific content. This cluster is characterized by heterogeneity concerning the selection of topics. Chronologically, starting with Ensley and Pearson (2005), the main focus first was on top management teams (TMT). Their research, guided by the upper echelon perspective, is based on an empirical-quantitative analysis of three distinct forms of TMT with different realizations of familiness in new firms. Nordqvist's (2005) commentary on Ensley and Pearson (2005) reflects the importance of TMT as a competitive advantage. A higher familiness results in higher cohesion, task conflict, potency and shared strategic consensus. Another approach is chosen by Craig and Moores (2005), who relate familiness to the management tool of the Balanced Scorecard. Tokarczyk, Hansen, Green, and Down (2007) introduce another topic into familiness research and try to explain how familiness is expressed in the market orientation of a firm. Minichilli, Corbetta, and MacMillan (2010) focus, like the study by Ensley and Pearson (2005), on TMT familiness and its effect on firm performance. The articles of this cluster have in common that familiness manifests itself in a specific area.

*Measurement of familiness*: This cluster primarily refers to the F-PEC scale, which consists of the dimensions of power, experience and culture (Astrachan, Klein, & Smyrnios, 2002; Klein, Astrachan, & Smyrnios, 2005). To overcome the limitations of the dichotomous classification into family and non-family businesses, the F-PEC scale was developed, which is based on a multidimensional approach to measure family influence and enables measuring the

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