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Family business and regional science: "Bridging the gap"

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ABSTRACT

The purpose of this special issue is to stimulate research on the interaction between the fields of family business and regional science. Despite their overlapping themes and the high relevance of family firms for many regions, the two academic fields have emerged independently from each other, and little exchange exists. We discuss not only the role family firms play within the region in order to enhance our understanding of the ways family firms may (or may not) contribute to regional economic development but also the effect of socio-spatial and institutional context on firm behavior and performance. The set of empirical and theoretical articles included in this special issue represents an important early step bridging insights between the two fields.

1. Introduction

The family firm is an important form of business organization that exists in different sizes and sectors in developed as well as emerging economies. Family firms have been shown to significantly contribute to workforce employment and gross domestic product (GDP) in countries such as Germany, the United States, and Sweden (e.g., Bjuggren, Johansson, & Sjögren, 2011; Shanker & Astrachan, 1996), among others (IFERA, 2003). However, from the side of the family business field, there are only scant theoretical approaches that explain why, how, and when family firms affect regional economic development (with some empirical exceptions, such as Berlemann & Jahn, 2015; Bird & Wennberg, 2014; Block & Spiegel, 2013). On the other hand, despite regional science scholars' interest in the behavior of firms in a spatial context (van Dijk & Pellenbarg, 2000), family firms have been largely neglected in regional science studies thus far.

This parallel development of both family business and regional science with little cross-knowledge fertilization creates a gap in our understanding of how the two fields are related. We believe that it is time to narrow and help close this gap by promoting research that can offer a better explanation of the relationship between family firms and the regional economy. Therefore, the aim of this special issue is to explore the role of family firms in regional economic environments and to enhance our understanding of the ways family firms may (or may not) contribute to regional economic growth and development. We also attempt to dig into the effect of socio-spatial and institutional context on firm behavior and performance.

This special issue contains four articles that aim to contribute to both family business research and regional science. For the family business field, it provides an important starting point to explore the role of family business in regional economic development and the effect of regional context on the firm, thus establishing a new recognized area of research within the field. Therefore, this special issue extends the path initiated by papers such as Bird and Wennberg (2014) and Block and Spiegel (2013). Specifically, following Pérez Rodríguez and Basco's (2011) explanation of the theory-building process in family business research, this special issue extends family business boundaries by creating three breakaway points. First, this special issue brings new variables and dimensions into the family business debate, such as "regional family firm embeddedness" and "regional familiness." Second, the special issue incorporates theories and approaches from regional science and economic geography into the family business field, thus broadening our understanding of the family business phenomenon at the aggregate level. Finally, this special issue

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opens new doors and invites researchers from other fields to investigate the family business phenomenon. All of these breakaway points expand our thinking and knowledge base within the family business field, thus preventing lock-in effects.

For the field of regional science studies, this special issue shows how an interaction with the family business field offers a new way to introduce firm behavior into regional economic development. Specifically, the presence of family firms as actors has been largely neglected so far in the field of regional science. In this sense, the special issue responds to the call made by Markusen (2003) concerning the need for incorporating firm behavior into regional science. The effect of family firms for regional economic development is important because family firms typically exhibit strong (social) networks in their regions of operation, have long-term views when making decisions (Lumpkin, Brigham, & Moss, 2010), and are themselves influenced by their environment's community logic (Reay, Jaskiewicz, & Hinings, 2015). Therefore, this special issue provides a new set of factors that may facilitate or impede regional economic development. Specifically, it extends the efforts initiated by Maskell (2001) and Rafiqui (2010), among other researchers, to introduce firm and family dimensions into the economic geography and regional science debates.

Finally, this special issue has important implications for policymakers. This new line of thought, which combines knowledge of family business and regional science studies, provides an opportunity to introduce new perspectives into political debates. For instance, this special issue provides an alternative way to think about the role that family firms play in regions and their path dependency, which may help policymakers tailor region-specific policies to promote economic development in their region.

To proceed toward our goal, we commence by providing a framework for addressing the interdependence gap between the fields of family business and regional science. We then provide an overview of the contribution of each paper to the special issue. We continue with a debate about the research and policy implications this special issue has uncovered. Finally, the editorial concludes by proposing a future research agenda.

2. Topic importance

To paraphrase Markusen's (2003, p. 9) ideas about the importance of studying firm behavior in regional economics, "decisions [that] firms make shape both the interregional distribution of economic activity and the quality and nature of work within regions." This thought opens the door to deepen our understanding of the link between firms and regions. In this regard, the intersection between the family business and the regional science field represents a unique opportunity for several reasons.

First, family firms are a unique type of organization because of the interaction between family and business goals in their decision making (Basco & Pérez Rodríguez, 2011; Miller, Le Breton-Miller, & Lester, 2011), which are based on family and business logic, respectively (von Schlippe & Jansen, 2014). This specific characteristic has implications on firm behavior because family firms may make decisions based on economic, social, and emotional parameters, which are, to an extent, different from the way decisions are made by corporations with dispersed ownership as well as firms owned and managed by a sole individual. There is clear evidence that family management and ownership affects the way an organization behaves with regard to internationalization (Sciascia, Mazzola, Astrachan, & Pieper, 2012), social responsibility (Block & Wagner, 2014), firm strategy (Basco, 2014), and innovation (Classen, Carree, Gils, & Peters, 2014). In particular, family firms are often characterized by a long-term orientation in their decision making (Lumpkin et al., 2010), and they tend to make important tradeoffs to enhance family and other stakeholder relationships on a par with generating profits (Gomez-Mejia, Cruz, Berrone, & De Castro, 2011). Consequently, the aggregate effect of family firms at the local/regional level and its impact on regional economic development represents an important starting point for introducing a variety of organization types and firm behaviors in regional science studies. Thus, our special issue relates to a broader question of regional science studies: how does firm type impact regional economic growth and development?

Second, the endogenous perspective in regional science has amplified the importance of geographical space. Much of the research in regional science has, until recently, focused on local attributes and regional conditions (Campbell, James, & Kunkle, 2013) that marginalize the role of firms. Specifically, the comprehension of how the heterogeneity of firms affects regional outcomes has been neglected. Due to the fact that the firm is one of the important agents for creating, developing, and exploiting economic opportunities, a better understanding of the family firm-region link will contribute to uncover the reasons for the uneven distribution of wealth among geographical areas. Consequently, differentiating the behavior effects of family and non-family firms could help untangle agent-related dimensions within the geographical space that affect regional economic development.

Third, combining both fields is a necessary condition for moving their theoretical roots forward and for identifying important boundaries and contextual patterns shaping the role of family businesses in various regions (Welter, 2011). On one hand, the family business field has yet to move to an aggregate level to investigate the link between family business and regional economic development. Indeed, incorporating geographical space is needed to develop theories to explain the interactions between family firms and spatial dimensions at the aggregate level (Basco, 2015). On the other hand, regional science studies are well positioned to incorporate family firm behavior and its effect on the aggregate level as a driver of development to better describe, explain, and predict the performance of a (regional) economy.

Finally, the importance of the interaction between the fields of family business and regional science is also important for both policymakers and managerial practice. Knowing about the embeddedness of family businesses in regional structures and its effects on regional economic development may allow policymakers to incorporate new dimensions in their thinking as a way to formulate and tailor more precise policies to cope with the challenging task of intervening in real life to reduce uneven regional development. Similarly, managers in family firms may want to consider the regional dimension in their decision-making.

3. A framework for studying the link between family business and the regional economy

3.1. Regional economic science as a starting point

To understand the reasons for and the sources of regional economic development, two main approaches exist: the economic growth perspective and the development perspective. The former approach has been strongly influenced by economic points of view relating regional development to growth in income or employment, among other variables. This school of thought is called the regional growth perspective (Capello, 2008) and is macro-economic in nature (see Todaro & Smith, 2012; Wennekers & Thurik, 1999). In this perspective, territorial features were added to the traditional macro-economic approach by treating space as uniform and abstract (Capello, 2009). The latter approach, the development perspective, has gone beyond the dominant economic stream by broadening the interpretation of development with regard to social, political, and cultural aspects (Pike, Rodriguez-Pose, & Tomaney, 2006) and considers the balance