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Initial resource heterogeneity differences between family and non-family firms: Implications for resource acquisition and resource generation

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A B S T R A C T

A fundamental, but overlooked stream of resource-based theory (RBT) is the analysis of combinations of initial heterogeneous resource endowments with homogeneous resources that are acquired in the market. These combinations can generate heterogeneous, specific non-tradable resources, which are a potential source of superior competitive advantage and, hence, performance. In order to operationalize this idea empirically, we analyse the development of internationalization resources (considered a specific category of non-tradable resources) within family and non-family firms. Compared to non-family firms, we argue that family firms are able to combine a particular type of heterogeneous initial resource (i.e. familiness) with homogeneous tradable resources acquired in the market. This question is tested using a panel of family and non-family Spanish manufacturing firms for the period 1990 to 2010. As a result, this study contributes to the literature on RBT, extending previous theoretical and empirical research in this stream.

Introduction

Resource-based theory (RBT) has become one of the most widely used theoretical perspectives in the field of strategic management over the last two decades (Barney, 1991; Barney et al., 2011; Newbert, 2007). RBT suggests that firm performance is primarily attributable to heterogeneous resource endowments (Penrose, 1959). This heterogeneity constitutes the cornerstone of resource use (i.e. the development of 'strategic resources'[1]) (Peteraf and Barney, 2003). Traditionally, two alternative mechanisms have been identified as the source of this type of heterogeneity: external acquisition in the so-called strategic factor markets (SFM) (Barney, 1986), and internal accumulation (Dierickx and Cool, 1989). However, heterogeneity and the creation of strategic resources can also originate in suitable combinations of existing idiosyncratic resources from externally acquired resources (Maritan and Peteraf, 2011). Additionally, heterogeneous initial resource endowments may allow firms to obtain profitable access to SFM (Adegbesan, 2009). We suggest that initial heterogeneity might provide companies with a superior ability to transform non-strategic resources acquired in the market into strategic resources. This

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[1] Maritan and Peteraf (2011) distinguish between commodity resources that trade in well-functioning markets and complex (or strategic) resources that are derived from combinations and transformations of commodity resources exchanged in highly imperfect markets.

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argument is consistent with the notion of buying commodity resources that can then be converted into complex or strategic resources (Denrell et al., 2003; Maritan and Peteraf, 2011).

The primary goal of this study is to shed light on a fundamental and overlooked aspect of RBT (Molloy et al., 2011): Can firms with heterogeneous initial resource endowments combine them with resources acquired in the market in order to develop new heterogeneous resources? In addition, taking a step back, is it possible to identify these heterogeneous initial resource endowments (Maritan and Peteraf, 2011), which constitute a baseline for developing successive heterogeneous positions? A relevant dimension of firm heterogeneity in the context of RBT is the ownership regime (i.e. family firms *vs* non-family firms) (Barney et al., 2011). Resource endowments that are distinct to a firm as a result of family involvement are usually identified in terms of the *familiness* of the firm (Habbershon and Williams, 1999). Consequently, we argue that familiness (taken as a heterogeneous initial resource endowment) can support family firms in creating or developing heterogeneous resource positions from acquired market resources. In other words, we consider that familiness connects tradable resource acquisition (i.e. resources acquired in SFMs) with the development of non-tradable specific resource endowments (i.e. internally accumulated resources). Ultimately, we assume that the new heterogeneous resources generated may improve firm performance.

Our research question is tested using a treatment and a control sample of Spanish family and non-family manufacturing firms, respectively, for the period 1990 to 2010, during which the firms began operating internationally through export activity. Both samples are composed of firms with significant differences in their initial resource endowments in terms of familiness. However, at the same time, both sets of firms show similar behaviour in terms of the type of tradable resources they acquire (external services acquired in the market). This allows us to analyse how the combination of heterogeneous initial resource endowments (i.e. familiness) and tradable resources can foster the creation of specific heterogeneous resources (e.g. internationalization capabilities). In addition, we find that this process exerts a positive impact on the total factor productivity growth, which is considered a suitable performance measure.

Our study contributes to the literature in the following areas. With regard to the resource management research stream, our study bridges the gap between resource acquisition and resource accumulation[2] by taking a heterogeneous initial resource endowment (familiness) as a cornerstone. In this sense, research on resource acquisition and resource accumulation has evolved separately. Following Maritan and Peteraf (2011), we argue that the creation of heterogeneous resource positions in firms may also arise from suitable combinations of accumulating and acquiring resources. Our study presents preliminary empirical evidence that allows for the isolation and measurement of firms' heterogeneous resource initial endowments. As several scholars have noted (e.g. Newbert, 2007; Wilden et al., 2016), one of the main causes of the lack of progress in RBT is the difficulty of isolating, directly observing, and measuring heterogeneous resource positions over time. We address this problem by focusing on a specific business feature that can be isolated empirically and considered a heterogeneous resource endowment (familiness). In addition, we demonstrate how combining familiness with resources acquired in the market (in particular, R&D and marketing) enables family firms to build new heterogeneous resource positions (in our case, internationalization capabilities). Further, we show how this contributes to superior firm performance in terms of productivity growth. Additionally, this study explicitly employs RBT to advance the understanding of the potential differences between family and non-family firms. RBT has played a significant role in clarifying the ways in which family firms differ from non-family firms in terms of both organizational behaviour and outcomes (Chrisman et al., 2010).

Theory and hypotheses

The creation of heterogeneous resource positions

The creation of heterogeneous resource positions in firms has traditionally been explained by the operation of two alternative (and complementary) mechanisms (Maritan and Peteraf, 2011; Makadok, 2001): 1) resource acquisition — buying — in SFMs (Barney, 1986); and 2) resource accumulation or internal development — building — (Dierickx and Cool, 1989). The first mechanism emphasizes the importance of superior information about the value of tradable resources when taking advantage of imperfect factor markets (Barney, 1986; Makadok and Barney, 2001). However, for some non-tradable firm resources (most intangibles), finding a market is highly unlikely because they are firm-specific and, therefore, must be developed internally.

As suggested by Maritan and Peteraf (2011), the joint action of the accumulation (building) and acquisition (buying) mechanisms can be particularly important to creating or developing certain types of firm-specific capabilities (e.g. those related to internationalization or innovation). Thus, it is reasonable to assume that firms can initially invest in resources that are subject to market failure, and that these resources must be developed internally. This assumption is consistent with the findings in the literature on capability building (Amit and Schoemaker, 1993; Dierickx and Cool, 1989; Makadok, 2001). However, investment in these resources, which can contribute to creating heterogeneous resource positions, may require additional investment in certain tradable resources (Baldwin and Clark, 1992; Maritan and Peteraf, 2011). Firms cannot buy capabilities in the market, but they 'can buy tradable constituent resources used to build up the capability to the point that it can perform its intended task' (Maritan and Peteraf, 2011: 1378). Therefore, as recognized by these same authors, in the event

[2] In terms of Maritan and Peteraf (2011).

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