

## Chapter 1

# Family Business Research: 5th Wave Perspectives

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### Abstract

More than three decades support the research on the family business. The progress achieved, beyond the disagreements, is considerable. However, significant changes in the macro and microenvironment, and their influence on the companies lead to rethinking new perspectives. This new research agenda is multidimensional to achieve a deeper understanding of the essence of the family business. The objective is to find axes that allow hold up the family business to overcome new challenges. Renowned authors from all over the world have reflected on this and offered us new and high-quality perspectives to enrich debate and promote research.

*Keywords:* Family business debates; multidimensional perspectives across countries; continents; geo-political frontiers; research trends; 5th wave perspectives

I change too quickly: my today refutes my yesterday  
When I ascend, I often jump over steps,  
and no step forgives me that  
– Friedrich Nietzsche, “Thus Spoke Zarathustra”

### Introduction

Open a research field to new perspectives is supported by numerous literature in diverse fields (Huse et al., 2011; Kessler et al., 1992; Lee-Smith & Stren, 1991; Orazi et al., 2013; Verhoef et al., 2010).

The word “geopolitical” was proposed by geographers in Germany in the late nineteenth century as a contraction of geography and politics. Later, it was associated with Darwinian theses and the inequality of species and races. Theories were taken up by the Hitlerian ideology (Herwig, 1999) and then proscribed to reappear at the end of the 1970s (Lacoste, 2006). It can be used to indicate a perspective or mode of analysis focused on the interrelationships between space, territory, territoriality, and power (Cohen, 2003). Thus, this is the route in which the concept “geopolitical” is framed in this chapter, and the vision we have for this book, not only for the context in which family business operates but within itself. In today’s globalized world, the geopolitical sphere is more important than ever (Munoz, 2013).

Thus, family business, as the context has, could have space (the national context where it is legally based), territory (where it operates, and its stakeholders), territoriality (family business culture, influenced by the family values and organizational culture), and also power (organizational and shareholder structure, as well as the family interrelations, within themselves as individuals/group, but also embedded in the business). Then, following Cohen’s view, a geopolitical structure is defined in terms of its patterns (shape, size, physical/human geographical characteristics, and the networks that tie them together) and “features” (political–geographical nodes, areas, and boundaries that contribute to the family business uniqueness and cohesiveness), that have different degrees of “maturity,” evolving in fact from atomization/undifferentiation to differentiation and then to specialized integration.

Taking into account the present conflicts that are developing throughout the world, where a new order is taking place, the end of globalization and the emergence of strategic political and commercial blocks, where regionalisms and nationalisms approaches permeate, and the financial/monetary system as known is being confronted, the family business cannot be longer see under the traditional academic lens. Now more than ever, opening family business debates, under multidimensional perspectives across countries, continents, and geopolitical frontiers, and given the relevance family businesses have in every national economy nowadays, is unavoidable. In this line, and approaching family businesses from a regional standpoint, Basco et al. (2021) reflect on what role family firms play in regional development, and how different spatial regional contexts shape families from operations and performance.

New perspectives, applying geopolitical theory to family business research, can open a new door to understanding them, under this new wave in world history.

Welcome to its 5th wave.

## **Family Business Debates: Multidimensional Perspectives**

In the family business, calls in this vein on multidimensional perspective have been done before by Sharma et al. (2013).

More recently Rovelli et al. (2021), identified future directions for researching the family business, where among others, change management is a key issue, and

where they asked how do family firms approach crisis differently from nonfamily firms, or how does the presence of a family managing the firm influence the responses to a crisis, or what role do traditions play for family firms in times of crises, and if family firms can be resilient – e.g., consolidating their traditions through innovation – to survive crises and successfully manage the new normal, and if a crisis can be an opportunity for family firms to renovate themselves and improve performance in the long run.

Moreover, [Miller and Le Breton-Miller \(2021\)](#) suggest family business scholars' inquiry on change, evolution, history, and unexplored problems faced by these companies.

On the other hand, [Mueller and Sandoval \(2021\)](#) approach the globalization of some family businesses under a 4th wave allegory, where they describe modern family businesses created by family entrepreneurs, that globalize their business through information technologies, social networks, and megatrends, focusing on Latin America. Clearly, under this vision, you only can inquire and develop theory about just a handful of companies, since the vast majority do not fall in this category. This is not the case for a geopolitical approach, since numerous family businesses (an extraordinarily heterogeneous group) are affected by the newly formed commercial blocks, by sanctions imposed, arbitrarily or not, by governments to specific countries, or primary supplies (gas, wheat, petroleum). The value and logistics chain distortions that occur, have vast ramifications not only constricting those globalized firms. What will be the repercussions? How are they confronting and solving new and unexpected issues that arise from this 5th wave?

## **Novel Perspectives**

Through their vision around the world, different novel and high-quality perspectives propose researchers trigger debate and enhance the understanding of family business. The aim is to identify key trends, and present and future research directions to encourage scholars to research this highly impactful subject.

Based on the above, we thought and meditated on some of the themes included in the book, under an abductive process, that reflects gaps we detect in the family business literature. We feel so much gratitude to our colleagues, for believing in the topics we propose to them and taking the risks involved in them, because of their exploratory nature.

### ***Family Business Dynamics***

To understand the essence of the family business, Campbell proposes a philosophical view of its foundation. In this context, the concept of family from a legal perspective starts from the idea of interest and filiation. In consequence, the constitution of this specific group faces diversity, having as a reference the principle of force, the same morals, and ethics. Cultural ties are the foundation of any family business, a life project where everyone fulfills a function within the group

and seeks to contribute to the solution of economic, social, and political problems. In conclusion, the family can be an organic space of motivation that develops a whole experience, liberates experimentation, seeks empowerment, improves participation and involvement, allows collaborative work, and encourages creativity.

To extend and deepen this understanding Pelly and Roberson focus on the influence of the family. They explore the inner workings of a heterotopia frozen in time and space – a small town Family Business. To achieve it, a customized methodology is introduced – the Sadean duography. This approach is beneficial to understanding the hazards if involved are inheriting or purchasing new businesses, and to scholars in entrepreneurship and organizational studies seeking a deeper understanding of the role of heterotopias, also known as third spaces.

At its essence, a family business keeps the secret of its capacity for resilience, but little is known about how it is built and put into operation. Drawing on the upper echelon theory, Wang examines the impact of female leadership on resilience development in Chinese family business. Results suggest that resilience consists of abilities to prepare for, control, adapt to, and absorb change. The evidence further indicates that female-embodied attributes, female-enabled family cohesion, female-empowered governance, and female-characterized resource orchestration led to the development of resilience. Without a doubt, this is a fundamental and rich subject to be explored.

No matter the gender, it is imperative the founder and family approach the future of the FB with responsibility and due diligence. If they wrongly select the FB successor, the chances for the sustainability of the enterprise are at high stake. So, improving the way this process is done can attenuate future repercussions. So, Canales and Montiel suggest that it is vital to know the potential candidates are true entrepreneurs *or* false entrepreneurs. Thus, exploring the differentiation between true and false entrepreneurs seems vital for today's efficient allocation of resources. A theoretical model was proposed, including micro, meso, and macro analytical spheres, adding the behavioral aspects that determine whether a person is a true or false entrepreneur and the effects that can have on the business. Also, a novel view on how to diagnose a real entrepreneur for taking over a family business is proposed, where a novel perspective, clinical history, an approach took it from Medical/Clinical Psychology, might help in the succession process.

### ***Support the Family Business***

Different perspectives can be associated with the growth of the family business. Founders have significant influence over many domains within the business, and their impact may be felt even after leadership succession. In this way, Segares makes a scoping review to examine the extent and essence of contemporaneous research activity to outline a research agenda for future study of the founders of the family business. In the recent past, several studies show the interest in the impact of the founder on financial performance, innovation, and the founder's role in the succession process. Nonetheless continued studies from alternative

viewpoints, using updated data are needed, considering qualitative methods, using the internet as both the research environment and a source of data, assuming diverse geographies, and changes in family life and business related to demographic, social, and technological shifts.

An important question concerns the evolution of the small or medium-sized family business to a large corporation with participation in global markets. Almaraz and Vidal make a comparison between Spain and Latin America considering the trajectories of internationalization, organization, and structure of the business. Also, some sectorial aspects and the global situation that have encouraged the expansion of markets, the acquisitions of assets outside the countries of origin, and the outsourcing system were considered. The results argue for a multidimensional perspective between countries is needed to understand the relevance of competitive learning, entrepreneurial vision evolution, and diversity of trajectories between sectors and companies, as well as consider the importance of culture and immigration in business and family development.

To increase the family business' survival rate the interest has been focused on the business subsystem, but recently more attention has been paid to the family one. In this perspective, Hernández-Linares, Díaz-Moriana, and Sanchez-Famoso analyze the paradoxes emerging between the different inter and intragenerational dyads that coexist in the family business (mother-daughter, father-son, mother-son, father-daughter, brother-sister, wife-husband, etc.) to open new lines of debate and propose a new basis for the establishment of family business-targeted public politics. Additionally, the authors insist on the need to pay more attention to the emotional balance and value the knowledge and experience of the founders.

The post-COVID-19 period, a business context that can analyze under an extreme crisis/conflict framework (Canales et al., 2021), represents a major challenge. Caspersz, Stevanoski, and Seet question the ability of family businesses and their families to manage change in the Australian case. The findings indicate the "traditional" challenge of juggling family with business goals. And a trend to consider is that nonfamily business (NFB) plays a significant role in influencing the readiness of the family business to be sustainable. This is in three interrelated key areas: juggling the Socioemotional wealth (SEW) of the family to establish a competent and "fit for purpose" managerial approach for the business that includes NFB; pursuing and implementing necessary innovations (particularly digital innovations) for the business survival that reinforce consideration of the future role of NFB as they stretch the finite capability of the family; and, finally including NFB in ownership succession transitions as a pathway forward to the business' sustainability.

In the growth of the family business, what place occupies the entrepreneurial orientation (EO) in debt financing? Jaiyeola, Wang, and Mahmood analyze this relationship considering its five dimensions: risk-taking, innovativeness, proactiveness, competitive aggressiveness, and autonomy in the case of Nigeria. The results suggest that the entrepreneurial orientation of family businesses seems to play a pivotal role in influencing debt financing. The authors propose an empirically theoretical framework at the intersection of the family business and EO

research. Future research could substantiate the findings using quantitative methods.

From a sociocultural perspective, Mandujano explores cultural and structural attributes furthermore business strategies that can explain the longevity of Japanese family businesses for their capacity to adapt to extreme contexts like wars, structural changes, and national catastrophes or crises. The results highlight the most relevant characteristics found in the literature: the social capital and the relationship of the family business with local communities, and their resilience that combines innovation and a focus on maintaining certain key traditions.

### ***Family Business Complexity***

There is a growing interest in how critical perspectives can help us understand family business. Current literature suggests that critical reflection is needed in aspects such as conflict, fear, and emotions. Gregory, Discua, and Jack are interested in fear. Fear conceptualized as both an inhibitor and a motivator for business plays a significant role in the dark side of the family business (DSFB). The review argues that focus on specific tangible resources is limited to explaining how families in business may deal with fear. A critical perspective suggests that three areas merit further attention: fear of failure; effects of failure; and the intersection between entrepreneurial learning and the effects of fear in the DSFB. By contextualizing critical approaches, authors provide insight for researchers, policymakers, and executives of the family business.

Salimath and Orudzheva are interested in two aspects, power and corruption. In consequence, they analyze how power in ownership and control, generations, and governance scale and enable corruption. Three family firms (FF) cases from Latin America, South Africa, and China are concerned. The results suggest lack of objective external evaluation, the ineffectiveness of internal checks, generational issues, family control, and the restricted nature of governance contribute to exacerbating tensions and have a central role in promoting corruption.

The involvement of the controlling families on boards of directors, besides national and/or regional contexts, has been suggested to influence how companies are governed. But the knowledge from developing regions is scarce. Vázquez and Méndez summarize the main findings of boards of directors in FF from Latin America. The results discuss the different challenges and opportunities that owners and boards of directors face. They also suggest that research has a very promising future as it still has to validate and/or contextualize findings in developed regions, overcome some theoretical and empirical limitations, explore some salient characteristics related to the institutional context in-depth, and provide recommendations linking board characteristics and firm performance.

A latent risk for the continuity of the family business is the lack of preparation of its members. But this is of considerable complexity when it is recognized that needs change depending on the characteristics of the business and its members. Which are the family business learning needs? How to ensure adequate training throughout the life, roles, and interests of its members concerning the business?

How to assume the pedagogical challenge in the current context? And what are the pedagogical strategies for the family business? These are some of the main questions. In their work, Soto, Tomaselli, and Rodríguez analyze the current state of the art of research on academic education in the family business, highlight some gaps and give practical insights on the present and future avenues for education paradigm from a family business perspective. Their contribution lies mainly in offering useful insights for positioning family business education in the debate on the lifelong learning perspective of family members, and for the selection of teaching methods and techniques for learner-centered education programs.

Therefore, a novel, new insight on how to approach family businesses is the proposal on how to build a family business entrepreneurial ecosystem, with exploratory and preliminary data from Portugal's wine industry and Mexico's shoe industry. Montiel, Carvalho, and Martinez, given the well-documented relevance of entrepreneurship in the economic systems of the regions, not only in terms of its main actor, the entrepreneur, but also in its systemic approach and how the context influences it (entrepreneurial ecosystem), and also on the close relationship that exists between entrepreneurship and family business (FB), surprisingly, and abductively, found out there no such a framework into the latter. After an extensive literature review made, a significant gap was found, given the historical relevance that FB (SMEs the vast majority) have in the global economic systems. So, a FB entrepreneurial ecosystem (FBEE) model was proposed, where the results indicate the feasibility of proposing a second level on the theory of EE, the FBEE. It is worth noting this framework is mentioned for the first time in FB literature, with the potential to open a whole new research area within FB.

The same can apply to the proposal made by Zerón, who highlights the characteristics of the family enterprise profile as a potential stakeholder with a social impact and which requires to be recognized as a social family enterprise. Because social enterprises tend to be disruptive, the family logic can be better understood, concerning their behaviors and decisions that seem illogical in traditional entrepreneurship, within social enterprises. And also, to the conceptual model called Contextualizing family business in marginalized contexts of emerging economies, presented by Flores, who analyzes indigenous family businesses in the Puuc biocultural zone, located in the southern cone of the state of Yucatan in Mexico. A type of FB that is little addressed in the literature, and both contributions with so much potential for the FB literature.

## **Conclusions**

This work starts from the current knowledge about the family business and reflects on the contextual challenges within or across countries, continents, and geopolitical frontiers to propose multidimensional perspectives to be included in the discussion and study. We hope to contribute by stimulating and developing future research on the family business.

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