

Family entrepreneurship in communities: social context and the creation of social value

The importance of context

For some time now, studies in entrepreneurship and entrepreneurial activity have acknowledged the importance of context (Welter 2011; Zahra and Wright, 2011). This growing realisation that entrepreneurial behaviour does not happen in a vacuum, but is instead informed by the structures, relationships and social settings which surround it has inspired a number of insights in the areas of social enterprise (De Bruin and Lewis, 2015), rural entrepreneurs (Korsgaard *et al.*, 2015), gender (Welter *et al.*, 2014) and localised differences in perspectives of entrepreneurship (Su *et al.*, 2015; Kalden *et al.*, 2017). The implications for research work are plenty and challenge the very ontological and epistemological roots of our collective endeavour.

The context of the entrepreneurial event should not in itself be seen as a fixed *a priori* situational factor, something which can be controlled for and descriptively detailed as a limitation of the study. The disciplines of sociology and anthropology instead tell us that context is performative in nature (Blommaert, 2001), it directly influences, generates, colours and even extinguishes perceptions of and by the enterprise, and thus informs with great force how entrepreneurial activity takes place. The practice of business creation and development is something which continually reads from and interacts with the surrounding and situational context (Steyaert, 2016). Perhaps the most exciting aspect of viewing context as an informative feature of entrepreneurial activity, it that it opens us up to a world of diversity and heterogeneity in how businesses and individuals believe, behave and become. Each entrepreneurial event can be seen as a unique mix of the various contexts which have shaped it.

Welter *et al.* (2016), point out that, while context is often acknowledged as a curiosity of a specific entrepreneurial form or situation, we continue to privilege the dominant contextual narratives of economic success and opportunity recognition as the guiding force of enterprise (Shane and Venkataraman, 2000). However, from the family business perspective, we see our protagonists as being apparent by their distinction from the grand narrative, where a preoccupation with succession and socioemotional wealth garners almost universal acceptance as how family firms differ from their more economic-based counterparts. With these reference points in mind, research into family business is put in a silo, as a type of entrepreneurship with its own frames of reference and yardsticks. The danger is that family businesses become measured against the expectations fostered by the dominance of succession and socioemotional wealth perspectives. Worse still, the development of theory becomes an agenda to ensure all family businesses progress towards the goals of these ideals, whether they suit the context of the business or not. Such a blinkered view of family business fails to acknowledge the levels of diversity among those firms we see as family influenced.

In this special issue, we encourage a more explicit view of context as a mechanism through which we understand the diversity and variety of family businesses. We seek to avoid the privileging of certain family firm types and expectations, by instead looking to the

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surrounding communities in which the enterprise is formed. Through this discussion, which is in no way intended to be exhaustive, we seek to uncover research questions and methodologies to celebrate the heterogeneity of family firms. In developing a greater contextual awareness, we not only see how the enterprise is formed through spatial and social connections, but also suggest how the family firm itself can, in turn, inform its surrounding environment.

The family firm in a social environment

Family firms are found to be more attuned to the social issues of their immediate surroundings, a facet often manifest in prosocial behaviours orientated around their social values and the values of social stakeholders in their environment (Van Gils *et al.*, 2014). Thus, the context of family firms, from the spatial and institutional to the social, is an informative factor in business activity, leading family firm researchers to acknowledge the interaction of family firms and regional development (Stough *et al.*, 2015). The outcome of this interaction can have many localised benefits, for example, in the generation of employment opportunity, economic growth (Memili *et al.*, 2015), and at times, in the creation of social value through the generation and preservation of socioemotional wealth in the business (Berrone *et al.*, 2012).

The acknowledgment of family firms' interaction with their localised environment looks to understand how the situational context informs both the nature and the characteristics of enterprise activity. In particular, while institutional contexts are fairly well-considered, the community context remains an area of fruitful development for our continued understanding of the entrepreneurial event (Jennings *et al.*, 2013). A variety of conceptual lenses can be used in the exploration of such a context, from focusing on temporal and social dynamics of business roles and networks in their locale (Welter, 2011), to examining the belonging and meaning attributed to place (Anderson and Gaddefors, 2016).

Many of the recent attempts to understand the interaction of family firms and their context highlight the importance of social structure and social relationship both within and out – with the business organisation (Zellweger *et al.*, 2018). The unique aspects of family firms are often said to make them more able to benefit from localised resources and networks (Bird and Wennberg, 2014). Where more favourable attitudes to small business combine with dispersed family relations, networks and affection, building a positive environment that supports and cherishes local family business. The firms themselves are then able to develop, based on their family structures, where those without this backing may not, echoing Smallbone and Welter's (2001), contention that those from a more connected and socially affluent family may gain greater legitimacy in their business endeavour, as they are able to capitalise on their reciprocal networks.

More critically though, close examination of community affiliations is found to provide a refreshing view on how embedded ties can be considered both positive and negative, and may indeed change over time (Mani and Durand, 2019). For instance, as part of a more community-based perspective, the characteristics of ethnic minority enterprises also relate directly to the community context of many family firms. When the influence of family is integrated with communities of value-laden and culturally embedded expectations (Vorley, 2007), there are many implications for the impact on business activity, but also for the localised impact the business itself may have on its surroundings (Jones and Ram, 2012). At times, the narratives used by community-embedded family firms seek to protect their historical setting in the community context, even when this is to the detriment of enterprise support and growth (Cunningham and McGuire, 2019). Such a family business story cannot be explained by focusing only on internally managed succession or the pursuit of

socioemotional wealth, as neither plays a role in how the family has necessarily interacted with various contexts. Far more informative is a consideration of the needs of the family in time and place, and the nature of the institutional, ethnic and community contexts. Family influence inside of the firm here adapts and alters with the changing relationship between the family and their immediate context(s).

A shifting and interactive dynamic

The above insight is borrowed from the literature on ethnic minority entrepreneurship, and there are strong implications for our understanding of family businesses more broadly. Social context should not be considered a categorised and stable element, but should instead be seen as one partner in a developing relationship with the family business, which may be unbalanced at times, but is also temporal in the way it can evolve and develop with the life-story of the family. To better understand such complex and changing relationships, [James *et al.* \(2012\)](#), suggest that greater attention should be paid to family dynamics. The importance and role of certain social interactions becomes meaningful at particular points in the family's history ([Combs *et al.*, 2020](#)). Everything from parenting approaches to individual hopes and dreams for the future will influence how business activity is conducted in relation to the institutional context, and [Wright *et al.* \(2014\)](#) suggest that we are as yet unclear on whether these forces are positive or negative in terms of what we understand for family business development. Moreover, mind-sets in families are liable to change, they will shift off past experience and as alter as new transitions emerge ([Brigham and Payne, 2015](#)). This prompts [Gedajlovic *et al.* \(2012\)](#) to further a historical perspective in our views on family influence, by learning from the history of the family we may be able to better understand their impact on the family business.

[Basco \(2015\)](#) takes this even further by positing that, at times, the family businesses can themselves, in fact, structurally alter their surrounding context. For instance, [Carney and Gedajlovic \(2002\)](#) suggest a co-evolution of influence between family businesses and their broader context, even gaining political power to inform formal institutions ([Soleimanof *et al.*, 2018](#)). Some of the more negative aspects of such powerful family influences have been seen with larger family businesses, promoting corruption and nepotism ([Bassetti *et al.*, 2015](#)), obstruction of social development in order to benefit the family ([Fogel, 2006](#)) and even a reduction in standards of living in those areas with powerful family businesses ([Young *et al.*, 2008](#)). However, very little is known about the political motives of the family in family businesses, and how these motives are formed or evolve with time ([Craig and Moores, 2010](#); [Reay *et al.*, 2015](#)). While this view is somewhat dramatic, and by no means represents all powerful family businesses, it does provide a caveat to positive claims of socioemotional wealth and offers an alternative perspective on the community-based family business.

About this special issue

This special issue presents four peer-reviewed papers which consider the interactions of family firms with their context from different perspectives. There is global scope with authors based in New Zealand, Spain, Sweden and the UK. Various methods are used and levels of analysis taken: regional economics; territorial structures; life-stage of the entrepreneurs; and intra-family relationships. The resulting collection demonstrates the variety and fruitfulness of applying a contextual lens.

The first paper, by Paula Martínez-Sanchis, Cristina Aragón-Amonarriz and Cristina Iturrioz-Landart, looks to how the characteristics of local territories condition the embeddedness of family firms. Interestingly, this paper does not focus on the family firms as the key beneficiary of benefactors of territorial embeddedness, but instead looks to the

entrepreneurial families behind the firms, exploring how space plays role psychological ties of individual family members to enterprise creation, in the Basque Country. Qualitative data from 20 entrepreneurial families, representing various business sizes, are supplemented by five interviews with regional experts in family business development. The question of identity and attachment to place is raised, with a curious suggestion that ideas binding members of an entrepreneurial family to place may be of historical legacy only, and that disruptive events, such as terrorism, can break these embedded bonds.

The second paper, by Julia Yonghua Wu, continues the notion that connection to place is fluid, suggesting that it is indeed liable to change with generational difference and life-stages. In particular, this paper looks to the impact catastrophic events can have on future generations' connection to place. The earthquakes of Christchurch, New Zealand, have clearly had a devastating impact on the community in all sorts of ways, but we may not consider the long-term impact this can have on the future business perspectives of families in the area. Through 18 interviews with baby-boomer family business owners, an image is developed of resilience and adaptability in the individuals, but also a hesitation to want the same for the next generation. This implies that embedded community bonds are indeed breakable, particular at the stage of generational transition.

The third paper, by Zografia Bika and Peter Rosa, takes a more macro-level approach to investigate family firm concentration in relation to business growth in regions. In such a way, this paper does not look to the impact of the regional economy on the firm, but more the impact of family firms on the regional economy. Importantly, this paper makes that case that the nature of family firm impact, depends on the structural make-up of the region they are in. Interesting comparisons are made between rural settings, city regions, coastal areas and many more. The key contribution made from such a large-scale and widespread study is that a "one-size-fits-all" approach to family firm support is inappropriate, and that to fully understand a family firm, we must understand it in relation to its immediate neighbours.

The fourth paper, by Hanna Astner, takes us deeper in the contextual view of family business, by presenting the case of a business owner embedded in a web of powerful relationships within her own family, in Sweden. This paper is somewhat of a rarity in the family business literature, as it offers a longitudinal qualitative study over eight years. It finds the surrounding family, while providing resource-based support, to potentially restrain the agency of the individual business owner and limit the psychological ownership of her own enterprise. This represents an under-acknowledged turn in the context literature, when a seemingly supportive context can at the same time work to constraint the prospects of the business.

Conclusions and future research

As a collection, these four studies demonstrate the potential for context-focused research in family business studies. From the macro levels of economic regional analysis, to the micro levels of individual case studies, there is contribution to be made in the insights gained at the nexus of context and enterprise. In particular, with a broader focus on the role of context, we see that policymakers need to be sensitive to not only the business itself, but also the other businesses in their ecosystem when building support structures. We also better understand how family business impacts on the surrounding community, in both a positive and negative sense. Additionally, we can start to constructively challenge the dominant logics of socioemotional wealth and a drive for succession as assumed in all family businesses. It will be interesting to follow how, in a post-COVID world, family firms' interaction with context has informed their resilience and recovery. Through the emergence of this collection's findings, one of the key themes of this special issue is that to fully understand the

behaviours and impact of family businesses, we should perhaps look first to understand the nature and settings of the families themselves. It seems that the family is often the link between the enterprise and the surrounding community context. We should move beyond thinking of our family businesses as operating in familial bubble.

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Further reading

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