BRIEF REFLECTIONS ON FAMILY FIRM RESEARCH AND SOME SUGGESTED PATHS FORWARD

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ABSTRACT

We reflect on some limitations that seem to have become more common in family business research and propose some paths forward. For fairness, we refrain from listing specific papers in our critiques because 1) no one should be singled out for criticism when the limitations to which we refer apply so broadly; 2) our own work suffers from some of these very same limitations.

Keywords: Research limitations; Research relevance; Research rigor; Family firm

INTRODUCTION

A late friend of ours, an esteemed Ivy League professor, was once CEO of a major corporation. Although he had raised substantial funds from the business community for his school, this became tougher after donors sampled the faculty`s publications, which they found "obscure and remote from the concerns of business or society". Today, despite a legacy of relevance, we worry that more family business research is becoming vulnerable to similar criticism, in part due to an excessive embrace of academic patina over novel, practical insight. In this short essay we reflect on this challenge and suggest several ways forward.

COMMON LIMITATIONS

Conflicting Research on Familiar Topics

To quote Yogi Berra, "It`s like déjà vu all over again". It seems that increasingly, so much quantitative family firm research focusses on the same topics – performance, innovation, internationalization, succession, CSR, entrepreneurial orientation, and the links of these characteristics to various aspects of family governance in assorted industry and geographic settings. These are important topics (Astrachan, 2010). However, the many contradictions among such studies cause one to reflect. Some authors claim family firms to be inferior at innovation and internationalization, others argue the reverse; some find them more entrepreneurial and socially responsible, others less so. In response, along come studies attempting to reconcile conflicting findings via governance, environmental and legal distinctions, or alternative operationalizations. Examples of the scope and outcomes

of this process can be seen in meta-analyses by Arrègle et al. (2017), Canavati (2018), Carney et al. (2017), Mazzi, 2011; van Essen et al. (2015), and Wagner et al. (2015).

Certainly, a meandering evolution of empirical results is welcome and common in the social sciences. However, given the repetitive debates on similar topics within the context of a defiantly heterogeneous type of business (Memili & Dibrell, 2019; Miller & Le Breton-Miller, 2020; Nordqvist et al., 2014), one wonders how cumulative and practically applicable the empirical findings are given the methodological challenges we shall discuss below.

Theoretical Complexity and Compounding

In many studies, we see the same theories cropping up again and again – agency, behavioral agency, socioemotional wealth (SEW), stewardship, embeddedness, identity, and resource based. This is fine. However, in too many papers now, theory sections are exceptionally long and rambling, often compounding multiple theories to derive hypotheses. We suspect that sometimes these conceptual marathons arise from journals' inevitable insistence to "contribute to theory" [(1)]. Unfortunately, the resulting "novelty by theoretic juxtaposition" adds undue complexity to many papers, while stretching their credibility (Wiklund et al., 2019).

Another source of theoretical overkill stems from a focus on variable interactions (Starbuck, 2006). As a field develops, it is understandable that interaction effects, and increasingly three-way effects, accumulate to condition under-contextualized main effects.

[(1)] Although the phrase remains vague, it is quite hard to imagine, and unrealistic to insist, that in a field publishing hundreds of papers per year, each one should make a substantive theoretical contribution, as opposed to a novel test, application, or conditioning of theory.

However, sometimes it seems that casuistic contortions result from working backward to theory to explain a statistically significant coefficient (HARKing). That constitutes rationalization, not research.

Methodological Challenges in Quantitative Studies

Many studies employ dauntingly heterogeneous samples extracted from canned databases, examine abstract sets of variables, run multivariate analyses subject to spurious findings, and lack convincing tests for robustness. Once again, this leads to doubtful results, and accounts in part for why findings are non-cumulative and the same research questions keep cropping up. Elaborations follow.

Over-generalization

Most companies in the world are family firms, and so it stands to reason that this is an extraordinarily heterogeneous group – they can be big or small, public or private, old or young, and are present in most industries and countries. And yet, too often, studies are based on large, sometimes international, databases incorporating firms that span several of these categories – in essence, combining apples and oranges. How can one learn from generalizations across such data (Memili & Dibrell, 2019)? Thus, in reading many empirical papers in family business, we may ask ourselves, if we had to bet on these findings, would we?

Remoteness of the Data

Then there are the variables themselves and their operationalization. Concepts such as socioemotional wealth and stewardship are complex and multifaceted, and involve personal values and identities, and specific behaviors towards certain parties under

particular circumstances. And yet in many studies they are merely inferred or assessed by a few abstract scale items gauging the preferences of a single anonymous respondent, or by resorting to financial or demographic proxies without actually polling the owners or employees of a business. The nature of family ownership too is multifaceted, and it varies among firms and over time. Yet frequently family businesses are defined and operationalized simplistically – for example, using a criterion of 5% family ownership for public firms. Too often, no distinction is made between firms of individual founders and those involving multiple family members; and there is inadequate consideration of the managerial and board roles of family members.

Analytical Instability

Finally, we have the analyses – typically multivariate regressions populated by a dozen or more abstract variables and controls, and often several interaction effects. Of course, as the number of variables increases, so too do the chances of spurious results. In fact, given a large enough sample and set of variables, it is a simple matter to find statistically significant relationships one can justify by embracing one of the theories du jour. The situation is exacerbated by the frequent use of least squares techniques that are especially vulnerable to distortion from outliers or skewed sampling (Starbuck, 2006). And where time-series cross-sectional analyses are employed, most studies simply "kill time" instead of studying evolution and periodicity in the data. A paucity of robustness tests, and failure to connect findings to previous studies of similar scope, further contribute to the problem. This dearth of replication is unfortunate and prevents knowledge accumulation.

Remoteness from Practice and Application

Quantitative methods used on heterogeneous samples lead not only to shaky results but those that are remote from practice. Say one finds that family firms are more innovative (e.g. higher R&D or more patents or EO) in the founder generation. What does that tell the practitioner? Who are those founders? Why are they more innovative, in what way, in which contexts, with whose assistance, using which practices, with what results?

SOME PATHS FORWARD

As researchers, we both have garnered much of our understanding of family firms by talking with their owners, managers and advisors, and by reading book histories and lengthy case studies on company history and priorities, and how they have dealt with challenges. The fine-grained knowledge that can come from this approach is absent in most quantitative work. We therefore believe that research in the field would be more interesting, more novel, and more relevant if we collectively made some attempt to address the above limitations.

Look Closely at the Subjects First, Theorize Later

Take off the thick lenses of theory, at least for awhile, and immerse yourselves as deeply as possible in active reality. Instead of looking at family firms through a popular conceptual framework to predict familiar outcomes, why not study family firms up close, one by one. Spend time with the people there; discuss their problems, challenges and advantages, ask about their aspirations, their approaches, their teams. Ask how these aspects are influenced by the relationships among family members (DeMassis & Foss,

2018). In short, begin to understand something about some of these companies and their family involvement from the ground up (Eddleston et al., 2019; Flyvbjerg, 2001, 2006; Payne, 2020; Pieper, 2007). The chances of coming up with something novel or creative via these up-close, fine grained interviews will be at least as good as what one will get by poring over a few more academic papers.

This grounded approach will be especially fruitful for researchers who have personal connections with family firms and/or who are in touch with particular industries and their communities. Leveraging one`s mother discipline to study family firms too can add conceptual depth: social psychologists and psychodynamic theorists are apt to discover more about the business impact of family dynamics than economists (Kets de Vries, 1993). So might some anthropologists, sociologists and ethnographers.

To Garner Inspiration, Read Stories as much as Studies

There is no substitute for inspiration, intuition and tacit knowledge in generating novel ideas. Rich, detailed stories can help. We are blessed with abundant book-length histories of family firms; for well-known firms there are often multiple histories, sometimes quite a few (there are about a dozen books on the *The New York Times*). These volumes provide perspective on many of the questions above and allow a historically contextualized understanding of our larger and older family firms (Miller, 2017; Mintzberg, 1978; Suddaby & Foster, 2017). Along with interviews, these books were the basis of our *Managing for the Long Run* book (Miller & Le Breton-Miller, 2005).

A related issue is the relative neglect of qualitative research in studies of family firms, a method which may help greatly to deepen our knowledge of the breed (De Massis & Kammerlander, 2020). By bringing researchers in close contact with business and

family realities, qualitative studies illuminate issues that are lost in quatitative studies because of distancing and aggregation barriers. Insightful work by De Massis & Kotlar (2014) and Fletcher et al., (2014) provides ample guidance for those wishing to pursue qualitative research into family firms.

Ask the Tough Questions – of Your Work

Research should derive arguments and findings that are surprising and informative. Discovering that founders are usually more entrepreneurial than the leaders that follow them is a commonplace observation, even if found within a Fiji cooperative! So, consider asking of your research objectives some challenging questions: Could we be enlightened by what we might find? Are there interesting surprises or counterintuitive paradoxes that may emerge – for example, how a *lack* of resources can lead to successful ingenuity, or how innovation *slows* firm growth (Ingram et al., 2016; Irava & Moores, 2010; Wiklund et al., 2017)? Have you identified a phenomenon important to scholars or managers? Would it interest a reputable journalist? When contradicting similar studies would you be able to explain why yours differs?

Regressions are Just one of Many Quantitative Options

Sometimes the most interesting findings emerge from less familiar statistical techniques. Methods of typology and taxonomy, for example, can identify common, richly described types, and identify revealing contrasts. A variety of cluster analysis and latent profile analysis techniques are available to identify common types or "configurations" (Moores & Mula, 2000; Stanley et al., 2017; Miller, 2018; Neubaum et al., 2019). In addition, Bayesian statistics can provide more detailed information about the probabilities of different outcomes and are able to take into account prior knowledge (Block et al., 2014).

Structural equation methods facilitate comprehensive modelling (Binz et al., 2013), while quantile regressions assess heterogeneous family effects and extremes at different levels of a dependent variable (Koenker & Hallock, 2001; Miller & Le Breton-Miller, 2020). Finally, endogeneity is best confronted head on, with convincing argument, or for example, by using GMM (generalized method of moments) on dynamic panel data (Wintoki et al., 2012).

Explore Different Dependent Variables

Performance, innovation, diversification and the like are common dependent variables (DVs) with many different causes in different situations. Other DVs may be more specific, more susceptible to insightful interpretation, and closer to practice. Among the topics less examined are variations in compensation policy, labor productivity, turnover of family members, workplace designs and conditions, worker health, expense accounts, supply chain and client relationships, community initiatives, and outcomes from family inheritance and religious practices. Inquiries might be especially revealing if explored among specific subsets of family firms (e.g. those in a particular community or market niche).

Study Change, Evolution, History

Studies of change help us understand why things are the way they are. To know why a firm is governed or conducts itself in a particular way, it is useful to know its history – the patterns of decisions and events that characterize its evolution (Mintzberg, 1978; Suddaby & Foster, 2017; Wadhwani et al., 2018). Of course, studying change is tough as it demands more data than cross sectional research. But rewards can flow in the richness and credibility of explanation.

Give Middle Range Theorizing and Configurational Research a Try

Avoid samples of "apples and oranges" (Neubaum et al., 2019). Instead, study specific types of companies – e.g. firms of a certain size, in a particular industry, or in a small, close knit community. See how these firms deal with unexplored problems: how do they find talent; which types of customers do they prefer; how do they manage in-laws and spouses in the business; what part do values play in the conduct of the business (Neubaum et al., 2019; Nordqvist et al., 2014; Pinder & Moore, 2012)?

Finally, Go for Quality, not Quantity

Pressures of publish, perish and promotion are inducing some colleagues to publish a larger quantity of incremental papers. We understand that. However, over the long run, the most personal satisfaction often comes from working on the riskier, more ambitious, longer term projects – also the most important contributions to the field, and to the world.

We believe that if more of us tried some of these less trodden paths, family business research would be rewarded with more novel and practical insights.

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