





**HEC MONTRÉAL**  
École affiliée à l'Université de Montréal

**Relational Modes of Management in Family Business:  
Relational Plurality, Configurations and Embedding**

par  
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Cette thèse intitulée:

**Relational Modes of Management in Family Business:  
Relational Plurality, Configurations and Embedding**

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## Résumé

Les relations interpersonnelles font partie de toutes les sphères des organisations, que ce soient les transactions inter-organisationnelles, la gouvernance, l'accès à—et le développement de—nouvelles ressources ou la gestion des ressources humaines. Dans ce sens, les chercheurs sont unanimes quant à l'influence de la connectivité entre les individus sur les processus organisationnels, la croissance et la performance économique des entreprises. Toutefois, nous en savons toujours très peu sur les multiples formes que peuvent prendre les relations interpersonnelles, les contextes dans lesquels elles génèrent de la valeur et les mécanismes par lesquels elles sont intégrées aux entreprises familiales. Ma thèse se structure autour de trois chapitres, lesquels contribuent à clarifier et élargir notre compréhension de ces enjeux.

Le premier chapitre de ma thèse est une revue systématique de la littérature sur les relations sociales publiée dans le champ de recherche sur le management depuis les 20 dernières années. Cet article organise les 330 articles de mon échantillon selon trois perspectives dominantes. Ces trois perspectives dévoilent des postures ontologiques et des prémisses distinctes quant à la nature des relations sociales, se concentrent sur l'étude de groupes d'acteurs différents et suggèrent trois modes spécifiques d'encastrement social. La variété des relations sociales et des tendances causales découverte dans cette revue de la littérature permet de mieux définir chacune des trois perspectives identifiées tout en révélant des opportunités de recherche à l'intérieur de celles-ci. Cette revue de la littérature offre une vue d'ensemble sur l'éventail de concepts et de théories à notre disposition pour étudier les relations sociales en entreprises. Ce panorama permet à terme de mieux cibler les paradigmes relationnels les plus pertinents selon les types d'organisations, les enjeux ou les niveaux d'analyse que l'on veut étudier. De ce portrait global de la littérature, j'ai développé une lentille multidimensionnelle permettant d'étudier les formes plurielles des relations sociales en organisations et les processus par lesquels ces relations sont encadrées dans de tels contextes.

Le second chapitre utilise l'approche des configurations pour mieux comprendre comment les individus forgent et gèrent leurs relations interpersonnelles dans les

entreprises familiales multicensitaires. Mon analyse de plusieurs études de cas a révélé que les relations interpersonnelles en entreprises familiales sont construites autour de cinq dimensions binaires et interdépendantes. Six configurations différentes de relations interpersonnelles ont pu être observées à partir des variations dans la forme que prend chacune des dimensions. Ces configurations (i.e., collaboration, filiation, alliance, “reliance,” “acquaintance,” coalition) sont les plus fréquemment observées à travers les cas étudiés. Elles présentent également une stabilité plus marquée. J’ai découvert que les entreprises familiales ont tendance à se spécialiser dans le développement d’une paire spécifique de configurations relationnelles au fil du temps. Une telle spécialisation relationnelle est la conséquence de pressions isomorphiques provenant des contextes institutionnels dans lesquelles sont encadrées les entreprises familiales et du rôle stratégique de certaines configurations dans l’implantation de la stratégie à long terme de ces entreprises. Les résultats de cette recherche mettent en lumière les différents modes de management relationnel menant à une performance sociale et économique durable. Ce chapitre offre un nouveau modèle configurationnel permettant d’étudier le fonctionnement du capital social en entreprises familiales. Il élargit nos connaissances quant au rôle des relations interpersonnelles lors de moments-clés comme la succession, les fusions et acquisitions et l’internationalisation.

Le dernier chapitre explore les facteurs relationnels influençant les entreprises familiales à s’engager dans une performance économique ou sociale. J’explore les principes de stabilité et d’équifinalité qui sous-tendent les configurations relationnelles observées au Chapitre 2 afin de comprendre les tenants et aboutissants des différentes trajectoires relationnelles de réussite des entreprises familiales. Cela permet non seulement d’explicitier les prémisses du modèle configurationnel relationnel, mais aussi de délimiter sa portée dans les entreprises. Le travail théorique mené dans ce chapitre nous invite à reconsidérer les bases relationnelles sur lesquelles les entreprises familiales et non familiales sont comparées. Il nuance également le principe d’équifinalité en mettant en évidence les performances divergentes associées à chaque trajectoire relationnelle. En bref, ce voyage théorique au cœur du modèle configurationnel relationnel permet d’approfondir et d’affiner sa contribution et de jeter quelques bases pour de futures recherches.



**Mots clés :** Relations interpersonnelles, encastrement social, capital social, capacités relationnelles, entreprises familiales, configurations

**Méthodes de recherche :** Revue de la littérature, études de cas, développement théorique



## **Abstract**

Interpersonal relationships permeate all aspects of organizations—interorganizational transactions, governance, resource access, and managing human resources. In this respect, the influence of connectivity between individuals on organizational processes as well as on economic growth and performance of firms is widely supported by organizational scholars. However, we still know little about the multiple forms of interpersonal relationships, their contingent role and value, and the ways in which they become embedded in family businesses. My dissertation is structured around three chapters, all of which extend our understanding of such issues.

The first chapter of my dissertation systematically reviews the literature on social relations published in the management field during the last 20 years. This paper organizes this abundant literature into three dominant perspectives. All three manifest distinctive ontologies and assumptions about social relations, focus on different groups of actors, and suggest specific modes of social embedding. The variety of relationships and causal patterns discovered characterizes more fully these dominant perspectives, suggesting opportunities for more research within each, and a wider range of conceptual options to target relational paradigms towards different types of organizations, problems, and levels of analysis. It also provides a new multifaceted lens for studying the pluralistic nature of social relations in organizational contexts and the process by which they become embedded at organizations.

The second chapter of my dissertation applies the configuration approach to understand how individuals shape and manage interpersonal relationships in long-lived family businesses. A multi-study cases analysis reveals that interpersonal relationships in family business are built around five intersected binary dimensions. Six contrasting configurations of interpersonal relationships in family businesses are derived from variations among the five relational binary dimensions. These configurations (i.e., collaboration, filiation, alliance, reliance, acquaintance, coalition) are observed to be frequent across cases and stabilized in time by distinctive relational capabilities. I found that family businesses tend to specialize into the development of a specific pair of

relational configurations over time. Such relational specialization is the consequence of both isomorphism pressures arising from the institutional contexts in which family businesses are embedded, and the active role of configurations in implementing long-term strategy in family businesses. My findings provide factual evidence on the many relational paths to durable social and economic performance across family businesses. Not only do they provide a new lens to study how social capital function in family businesses, but they also offer insights into the strategic management of interpersonal relationships and relational capabilities during key processes like succession, mergers and acquisitions, and internationalization.

The last chapter explores the relational factors influencing the propensity of family businesses to engage in economic or social performance. I explore the principles of stability and equifinality behind the relational configurations observed in Chapter Two in order to understand the ins and outs of the different relational paths to success in family businesses. This not only make the premises of the relational configurational model more explicit, but it also delimits its scope in businesses. The theoretical work conducted in this chapter invites us to reconsider the basis on which family and non-family businesses are compared on a relational level. It also nuances the premise of equifinality by highlighting the divergent outcomes associated with each relational path observed in Chapter Two. In short, this theoretical journey to the heart of the relational configurational model deepens and refines its contribution and lays some foundations for future research.

**Keywords:** Interpersonal relationships; social embeddedness; social capital; relational capabilities; family businesses; configurations

**Research methods:** Literature review; case studies; theory building

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## **List of Acronyms**

CEO	Chief executive officer
CSCA	Chambre Syndicale des Constructeurs Automobiles
GM	General Motors
HQ	Headquarters
MBA	Master's in business administration
PSA	Peugeot Société Anonyme
RNUR	Régis Nationale des Usines Renault
TMT	Top-management team
USA	United States of America
VMC	Viellard-Migeon & Compagnie



*À ma famille.*





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# Preface

## Behind the Scenes: On the Hunt for Relationships

Behind the three articles presented in this dissertation lies a research journey that resembled a hunt for relationships. Presenting this journey in this preface is important as it reveals the ups and downs encountered during this project, uncovers the underlying research mindset, and can explain some of the choices made in this dissertation.

The studies encapsulated in the three chapters of this dissertation are all part of a broader research project on relational management initiated by the Chair of succession and family business of HEC Montréal and funded by the SSHRC (SSHRC—435-2014-1778 “*Relational Management in Organizations*”). This research journey started with the conviction that management should take a more humanistic tangent, a research project that asks the question *What are the relational modes of management?*, and the certitude that the study of family businesses can bring significant new insights on this issue.

I had two main objectives when I started working on this project for my dissertation. Firstly, I wanted to show the heterogeneity of relational modes of management across family businesses. For this purpose, I needed to study several family businesses and adopt a multi-cases research design. Secondly, I wanted to define the principles behind such management modes. This could be achieved by focusing on the constitution of interpersonal relationships in family businesses and ways in which they are maintained and renewed over time. To achieve both objectives, I decided that the best approach would be to interview owners and family top managers of several small and medium family businesses from Quebec. However, after interviewing eight individuals from four different family businesses, I was puzzled...

First of all, it was surprisingly difficult to bring them to talk and open up about their relationships with family members, employees, suppliers, clients, or any stakeholders. At first, it appeared that members of all family businesses were developing perfect, perhaps ideal, relationships with their family and employees. Additionally, based on the

information uncovered during the first hour of each interview, it seems that family business members had never developed informal relationships with their clients or suppliers. They had rather always relied on formal practices like bidding processes to do business with them. I thusly started to suspect some impression management. I subsequently realized that some family business members were keener to open up about their relationships after a few hours of interviews. At this point, to my surprise, their accounts about relationships started to shift from a more transactional perspective, to a more relational one. Were they more willing to open up because we had developed a trusting relationship? Is it, perhaps, because I was too insistent that they eventually answered what I was expecting to hear from them? These questions remain unanswered today.

Nevertheless, surprising conclusions emerged from these exploratory interviews. Interestingly, it seems that participants had a different understanding of what constitutes an interpersonal relationship. The way they were reacting to my questions and their overall discourse about their management approach to relationships also revealed, as I expected, some heterogeneity in how these were managed in family businesses. This consequently confirmed that the research questions and the research subject were interesting ones and that there are, indeed, multiple modes of relational management and plural forms of interpersonal relationships in family businesses. Nonetheless, I realized that in order to uncover the principles underlying interpersonal relationships and their management in family businesses, I needed to revise my research design.

Accordingly, I changed my position and undertook two parallel research projects. In search of an approach that would help me capture and understand the arbitrary nature of relationships and the relational diversity observed during the exploratory interviews, I started to do an extensive review of the literature on social relationships in organizational settings. In parallel, I began reading history books about preeminent long-lived family businesses. I soon observed an important gap between the literature I was reviewing, and what I was detecting in the books on family businesses. Surprisingly, no lens was able to fully capture the complex nature of relationships and the ways in which they were managed over generations in the family business cases that I was studying. This

observation influenced the remaining of my doctoral journey. From that point onward, I undertook the project of developing a comprehensive relational lens that will not only capture the extensive, complex nature of relationships in organizations, but that will also help explain the family businesses' unique ways of managing them in the long run.



## **Introduction**

My dissertation is part of a movement that defines workplaces and companies as communities whose successes and achievements rest on collective efforts and interpersonal dynamics (Olekalns, Caza & Vogus, 2020). This effort was initiated in response to years of management that instrumentalizes both individuals and relationships by seeing them as resources being subjected to short-term needs, profitability, and market volatility (Mintzberg, 2009). For more than a decade now, some management scholars have undertaken a shift. They propose to pass from conceptualizing businesses as nexus of contracts and pools of resources, to understanding them as human communities built around interpersonal relationships. They consequently embrace a more humanistic view of organizations (Melé, 2012). For authors like Mintzberg (2009) and Lumpkin and Bacq (2019), adopting such a view of building a business as a community and stressing the importance of interpersonal dynamics and collective actions are sources of competitive advantages that we need to better understand. This is what I am trying to accomplish here by investigating how interpersonal relationships are embedded, shaped, and managed and how this generates long-standing economic and social values in and around organizations, and specifically family businesses.

Economic actors, whether they are human beings or organizations, are not acting independently from one another. In fact, it is well accepted by organizational researchers that these actors are involved in interpersonal relationships and social institutions (Grewal, Lilien, & Mallapragada, 2006; Le Breton-Miller, Miller, & Lester, 2011; Parmigiani & Rivera-Santos, 2011; Smulowitz, Rousseau, & Bromiley, 2020; Westphal & Zajac, 2013; Zukin & DiMaggio, 1990). However, the role and the forms of interpersonal relationships in organizations, and more broadly in economic activities, have long been puzzling researchers from both social sciences and organizational studies (Dale, 2011; Granovetter & Swedberg, 2018; Krippner & Alvarez, 2007; Zelizer, 2012). The arbitrary and dynamic nature of interpersonal relationships (Dyer, Singh & Hesterly, 2018; Hauswald & Hack, 2013) might explain why they have been so complex to study. It could also be that they represent a multifaceted and multilevel phenomenon (Barden &

Mitchell, 2007) that permeates all parts of social life (Weber, 1978) and, correspondingly, organizations (Barnard, 1938; Steier, 2001). Consequently, they have been understood in multiple ways by organizational scholars, who captured them through different lenses (e.g., resource-based view, social exchange theory, transaction economics, social identity theory, new institutionalism), concepts (e.g., social capital, relational capability, social norms), or dimensions (e.g., trust, reciprocity, power, dependence). If a great majority of researchers agree that interpersonal relationships structure economic exchanges in and between organizations (e.g., Blau, 1964; Ruef, Aldrich & Carter, 2003; Zellweger, Chrisman, Chua & Steier, 2019), we still have difficulty understanding the multiplicity of interpersonal relationships as well as the scope and magnitude of their influence in organizations.

This dissertation aims to fill this gap by adopting broad, overarching research approaches. By reviewing the abundant, multidimensional literature on relationships in organizations and by investigating such relationships in family business contexts, my research exposes the plural forms of relational modes of management and proposes new integrative tools to study such phenomenon in organizations and specifically family businesses.

Important research efforts have for long been deployed to better understand the instrumental role of relational behaviors and dynamics in developing firms' competitive advantage. For instance, number of researchers are committed to the study of social capital. They characterize social capital as "the sum of the actual and potential resources embedded within, available through, and derived from the network of relationships possessed by an individual or social unit" (Nahapiet & Ghoshal, 1998: 243). Social capital is thusly "instantiated in actual social relationships" (Fukuyama, 2002: 27) and captures the relational resources that are possessed by individuals or firms and that orient collective action in and around firms (Kwon & Adler, 2014). Social capital is viewed as a source of individuals' professional success (Burt, Hogarth, & Michaud, 2000) or of firms' competitive advantage (Tsai & Ghoshal, 1998). In another respect, to change mindsets about the place and role of relational dynamics in firms' performance, Dyer and Singh (1998) developed a relational view of competitive advantage that focuses on inter-firm behaviors. They suggest that competitive advantage not only lies in a synergic fit between



firms and markets, nor in the resources that they own and develop, but in their capacity to produce relational rents benefiting all organizations involved in exchanges. In summary, while the perspective on social capital and the relational view of competitive advantage present different postures on interpersonal relationships, they both highlight their critical role in individuals' and organizations' performance. Accordingly, research on strategy has confirmed on several occasions that interpersonal relationships generate invaluable competitive advantage for organizations.

To counterbalance these optimistic perspectives, other scholars have developed more mitigating comprehensions of the place and role of interpersonal relationships in organizations. Some researchers point out that the value and forms of interpersonal relationships might differ depending on the cultural, social, and institutional contexts of organizations (Chen & Miller, 2010, 2011; Barkema, Chen, George, Luo & Tsui, 2015; Fukuyama, 1995). In line with Polanyi's (1944) theory of the trend "disembeddedness" of market societies, they suggest that social relationships might be more important in Eastern and developing economies as opposed to Western economies in which transactional modes of management and market logic are predominant. On a different note, the family business literature reveals that this type of business challenges Polanyi's predictions as they show substantial abilities in managing the duality between the family and the market logic (Stewart, 2003). In this respect, because of the embeddedness of familial logic and values in governance and management structures, such business contexts place more emphasis on the development of interpersonal relationships that are based on trust and benevolence (e.g., Eddleston, Chrisman, Steier, & Chua, 2010; Hayward, Hunt & Miller, 2021).

Other researchers have demonstrated that organizational and governance structures moderate the role and influence of interpersonal relationships in organizations. For instance, researchers who mobilize transaction economics (Williamson, 1989) and social exchange theory (Blau, 1964) have stressed the bivalent influence of exchanges and socioeconomic relationships in business contexts (e.g., Humphries & Wilding, 2003; Jap & Anderson, 2007; Mellewigt, Hoetker, & Lutkewitte, 2018). Governance structures—formal and relational contracting, for instance—influence how firms balance costs and

benefits associated with socioeconomic relationships and therefore mitigate the effects of such social interactions on organizations (e.g., Lumineau, 2017; Poppo & Zenger, 2002). Accordingly, this stream of research endorses more economic approaches to highlight the relative impacts of interpersonal relationships in organizational contexts.

This broad overview of the prominent streams of research on interpersonal relationships in organizational contexts reveals three main conclusions. Firstly, in line with Barnard's (1938) seminal work on cooperation and informal organizations, prior literature shown the importance of interpersonal relationships and their management in all organizations. These not only structure economic exchanges and collective actions, but they are also invaluable sources of individuals' professional success and firms' competitive advantage. Secondly, the cultural, social, and institutional contexts in which firms are embedded shape the form, value, and place of relationships in organizational contexts. Finally, the governance and management structures of firms modulate the impacts of relational behaviors on business performance. Therefore, the existing literature on organizations provides evidence of the significance of interpersonal relationships in businesses and indicates some of the contextual factors that explain and regulate their influence on organizations.

While interpersonal relationships in organizational contexts have given rise to substantial research efforts, little research has directly focused attention on interpersonal relationships. Past research has shown the importance of such interactions by studying their antecedents and outcomes in organizations. Other groups of research have decomposed relationships into dimensions (e.g., power, trust, dependence) and measure the impact of such relational constructs on organizational processes, practices, and performance (e.g., De Massis, 2012; Eddleston et al., 2010; Kandade, Samara, Parade & Dawson, 2021). Despite important research efforts, we still lack overarching, multilevel tools that would capture the arbitrary, dynamic, and plural nature of interpersonal relationships in organizations. Accordingly, this dissertation is motivated by two broad questions: *How are interpersonal relationships shaped and managed in organizations?* and *Are there specific relational modes of management in family businesses?*

Driven by these fundamental questions, I decided to organize the abundant, multidimensional literature on relationships in organizations and investigate how these are shaped, embedded, and managed in family businesses. In doing so, my dissertation provides new theoretical and methodological tools for studying this complex phenomenon and exposes the plural forms of relationships and their strategic role in fostering family businesses' strategic orientations in the long run. It also presents different relational modes of management and multiple ways of creating communities and organizing collective actions in and around such organizations.

### **Family Business: Exemplary Settings to Study Relationships**

Family businesses represent ideal settings for examining the form and management of interpersonal relationships. Two central factors can mainly explain why relational behaviors and interpersonal relationships are more significant in family businesses: (1) their orientation towards the long-term and (2) the presence of two contrasting logic, i.e., the family logic and the economic logic.

Family businesses are known for pursuing objectives and developing strategies and orientations over the long term (Brigham, Lumpkin, Payne & Zachary, 2014; Lumpkin & Brigham, 2011; Miller & Le Breton-Miller, 2005). With time, they adopt several strategies and practices tailored to this extended temporal horizon. Certain studies show that this long-term orientation enables family businesses to develop strategic relational orientations (Miller, Le Breton-Miller, & Lester, 2013). By keeping the same CEO over a longer period or maintaining the family's control of the business over generations, they tend to develop sustainable practices and interactions with their stakeholders and their community (Zellweger, Nason, Nordqvist & Brush, 2013). Their ability to forge durable informal strategic alliances with other businesses within their networks lead them in expanding pools of resources and accessing key knowledge and information (Dyer & Singh, 1998; Sirmon & Hitt, 2003). This long-term orientation thusly enables family businesses to adopt relational behaviors toward their stakeholders (Miller et al., 2013), by developing sustainable and responsible relationships with their stakeholders and their community (Cennamo, Berrone, Cruz & Gomez-Meja, 2012; Zellweger et al., 2013).

The literature dealing with family businesses have argued that trust is an important dynamic capability which distinguishes family businesses from non-family businesses (Eddleston et al., 2010; Pearson & Carr, 2011; Steier, 2001; Sundaramurthy, 2008). Sundaramurthy (2008) argues that trust is developed more easily in a family business context as the family members share a common past, which requires them to maintain relationships which go beyond the economic logic. They then transpose these relational behaviors in their family business (Stewart, 2003). Since they nurture trusting relationships, family members and their employees develop cooperative behaviors within their family business (Campopiano & Rondi, 2018; Pittino & Visintin, 2019; Sundaramurthy, 2008). These cooperative behaviors can also be associated with the stewardship approach that typifies this type of business (Le Breton-Miller & Miller, 2009; Miller & Le Breton-Miller, 2006). In fact, through the stewardship approach, family businesses pursue social objectives, fostering the development of all their stakeholders (Miller & Le Breton-Miller, 2006).

In consequence, family businesses represent exemplary settings for studying interpersonal relationships and relational mode of management. Family business long-term orientations as well as the entanglement of the familial and economic logic fosters the development of sustainable, benevolent, and responsible relationships with their employees, suppliers, clients, and community. Moreover, the persistent tenure of families at the head of family businesses contributes to accumulating a pool of social resources, which are instantiated as long-term, trusted, and reciprocal relationships. It also leads to the development of stronger patterns of relational behaviors that are consolidated across generations (Sasaki, Ravasi & Micelotta, 2019). In this dissertation, I assume that because family businesses' unique characteristics promote the development of stronger relational behaviors, the examination of such businesses will provide interesting new insights that can generate novel research ideas and studies of broader sets of organizations.

### **Paradigm Crossing Approach and Overall View of the Dissertation**

The research project presented in this dissertation has been conducted by adopting a multiparadigm position combining the functionalist posture and the interpretive one. Particularly, I have adopted a paradigm crossing approach that deals with the interplays

between the contrasting and the convergent features of both paradigms (Schultz & Hatch, 1996). Researchers adopting a functionalist paradigm use a predefined framework that delimits their take on a phenomenon and that influences how they identify and classify the central elements of this phenomenon and the underlying causal relationships connecting them together. On the other hand, researchers who adopt an interpretive paradigm develop an emergent framework based on their ability to generate meaning from data and to connect it with organizational contexts through a succession of interpretative acts. If both paradigms call upon different analytical frameworks, models of analysis, and analytical processes, they converge towards a common purpose—to show the fundamental nature, and stable, long-standing patterns of cultural or social phenomena (Schultz & Hatch, 1996).

The conduct of this doctoral research project was greatly influenced by this multiparadigm stance. In line with both paradigms, my research project aims to show the fundamental nature of interpersonal relationships in organizations as well as the long-standing relational management modes in family businesses. To achieve this goal, I have played with the contrasting analytical frameworks and methods suggested by each posture. The interplays between the functionalist and the interpretive paradigms provided flexible bases to research explorations and theory development (Schultz & Hatch, 1996).

The literature review of social relations in organizational contexts was at first conducted in a functionalist analysis spirit. By reviewing 330 articles published during the last 20 years in management journals, I was looking for a lens or a framework to capture the multiplicity of relational modes of management and interpersonal relationships in organizations. However, during the course of my analysis, clear patterns of three different perspectives of social relationships in organizational contexts emerged. This forced me to shift from a functionalist posture to a more interpretivist one. Meaning and theory building were then generated from the interpretation of the articles associated with each perspective and from the comparisons between these three perspectives and preeminent theories of social sciences.

In the second chapter of my dissertation, new theoretical insights were first elaborated by mobilizing the configurational approach (Miller, 1996, 2018). This approach was a useful framework circumscribing the ways in which constructs, and dimensions were identified, classified, and conceptualized in relation to one another. However, the analytical and the theoretical refinement processes were imprinted by both an abductive logic and the interpretive paradigm. Meaning was then generated from back-and-forth examinations of data analysis and existing theories. I thusly relied on qualitative content analysis of the books used to build my study cases and drew on the existing findings from the sociology and anthropology fields of research. From this abductive posture emerged a relational model and six relational configurations.

Finally, the third chapter of my dissertation suggests a more functionalist posture. In this chapter, I propose to explore at a theoretical level the premises inherent in the configurational relational model presented in Chapter Two. Theoretical propositions are developed to highlight the relational differences between family and non-family businesses and to define the outcomes of each of the configurations observed in Chapter Two. Finally, I propose quantitative and qualitative research avenues to validate the model and test the theoretical propositions developed in this dissertation as well as to further our understanding of the social processes that drive the unfolding of relational configurations in organizations.

I conclude this dissertation by re-evaluating the results of the literature review presented in Chapter One in light of the findings and theoretical developments made in Chapters Two and Three. This conclusion highlights the multiple ways of managing and balancing the impacts of social relationships in organizations. It underlines the importance of recognizing the boundaries within which each organization can effectively manage uncertainty, delineate the scope of social relations, and secure beneficial social and economic outcomes. This conclusion also stresses the importance of recognizing the contingent value of relational behaviors in organizations. Ultimately, I finish on a practical note by developing a definition of the relational mode of management that draws on the main results of this dissertation. I outline the three key pillars of the relational mode

of management of all the family businesses studied in this dissertation: Consistency, resiliency, and authenticity.





# Chapter One

## Organizational Social Relations and Social Embedding: A Pluralistic Review

*Audrey-Anne Cyr, Isabelle Le Breton-Miller & Danny Miller<sup>1</sup>*

### Abstract

To date there has been little systematic organization of the extensive literature on the processes and mechanisms shaping social relationships in and around organizations. In an analysis of 330 studies from this literature, we identified a broad spectrum of assumptions, priorities and relational issues emerging from multiple disciplines and theoretical lenses. Three dominant perspectives surfaced in our study: economic, organizational, and relational. Each manifests distinctive ontologies of social relations, actors, relational processes, and modes of social embedding. The rich variety of relationships and causal patterns discovered characterizes more fully these perspectives, suggesting opportunities for further research within each, and a wider range of conceptual options to target relational paradigms towards different types of organizations, problems, and levels of analysis. It also provides a new multifaceted lens to bring to light the pluralistic nature of social relations in organizational contexts and the process by which they become embedded.

### 1.1 Introduction

Economic actors are embedded in social relations and institutions (Grewal, Lilien, & Mallapragada, 2006; Parmigiani & Rivera-Santos, 2011; Smulowitz, Rousseau, & Bromiley, 2020). Thus social relations permeate all aspects of organizations—interorganizational transactions, governance, resource access, and human resource

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<sup>1</sup> A short paper was developed with Isabelle Le Breton-Miller and Danny Miller based on an early version of this chapter. It was submitted in June 2021 to *Journal of Management* and selected in August 2021 for inclusion in the set of papers invited for submission to the Review Issue. Subsequently, the chapter presented here was revised and partly written in collaboration with Isabelle Le Breton-Miller and Danny Miller as part of this publication process.

management. For more than 20 years, social relations, in all their forms, have received much attention from organizational and management scholars. For example, some research examines transactional exchanges and their impact on governance mechanisms (Handley & Angst, 2015; Howard, Roehrich, Lewis, & Squire, 2019), associated agency costs (Herrero, 2011; Kostova, Nell, & Hoenen, 2018), and the resulting efficacy of interorganizational relationships (Davis & Hyndman, 2018; Poppo & Zenger, 2002). Other work focuses on strategic inputs into social interactions and their impact on outcomes such as value creation (Dyer & Singh, 1998; Levin & Walter, 2019), knowledge development (Lowik, van Rossum, Kraaijenbrink & Groen, 2012; McFadyen, Semadeni & Cannella, 2009), and firm performance (Tiwana, 2008; Vlasisavljevic, Cabello-Medina, & Perez-Luno, 2016). Finally, some literature examines the influence of interpersonal interactions on job satisfaction (Colbert, Bono, & Purvanova, 2016; Harrison, Price, & Bell, 1998), job performance (Casciaro, Gino, & Kouchaki, 2014; Golden & Veiga, 2018), and firm performance (Gittell, Seidner, & Wimbush, 2010; Mossholder, Richardson, & Settoon, 2011).

All these works have examined different forms of social interaction, employing diverse lenses with distinctive sets of assumptions, while inevitably neglecting alternative possibilities and driving forces. In part due to the broad spectrum of research interests, there is today a vast array of conceptualizations applied to a wide variety of relationships, contexts, and applications, highlighting their heterogeneous character. It has therefore become less clear which theories and models of relational behavior apply to different kinds of relationships in organizational settings. Unfortunately, so far, the more specialized and focused nature of the research on social relations in organizations lacks integration and fails to do justice to the variety and distinctive causal patterns and mechanisms intrinsic to such relations and the social processes by which they become embedded in these contexts.

To date there has been no comprehensive and systematic reviews of works examining the various key elements shaping the nature of social relationships and their embeddedness in organizational contexts. Certainly, excellent reviews have focused on specific relational issues—the dark side of inter-organizational relationships (Oliveira & Lumineau, 2019;

Parmigiani & Rivera-Santos, 2011), social capital (Payne, Moore, Griffis, & Autry, 2011), and trust (Bachmann & Inkpen, 2011). However, by concentrating on these circumscribed factors, specific levels of analysis, and distinctive ways of conceptualizing social relations, these reviews do not capture the range or full characterization of interactions. Directing attention to such factors and adopting a broader, more encompassing, and multifaceted approach is needed to disclose the diverse ways in which social relations have been represented in the literature.

Our analysis of the 330 articles of our sample reveals that this literature incorporates a great many studies from multiple disciplines encompassing a highly diverse set of assumptions, mechanisms and causal patterns shaping the nature of social interactions in and around organizations. One of the main contributions of this review is to organize the burgeoning—sometimes confusing—array of literature on social relations in organizations into three dominant “schools of thought,” which we have synthesized from our survey of the management literature on social relations. Research from each perspective—economic, organizational, and relational—adopt distinctive ontological orientations. Accordingly, researchers focus on specific types of social relations operating in materially different ways. Thus, we discovered distinct relational views in each perspective that involve distinct parties with very different assumptions and approaches. The breadth and variety of causal patterns that we discovered also contribute to a more nuanced understanding of a core concept in this literature—embeddedness. Uzzi (1996), Dacin, Beal, and Ventresca (1999), and Barden and Mitchell (2007) show that embeddedness can be analyzed at multiple levels. Our analysis identifies the conditions—settings, actors, and relational modus operandi—as well as mechanisms that determine the nature and sources of embeddedness.

The contribution of our review is threefold. First, it offers a fuller characterization and more profound understanding of the nature of the dominant perspectives to study social relations in organizational contexts. Second, the parallel comparisons across perspectives help to situate specific organizational relationships (e.g., in governance, supply chain, marketing, or mergers) within the appropriate perspectives. Third, we offer an encompassing framework to study relationships in and around organizations, bringing to

bear multiple lenses to do fuller justice to their nature, and thereby affording a richer, more multifaceted understanding. In short, we provide a basis for matching theorization with applications, and a lens for studying the pluralistic nature of social relations in organizational contexts and the process by which they become embedded.

We proceed by describing the method used to define and analyze the targeted body of research. Three perspectives are then presented from this research along with how each conceptualizes social relations in organizational contexts. We conclude with theoretical and practical implications and a proposed research agenda.

## **1.2 Review Method**

To conduct our review, we undertook a systematic search through an exhaustive set of articles on organizational relationships published from 1998 to 2019. Dyer and Singh's (1998) classic study (cited over 15,000 times) served as our starting point as it has generated an influential stream of research on organizational social relationships (Dyer, Singh, & Hesterly, 2018). Subsequent derivative or related themes included the dynamics of collaboration (Dahlander & McFarland, 2013; Levin & Walter, 2019), competitive relationships (Chatain, 2011; Dyer et al., 2018; Hallen, Katila, & Rosenberger, 2014; Jarzabkowski & Bednarek, 2018; McEvily & Marcus, 2005; McEvily & Zaheer, 1999), social capital (Antcliff, Saundry, & Stuart, 2007; Engelen, Kaulfersch, & Schmidt, 2016; Moran, 2005), relational capital (Kale, Singh, & Perlmutter, 2000), trust (Jeffries & Reed, 2000; Squire, Cousins, & Brown, 2009; Stevens, MacDuffie, & Helper, 2015), commitment (Robbins, Summers, & Miller, 2000; Skarmeas & Robson, 2008), sharing behavior (Colman & Rouzies, 2019), and stakeholder relationship management (Wolfe & Putler, 2002). In embracing an evidence-based approach (Tranfield, Denyer, & Smart, 2003), our review includes all articles on social relations in organizational contexts.

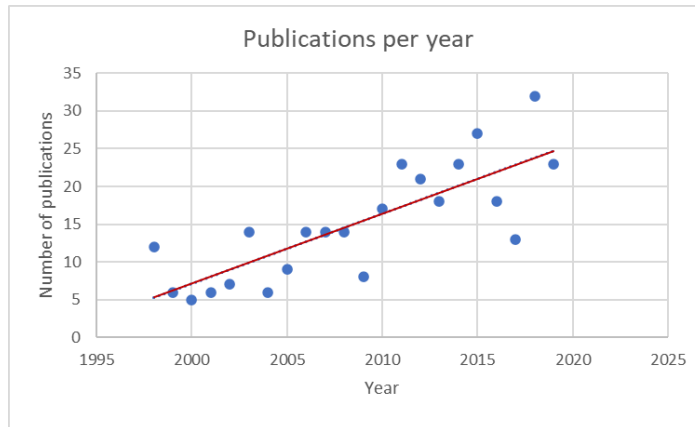
The development of our sample began with the definition of the term relational (from Dyer & Singh, 1998), on which keyword selection was based. According to Merriam-Webster (2019), relational is defined as “characterized or constituted by relations”, while relation is “the attitude or stance which two or more persons or groups assume towards one another”. We based our selection on three keywords: “relational,” “relationship,” and

“relation.” To ensure comprehensiveness, we added the term “tie” as it is central to network theory (Borgatti & Halgin, 2011; Granovetter, 1983; Jack, 2005), a core perspective on social relationships in organizations. Our initial search of Web of Science was limited to these keywords in article titles [n=428]; a further search checked for presence in article texts [n=94]. Searches were limited to the management category in Web of Science, which encompasses research on a wide variety of topics (e.g., governance, strategy, management, organizational behavior, and marketing) and encompasses perspectives from diverse disciplines (e.g., economics, sociology, psychology, anthropology, and philosophy).

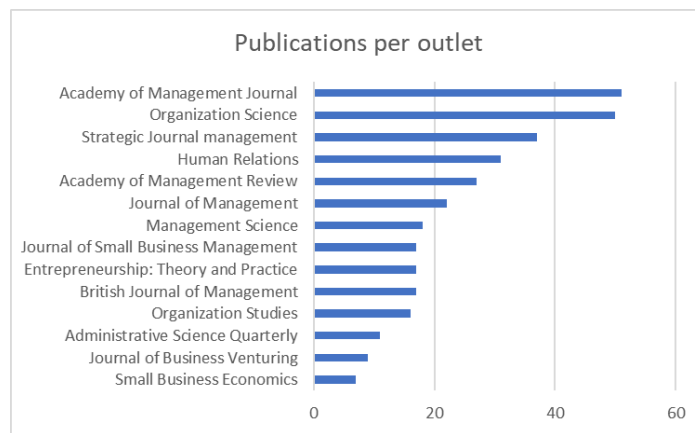
Because social relations take on different forms in different cultures (Handley & Angst, 2015; Huff & Kelley, 2003; Ma, Huang, & Shenkar, 2011), we limit our sample to studies of firms in North America, Western Europe, Australia, and New Zealand. Finally, our review was limited to A-rated peer-reviewed management journals, an established practice for most management reviews (Short, 2009; Steigenberger, 2017). Journals were selected based on Harzing’s (2019) Journal Quality List. More specifically, we relied on the Financial Times 50 Ranking 2016 and the FNEGE 2019 lists. We searched the same keywords (i.e., relational, relationship, relation, tie, management) in Google Scholar [n=93] to ensure comprehensiveness. Finally, we used snowball sampling by looking at the lists of references of the articles found during previous search rounds to identify additional articles [n=17].

Our protocol identified 632 articles (522, Web of Science, Google, 93, snowball 17). An analysis of abstracts then excluded articles that did not focus on relationships (e.g., relationships between variables unrelated to social interaction) or geographies within our scope. This decreased the final sample to 330 articles. See Tables A and B for an overview of sample composition and publications by years and outlets. All articles were read and coded, focusing on introduction, theoretical background, results, and discussion (see Tables C to E). For each article, we extracted the definition of social relationships, the main theoretical lenses, and the causal patterns (i.e., independent variables, dependent variables, processes) articulating social relationships and organizational aspects.

**Table A: Number of Publications per Year**



**Table B: Number of Publications per Outlet**



Special attention was given to theoretical background, level of analysis, definition of relationships, relationship antecedents, processes, and outcomes, and assumptions about social relations and embeddedness. An iterative abductive approach identified key patterns and topics, finding strong and revealing connections and commonalities among research assumptions, theoretical backgrounds, relationship definition, and levels of analysis. A subsequent iterative process identified inductively three distinct major bodies of research.

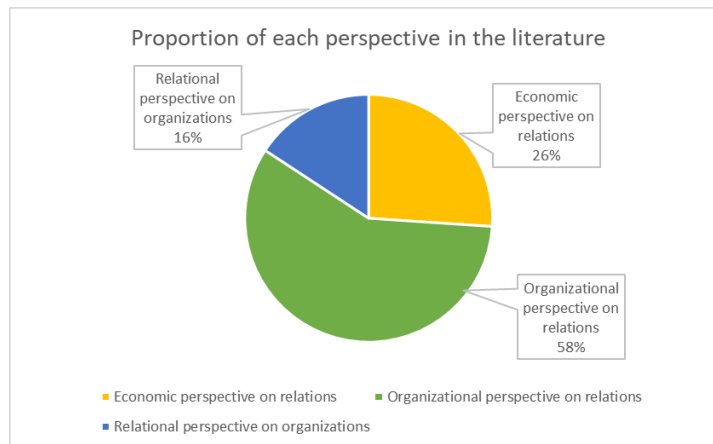
### 1.3 Results Overview

The results of our review reveal three major bodies of research, each based on distinct sets of assumptions and rooted in different disciplines. Tables C to E present an overview of

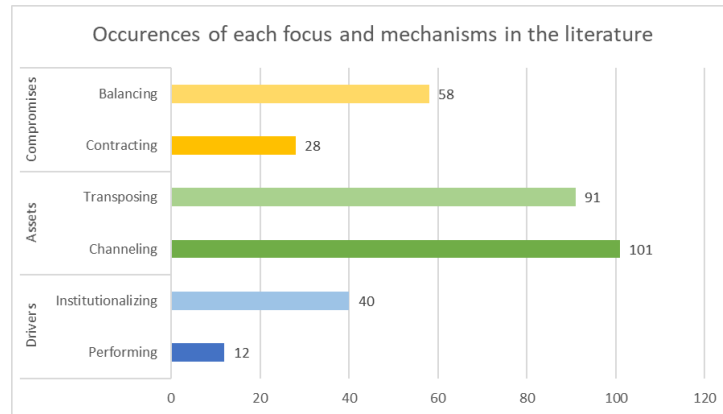
our results. We discovered a great many studies from multiple disciplines encompassing a highly diverse set of assumptions and mechanisms that circumscribe the nature of social interactions in and around organizations. Table E demonstrates the organization our sample into three main bodies of research. The three perspectives were identified based on article subfields, common theoretical lenses, and shared assumptions about the nature of social interactions in economic contexts. Within each perspective, we identified from the literature a common thematic social relationship supported by two underlying mechanisms that define its scope and its function in an organization. These were identified based on commonality in focus, level of analysis and causal patterns of the studies associated with each perspective. For each perspective, we present exemplary articles from our sample in Table E.

In all, as reported in Table C, we found that 26% of our sample (86 articles) could be assigned to an economic perspective on social relations aligned with Smith’s (1937) neoclassical economic models, that 58% of our sample (192 articles) adopted more of an organizational perspective on social relations, frequently tied to Granovetter’s (1985) notion of social embeddedness, and that 16% of our sample (52 articles) embraced a relational perspective recalling Polanyi (1944) and Zelizer (2012)’s intimate melding of social and economic spheres. Table D presents the focus of each school—compromise, asset, driver, its mechanisms—balancing/contracting; transposing/channeling; institutionalizing/performing, and the articles associated with each.

**Table C: Proportion of Each Perspective in the Literature**



**Table D: Occurrence of Each School’s Focus and Mechanisms in the Literature**



## 1.4 The Economic Perspective on Social Relations

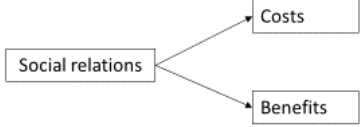
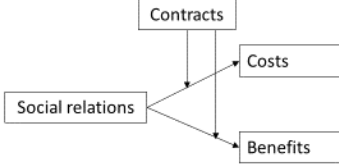
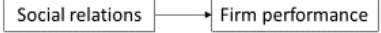
The first stream of research discovered in our sample is rooted in classical and neoclassical economic models. Assuming that actors working in organizations are motivated by economically oriented behaviors, scholars from this perspective focus on how organizations and their members negotiate outcomes resulting from their engagement with others. Social relations studied from an economic perspective are defined as economically conditioned *compromises* that are negotiated in organizations via two mechanisms we label as *balancing of costs and benefits* and *formal and informal contracting* to fulfill an engagement.


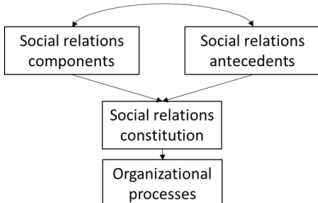
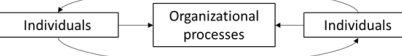
### 1.4.1 Assumptions: Bivalent Outcomes of Relationships

In mobilizing Transaction cost theory (Williamson, 1989), Social exchange theory (Blau, 1964), Resource dependence theory (Pfeffer & Salancik, 2003), or Agency theory (Jensen & Meckling, 1976), articles from the economic perspective focus on the inherent tensions between the costs and the benefits that may result from social relations. Consistent with Adam Smith’s premises in his *An Inquiry into the Nature and Causes of the Wealth of the Nations* (1776), researchers adopting an economic perspective of social relations tend to assume that all individuals are prone to self-interest and opportunistic behavior when acting in economic contexts. This is believed to condition how individuals engage in social relations in that context, where each party is assumed to try to take advantage of the other while pursuing their own objectives.



**Table E: Summary of the Results**

Schools of thoughts	School focus	Relational mechanisms	Typical models	Level of analysis	Research subfield	Theoretical foundations	Examples of articles
<b>ECONOMIC PERSPECTIVE ON RELATIONS</b>	<b>Compromises:</b> Situation in which one balances opposing situations or qualities.	<b>Balancing:</b> To negotiate social relations by minimizing their costs and maximizing their benefits that express their relative values.	 <pre> graph LR     SR[Social relations] --&gt; C[Costs]     SR --&gt; B[Benefits]         </pre>	Interorganizational <i>or</i> Principal - agent	Supply chain	Agency theory Transaction cost theory Social exchange theory Resource-dependence theory	Adams et al., 2012; Barden & Mitchell, 2007; Davis & Eisenhardt, 2011; Hallen et al., 2014; Holm et al., 1999; Kostova et al., 2018; Lee, 2012; Pahnke et al., 2015; Westphal et al., 2006.
		<b>Contracting:</b> To negotiate social relation with formal or informal agreement to fulfill an obligation.	 <pre> graph LR     SR[Social relations] --&gt; C[Costs]     SR --&gt; B[Benefits]     Con[Contracts] --&gt; C     Con --&gt; B         </pre>	Interorganizational <i>or</i> Principal - agent	Governance	Economic contracting theory Agency theory	Carson et al., 2006; Dawson et al., 2014; Evanschitzky et al., 2016; Harmon et al., 2015; Howard et al., 2019; Mellewigt et al., 2018; Mudambi & Helper, 1998; Poppo & Zenger, 2002; Ryall & Samson, 2009.
<b>ORGANIZATIONAL PERSPECTIVE ON RELATIONS</b>	<b>Assets:</b> Useful or valuable quality or skill.	<b>Transposing:</b> To leverage individual social relations into organizational resources.	 <pre> graph LR     SR[Social relations] --&gt; FP[Firm performance]         </pre>	Organizational	Strategy	Resource-based view Social network theory Social capital Relational view of competitive advantage Dynamic capability	Antcliff et al., 2007; Bird & Zellweger, 2018; Briscoe & Tsai, 2011; Broschak & Block, 2014; Chatain, 2011; Dyer and Singh, 1998; Dyer et al., 2018; Engelen et al., 2016; Hallen & Eisenhardt, 2012; Levin & Walter, 2019; McEvily & Zaheer, 1999; Reagans et al., 2015; Uzzi & Lancaster, 2003.

		<p><b>Channeling:</b> To leverage social relations into ways of sending or receiving information, goods, etc.</p>	 <pre> graph LR     A[Group or individual] --&gt; B[Social relations]     B --&gt; C[Group or individual performance] </pre>	Group <i>or</i> Individual	Management <i>or</i> Organizational behavior	Collaboration Social identity theory Cognition theories Behavioral theories Leadership theory LMX	Anand et al., 2010; Bolinger et al., 2018; Colbert et al., 2016; Creary et al., 2015; Erhardt & Ragins, 2019; Freaney & Fellenz, 2013; Gittell et al., 2010; Lankau & Scandura, 2002; Lee et al., 2014; McFadyen et al., 2009; Perry-Smith, 2006; Pollack et al., 2015; Schulte et al., 2012; Stuart, 2017; Umphress et al., 2003; Wellman, 2017;
<b>RELATIONAL PERSPECTIVE ON ORGANIZATIONS</b>	<p><b>Drivers:</b> Impulses that activate fundamental processes involved in or responsible for an action or a reaction.</p>	<p><b>Institutionalizing:</b> The process by which external forces govern and regulate the norms and ways people interact with each other.</p>	 <pre> graph TD     A[Social relations components] --&gt; C[Social relations constitution]     B[Social relations antecedents] --&gt; C     C --&gt; D[Organizational processes] </pre>	Relational	Social Anthropology <i>or</i> Sociology	Power trust Gender studies Boundary theory Institutional logics New institutionalism	Bachmann & Inkpen, 2011; Buzzanell & D'Enbeau, 2014; Dahlander & McFarland, 2013; Gajewska-De Mattos, et al., 2004; McKnight et al., 1998; Sward, 2016; Van Iterson & Clegg, 2008; Weaven et al., 2017.
		<p><b>Performing:</b> To shape organizational process via ongoing social interactions.</p>	 <pre> graph LR     A[Individuals] --&gt; B[Organizational processes]     B --&gt; C[Individuals] </pre>	Interactional	Practice	Practice theory Social constructionism	Barrett et al., 2012; Brown et al., 2010; Jarzabkowski & Bednarek, 2018; Keevers & Sykes, 2016; Levina & Orlikowski, 2009; Myers, 2018; Thomas et al., 2011; Trefalt, 2013.

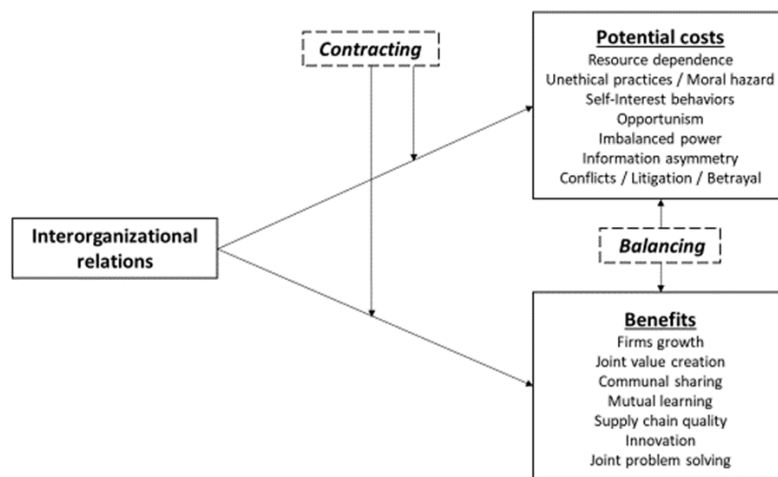
Researchers from our sample attribute these individual economically driven behaviors to organizations. In that respect, a great majority of the articles adopting this perspective focus on interorganizational relations or principal-agent relationships. They assume that the engagement of organizations in strategic alliances, relations with buyers and suppliers, franchisee-franchisor relationships, or those between principal and agent can issue in transaction hazards (Mellewigt, Hoetker, & Lutkewitte, 2018). Because they depend on others to create value or to access resources (Jap & Anderson, 2007; Westphal, Boivie, & Chng, 2006), and because social relationships are unpredictable and may lead to uncertain outcomes (Mellewigt et al., 2018; Poppo & Zenger, 2002), organizations are assumed to be subject to opportunism (Carson, Madhok, & Wu, 2006). Therefore, even if they have initial good intentions, opportunism is said to be unavoidable: “although both sides need to rely on maintaining close relationships over the supply of highly specialized goods, inevitably they are open to opportunistic behavior” (Humphries & Wilding, 2003, p. 325). This position is shared, for example, by Lee (2012), who demonstrates the “indeterminacy of the efficacy of repeat transactions as a solution to the problem of opportunism in market exchange” (p. 1238). Consequently, researchers adopting economic perspective on relationships tend assume the omnipresence of opportunism in conceptualizing social relations in organizational contexts.

Based on these assumptions, researchers argue that interorganizational relations or relationships between principals and agents should be managed by negotiating their potentially bivalent (positive vs. negative) outcomes to minimize agency, transaction, or social exchange costs from those relations, and to maximize economic outcomes.

#### ***1.4.2 Social Relations as Compromises***

Researchers aligned with the economic perspective have conceptualized social relationships essentially as *compromises*. Conditioned by economic considerations, these *compromises* are products of negotiation between actors from different organizations over the benefits and potential drawbacks associated with their exchanges or transactions. Figure A proposes a causal model summarizing how scholars from the economic perspective conceptualize such social relations.

**Figure A: Compromise Relationships**



This literature maintains that benefits such as firm growth (Huang & Knight, 2017; Jap & Anderson, 2007), joint value creation (Bridoux & Stoelhorst, 2016; Elfenbein & Zenger, 2017), mutual learning (Gambeta, Koka, & Hoskisson, 2019; Ryall & Sampson, 2009), innovation (Davis & Eisenhardt, 2011) and joint problem solving (Meuleman, Jaaskelainen, Maula, & Wright, 2017) resulting from interorganizational relations render them indispensable to competitive advantage (Jap & Anderson, 2007). However, interorganizational relations also bring uncertainty and create dependency that might lead to drawbacks.

*One party is dependent when the other offers valued benefits that are difficult to obtain elsewhere (Emerson 1962). Organizations build relationships to obtain benefits that they cannot readily create themselves. However, dependence creates exposure to opportunism (Williamson 1996), but much of interorganizational relationship theory converges in the idea that accepting, even deepening, dependence is necessary to achieve a competitive advantage. (Jap & Anderson, 2007: 263)*

Moreover, the literature demonstrates that dependency forges relationships where power imbalances (Lopez-Bayon & Lopez-Fernandez, 2016) and information asymmetry

(Kostova, Nell, & Hoenen, 2018; Shane & Cable, 2002) enable some parties to take advantage of others via unethical practices, moral hazard (Lee, 2012) and opportunism (Kostova et al., 2018).

Within this literature two mechanisms can be identified to negotiate the bivalent outcomes of interorganizational relations: *balancing costs and benefits* (Davis & Hyndman, 2018; Kale et al., 2000; Kostova et al., 2018) or *formal and relational contracting* (Carson et al., 2006; Poppo & Zenger, 2002). These mechanisms help stabilize terms and conditions and ensure positive outcomes.

#### ***1.4.3 Balancing of Costs and Benefits***

Of the 86 articles adopting the economic perspective (24% of our sample), 58 reflect attempts to *balance costs and benefits* in interorganizational and principal-agent relationships. Although interorganizational relations can help firms cope with unpredictable environments (Davis & Eisenhardt, 2011), sustain mutually beneficial decisions, or exchange of complementary resources (Barden & Mitchell, 2007), they are subject to opportunism, costs of information asymmetry, and dependence (Barden & Mitchell, 2007; Oliveira & Lumineau, 2019). Thus Madhok and Tallman (1998) and Hallen et al. (2014) suggest that the tension between collaboration and competition in interorganizational exchanges can explain such benefits and costs.

The literature reveals different paths taken by organizations to assess and trade-off positive and negative relational outcomes. For example, Westphal et al. (2006) demonstrate that a CEO's friendship ties with executives at other organizations can minimize relational drawbacks:

*[...] findings indicate how corporate leaders may use informal social ties to managers of other organizations as a strategic mechanism for managing resource dependence. [...] the maintenance of friendship ties between corporate leaders may have advantages that are comparable to the supposed benefits from board co-optation, but without the losses to organizational autonomy and the*

*institutional constraints that may limit the use of board interlock ties as a strategic mechanism for managing dependencies.* (Westphal et al., 2006: 441-442)

Such informal ties between executives are therefore a means by which organizations can maximize benefits from interorganizational relations and minimize the negatives of dependency. Other research has focused on the effect of repeated exchanges and long-term relationships on performance (Davis & Eisenhardt, 2011; Elfenbein & Zenger, 2017). It finds that because repeated exchanges and long-term relationships can develop trust and mutual commitment, they reduce associated transaction costs (Davis & Eisenhardt, 2011; Elfenbein & Zenger, 2013; Holm, Eriksson, & Johanson, 1999).

This *balancing of costs and benefits* mechanism also has been reflected in articles focusing on agent-principal and investor-entrepreneur relationships (Bammens & Collewaert, 2014; Collewaert, 2012; Khanin & Turel, 2015), and franchisor-franchisee and headquarters-subsiary relationships (Kostova et al., 2018; Kostova & Roth, 2002; Lopez-Bayon & Lopez-Fernandez, 2016). In studying principal-agent relationships, some researchers demonstrate that owner commitment and some governance structures reduce agency costs (Herrero, 2011; Uhlaner, Floren, & Geerlings, 2007). Others have examined compounding factors that exacerbate relational agency and transaction costs. For example, Lopez-Bayon and Lopez-Fernandez (2016) demonstrate that franchisor-franchisee relationships must balance standardization and autonomy; that excessive decision power among franchisees causes conflict.

In conclusion, a core mechanism in articles aligned with the economic perspective on relations involve a *balancing of costs and benefits*. Many of the concerns, processes and paths identified in those articles relate to maximizing economic and relational benefits associated with social relations, while minimizing drawbacks. By balancing these benefits and the costs, those processes negotiate the bivalent attributes of *compromise* relationships to secure economic benefits for organizations.

#### **1.4.4 Formal and Informal Contracting**

Additional mechanisms associated with the economic perspective we label *formal and informal contracting* (28 of the 86 works). The relevant articles define contracts as formal

or “relational” informal agreements to fulfill social obligations (Harmon, Kim, & Mayer, 2015). Inter-organizational and principal-agent relations are said to be subject to moral hazard induced by environmental ambiguity and volatility. That can lead to opportunism, which must be controlled by *formal and informal contracting*:

*The two approaches to handling uncertainty in interorganizational relationships suggest that the parties to a contract choose the exact degree to which they rely on formal and relational mechanisms. A clear input to this calculus is the effectiveness of each governance option in constraining opportunism. (Carson et al, 2006: 1060)*

Much of this literature focuses on complementarity between *formal and informal contracting* (Howard et al., 2019; Poppo & Zenger, 2002). Both present strengths that are also weaknesses. Whereas formal contracts enable organizations or individuals to establish formal rules on which to base relationships, they are subject to bounded rationality and incomplete information that prevent perfect safeguards (Carson et al., 2006; Harmon et al., 2015). Moreover, the complexity of formal contracting can discourage organizations from investing in such relations (Poppo & Zenger, 2002), which can also be seen as a sign of distrust (Lumineau, 2017). On the other hand, relational contracting based on trust, solidarity, and continuity supports a relationship-based governance structure that covers unpredictable contingencies not envisaged in formal contracting (Poppo & Zenger, 2002). However, although relational contracts possess a more flexible structure, they are also open to moral hazard and opportunistic behavior (Mellewigt et al., 2018; Mudambi & Helper, 1998).

Ryall and Sampson (2009), and Subramani and Venkatraman (2003) argue that *formal and informal contracting* can be complementary in limiting opportunism. By crafting contracts combining formal and relational mechanisms, organizations can develop efficient safeguards that limit the drawbacks from ambiguity, uncertainty, and volatility.

#### ***1.4.5 Focus and Gaps in the Economic Perspective***

Most articles from this perspective deal with commercial inter-organizational issues, such as those relating to mergers and acquisitions, strategic alliances, and outsourcing, and

internal issues related to corporate governance. It is of note, however, that motives of economic self-interest and concerns about opportunism exist in many types of relationships such as families, friendships, and social groups. Issues of jealousy, conflict, mistrust, and “spoiled children” are common in family firms, often involve calculative trade-offs and are resolved via informal and even formal contracting arrangements (Chrisman, Chua, Le Breton-Miller & Miller, 2018). Excessive self-interest of opportunistic or “fair-weather friends” or colleagues, too may threaten potentially beneficial relationships and thus benefit from a clear-headed consideration of both formal and informal mechanisms for balancing costs and benefits. Even mistrust and suspicion between class-based groups can be grappled with via mechanisms that facilitate intelligent trade-offs realized via informal contracts. In short, we believe that the application of the economic perspective to family, friendship, kinship, and group relations constitutes an important research direction (see below).

## **1.5 The Organizational Perspective on Social Relations**

The second stream of research disclosed in our sample is rooted in Granovetter’s (1973, 1983, 1985) work. Representing 58% of our sample (see Table D), these articles adopt an organizational perspective on social relations—the most prevalent of recent years. Economic actors, be they organizations, groups, or individuals, are assumed to be embedded in systems of social relations that afford opportunities. Accordingly, authors embrace a mostly positive view of social relations in organizations, focusing on their utility for performance. Consequently, they view social relations as *assets* that are leveraged in organizational contexts via two mechanisms. At the organizational level, relations are *transformed into useful resources*. At group and individual levels, relations *channel goods or information* actors use to achieve organizational objectives.

### ***1.5.1 Assumptions: Relationships Can Become Organizational Assets***

Network and social capital perspectives (Burt, 2009; Coleman, 1988; Granovetter, 1983, 1985; Putnam, 1995) are two of the most prevalent lenses of researchers adopting the organizational perspective, whether addressing social relations at the organizational, group, or individual level. Associating their work with Granovetter (1973), Coleman



(1988), Putnam (1995), or Burt (2009), these researchers assume individuals to be embedded in social networks. Consequently, the structure of those networks and the ties they develop within them can impact organizational and individual performance (Gittell et al., 2010; Hallen & Eisenhardt, 2012).

Most of these researchers assume that social relations within networks can be leveraged to become valuable resources for organizations. This transposition of interpersonal aptitudes and behaviors into organizational capital and capabilities is an important theme in these studies. Grigoriou and Rothaermel (2014) note that individual “collaborative behavior [...] provide[s] them with opportunities for firm-level impact” (p. 607). Although these last scholars examine relational micro-foundations, most assume relations to foster organizational capabilities (Chirico & Salvato, 2016). Consequently, they address their effect on firm performance and unit or employee productivity. In short, researchers assume that social relations developed by individuals in formal and informal settings can be transposed or transformed to become useful and valuable resources for organizations and their members.

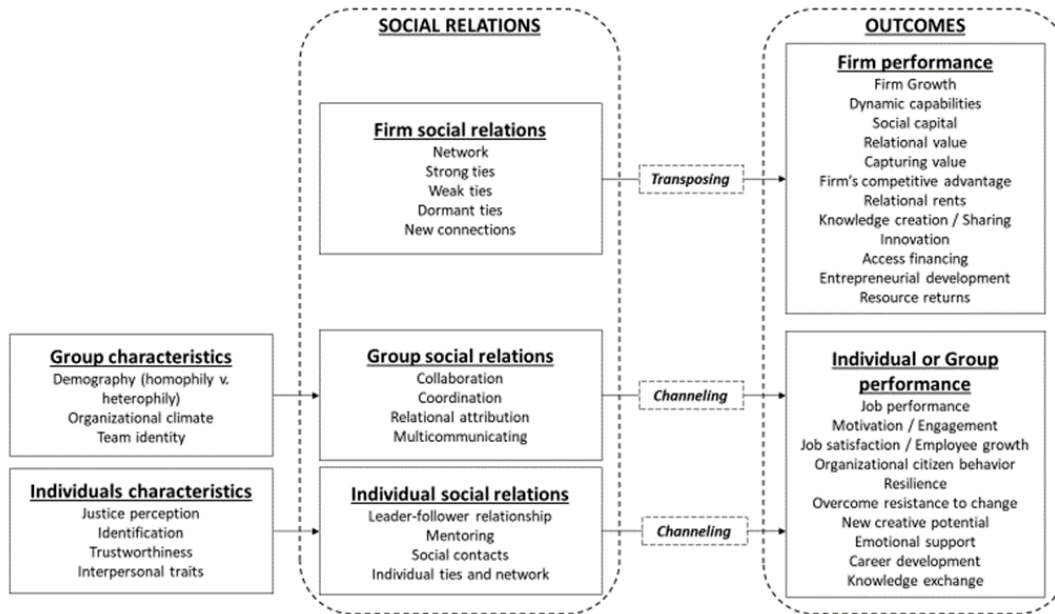
### ***1.5.2 Social Relations as Assets***

Research from the organizational perspective conceptualizes social relationships as *assets*. Converted by organizations and their members into valuable resources, social relations are said to improve both firm and individual performance. Individuals develop social relations in informal and formal settings that they mobilize as assets to access new business opportunities (Giudici, Reinmoeller, & Ravasi, 2018), transfer and create knowledge (McFadyen et al., 2009; Uzzi & Lancaster, 2003), generate innovation (Tortoriello & Krackhardt, 2010; Vlaisavljevic et al., 2016), or improve group functioning, collaboration, and job satisfaction (Methot, Rosado-Solomon, & Allen, 2018). Articles emphasize the positive impact of social relations on firm performance (Akhtar, Khan, Frynas, Tse, & Rao-Nicholson, 2018; Dyer & Singh, 1998) and, at the individual level, upon job performance (Casciaro et al., 2014; Freeney & Fellenz, 2013).

Figure B models of how scholars endorsing the organizational perspective conceptualize social relations as assets, revealing three levels of analysis. At the organizational level,

the direct causal effects of social relations affect different aspects of firm performance; at the group and the individual levels, such relations mediate relationships between group or individual characteristics and their effectiveness in organizations.

**Figure B: Asset Relationships**



We identified two mechanisms leveraging social relations as *assets*. The first represents the transformation or *transposition* of social relations of top managers or directors *into useful organizational resources* (Antcliff et al., 2007; Dyer & Singh, 1998; Hallen & Eisenhardt, 2012; McEvily & Zaheer, 1999; Uzzi & Lancaster, 2003). The second, *channeling of goods or information*, occurs as relations are mobilized by groups or individuals to achieve organizational objectives and enhance performance (Bolinger, Klotz, & Leavitt, 2018; Colbert et al., 2016; Freeney & Fellenz, 2013; Gittell et al., 2010; Schulte, Cohen, & Klein, 2012).

### 1.5.3 Resource Transposing

Under *resource transposing* social relations are transformed into organizational capital. Among the 192 articles adopting this perspective, 91 relate to this mechanism. Scholars focus on the effect of social relations on diverse outcomes, they transpose executive social relations into social capital, relational capital, and other organizational resources. For

example, social relations produce relational capital that “fosters mutual trust between individuals and results in superior access to resources held by others and enhanced revenue generations” (Byun, Frake, & Agarwal, 2018, p. 1806). Relationships developed by top managers and directors are said to contribute to firm competitive advantage by sustaining value creation, knowledge transfer, innovation and economic performance (Broschak & Block, 2014; Dyer & Singh, 1998; Grigoriou & Rothaermel, 2014). The challenge for firms then is to develop relational capabilities to leverage executives’ personal networks by integrating and transforming them into organizational social and relational capital (Capaldo, 2007; Fu, 2015; Levin & Walter, 2019; Lorenzoni & Lipparini, 1999; Lowik et al., 2012). In that respect, social relations are viewed as resources from which organizations create and capture value (Arregle, Batjargal, Hitt, Webb, Miller, & Tsui, 2015; Chatain, 2011; Dyer et al., 2018).

A lesser portion of the literature associated with this mechanism focuses on the position of organizations in a social network and the structure of those networks. Building on Granovetter (1973, 1983) and Burt (2009), Baum, McEvily, and Rowley (2012) define structural network positions and structure as “the relational character of the ties comprising the position, and any advantage firms gain (or do not) from these positions are likely to depend on the character of those ties” (p. 529). These researchers adopt a more nuanced stance on organizational outcomes from social relations. Whereas they recognize the instrumental value of such relations, they also demonstrate that this value varies according to the types of ties developed by organizations (McEvily, Jaffee, & Tortoriello, 2012; Tortoriello & Krackhardt, 2010; Tortoriello, Reagans, & McEvily, 2012). For example, Gomez-Solorzano, Tortoriello, and Soda (2019) show that affective relationships paired with instrumental ones enhance inventor performance in R&D departments; but ties based on knowledge-sharing and friendship tend to decrease such performance. Li, Veliyath, and Tan (2013) reveal the beneficial influence of informal and structural network arrangements on the performance of *clusters* of firms.

#### **1.5.4 Channeling Goods and Information**

The second mechanism from the organizational perspective we label as channeling of goods and information. Of the 192 articles, 101 reflect this mechanism. Researchers focus

on how social relations are mobilized by groups and individuals in organizations as channels to convey goods and information. These relations act as mediators between group or individual characteristics and their performance in organizations.

The literature addressing social relations from a group level develops models to capture how the relationship between group characteristics and performance is mediated by social relations (Barton & Kahn, 2019; Gittell, 2001, 2002; Goldberg, Riordan, & Schaffer, 2010). For example, building on social identity theory, Gundlach, Zivnuska, and Stoner (2006) find that team functioning based on collectivism leads to team identification and identity which in turn improve group performance. Similarly, Lee, Bachrach, and Lewis (2014) show that team member closure (i.e., reciprocal ties and network density) develops transitive triads in groups which improve information-processing and performance. Other researchers demonstrate the effect of group demography on group relational and affective functioning, which again aids team performance (Goldberg et al., 2010; Perry-Smith & Shalley, 2014). Finally, some researchers emphasize the role of managers in building arrangements that shape social relations and group performance (Methot et al., 2018; Rosenkranz & Wulf, 2019; Yakubovich & Burg, 2019).

Finally, research focusing on social relations at an individual level too develops complex models showing social relations to act as mediators between individual characteristics and job performance. For example, important relationships are found between individual ties, social relations at work, and job performance (Cross & Cummings, 2004; McFadyen et al., 2009; Perry-Smith, 2006) and job satisfaction (Colbert et al., 2016). By mobilizing Leader-Member Exchange theory (LMX), others show how an individual's perception of relations with a superior impact their behavior at work (Anand, Vidyarthi, Liden, & Rousseau, 2010; Masterson, Lewis, Goldman, & Taylor, 2000; Stea, Pedersen, & Foss, 2017) and work engagement (Freeney & Fellenz, 2013). In short, social relations are mobilized as channels by organizational members who *channel* them to aid in task achievement and job performance. Although mobilized as channels, again, social relations are seen largely to be firm *assets*.

### ***1.5.5 Focus and Gaps in the Organizational Perspective***

Unlike work from an economic perspective, those adopting an organizational perspective do pay more attention to group and individual relations, often involving employees, departments, and individual actors. Again, however, the focus is upon business relationships, rather than how kinship, friendship or commonalities of religion, class and elite education can affect profoundly social relationships at work, and in turn, their organizational consequences. There is much opportunity to conduct studies in this domain. For example, positive emotions and loyalty among family members owning and operating family firms can facilitate economical modes of governance and business growth, an asset and comparative advantage of some family versus non-family firms (Chrisman et al., 2018). Similarly, relationships of trust between family CEOs of family-owned companies with executives at other family firms can often be passed on to kin because such ties, based on trust and reputation, can sometimes extend to close relatives (Amore, Bennedsen, Le Breton-Miller & Miller, 2021; Miller & Le Breton-Miller, 2005). Relational assets also can lead to positive outcomes as friendship and social relationships play out in business. Of course, family relationships in organizations can lead to dysfunctional behaviors such as cronyism and favoritism that alienate non-family employees and owners. These issues warrant further investigation.

## **1.6 The Relational Perspective on Organizations**

The third stream of research in our sample links to Polanyi (1944) and Zelizer's (2000, 2017) work on embeddedness. At only 16% of our sample (Table D), these researchers adopt what we term a *relational perspective* on organizations. They view social relations and economic or organizational actions as indissociable parts of the same processes. They hope to understand how social relations are shaped by organizations and vice-versa. Social relations here can be broadly characterized as underlying *drivers* actuated in organizational contexts via two mechanisms. First, such relations are shaped by *institutionalizing forces*. Simultaneously, because they are inherent to *practices performed* by agents through ongoing interaction, social relations also shape fundamental organizational processes.

### *1.6.1 Assumptions: A Holistic Approach to Social Relations in Organizations*

The relational perspective resonates with Karl Polanyi's (1944) pioneering version of social embeddedness, and Zelizer's (2000, 2017) work on the social meaning of economy. Both propose an unusually fundamental and holistic approach to social relations and economic activities that echoes through this perspective. Although relatively few articles from our sample build explicitly on these scholars, the latter lay bare the assumptions shared by the others within this perspective.

In his seminal *The Great Transformation*, by adopting an anthropological view, Polanyi (1944) develops a holistic approach to social life deeply rooted in cultural processes. By deconstructing history, he argues that market-based societies are not an inevitable result of a natural progression from barter, to monetary economy, to market-based society. Instead, they result from historical contingencies embedded in cultural and social circumstances. Social relations and economic or organizational actions are said to be indissociable parts of the processes that constitute social life. Economic action is viewed as behavior by humans to preserve social position and advantages in a community. In other words, social relations and economic decisions are indivisible from social life. This resonates with the concept of relational work (Bandelj, 2012, 2015; Zelizer, 2012), defined by Zelizer (2000) as follows:

*For each meaningfully distinct category of social relations, people erect a boundary, mark the boundary by means of names and practices, establish a set of distinctive understandings and practices that operate within that boundary, designate certain sorts of economic transactions as appropriate for the relation, bar other transactions as inappropriate, and adopt certain media for reckoning and facilitating economic transactions within the relation. (Zelizer, 2000: 35 in Bandelj, 2012: 177)*

Like Polanyi, Zelizer (2000) defines economic activities as intrinsic to social relations (Steiner, 2007). Like Granovetter (1973), she recognizes the importance of social relations in today's market-based societies. However, for her the notion of embeddedness fails to capture what individuals really do when engaged in economic activities. Instead she

focuses on the cultural, moral and social meaning of economy and money (Zelizer, 2017), capturing, for example, how actors negotiate meaningful social relationships while engaged in currency exchange (Zelizer, 2000, 2017).

This holistic approach provides an evocative framework for the assumptions shared by authors from the relational perspective. First, whether through lenses of institutional logics, new institutionalism, boundary theory, or power and gender studies, scholars view organizations and social relations to be rooted in cultural processes. Those processes, be they conceptualized as institutional or historical contexts, market structures, or workplace designs, are assumed to influence the nature of organizational social relationships (Spedale, Van Den Bosch, & Volberda, 2007; Theodorakopoulos, Ram, & Kakabadse, 2015). Bachmann and Inkpen (2011) note “[t]he characteristics of the institutional environment in which interactions are embedded are viewed as constitutive elements in trust development processes in inter-organizational relationships” (p. 283). Trust, power, reciprocity, and relational formality between parties are assumed to underlie the very forms taken on by social relations in organizational contexts (Swärd, 2016; Weaven, Baker, & Dant, 2017).

Other researchers from the relational perspective have taken a practice-oriented approach (Levina & Orlikowski, 2009) that echoes Zelizer (2000, 2012, 2017). Practice theory focuses on everyday actions and interactions that shape – and are shaped by – organizational and economic processes (Jarzabkowski & Bednarek, 2018). As Thomas, Sargent, and Hardy (2011) explain:

*[...] the social life [is] enacted in the microcontext of communicative interactions among individuals through which meaning is negotiated. According to this view, organizational change is endemic, natural, and ongoing; it occurs in everyday interactions as actors engage in the process of establishing new meanings for organizational activities. (Thomas et al., 2011: 22)*

Consequently, organizational structures and processes are assumed to be enacted and shaped by ongoing interactions in organizational contexts (Levina & Orlikowski, 2009).

Scholars view social relations and organizations as indivisible, such that relations are assumed to shape organizations fundamentally, and in turn, be shaped by them.

### ***1.6.2 Social Relations as Drivers***

Studies conceptualize social relations as fundamental underlying *drivers*. They provide organizations with necessary impetus to launch and convey organizational processes. Thus,

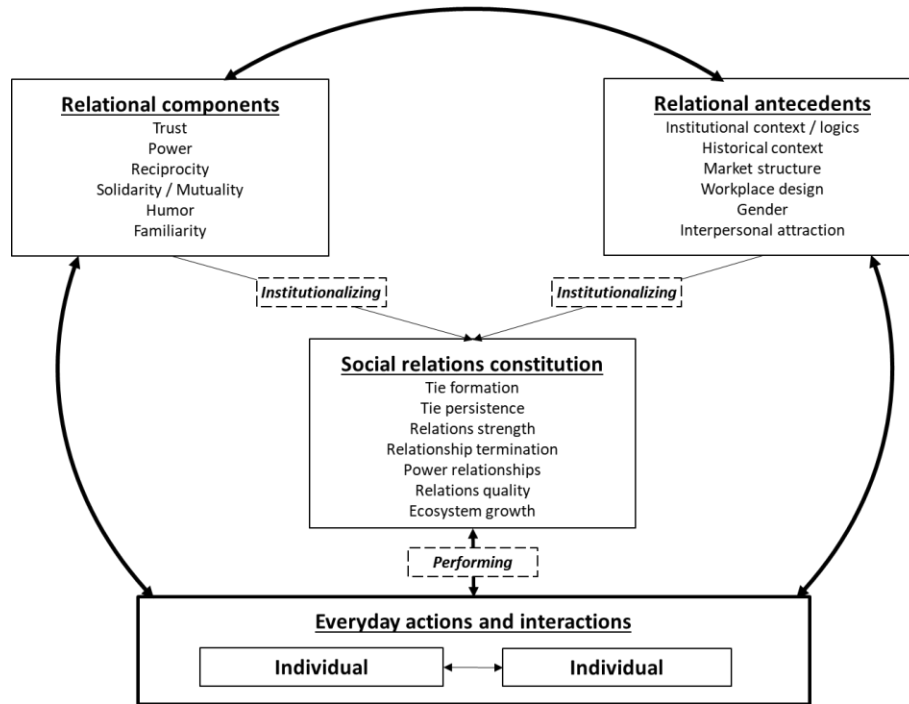
*Relationships are, metaphorically, the nervous system of the organization - the source of complex social interactions, rapid coordination of systems, and integrated processing of concurrent signals. Formal and informal work relationships can be thought of as underlying relational systems that stretch beneath units and shape what occurs within them (Kahn, 1998). (Kahn, Barton & Fellows, 2013: 378)*

In other words, by means of ongoing actions and interactions, social relations represent drivers injecting impetus and energy into organizational processes.

Figure C summarizes this relational perspective. It incorporates circular and bidirectional influences between social relations and organizational processes, suggesting mutual influence. Social relations at the center of the model acts as drivers that provoke actions and reactions. They are governed by institutionalizing forces at play in and around organizations (Bachmann & Inkpen, 2011; Dahlander & McFarland, 2013; Gajewska-De Mattos, Chapman, & Clegg, 2004) and, in turn, constitute a foundation for day-to-day practices via ongoing interactions (Jarzabkowski & Bednarek, 2018; Levina & Orlikowski, 2009; Thomas et al., 2011). Hence, *institutionalizing forces* and *performing practices* leverage social relations as *drivers* in organizations.



**Figure C: Driver Relationships**



**1.6.3 Institutionalizing Forces**

Among the 52 articles from this perspective, 40 evoke the mechanism of *institutionalizing forces* at play in and around organizations that shape social relations. Some studies focus on institutional contexts and logic (Bachmann, 2001; Spedale et al., 2007; Theodorakopoulos et al., 2015). Bachmann and Inkpen (2011), for example, argue:

*The characteristics of the institutional environment in which interactions are embedded are viewed as constitutive elements in trust development processes in inter-organizational relationships. (p. 283)*

Thus, legal context, community norms, and reputation are seen to foster trust-building. Other studies show the influence of national cultures. Skarmeas and Robson (2008) and Kostova and Roth (2002) find that national cultures affect trust, conflict and commitment, with consequences for the quality of relationships in international business.

Other works still focus on institutional differences relating to gender (Saparito, Elam, & Brush, 2013), power (Buzzanell & D'Enbeau, 2014), emotion (Methot, Melwani, &

Rothman, 2017), humor (Cooper, 2008; Mallett & Wapshott, 2014), or interpersonal familiarity (Hinds & Cramton, 2014), and how they affect organizational relationships. Buzzanell and D'Enbeau (2014), for example, reveal how power shapes mentoring relationships:

*Mentoring can uncover semi- or unconscious forces that drive particular mentoring arrangements and expose taken-for-granted [institutional] power relations. These forces may be deeply embedded in the parties' psyches [...]* (p. 696)

Similarly, Cooper (2008) shows how at work, “humor dynamics can facilitate or detract from the formation of new relationships, as well as strengthen or destroy existing relationships” (Cooper, 2008: 1088). Finally, Methot et al. (2017) and Weaven et al. (2017) find expression of emotion to shape communication in the workplace. They show how relationship quality between franchisers and franchisees benefit from norms of solidarity, flexibility, and mutuality, each yielding greater trust, commitment, and satisfaction. These *institutionalizing forces* prescribe relational norms that influence the nature and quality of social relations in organizational contexts.

#### **1.6.4 Performed Practices**

A second mechanism associated with the relational perspective we label as *practices* (12 among the 52 articles). This literature mobilizes practice-based theory to focus on “relations [...] that are routinely reproduced in mundane practices of organizing” (Brown, Kornberger, Clegg, & Carter, 2010: 527), and how these ongoing interactions actuate and enact organizational processes (Vincent & Pagan, 2019). For example, by adopting a discursive approach to practice, Levina and Orlikowski (2009) show how agents renegotiate power relations via discursive resources, and how that transforms such relations in and between organizations. Thomas et al. (2011) demonstrate how organizational resistance to change is influenced by meanings negotiated between senior and middle managers in everyday interaction. Finally, Myers (2018) suggests that learning in organizations is socially constructed as it is rooted in relational processes enabling individuals to mutually process new experiences. Conceptualized as ongoing

interaction, this approach views social relations as central features of performing practices that shape organizational processes.

#### ***1.6.5 Focus and Gaps in the Relational Perspective***

The focus of a relational perspective on organizations is twofold. On the first hand, unlike work from the two other perspectives, which strictly focuses on business contexts, those adopting a relational perspective does center on the broader institutional and cultural contexts forging relational norms and social relationships in organizational contexts. Secondly, work from a relational perspective avoid an objectified conceptualization of relationships. Their focus is rather upon the dynamic nature of relationships, often problematized as ongoing interactions between colleagues. There is much opportunity to conduct studies in this developing domain. The institutional and social contexts in which a business is embedded can orient the relational norms of this business and shape the nature of interactions among its employees. For example, local embeddedness, which benefits family business growth and sustainability (Baù, Chirico, Pittino, Backnam & Klesson, 2019), can influence the ways in which communities, collective actions, and interactions are created in such businesses. A geographically isolated environment characterized by homophily and interdependency between individuals can foster the development of stronger social norms and inward-looking attitudes. An organization embedded in a dynamic and innovative industry might encourage interplays between collaboration and competition interactions among their employees (see below).

### **1.7 Discussion**

Our review provides rather a broad yet detailed landscape to offer researchers a richer set of research options and opportunities, and a superior means of positioning and shaping their contributions. First, it delineates a vast expanse of literature on social relationships in organizations to reveal a varied set of underlying assumptions and mechanisms to inform future research. We identified three perspectives based on three distinct sets of assumptions about social relations in and around organizations. We associated each perspective to specific types of relationships via core underlying mechanisms and

proposed causal models to aid in theorizing on issues like social embeddedness, behavior in and of organizations, strategy making, alliances, and networks.

### ***1.7.1 Three Schools of Thought: How Researchers Conceptualize Social Relations***

One of the main contributions of this review is to organize the burgeoning—and perhaps confusing—literature on social relations in organizations into three main “schools of thought.” Those studying social relations from an economic perspective frequently adopt a probabilistic position they assume uncertainty in economic relationships, and a potential for bivalent outcomes. By contrast, those embracing an organizational perspective adopt an instrumentalist conception portraying relationships as tools or assets used purposefully by organizational members to affect organizational performance. Finally, researchers from a relational perspective assume that organizations are constituted by interactions among actors and their institutional contexts that develop shared knowledge and organizational processes over time.

### ***1.7.2 The Pluralistic Nature of Social Relations: How They Work in Organizations***

As noted, in adopting a single school of thought, researchers tend to focus on specific types of social relations operating in materially different ways. Although some research suggests these relations to assume multiple forms (Shipilov, Gulati, Kilduff, Li, & Tsai, 2014), most studies conceive of them as assets, aligning with the organizational perspective. Our scope is broader.

For example, *compromise* relationships are managed by directors and executives wishing to access resources and information. Because that requires interdependence, these parties must consider potential relational costs. Facing the threat of opportunism, they must manage uncertainty and negotiate contracts to safeguard interests. These mechanisms restrain the scope of relationships and their terms and conditions.

Organizations deploy *asset* relationships for targeted purposes. Executives and employees are embedded in networks of relationships used in targeted ways to enhance performance. In organizations, individuals leverage these social relations by transposing and channeling them into relational capabilities and assets, thereby creating value.

In our last school focus, *driver* relationships, organizations work as tribes or clans composed of individuals united by shared values and culture. Interactions within these communities are governed by specific institutionalized norms and forces originating in cultural, historical, and market contexts. Constantly interacting parties co-construct and perform meaningful practices that shape organizational processes, leading to social relations having a wide range of non-specific purposes. These three perspectives provide insight into the scope and functioning of social relations in and around organizations, demonstrating collectively that they not only take the form of strategic *assets*, but those of economically driven *compromise*, and *drivers* of fundamental processes.

### ***1.7.3 Pluralism as a Way Forward***

Our review suggests an enormous richness of perspectives on social relations in and around organizations. At the same time, the range of perspectives is daunting. Thus besides having pointed to some remaining gaps regarding the effects, for example, of kinship and friendship in the first two perspectives, our review suggests some advantages of embracing pluralism. Certainly, the same relationships in and among organizations can be viewed from multiple perspectives. Business alliances and mergers no are doubt impacted by economic considerations, as well as organizational and relational aspects. For example, interpersonal trust can offset uncertain economic factors in mergers, while differences in culture can topple the most economically advantageous unions. Researchers working on such relationships would be wise to consider such possibilities. Indeed, examining such relationships by viewing local institutional forces and practices may well provide insight into processes typically understood from a macro level. Like Allison's (1971) analysis of the Cuban missile crisis, relational issues take on greater depth and produce more insight when addressed from multiple perspectives – perhaps by progressing from macro economic concerns to more micro individual ones. Finally, awareness of the multifaceted nature of social relationships not only provides a wider range of theoretical perspectives, it also enables better matching and comparing different theoretical perspectives to the issues at hand.

#### ***1.7.4 The Concept of Embeddedness: From Being to Becoming***

The breadth and the variety of causal patterns that we have discovered contribute to a more nuanced understanding of the concept of embeddedness. Uzzi (1996), Dacin, Beal, and Ventresca (1999), and Barden and Mitchell (2007) reveal that embeddedness can be analyzed at multiple levels. Similarly, our framework identifies the conditions (i.e., settings, actors, and relational modus operandi) and mechanisms affecting the nature and level of embeddedness of social relations in organizations. It identifies gradations of embeddedness – from *compromises* to more embedded social relations to underlying *drivers*.

Our framework also sheds light on how social relations become embedded in organizations. Embeddedness has been broadly defined by economic sociologists as “the process by which social relations shape economic activities” (Uzzi, 1996). Although the notion has received much attention (Echols & Tsai, 2005; Le Breton-Miller, Miller, & Lester, 2011; Moran, 2005; Westphal & Zajac, 2013; Zukin & DiMaggio, 1990), few researchers have viewed embeddedness as a process. Instead, most have conceptualized and operationalized it as an independent variable to explain the effects of social phenomena on organizations (Dacin, et al., 1999; Uzzi, 1996). Zukin and DiMaggio (1990) use the concept to demonstrate the limits of economic rationales and explain how rationality among economic actors is shaped by cognitive, cultural, structural, and political institutions. Other researchers mobilize it to demonstrate its effects on governance preferences and firm behavior (Le Breton-Miller et al., 2011; Westphal & Zajac, 2013). Finally, others link it to social capital to demonstrate the impact of social relations on firm performance (Echols & Tsai, 2005; Grewal et al., 2006; Moran, 2005). Hence, most researchers have used concept to explain strategic tendencies and economic performance. Our framework, however, also directs attention to work demonstrating how social relations become embedded within organizations, disclosing more fundamental underlying mechanisms and the dynamics. Because they involve distinct ways of embedding, governed by different mechanisms, social relations can take on very different forms and influence economic activities in a wide variety of ways.

## **1.8 Research Agenda**

The breadth and variety of relational patterns identified in this review can guide researchers to position their research more strategically, leverage a wider range of conceptual options and perspectives in their work, and to tailor their research more appropriately to the organizations, problems, and levels of analysis they seek to address. Our review also shows which perspectives have emerged more robustly to address specific issues, and which have been relatively neglected but have potential to inform a variety of managerial questions via novel relational perspectives.

### ***1.8.1 Developing the Relational Perspective on Organizations***

Although much research adopts economic and organizational perspectives on social relations, the relational perspective has been less explored or developed and represents an interesting avenue for further research. For example, to shed light on social relations as underlying *drivers* in organizations, historical research could trace their evolution from high levels of embeddedness in pre-market societies (Polanyi, 1944), to looser forms and levels in market societies (Maclean, Harvey, & Clegg, 2016; Ocasio, Mauskapf, & Steele, 2016). Similarly, different degrees of closeness and social embeddedness may exist in different departments, divisions, or levels of the hierarchy and with different stakeholders. Under what conditions does a blending of economic, organizational, and relational modes create conflict? Do social relationships vary according to technology, levels of threat or competition, periods of calm versus turbulence, firm life cycles? How are these differences related to human resource policies and strategies?

### ***1.8.2 Relational Approaches and Types of Organizations***

Social relations can be compared in different types of organizations. For example, many family firms adopt relational managerial orientations of benevolence towards stakeholders (Chua, Chrisman, De Massis, & Wang, 2018; Miller & Le Breton-Miller, 2005; Miller, Lee, Chang, & Le Breton-Miller, 2009; Zellweger & Nason, 2008). Given the capacity of some to maintain sustainable relationships with their stakeholders (Cennamo, Berrone, Cruz, & Gomez-Mejia, 2012; Zellweger, Nason, Nordqvist, & Brush, 2013) and to build informal alliances (Sirmon & Hitt, 2003) based on trust and

generosity (Pearson & Carr, 2011; Sundaramurthy, 2008), the relational perspective may provide special insight. And because social entrepreneurship opposes social versus economic value creation (Bacq, Hartog, & Hoogendoorn, 2016; Janssen, Bacq, & Brouard, 2012; Lumpkin & Bacq, 2019), it is also a setting for developing the relational perspective.

In addition, research on entrepreneurship and public firms may profitably blend organizational and economic perspectives. Consonant with the organizational perspective, the literature reveals the importance for entrepreneurs to leverage their social resources to enhance venture success (Cope, Jack, & Rose, 2007; De Carolis & Saporito, 2006; De Carolis, Litzky, & Eddleston, 2009; Grossman, Yli-Renko, & Janakiraman, 2012; Kacperczyk, 2013; Shane & Cable, 2002). In addition, in line with the economic perspective, other researchers have demonstrated bivalent outcomes of social relations in entrepreneurial ventures where trust invites opportunistic behavior (Zahra, Yavuz, & Ucbasaran, 2006) or conflicts between investors and entrepreneurs arise (Collewaert, 2012).

### ***1.8.3 Avenues for Future Research Through Cross-Fertilization***

We segmented the literature into three perspectives. Comparing these along any single dimension would be inappropriate as they focus on different phenomena, assumptions about social relations, and distinct theoretical foundations from diverse fields. In combination, however, these perspectives can be leveraged to develop new insights. Multiple types of social relations may exist within the same organization at different levels and departments, and with different stakeholders (see our discussion of pluralism, entrepreneurship, and family firms). Thus, cross-fertilizing the three perspectives opens opportunities for multilevel studies examining the interplay between different types of social relations within the same organizations, for example, those comparing our different mechanisms as applied to team building, interdepartmental collaboration, and communications with stakeholders.



## 1.9 Research Limits

We have chosen only to include studies from A-level organizational journals, excluding those in specialized organizational and social sciences journals. This could affect the proportion of studies we found in each research stream. Therefore, the organizational perspective may be over-represented as it is better aligned with journals in our sample. Nonetheless, our three streams of research do signal ample heterogeneity in theorizing social relations of organizations.

Our review encompasses only research conducted in Western settings. Anthropological findings (e.g., Polanyi, 1944), however, suggest that research in Asia, the Middle East, Africa, and South America can generate very different insights. In China, for example, Confucian ethics shape interpersonal relationships and their role in organizations and markets (Chen, Chen, & Xin, 2004; Farh, Tsui, Xin, & Cheng, 1998). There, trust and network-building, governance, and reciprocity (Barkema, Chen, George, Luo, & Tsui, 2015; Hitt, Lee, & Yucel, 2002) reflect unique relational mindsets (Chen & Miller, 2011). Work on social relations in other settings or less mature economies could reveal new perspectives, relations, and mechanisms, and thus opportunities for future research.

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## **Chapter Two**

# **Bind Together: Enduring Relational Configurations in Long-Lived Family Business**

### **Abstract**

This chapter mobilizes the configuration approach to understand how interpersonal relationships are shaped and managed in long-lived family businesses. A multi-study cases analysis reveals that interpersonal relationships in family business are built around five intersected binary dimensions. Six contrasting configurations of interpersonal relationships in family businesses are derived from variations among the five relational binary dimensions. I find that family businesses tend to specialize into the development of a specific pair of relational configurations over time. Such relational specialization is the consequence of both isomorphism pressures arising from the institutional contexts in which family businesses are embedded, and the active role of configurations in implementing long-term strategy in family businesses.

### **2.1 Introduction**

Family business literature has long stressed the need to look at noneconomic goals and relational and social behaviors to understand the long-term performance of this unique yet preeminent form of organizations (Hjorth & Dawson, 2016; Melin & Nordqvist, 2007). It has been demonstrated that long-term strategic orientation as well as the ways in which families build strong communities and durable connections in and around their businesses are important sources of family business competitive advantages (Miller & Le Breton-Miller, 2005). In this regard, a stream of research has shown that because of the family embeddedness in business activities, family businesses develop distinctive social and relational behaviors (Bird & Zellweger, 2018; Long & Mathews, 2011). Family vulnerability to both financial and socio-emotional losses, caretaking and emotional motivations, and long-term conceptions of the norm of reciprocity encourage the development of long-standing economic exchanges, which rest on strong relationships that are characterized by sustaining trust, commitment, and goodwill (Eddleston &

Morgan, 2014; Gezelius, 2017; Hayward, Hunt & Miller, 2021; Long & Mathews, 2011). Moreover, because of their engagement in nonfinancial goals, family businesses also prove to be more inclined to develop sustainable and responsible relationships and informal strategic alliances with their stakeholders and their community (Cennamo, Berrone, Cruz, & Gomez–Mejia, 2012; Sirmon & Hitt, 2003; Zellweger, Nason, Nordqvist, & Brush, 2013). They are also known for building win-win relationships based on trust, generosity, and benevolence (Eddleston, Chrisman, Steier, & Chua, 2010; Steier, 2001; Sundaramurthy, 2008; Zahra, 2010).

The literature on family business has certainly demonstrated how family businesses stand out from non-family businesses because of their distinctive relational behaviors and their unique ways of managing interpersonal relationships. Despite important breakthroughs, these comparative studies between family business and non-family business depict a homogeneous portrait of interpersonal relationships in family businesses, which are principally characterized by enduring trust, goodwill, and mutual commitment (Kandade, Samara, Parada & Dawson, 2021). In reaction to this tendency, some researchers signal heterogeneity in the nature and the relational content of the ties developed in both families (Bird and Zellweger, 2018) and family businesses (Discua Cruz, Howorth & Hamilton, 2013; Hsueh & Gomez-Solorzano, 2019; Mani & Durand, 2019). Others indicate that because the institutional and social contexts in which family businesses are embedded are many and varied, relational behaviors might correspondingly be manifold among this kind of business (Miller, Amore, Le Breton-Miller, Minichilli, & Quarato, 2017; Sanchez-Ruiz, Daspit, Holt & Rutherford, 2019; Zellweger, Chrisman, Chua & Steier, 2019). This paper builds on this promising, recent area of research by investigating the plural form of interpersonal relationships in family business contexts and their contingent strategic roles across family businesses.

This article is thusly motivated by two research questions: What forms do interpersonal relationships take in family businesses? And how do family firms manage their interpersonal relationships over time? In tackling these research questions, I mobilized the approach of configurations (Miller, 1996, 2018) to investigate both the plural form of interpersonal relationships and the conditions that enable their emergence and

maintenance across family business contexts. I developed a theoretical sample (Eisenhardt & Graebner, 2007) regrouping six cases of long-lived businesses that were founded more than 175 years ago and that were owned and managed by the same family for at least 100 years. Multi-centenary family businesses represent exemplary settings to investigate interpersonal relationships and their management over time. The family embeddedness that characterizes their ownership and management structures as well as the precapitalistic roots of these cases suggest that they assign more significance to interpersonal relationships and social institutions (Polanyi, 1944; Sasaki, Ravasi & Micelotta, 2019).

The qualitative content analysis of the secondary data used to build the cases reveals that interpersonal relationships in family business contexts are built around five intersected binary dimensions—Power distribution, Assumptions, Solidarity, Reciprocity, Mechanism of engagement—and one stabilizing dimension, Relational capability. Six contrasting configurations of interpersonal relationships in family businesses are derived from variations among five relational binary dimensions. These configurations (i.e., collaboration, filiation, alliance, reliance, acquaintance, coalition), are observed to be frequent across cases and stabilized in time by specific relational capabilities. My findings suggest that these six configurations are not mutually interchangeable and that their value varies depending on the organizational and social contexts in which they are developed. If some configurations of interpersonal relationships are found to generate long-term economic and social values in specific family businesses, the same configurations are also found to have marginal impacts in other family businesses. Consequently, family businesses tend to specialize over their history in the development of a specific pair formed of one intra-firm and one extra-firm relational configuration. Three recurrent pairs of configurations stand out from our sample. These pairs of relational configurations are developed not only in response to the isomorphic pressures (DiMaggio & Powell, 1982) coming from the institutional and social contexts in which the family and its business are embedded, but also because of their strategic role in implementing and extending the family business long-term strategy (Miller & Le Breton-Miller, 2005).

The result of this research proposes an integrative relational model that contributes to understanding the dimensions of interpersonal relationships in relation to one another. Prior research has segmented interpersonal relationships into different dimensions (e.g., trust, tie strength, power, cohesion, and reciprocity) to explain the impacts of such relationships on family firms' governance structure, resources access, strategic orientation, succession, and more broadly, performance (De Massis, 2012; Eddleston et al., 2010; Kandade et al., 2021). For instance, a group of researchers focus on the impact of trust and commitment on succession, firm innovativeness, performance, and strategic partnership (Eddleston and Morgan, 2014). Others examine the influence of relational embeddedness (i.e., trust, identification, and mutual obligations) on the self-efficacy, entrepreneurial behaviors, governance leadership, business affiliation, and growth (Zellweger et al, 2019) or on the next generation leadership (Kandade et al., 2021). Accordingly, while the data from this research indicates that each of these relational dimensions has an influence on the ways in which organizational actors access resources, join forces, and cooperate in family business contexts, it also indicates that these dimensions co-exist in each interpersonal relationships, and that as such, they need to be understood in relation to one another.

My observations also offer the opportunity to elaborate and theoretically extend our understanding of social capital in family business. Findings suggest a new conceptualization of family business social capital that moves away from a focus on the nature of ties composing this unique pool of resources (Arrègle, Hitt, Sirmon & Very, 2007), to an emphasis on social capital underlying consistency over time. Moreover, my observations also contribute to the advancement of our understanding of social capital institutionalization processes in long-lived family businesses. Drawing on DiMaggio & Powell's (1982) typology of isomorphic processes, I theorize the contingent role of relational configurations across family business as well as the processes that support their development in such contexts. Finally, this paper hold promises to extend the ideas of Nahapiet and Ghoshal (1998) on the dimensions of social capital by proposing a cross-level approach to relational behaviors in family business, which expands our understanding of the micro-relational mechanisms that fosters the development of this pool of resources in such contexts.

Finally, the findings of this research also have important practical implications for strategic management of family businesses. They show that the preeminent relational configurations of a family business are core competencies that foster the development and the maintenance of its social capital. They also ensure the stability and the consistency of its organizational culture and its stakeholder management approach across generations. In this respect, the findings of this paper offer new insights for the strategic management of relationships and the preservation of crucial relational capabilities in family businesses during key processes such as succession, mergers and acquisitions, and internationalization.

This article begins by introducing certain theoretical ideas on interpersonal relationships in family business contexts. I then present the methodology used for this research. Next, I present the results which are organized in three sections. The first section is devoted to the presentation of the relational model and the five binary dimensions of interpersonal relationships that emerged from the cases. The second section describes the six contrasting configurations that were observed in the data set and derived from the relational model and theorizes the role of relational capability in stabilizing each configuration. The third section presents the conditions and the processes that lead to relational specialization in family businesses over time. I summarize my theoretical and practical contributions in the final section, where I also review the work, present this study limitations and propose a future agenda.

## **2.2 Theoretical Background**

The social, relational, and institutional embeddedness approaches are useful to explain family firm distinctive behaviors pertaining to the social and institutional contexts in which they are embedded (Aldrich & Cliff, 2003). These approaches highlight the importance of social relations in understanding family business performance. For instance, the degree of social embeddedness of a firm and its executive managers in a family is found to impact the family behaviors and the nature of its influence in its business (Le Breton-Miller & Miller, 2009). Similarly, the degree of relational embeddedness (i.e., trust, commitment, and mutual obligation) among family members has shown to influence the performance of a family entrepreneurial team (Bird and

Zellweger, 2018). More broadly, the embeddedness of a family and its business in diverse institutional environments result in different governance arrangements and a variety of ways of connecting with stakeholders (Miller, Le Breton-Miller, Amore, Minichilli & Corbetta, 2017). These family business embeddedness inflexions highlight the importance of understanding social relations in family business (Zellweger et al., 2019). Over time, these businesses endorse distinctive behaviors and develop unique relationships that are tailored to their extended temporal horizon and to the family noneconomic goals and motivations (Chrisman et al., 2012). Building on these precepts, scholars point out how issues pertaining to the strength of social ties, power distribution among organizational actors, trust, solidarity, and reciprocity take singular shapes in family businesses.

### ***2.2.1 Strength of Ties: The Bivalent Outcomes of Intra- and Inter-Family Business Relationships***

A trend of research focuses on the nature, quality, and strength of social ties and their impact of family business processes, practices, and performance. Bivalent outcomes are associated with intra-familial strong, high-quality relationships carried in any business contexts (Ertug, Kotha, & Hedstrom, 2020), and family businesses are no exception (Arrègle, Miller, Hitt, & Beamish, 2016). On one side, a group of studies stresses the valuable resources that are strong family ties (Anderson, Jack & Dodd, 2016; Sharma, 2008; Steier, 2007). Herrero (2018) finds that bonding social capital, which is accumulated among family members and is formed around intense relationships based on commitment, trust, and shared vision, is a source of competitive advantage in family business. Similarly, Kandade and colleagues (2021) find that high-quality relationships among family members and key employees are central in developing the leadership of the next generation. This development is supported by mutual respect, trust, early affiliation with the firm, mentoring, and mutual obligation. As they adopt a contingency and structural approach to relationships, Ertug and colleagues (2020) find that the impact of kinship ties on new firms' performance depends on the hierarchical position of the family members in this firm. Horizontal employee kin ties, for instance, are better than vertical founder-employee or horizontal founder kin ties as they facilitate coordinating mechanisms while they mitigate the negative effects (e.g., nepotism) associated with kin ties in businesses. On the darker side, strong ties among family members also induce bias



and facilitate nepotism while also influencing leaders in wrongly choosing family members as successors (Liu, Eubanks, and Chater, 2015).

Other research focuses on the family business inter-firm relationships. Again, a paradox characterizes these relationships (Debellis, De Massis, Petruzelli, Frattini & Del Giudice, 2021). While family businesses are endowed with higher ability to govern joint ventures, they also present a lower degree of willingness to engage in such relationships. According to Debellis and colleagues (2021), it is the strong emotional attachment of family members towards their business that provides them to strategically develop their business and disengages them in forming joint ventures. In a similar vein, Mani and Durand (2019) investigate the influence of family involvement in the family firms bridging behaviors and their likelihood to affiliate to business groups. They find that firms with high family embeddedness are less likely to engage in cross-firm ties, while firms with high intercorporate community embeddedness are likely to engage in such affiliations.

### ***2.2.2 Power distribution: Centralized Power in Family Business***

Many family-owned businesses are “centralized in power and ownership” (Miller, Steier, and Le Breton-Miller, 2003). As such, in the literature on family business, power is conceptualized to be unequally distributed among family members, executives, and shareholders. Consequently, it is the ownership concentration that is indicative of the level of power a family member holds in the business (Gersick, Davis, Hampton & Lansberg, 1998). While agency theory suggests that family owned and managed businesses might be less affected by agency costs and moral hazards due to the alignment between owners and managers, the family commitment to preserving the control of the ownership of their family business across generations might induce nepotism and revive relational complexity among family members, asymmetric altruism, and interest misalignment (Chrisman, Chua & Litz, 2004). The distribution of power among family members is, thus, sensitive and sensible. Both holding on to power and cutting too much of slack during succession processes can lead to successors problematic behaviors (Miller, and al., 2003). This can eventually induce agency costs in family businesses (Chrisman et al., 2004).

### ***2.2.3 Trust: Transversal Influence on Family Business Performance***

Trust is a governance mechanism that captures one's "willingness to be vulnerable to another party and the expectation that an exchange partner will not behave opportunistically even when such behavior cannot be detected" (Eddleston et al., 2010: 1044). Trust is developed more easily in a family business context as the family members share a common past which requires them to maintain relationships which go beyond the economic logic (Sundaramurthy, 2008). Since they nurture trusting relationships, family members and leaders develop cooperative behaviors within their family business and encourage commitment (Allen, George & Davis, 2018). As an individual level concept, trust pertains to the emotions and cognitive processes. These processes play a central role in forging the ways organizational members tackle a relationship (Anderson & Thompson, 2004) and perceive family members intentions (Davis, Allen & Hayes, 2010).

### ***2.2.4 Solidarity: Transgenerational Cohesion and Organizational Unity***

Concepts such as transgenerational family unity and cohesion can be placed under the umbrella of solidarity (Gimenez-Jimenez, Edleman, Minola, Calabro & Cassia, 2021). Taking its roots in social sciences and family theories (Jaskiewicz, Combs, Shanine & Kacmar, 2017), solidarity circumscribed how "the extended family maintains cross-generational cohesion [...] that allow contact, in spite of centrifugal social forces that distance family members" (Silverstein & Bengtson, 1997: 431 in Gimenez-Jimenez et al., 2021). Intergenerational solidarity and cohesion, which is created from children's frequent contacts and exposures with parents, impact the affective commitment of the next generation as well as their succession intention (Gimenez-Jimenez et al., 2021). Solidarity not only applies to family members, but also to family business actors and employees. In this respect, value unity among individuals in a family business is shown to be more important than the nature of the values of a family business (Distelberg & Blow, 2010). In a similar vein, unity among supervisors and supervisees affect the performance of employees in family business. Congruence among family members and their business employees is positively affected by the familial status of their supervisors and their dedication in preserving socio-emotional wealth (Campopiano & Rondi, 2018; McLarty, Vardaman, Barnett, 2019).

### ***2.2.5 Reciprocity: Generalized Exchanges and Mechanism of Commitment***

Reciprocity is a norm that structures exchanges and supposes that “when one is given a resource, he or she will feel compelled to offer a resource in return” (Pearson & Marler, 2010: 1119). In accordance with the anthropology literature on kinship, Stewart (2003) discusses paradoxical normative rules on which is established the norm of reciprocity in family business. If kinship is characterized by long-term generalized reciprocity, markets are defined by short-term balanced reciprocity. Consequently, the norm of reciprocity in family business is based on the ability of family members and managers to bridge the moral orders of the kinship system and the tactical practices of the market system (Stewart, 2003). In this respect, a group of studies suggest that family businesses lean towards the development of generalized reciprocal behaviors that structure the relationships between family members and their employees (Pearson & Marler, 2010; Barnett, Long & Marler, 2012). Drawing on Leader-Member exchange theory, Pearson and Marler (2010) suggest that family members stewardship motives and behaviors in family business bring employees to trust their leader, enhance their commitment, and lead them to reciprocate stewardship behaviors. Similarly, drawing on the tenets of social exchange theory, Barnett, Long and Marler (2012) propose that norms of reciprocity mediate the relation between family involvement and managers collective perception of procedural justice. Therefore, a strong family vision within a firm’s dominant coalition, which leads to the establishment of a generalized exchange system, is associated with non-family managers collective positive perception of procedural justice climate. In opposition, weak family vision entails a restricted exchange system and induces a negative perception of procedural justice.

Moving forward, this paper uses a configuration approach in order to understand these dimensions in relation to one another and to shed light on the plural form of interpersonal relationships across family business. I proceed by suggesting that various kinds of families and family businesses, which are embedded in different institutional and social contexts, exist with differing relational configurations. By understanding the diverging arrangements of the relational dimensions that compose interpersonal relationships,

insight is gained into the contingent role of interpersonal relationships in generating enduring social and economic value across family business.

## **2.3 Method**

This study is meant to generate new theoretical insights on the forms, the role, and the evolution of interpersonal relationships in family business contexts. The theory-building approach employed here has great influence on the epistemology, design, sample, and analysis methods of this research (Eisenhardt & Graebner, 2007). As a result, the exploratory nature of this study propelled the adoption of multiparadigm and abductive posture (Schultz & Hatch, 1996), which help to generate novel configurational-based theoretical developments (Miller, 1996, 2018) on interpersonal relationships in family business contexts.

### ***2.3.1 Multi-Study Cases Approach***

In this study, I adopt a multi-study cases design to develop new theoretical understanding of the form of interpersonal relationships in long-lived family businesses and their management over time. The multi-study cases design is particularly well adapted for theory building (Nordqvist, Hall & Melin, 2009) as well as for observing complex phenomena like interpersonal relationships (Kandale et al., 2021) in family businesses. The use of a multi-study cases and qualitative design based on a secondary data set is appropriate for three reasons that are all related to one of the main objectives of this paper: theory building. Firstly, the research question was “tightly scoped within the context of an existing theory” (Eisenhardt & Graebner, 2007: 26), that is in this paper, interpersonal relationships in family business. The qualitative-related data and methods helped to offer new insights into the complex social, cultural, and historical processes that animate interpersonal relationships in organizational contexts. Secondly, the multi-study cases design offered a strong basis for theory building as it enabled case comparisons, replication of emergent findings and causal relations across cases, and constructs clarification. It also held promises to greater abstraction and generalization (Eisenhardt & Graebner, 2007). Finally, besides offering a longitudinal grasp on interpersonal relationships in family business contexts, the history-informed cases presented interesting

settings for multi-level analysis and theoretical developments. In this respect, the material used to build the cases provided useful, detailed, and archive-informed accounts of the most significant interpersonal relationships in each business. These accounts were integrated and contextualized into more encompassing historic portraits of these businesses. Consequently, this material presented potential to inform theory building by offering the opportunity of looking at interpersonal relationships from two levels of analysis: (1) the relational level by studying and comparing the accounts of interpersonal relationships across cases, and (2) the firm level by looking at the ways these are integrated into the firms' broader contexts.

### ***2.3.2 Theoretical Sampling and Case Selection***

I adopt a theoretical sampling to find cases that were information-rich and that stimulate the development of new understanding of interpersonal relationships in family business. To generate new insights on this topic, I first identified exemplary contexts in which interpersonal relationships would potentially take a more central place. Firstly, the epoch of the business foundation can be indicative of a more relational context. Drawing on Polanyi's (1944) assumptions about the embeddedness of pre-modern economic activities (and firms) in social institutions, I focused on businesses that were founded before the Industrial Revolution in their respective country and industry. I consequently assumed that these businesses are more relational and thus less transactional because they have their roots in precapitalistic settings. Secondly, long-lived family businesses regroup favorable conditions to observe relational patterns over time. It can be supposed that a family enduring tenure at the head of a business can lead to the development of powerful and enduring interpersonal relationships and to the reproduction of clear relational behaviors over time (Arrègle, et al, 2007; Sasaki, et al., 2019).

Based on these factors, I selected six patrimonial businesses that were founded more than 175 years ago and that were owned and managed by the same family for at least 100 years (i.e., Beretta, Pollet, Mellerio dits Meller, Cartier, VMC, and Peugeot) (see Table F). These six cases were chosen based on their theoretical relevance to my research question. This selection was also in part based on the availability of the rich, relevant, and reliable secondary data and historical accounts. The cases were built based on historic books

written by historians, organizational scholars, or family members. To guarantee the quality of the data set, attention was directed to the quality of the method and the data that were used to develop these historic reports. In doing so, I conducted a critical hermeneutic analysis of each book (see the section on the analytical process) (Phillips & Brown, 1993). I have, thus, built my cases based on books and cases that were written by historians, organizational scholars, or family members who used archival-based methodologies to develop their respective work. By selecting these archival-based publications, I had access to some of the raw data by the means of citations and annexes. Excerpts of letters exchanged between family members, their employees, their clients, or suppliers, quotes from family members, testimony of top management team members, or pictures of important contracts and rewards were examples of raw data that were useful in validating the trustworthiness of the publications selected for this project. It was also helpful for the development of each study cases for this research project.

**Table F: Study Cases Overview**

	<b>Beretta</b>	<b>Pollet</b>	<b>VMC</b>	<b>Peugeot</b>	<b>Mellerio</b>	<b>Cartier</b>
<b>Foundation year</b>	1526	1763	1676 – owned by the Viellard-Migeon family since 1796	1763 (1810; 1812)	1613	1847 (Sold during the 1960s to non-familial groups)
<b>Family</b>	Beretta	Pollet-D'Hondt	Viellard	Peugeot	Mellerio	Cartier
<b>Country</b>	Italy	Belgique	France	France	France/Italy	France
<b>City</b>	Gardonne (Val Trompia)	Tourmai	Morvillars / Grandvillars	Pays de Montbéliard	Paris/Craveggia	Paris
<b>Industry</b>	Gun maker	Oil and soap	Steel industry	Automobile	Jewelry	Jewelry
<b>Commercial transaction structure</b>	Business to business Business to consumer	Business to business	Business to business	Business to business	Business to consumer	Business to consumer
<b>Main business long-term strategy</b>	Deal maker	Innovator	Operators	Operators	Craftsman	Brand Builder / Craftsman
<b>Books or cases used for this research</b>	<ul style="list-style-type: none"> <li>• Morin and Held, 1980.</li> <li>• Foulkes, 2016</li> <li>• Ward, 2006.</li> </ul>	<ul style="list-style-type: none"> <li>• Collectif, 2013</li> <li>• Molly, 2018</li> </ul>	<ul style="list-style-type: none"> <li>• Lamard, 1996.</li> <li>• Battard, 2015.</li> </ul>	<ul style="list-style-type: none"> <li>• Loubet, 2009</li> <li>• Frerejean, 2000</li> <li>• Caracalla, 1990</li> </ul>	<ul style="list-style-type: none"> <li>• Mellerio, 1863.</li> <li>• Meylan, 2013.</li> <li>• Collectif, 2016</li> <li>• Calvez, 2016.</li> </ul>	<ul style="list-style-type: none"> <li>• Cartier-Brikell, 2019</li> <li>• Rudoë, 1997</li> <li>• Fine Arts Museum of San Francisco, 2009</li> </ul>
<b>Nbr of passage studied and coded</b>	40	61	98	364	93	304
<b>Recurring relational configurations</b>	Collaboration configuration + Coalition configuration		Alliance configuration + Reliance configuration		Filiation configuration + Acquaintance configuration	

Because impartiality can influence historical accounts, I employed a triangulation method by using academic books, case studies, commissioned books, and family memoirs to

attenuate possible bias derived from impression management discursive strategies (Phillips & Brown, 1993). The triangulation method also improved the validity and the internal consistency of each study case (Yin, 2009). Therefore, by using different historic accounts of a same business, I was able to validate each account by comparing them. I was also able to get a fuller portrait of each case by regarding each account as complementing one another.

### ***2.3.3 Approach of Configuration as Analysis Framework***

In this research, the approach of configurations was mobilized as a framework that guided the ways in which I organized and made sense of the profuse and somehow fuzzy data set used for this project (Miller & Le Breton-Miller, 2005; Miller, 1996; Mintzberg, Ahlstrand, & Lampel, 2001; Nordqvist, Sharma, & Chirico, 2014). Besides offering a useful working structure, the configurational approach presented opportunities for the development of new theoretical insights on interpersonal relationships in organizational contexts (Short, Payne, & Ketchen, 2008). While this phenomenon has generated abundant research over time in both organizational studies and broader fields of social sciences, it appears that it was mainly addressed in narrowly focused approaches (i.e., transaction cost theory, social exchange theory, social capital, etc.), which center on specific relational dimensions such as trust, reciprocity, dependence, proximity, and power. In that respect, the configurational approach held great promise to elaborate an integrative and overarching conceptualization that would identify and describe the different constitutive elements of interpersonal relationships in family business contexts, while theorizing the interdependencies among them (Miller, 2018).

Moreover, the approach of configuration provides a middle-range approach that captures the tension between generalizable rules and case-by-case theorization tactics (Miller, 2018). This not only fits with our multi-study cases research design, but it has also provided interesting bases to theorize within and across study cases, while connecting different levels of analysis (Fiss, 2009). In this paper, different facets of the approach of configuration were mobilized depending on the level of analysis. Therefore, the relational level of analysis required cross-case analysis tactics. This led to the elaboration of a relational model established on five binary dimensions (i.e., generalizable rules) from

which were derived six configurations of interpersonal relationships. On the other hand, the firm level of analysis required both case-by-case and a cross-case analysis tactics. From back and forth between both tactics, I was able to observe the contingencies that support the development of specific configurations in my study cases.

**Table G: Books or Cases Used for This Research**

Case	Reference	Author's occupation	Context of publication
Beretta	Morin, M. & Held, R. (1980). <i>Beretta: The world's oldest industrial dynasty</i> . Chiasso: Acquafresca Editrice, 283 p.	<ul style="list-style-type: none"> <li>• <b>Marco Morin</b>: Expert in military history and Venice republic</li> <li>• <b>Robert Held</b>: Author, Editor of the review <i>The Arms and Armor Annual</i></li> </ul>	Reference book on Beretta
	Foulkes, N. (2016). <i>Beretta: 500 years of the world's finest sporting life</i> . New York: Rizzoli International Publications, 290 p.	<ul style="list-style-type: none"> <li>• <b>Nicholas Foulkes</b>: Historian, author, and Editor-in-Chief of <i>Finch's Quarterly Review</i></li> </ul>	Book commissioned by the Beretta family for the 500 <sup>th</sup> anniversary of the family business
	Ward, J. L. & Lief, C. (2006). <i>Prudence and audacity: The house of Beretta</i> . Lausanne: IMD, Case # 296, 12 p.	<ul style="list-style-type: none"> <li>• <b>John L. Ward</b>: Clinical Professor Emeritus of family enterprise and founder of the Family Business Consulting Group</li> <li>• <b>Colleen Lief</b>: Family business scholar</li> </ul>	Teaching study case
Pollet	Coll. (2013). <i>Les Pollet: De 1713 à 2013, trois siècles à Tournai</i> . Tournai: Editeur SA Pollet, 208 p.	<ul style="list-style-type: none"> <li>• Group of historians in collaboration with Pollet family members</li> </ul>	Book commissioned by the Pollet family for the 300 <sup>th</sup> anniversary of the family business
	Molly, V. & Laveren, E. (2018). <i>Pollet SA: Case Study</i> . Antwerp: Antwerp management school, 32 p.	<ul style="list-style-type: none"> <li>• <b>Vincent Molly</b>: Professor</li> <li>• <b>Eddy Laveren</b>: Professor</li> </ul>	Teaching study case
VMC	Lamard, P. (2016). <i>Viellard-Migeon et Cie (1796-1996) : de la forge à la société holding</i> . Paris: Polytechnica, 289 p.	<ul style="list-style-type: none"> <li>• <b>Pierre Lamard</b>: <i>Maître de conférences</i> at the Institut Polytechnique de Sévenans</li> </ul>	Reference book on one of the oldest industrial family
	Battard, N. (2010). Local embeddedness as driver for innovation: The story of VMC and steel transformation. <i>Les hénokiens Case collections</i> .	<ul style="list-style-type: none"> <li>• <b>Nicolas Battard</b>: Assistant professor (business school)</li> </ul>	Teaching case study
Peugeot	Loubet, J.-L. (2009). <i>La maison Peugeot</i> . Paris: Perrin, 570 p.	<ul style="list-style-type: none"> <li>• <b>Jean-Louis Loubet</b>: Professor of modern history</li> </ul>	Reference book on one of the oldest industrial family
	Frerejean, A. (2006). <i>Les Peugeot: Deux siècles d'aventure</i> . Paris: Flammarion, 424 p.	<ul style="list-style-type: none"> <li>• <b>Alain Frerejean</b>: Industrial historian</li> </ul>	Reference book on one of the oldest industrial family
	Caracalla, J.-P. (1990). <i>L'aventure Peugeot</i> . Paris: Éditions Denoel, 159 p.	<ul style="list-style-type: none"> <li>• <b>Jean-Paul Caracalla</b>: Author</li> </ul>	Book that provides an overview in text and photos of the family business' history
Mellerio	Meylan, V. (2013). <i>Mellerio dits Meller: Joaillier des reines</i> . Paris: Éditions SW Télémaque, 411p.	<ul style="list-style-type: none"> <li>• <b>Vincent Meylan</b>: Historian and journalist, specialist of Vendôme Place</li> </ul>	Reference book on Mellerio's clients
	Mellerio, J. (1893). <i>Famille Mellerio, son origine et son histoire, 1000-1863</i> . Paris: Hachette Livre & Bibliothèque Nationale de France, 305 p.	<ul style="list-style-type: none"> <li>• <b>Joseph Mellerio</b>: Mellerio family member</li> </ul>	Family memoirs
	Berard, E., Mellerio, L.-I., & Lanselle, D.-S. (2016). <i>Mellerio: Le joaillier du Second Empire</i> . Pibram: Pbtisk, 94 p.	<ul style="list-style-type: none"> <li>• <b>Émilie Berard</b>: Art historian</li> <li>• <b>Laure-Isabelle Mellerio</b>: Mellerio family member</li> <li>• <b>Diane-Sophie Lanselle</b>: Director of communication at Mellerio</li> </ul>	Promotional book (museum type)
	Calvez, V. (2015). <i>Mellerio dits Meller, la plus ancienne joaillerie du monde: Les paradoxes de la pérennité</i> . Actes de la 7 <sup>ème</sup> édition du COSSI « Quel management pour une organisation durable? », 10-12 juin 2015 – BSI, Université de Montréal (Québec), Canada.	<ul style="list-style-type: none"> <li>• <b>Vincent Calvez</b>: Professor of family business</li> </ul>	Conference paper
Cartier	Cartier-Brickell, F. (2019). <i>The Cartiers: The untold story of the family behind the jewelry empire</i> . New York: Ballantine Books, 625 p.	<ul style="list-style-type: none"> <li>• <b>Francesca Cartier-Brickell</b>: Cartier family member</li> </ul>	Family memoirs
	Rudoe, J. (1997). <i>Cartier: 1900-1939</i> . London: British Museum Press, 344 p.	<ul style="list-style-type: none"> <li>• <b>Judy Rudoe</b>: Art historian, Assistant Keeper, British Museum</li> </ul>	Book commissioned by the British Museum
	Chapman, M. (2009). <i>Cartier and America</i> . Munich, London, and New York: Prestel, 176 p.	<ul style="list-style-type: none"> <li>• <b>Martin Chapman</b>: Curator at the Fine Arts Museum of San Francisco</li> </ul>	Book commissioned by the Fine Arts Museum of San Francisco



#### ***2.3.4 Data Analysis: Three-step Analytical Process***

I have conducted a three-step analytical process that was influenced and informed by the approach of configuration. Each step of the process was driven by a specific research question that called upon the use of different qualitative-based methods of analysis. Throughout this three-step process, I read the materials used to develop the six cases several times. The repetitive and circular nature of the analytical process allowed for theoretical refinement and thoroughness.

##### *First Step: Case Construction and Exploration of the Interest of Research*

The first step of our analytical process was centered around case identification and the exploration of my interest of research. This step was guided by this broad research question: How do interpersonal relationships manifest themselves in family businesses? To answer this question, I read a series of history books, study cases, and family memoir about bicentennial family businesses and paid attention to the way interpersonal relationships were described. I used a critical hermeneutic approach (Phillips & Brown, 1993) to evaluate the quality of the textual material used to build each case. The critical hermeneutic approach provided a structured framework for taking a critical look at the secondary-data material used to build my study cases.

Firstly, a socio-historical analysis of each book allowed me to interpret the authors' intentionality in terms of the context in which their books or texts were developed and published (e.g., academic, organizational, family contexts), and the purpose of the texts (e.g., to produce scientific knowledge, to celebrate a firm anniversary, to remember ancestors' past achievements). This analysis allowed me to address each case in a critical and systematic manner. For example, we may attribute more impartial intentions to books written by academics (i.e., historians and organizational scholars) that were developed with the purpose of producing scientific knowledge. In contrast, commissioned books, which are also written by historians or organizational scholars hired by a family to commemorate an anniversary, may be associated with some marketing and impression management tactics. Finally, family memoirs may propose a more intimate account of families and their business history. However, they may also be influenced by impression management tactics. Family members might write memoirs to preserve or perhaps

revitalize their family and business reputation. Consequently, the socio-historical hermeneutic analysis provided useful information for data triangulation. To attenuate possible bias derived from impression management discursive tactics, each case was constructed based on textual materials that were produced in different contexts and for different purposes (please see Table G).

Secondly, a more formal analysis of each book allowed me to validate the importance of my research interest. It also provided a holistic view of the place of interpersonal relationships in these organizations in respect to the structure of the text. The books' structure, the repeated occurrence of specific interpersonal relationships throughout books, and the level of detail used to describe these interpersonal relationships were indicative of some heterogeneity in the relational behaviors across cases. For example, if a chapter is devoted to a person (employee, customer, supplier, competitor) or if the mention of this person or group is recurrent throughout the books written about a family business, it is possible to conclude that the interpersonal relationship between the members of the founding family and this person or this group is important in the development of the family business.

Also, the different ways in which authors describe the organizational actors in their books can suggest some relational heterogeneity across the family businesses studied for this project. For example, writing about Mr. X or Ms. Y is very different from writing about broader categorizations of people such as the working class to characterize employees, sales to characterize customers, or the competition to characterize competitors. Of course, these differences may be attributive to variations in the nature of the archives used to develop each book and case. Some archives may not contain the proper material from which detailed personifications of these groups of individuals can be developed. However, I suggest that the amount of detail used to represent each stakeholder might also indicate a variety of interpersonal relationships and behaviors across cases.

The formal analysis helped me not only to validate the importance of my research interest, but also to begin the data analysis by developing a holistic understanding of each case. Repetitive themes, which were characterizing interpersonal relationships across cases

(i.e., trust; power; reciprocity; proximity; exchanges), surfaced from this first round of analysis. These broad themes served as launching points for the second step of my analytical process.

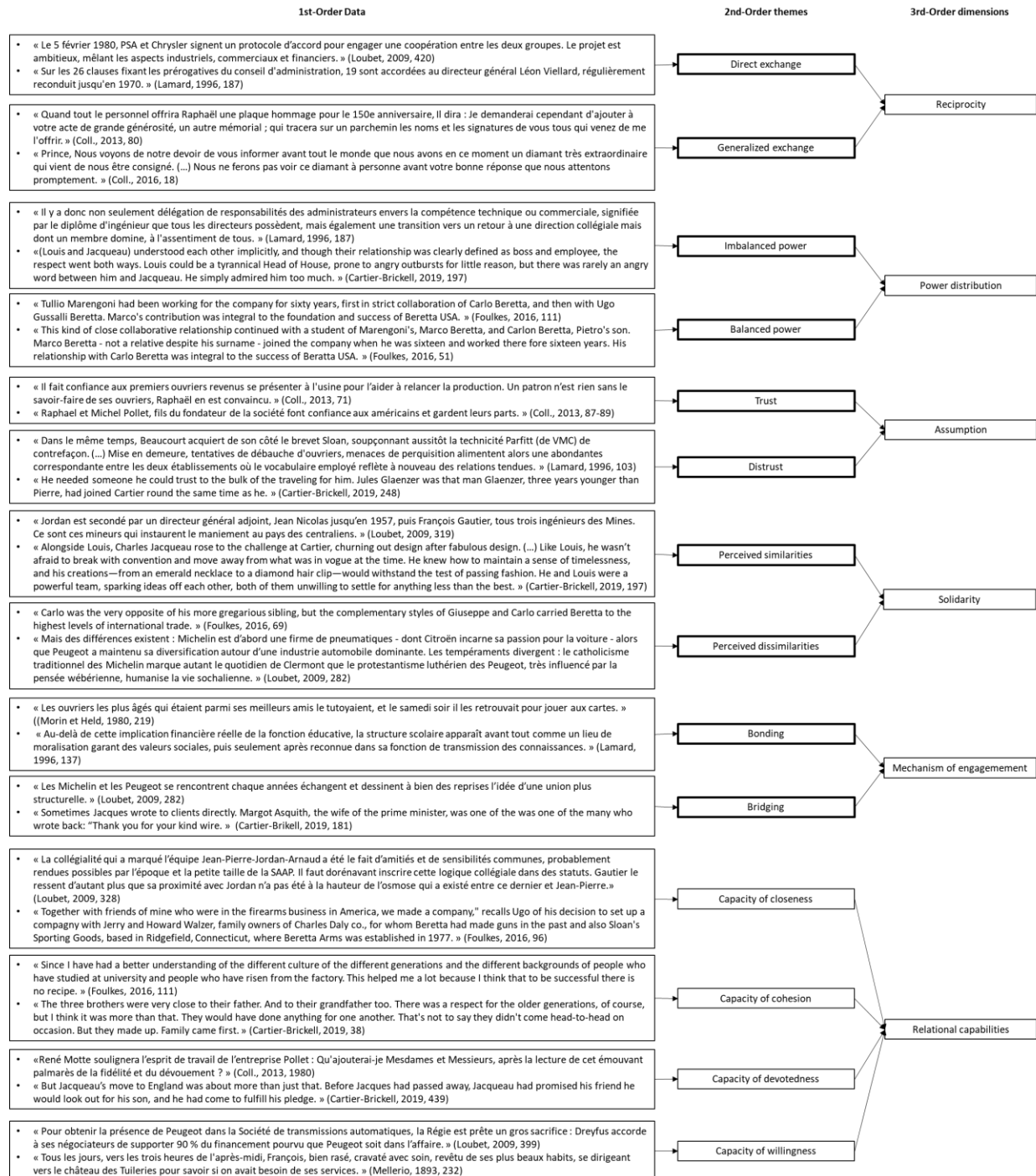
### *Second Step: Relational Level and Aggregated Dimensions*

The second step of my analytical process was centered on the relational level of analysis. It was guided by this research question: What form do interpersonal relationships take in family businesses? To answer this question, I proceeded with a new reading of the books selected for each study cases. I then systematically identified all passages that were describing a situation related to interpersonal relationships. In total, 960 passages were identified across the six cases (see Table F for details). These passages were coded by using a qualitative content analysis method (Sonpar & Golden-Biddle, 2008). The qualitative content analysis method was appropriate as it provided a structured and replicable analyzing technique that was applied systematically to the large quantity of data (Sonpar & Golden-Biddle, 2008). The relational dimensions, which emerged during the prior analytical step, structured this coding process as I was able to reduce and compartment the data. I have thus analyzed the content of each passage relating to interpersonal relationships by deconstructing the authors' accounts in terms of these categories (for examples, see Table I in Annex).

Dimension refinement was made using Gioia and colleagues' (2013) method (for examples, see Figure D). Consequently, I clustered the passages, which were previously coded, into 14 2nd-order themes. From these 14 themes emerged six 3rd-order aggregated dimensions. While conducting this analysis, I continued to read the literature on interpersonal relationships in organizational studies, sociology, and anthropology (Sonpar & Golden-Biddle, 2008). This abductive theory building posture helped to maintain internal theoretical trustworthiness (Eisenhardt & Graebner, 2007). This process led to the refinement of the initial categories into five binary dimensions (i.e., Power distribution, Assumption, Solidarity, Reciprocity, Mechanism of engagement) and one stabilizing dimension (i.e., Relational capabilities). Ultimately, this overall process led to the development of a relational model from which was derived six configurations of enduring interpersonal relationships. These six configurations were predominant and

repeatedly observed in the cases studied for this project. They were also characterized by their stability and consistency in time.

**Figure D: Dimension Refinement**



Source: Gioia et al. 2013

### *Third Step: Chronological Analysis—Firm Level and Timelines*

The third and final step of my analytical process was centered on the firm level of analysis. It was driven by this research question: How do family firms manage their interpersonal relationships over time? To answer this question, I constructed a chronological timeline for each case in which each relationship previously identified and coded, was associated to a configuration, and reinstated in the firm context and broader history. A case-by-case chronological and contextual analysis performed at the firm level revealed which configurations of relationships are the most prevalent in each business and the contingent factors explaining this predominance. From a cross-case analysis, I was able to observe three distinct pairs of configurations that are reproduced over time in specific family business and that are generative of enduring social and economic value.

## **2.4 Results**

What emerged from my data were insights that link interpersonal relationships—and their constitutive dimensions—with the social contexts and organizational structures in which these are embedded. My findings indicate that five binary intersected dimensions are simultaneously at play between individuals who are involved in a relationship. My data also showed that variations among these fundamental dimensions lead to the establishment of contrasting configurations of interpersonal relationships. Across the six cases studied for this project, I was able to observe three configurations of intra-firm interpersonal relationships and observe three configurations of extra-firm interpersonal relationships. Comparisons between the relationship-focused timeline developed for each study case revealed that family businesses tend to specialize over time in the development of a pair of relational configurations composed of one configuration of intra-firm relationships and one configuration of extra-firm relationships. Across the six cases studied in this paper, three distinct pairs of relational configurations were observed to generate long-term economic and social values in family businesses. Contextual analyses suggest that the specialization of family business into the development of a specific pair of relational configurations is caused by isomorphic pressures exerted by the social contexts in which the family business is embedded (i.e., society, community, family,

industry). This relational specialization can also be explained by the active role of the relational configurations in implementing the family business long-term strategy.

In the next sections, I illustrate my empirical observations. These are organized around three main conceptual building blocks that are (1) the relational model and its five binary dimensions, (2) the six contrasting configurations of enduring interpersonal relationships that were observed in my sample, and (3) the contingencies that support the development and the durable implementation of specific pairs of relational configurations in family business contexts.

## **2.5 Five Binary Dimensions of Interpersonal Relationships**

Converging evidence across cases supports the observation that interpersonal relationships in family firms are structured around five binary dimensions (i.e., Power distribution, Assumption, Solidarity, Reciprocity, and Mechanism of engagement). Table I (in Annex A) illustrates with quotes from my cases the dimensions with which interpersonal relationships in family businesses are established.

### ***2.5.1 Power Distribution: Imbalanced and Balanced Distribution***

The first dimension on which interpersonal relationships in long-lived family businesses are established is the power distribution. Behind the dimension of power distribution lies dynamics of interdependence, where one's behaviors, preferences, and choices affect the other's behaviors, preferences, choices and vice versa. In a Weberian sense, social relationships engage several actors whose actions influence those of the others. It is this mutual influence that orients collective action (Weber, 1978). In this perspective, power is seen as the capacity of individuals or groups to control the social resources, which in return confer upon them the "ability to accomplish action" (Campbell, 2009: 411) and to influence others in taking part in this action. Power is thus distributed among actors involved in a relationship in a way that if one gains relative power, the relative power of the other necessarily decreases (Heiskala, 2001). This correlation infers power distribution with underlying dynamics of interdependence. My observation suggests that depending on the relationships, power distribution can take two contrasting forms.

Individuals involved in a relationship could either be caught up in an imbalanced power distribution system or in a balanced power distribution system.

In an imbalanced power distribution system, the power is possessed by an individual who has the ability to control the available social resources. These resources include social respect brought by seniority or higher hierarchical positions, or capitals (i.e., social, human, economic) (Weber, 1971). Imbalanced power distribution system can be observed between top management team members and external firms' stakeholders such as clients or suppliers, and between top management team members and their employees. In the cases of Cartier or Mellerio, the relationships between these businesses' actors—family owners, managers, and salesmen—and their clients are characterized by an imbalanced power distribution system. Their clients control the social resources by means of their social ranks and economic capitals, which give them the ability, and even the right, to change the terms upon which their relationships are based:

*When big sales came off, it was worth the extra effort, but traveling all over Europe from London was time-consuming and often far from straightforward. Jacques would be summoned to Copenhagen only to be told the Grand Duchess Olga couldn't see him after all or arrive in Paris to see the Yusuonly to be told the Prince was traveling and his wife was "at a friend's house—says she's sick."*  
(Cartier-Brickell, 2019, 298)

Similarly, in the Cartier, Mellerio, VMC, and Peugeot cases the relationship between the members of the owning family and top management team members or their employees is also characterized by an imbalanced power distribution system. Consequently, the Cartier and the Mellerio family members are defined by their seniority in the craft that confers them with superior knowledge of one's field. While they control the social resources available, family members wield some power over all their employees, even the most experienced ones (See Table I in Annex A for examples).

More extreme cases of imbalanced power distribution between family members and their employees are observed in the VMC and the Peugeot case. Over time, the Viellard and the Peugeot families and their top management team members have developed a series of

social policies and programs to improve the life quality of their employees. The control of all the resources surrounding their employees' daily lives (e.g., housing, health services, schooling, grocery stores, etc.) give them the ability to determine the terms on which the relationships are established. It also confers them with the power of maintaining or terminating relationships. They use that power to fire rebellious employees or to regulate the proper conduct and behaviors not in their business but also in the city, where they took turns at the office of mayor.

In a balanced power distribution system, the social resources are distributed among the individuals who often possess complementary resources. Balanced power distribution systems were observed in the Berretta and the Pollet cases and characterize the relationships between the family members and their firms' clients and suppliers, or their employees. Because they tend to stress the complementarity of the social resources controlled by each party, both the Berretta family members and the Pollet family members develop relationships with their suppliers and their clients where the power is distributed equally among the individuals. For example, the second time the Berretta family tried to introduce their business into the U.S. market, they do so successfully because they paired with American entrepreneur friends for which the Berrettas were suppliers:

*Together with friends of mine who were in the firearms business in America, we made a company," recalls Ugo of his decision to set up a company with Jerry and Howard Walzer, family owners of Charles Daly co., for whom Beretta had made guns in the past and also Sloan's Sporting Goods, based in Ridgefield, Connecticut, where Beretta Arms was established in 1977. A year later Ugo bought the Firearms International factory in Accokeek, Maryland, on the outskirts of Washington, D.C. (Foulkes, 2016, 96)*

While the Berrettas came into the relationship with gun crafting and manufacturing expertise, the Walzers and the men from Sloan's Sporting Goods came into the relationship with contacts and the legitimacy to do business in the U.S.A., during a decade marked by the 1968 Gun Control act and Nixon's protectionist economic policies. The



complementarity of the social resources controlled by each party involved in these relationships led to the development of a balanced power distribution.

Similarly, the relationship between members of the Pollet family or the members of the Berretta family and their respective employees is also marked by a balanced power system where all parties controlled different, but complementary resources. With this mindset, Raphael Pollet hired Paul Leroy in 1895 when he took the rein of the family business. Soon Raphael Pollet and Leroy developed complicity while they were both on the mission of rescuing the business from years of problematic management.

*Consequently, a strong complicity emerges between “Cattoire” [Paul Leroy] and Raphael Pollet who will teach his “workmate” to read and to write. It was side by side that the worker and the boss embarked on this new industrial adventure. (Coll., 2013, 137)*

While Raphael Pollet came into the relationships with his engineering degree and his family legacy and support, Paul Leroy, 25 years old, arrived with already 13 years of experience in the oil and soap industry. Based on these complementary resources, the two men developed a 64-year-old relationship, where power was distributed in a relatively balanced manner between them.

### **2.5.2 Assumptions: Trust and Distrust**

The second dimension on which any interpersonal relationships in organizational contexts are established is the individuals' assumptions. The dimension of assumptions is associated here to individual bias, which leads to the development of trusting and distrusting beliefs about others. These biases can thus be defined as the cognitive and the psychological attributes that are developed by individuals based on prior social experiences. These biases influence individuals' relational behaviors and the ways in which they come to deal with the uncertainty and the social complexity arising from interpersonal relationships (Luhmann, 2018; Lewis & Weigert, 1985). In this respect, the dimension of assumptions puts forward the agency of the individuals involved in interpersonal relationships. The assumption of each agent shapes their reflexivity by affecting the ways in which they monitor and adjust to others while developing

interpersonal relationships (Giddens, 1986). Based on data analysis, I find that assumptions can take two shapes: Trust and distrust.

Trusting individuals primarily attribute good intentions to others. They are confident that the ones with whom they have a relationship will do what is expected (Bachmann, 2011). Family members from the Berretta, the Pollet, the Cartier, and the Mellerio families as well as the top managers of each of their firms assume, judging from my cases, that others, whether they are employees or external stakeholders such as clients or suppliers, have good intentions (see Table I in Annex A for examples). The Mellerios or the Cartiers, for instance, have the propensity of trusting their clients by handing important, valuable jewels over to them, and by being confident they will eventually be paid. This propensity to trust has, on more than one occasion, gotten both families and their employees into trouble. A letter from Jean and Antoine Mellerio addressed to the King François of Spain reports a problematic situation arising from their goodwill intention:

*Sire,*

*We have had the honor to address several petitions to you regarding the account of HRM Madame the Duchess of Sessa, whom you have taken care of for about five years. These have not had any effect and [we] believe they might not have reached you. We believe to be able to reach you by sending you this letter through the very hands of your august sister. Her Highness probably told us that by buying us jewels she warned us that they would be paid in cash by Your Majesty upon presentation of the invoice in accordance with a family arrangement between you. It was almost ten years since this took place, and we, fathers of ten children, we are losing in this business R\$75,857 of interest. Who will compensate us for this enormous loss? We believe we are blameless in front of God and in front of Your Majesty. [...]*

*Counting on the chivalrous loyalty and on the upright and generous conscience of Your Majesty, we have the honor to be with sentiments of deepest respect,*

*Sire,*

*Your very humble and obedient servants.*

*Mellerio frères.* (Meylan, 2013, 165)

From the beginning, the Mellerio brothers trusted the Infanta Louisa Theresa as they allowed her to pay the bill later in accordance with a family arrangement. Because they believed that their honorable clients would eventually respect their words, they waited ten years before claiming their due.

Although they were less patient than the Mellerios, the Cartier family members experienced similar situations. Trying to develop the Indian market and to construct trusting relationship with its rulers, Jacques Cartier lent a precious pearl necklace to the Maharaja of Patiala for one evening so that he could show it to his wife. The following day, when Jacques Cartier came to get back his pearls, the maharaja was nowhere to be found. To recover his pearls Jacques Cartier, aided by his brothers in Paris, had to imagine a stratagem:

*At this point, the normally patient Jacques was becoming anxious and quietly incensed. He had given up hope that the Maharaja of Patiala would buy the pearl, but he had other appointments elsewhere in India and didn't want to create a poor first impression by being late. He needed to get back on the road but first he needed his precious pearl in his possession. Reflecting on his predicament, he came up with a plan. He sent a confidential telegram to his brothers asking them to wire him back, via the palace, requesting his presence with the pearl in Paris immediately. It worked. Once the palace received the urgent telegram from Cartier HQ, the maharaja, now miraculously available, agreed to return the pearl to Jacques.* (Cartier-Brickell, 2019, 163)

While, on some occasions, their propensity to trust their clients put the Mellerios and the Cartiers in risky situations with potential important economic losses, it also helped them to develop interesting business opportunities.

The Mellerios, the Cartiers, the Berettas, and the Pollets also tend to trust their employees by assuming that they have good intentions (see Table I in Annex A for examples). For

instance, during his job interview, a perplexed Charles Jacqueau was asked by his future boss and mentor, Louis Cartier, to create jewels using the diamonds and precious gems at his disposal. Jacqueau, surprised by Louis Cartier's instinctive trusting inclinations, first thought he was scheming against him, only to realize later that the one thing Louis Cartier wanted was to leave him alone so he could concentrate and deploy his creativity (see Table I in Annex A).

While trusting assumptions were observed in most of our study cases, others were marked by distrust inclinations. It is the case of VMC and Peugeot, where family members and the top managers of their firms fundamentally attribute malicious intentions to others (see Table I in Annex A for examples) (Connelly, 2012). Consequently, they suspect that the ones with whom they have a relationship will take advantage of the situation. The VMC case is particularly illustrative as distrusting assumptions even go so far as to tint relationships among family members. In this case, these distrusting assumptions appeared to have been caused by Jules Migeon's problematic behaviors back in 1855. The effects of Jules Migeon's actions are still having their repercussions to this day. In fact, Jules Migeon was excluded from the family business management team by his father who preferred the more capable Juvénal Viellard, his son-in-law. However, although he was not managing the family business, Jules Migeon was still legally linked to its shareholding. Soon enough, Jules Migeon's lifestyle, expanse habits, and before long his challenging financial situation put at risk the family business cash flow. The problem was addressed in two steps. Firstly, Juvénal Viellard, his wife, and his mother-in-law changed the legal status of the family business and banned Jules Migeon from its shareholding. Secondly, they developed a familial pact, which listed the acceptable behaviors of all family members involved in the family business, to prevent any misconduct and to preserve the family harmony:

*If the power is then shared in a collegial manner under the supervision and control of the copartners, the question of the family union remains the essential concern. Beyond this 30-year term, the company cannot be dissolved without the consent of the three brothers or their direct heirs. The will of one remains sufficient to avoid*

*the auction and to entrust the continuation of activities to one of the family members, offering the most advantageous price. (Lamard, 1996, 71)*

These familial pacts, which are frequently reconducted and negotiated among family members of each generation throughout VMC history, suggest that the incidents involving Jules Migeon instilled distrusting assumptions in his family across generations. Strict rules to curb the behavior of all family members regarding the family affairs shape familial relationships.

The relationship between the Viellard family members and the Japy family members can also reveal much about their distrusting inclinations. These also have their roots in prior misbehaviors, which reverberated for more than two centuries. It all started at the beginning of the 19th century when Jean-Batiste Dominé, one of the VMC founders, and Frederick Japy, a preeminent entrepreneur also working in the steel industry, made a tacit agreement to unite their forces to kill competition. It was then implied that Migeon & Dominé would specialize in the manufacturing of iron wire and become the sole supplier of Japy-Frères, which in turn would specialize in the transformation of iron wire into screws and bolts. What seemed to work for more than 15 years was jeopardized in 1822 with the death of J-B Dominé. No longer feeling that they were attached to any tacit understanding with the Viellards after the death of both F. Japy, who passed away in 1812, and J-B Dominé, Frederic Japy's descendants started to obtain supplies from elsewhere. This was taken as an offense by Juvénal Viellard, who, while maintaining business relationships with the Japys, distrusted them throughout his life and passed down this attitude to the next generations.

The examples used to illustrate the trust and the distrust assumptions reveal problematic situations when individuals take advantage of others. Unlike in the trusting illustrations presented above, we observe that in the distrusting illustrations, problematic situations wound distrusting individuals and confirm the intentions they attribute to others. This confirmation is observed to have long-term, cross-generational impacts. It influences the assumptions of individuals no matter the relationships in which they are involved. No such confirmation has been observed in trusting individuals, who besides not changing

any of their behaviors and assumptions, often subsequently put themselves in similar precarious situations.

### **2.5.3 Solidarity: Perceived Similarities and Perceived Dissimilarities**

Solidarity is the third relationship dimension on which all interpersonal relationships in family business observed in this study are established. This dimension refers to the way in which individuals perceived each other and produce unity and coherence among one another. In a Durkheimian sense, the concept of solidarity refers to the idea that individuals, who are embedded in a social system such as interpersonal relationships, come to develop a collective consciousness that emerges from the ways they aggregate with one another and create a coherent and cohesive whole (Giddens & Sutton, 2017). Behind solidarity hides dynamics of intersubjectivity (Nahapiet & Ghoshal, 1998; Gillespie & Cornish, 2009). It is by means of intersected experiences, knowledge, and understanding that individuals develop a cognitive agreement on the nature of reality (Coelho & Figueiredo, 2003). In this respect, my findings suggest that solidarity between individuals result from how they perceive the origins of their cohesion with one another. Individuals can bind with one another in accordance with their similarities or their dissimilarities.

Some individuals will bind with one another based on their similarities (e.g., values, customs, beliefs, crafts, skills). From these similarities, coherence is produced among individuals involved in the relationship. Building solidarity on the basis of individual similarities was observed in relationships between the Mellerio, the Cartier, the Peugeot, and the Viellard family members and their employees (see Table I in Annex A for examples). For instance, the Mellerio family members were inclined, for a period of almost two centuries, to hire individuals from their native community of Cravaggia in Italy:

*We used to surround ourselves with people from Craveggia; we always obtained good results by acting in this way. We started this tradition with Pasquale Ferrari. This brave man is still alive, he is now ninety-four years old, he has all his faculties, and still works in the vineyards of Uncle Jean-Jacques's grandsons.*

*Pascquale has been working for Maison Mellerio for more than seventy-five years.*  
(Mellerio, 1893, 207)

The Mellerios and their Craveggian employees shared similar values and formative experiences, which led them to develop cohesion and create solidarity. Today, the Mellerios have transposed this preference in employing similar people by hiring individuals that share their values and their passion for jewelry. This tendency of bringing individuals from similar crafts together was also observed in the Cartier study case. Consequently, similar to Louis, Jacques Cartier, and later Jean-Jacques Cartier, who were surrounded by creative minds, artists, and jewelers like themselves, Pierre Cartier developed a team of salesmen who shared his passion of sales, networking, and business development. The three Cartier brothers, their nephew, and all their employees, craftsmen or salesmen, shared common business values and were all invested by a common mission to develop a worldwide jewelry brand.

In the Peugeot study case, the Peugeot family members and top management team not only were all engineers, but they also shared similar ways of understanding the business. When the Peugeot family named Jacques Calvet in 1984, who had a background in finance, as their family business CEO, it threatened the top management team solidarity. Calvet was able to manage Peugeot's turnover by bringing it out of the financial hole in which it was put after a series of acquisitions. However, he also brought a sense of financial logic into the business that contrasted with the technical logic of the engineers. It perturbed the solidarity among the top management team and the board of directors. This situation led to the resignation of François Gautier, a key manager and director:

*More Peugeot than a Peugeot, Gautier cannot go further. He leaves behind an uncomfortable Roland at the negotiation table. However, the son of Jean-Pierre is a man of the glorious years. At 60, he is unfamiliar with these new managerial and financial changes, showing one of the shortcomings of a family, who struggle to surround itself when the younger generation is not ready. The fact of the matter is that the Peugeots no longer have the real decision-making authority. They are on the receiving end. Negotiations came as no surprise: the bankers and Ceyrac*

*are all rallied to Calvet. [...] Was Calvet's pugnacity simply too strong to put his resignation into play. And if he had wanted to put PSA in the hands of his creditors, he would not have done it otherwise, Gautier will not see "the affront." He left PSA on May 22 after having served for fifty-five years a family "whose generation in place is being dispossessed."* (Loubet, 2009, 447)

Consequently, solidarity in Peugeot's top management team didn't only result from similarities in the managers' professions, but it also had to do with mutual understandings of the business and the ways it needs to be managed. In this case, the introduction of individuals with different backgrounds and different priorities led to the loss of key players and to a transitory embrittlement of the firm core competencies.

Dissimilarities, however, not always factor in solidarity disintegration. Indeed, my findings suggest that, in some relationships, solidarity among individuals can also be based on individuals' dissimilarities. In this latter case, it is the perceived complementarity that produces coherence among individuals involved in a relationship. For instance, the Mellerio and the Cartier family members and employees tend to develop relationships with clients and suppliers from different social backgrounds from which they can get complimentary resources (e.g., social networks, social status, expertise). In turn, the Peugeot and Viellard family members and their firms' managers develop relationships with suppliers, like the members of the Michelin or the Japy family, who have different values and faith. From these differences arise complementing business visions (see Table I in annex for examples). It is thusly from their dissimilarities that the individuals involved in these relationships bind together to develop a productive relationship.

The example of the relationship between Pietro Berretta and his employee Tullio Marengoni is particularly evocative of a solidarity that is generated from dissemblance among individuals. From the beginning, Pietro Berretta and Tullio Marengoni were from different social backgrounds and presented different strengths. Tullio Marengoni was the son of a Berretta employee when he started his apprenticeship in the family business in 1894 at the age of 12. Soon, Marengoni presented exceptional abilities in understanding



the mechanics of guns. His practical genius, doubled with his boss's gifted skills for industrial operations, led to the development of a long, productive relationship that was particularly efficient during war times:

*The partnership of Tullio Marengoni and Pietro Beretta was as just formidable in wartime as it had been manufacturing sporting guns, and it is to partnership of enlightened industrialist and empirically schooled engineering genius that Beretta's century-long prominence in the field of modern military and law enforcement weapons can be traced. (Foulkes, 2016, 51)*

Bringing together men and women from different backgrounds and with complementary skills is thereon part of the strategy and success at Berretta. It is from the combination of individuals from different generations and with different working perspectives, who received a formal education or an in-house formation, that solidarity is built among the teams in Berretta family business (see Table I in Annex A for example).

#### **2.5.4 Reciprocity: Generalized Exchange and Restricted Exchange Systems**

The fourth dimension observed in this study is reciprocity. This dimension encapsulates the norms that regulate non-market exchanges, and the acts of giving and receiving that compose these non-market exchanges of goods and services (Lévi-Strauss, 2013). Reciprocity has been conceptualized as a social norm or principle that structures social life (Gouldner, 1960; Becker, 2014). In this respect, the norms of reciprocity structure the obligations of giving, receiving, and giving back that are inherent in any exchange, and the tacit or explicit expectations that are mutually understood by the giver and the receiver who are involved in these exchanges (Mauss, 1923). The norms of reciprocity thus influence the temporal conditions that shape the pace and the form of the exchanges, which occur during the course of an interpersonal relationship (Lévi-Strauss, 2013). According to the data analyzed in this study, individuals involved in a relationship could either be caught up in a generalized exchange system or a restricted exchange system.

Generalized exchange systems are established on unilateral and asynchronous giving and receiving. The individuals involved in a relationship based on a generalized exchange system anticipate indirect reciprocity from each other. Individuals can be involved in a

generalized exchange system when they give something to someone and expect eventually to be paid back based on a tacit agreement (Willer, Flynn & Zak, 2012). This can be illustrated by the relationships that Pierre Cartier built with his clients. For Pierre Cartier, paying special attention to everyone entering his store—regardless of their social standing or budget—was a sign of respect that could result in the development of longer-term relationships as it might have incited clients to come back for business and reciprocate this attention. In fact, he had this attitude when he met his wife, who sought refuge in the Paris store during an unannounced rainfall. When Pierre Cartier was developing a new clientele with lesser budget in New York, he had the same approach:

*In an attempt to reach a wider client base in New York, Pierre started an in-house stationery department in his Fifth Avenue store. His idea had been that even those who couldn't afford jewelry could come into the store and receive the same high level of service as they ordered calling cards, invitations, or Cartier's signature sea-green high-quality writing paper. Several years later, when they had either made some serious money or perhaps married someone who had, Pierre hoped that they would a certain loyalty to the store where they had ordered their first headed paper and come back for the gems. (Cartier-Brickell, 2019, 2014)*

This way, Pierre Cartier always gave the best shopping experience to all clients, without knowing if they would reciprocate with a purchase.

Generalized exchange systems are also observed to be defined by an important gift of such an inestimable value that makes it impossible to immediately reciprocate. This is the case in the relationships between the Cartier and the Mellerio family members and their respective employees. The Cartiers and the Mellerios not only gave their employees a place of work, but they also became their mentors while they transmitted them all their knowledge of the craft. Reciprocal pay back of this inestimable gift was then being extended over time, while these employees dedicated their life to their mentors' family business (see Table I in Annex A for examples). In other cases, these inestimable gifts will be reciprocated by the means of symbolic counter-gifts or grand gestures. This is what happened between Raphael Pollet and his employees. When he received a plaque in

homage to his 50th anniversary at the head of the family business, Raphael Pollet asked all his employees to sign it. By doing so, not only did he recognize that the hard work of these men and women played a central part in his family business success, but he also wanted to reciprocate their immeasurable dedication with a symbolic counter-gift that reflected how he wished his employees to be remembered (See Table I in Annex A).

In turn, restricted exchange systems are established on bilateral giving and receiving, when the individuals involved in a relationship explicitly agree on the terms and the object of their transactions (Willer et al., 2012). The findings suggest that if the act of giving and that of receiving are not necessarily synchronized, the terms and the object of the exchange are determined in advance and are bound by a contract whose form, content, and role will vary depending on the situation. For instance, if the exchanges between the Berretta family members and the GM top managers were first established on a formal contract that stipulates how GM would pay back the Berrettas for the use of their name in labeling their new car model, subsequent exchanges were rather based on explicit social expectations where all gifts needed to be followed by a counter-gift (see Table I in Annex A for example). In the case of the relationship between the Peugeot family and top management team members, and their suppliers, the exchanges were bound by a contract where all the tenets of the economic transactions, including the production and payment deadlines, were thoroughly negotiated (See Table I in Annex A for examples).

### ***2.5.5 Mechanism of Engagement: Bonding and Bridging Mechanisms***

The last dimension that was shared by the interpersonal relationships observed in this study is the mechanism of engagement. The mechanism of engagement is a mutual process by which individuals enter and stay in a relationship (Cao, Simsek & Jansen, 2015). Like the other dimensions, the mechanism of engagement has been observed in two contrasting forms in this study: Bridging and Bonding mechanisms (Putnam, 2000).

The bonding mechanism fosters the development of intra-firm relationships by structuring the first contacts and the maintenance of the relationship over time between individuals from the same organization. For this reason, the bonding mechanism of engagement was observed in all cases studied for this project. It characterizes the relationships among

family members, between family members and their employees, and between employees of a family business. Therefore, if Viellard and the Peugeot family owners and management, and their employees are bonded by conformity to rules, values, and religion, the Beretta and the Pollet family owners and their employees tend to create a solid community by the means of friendships and strong identification to the family business values and mission, which they embrace and make their own (see Table I in Annex A for examples). In the Cartier and the Mellerio cases, family owners and managers, and their employees bind around their attachment to a craft and through frequent interactions and shadowing sessions with the eldest actors of their respective family business (see Table I in Annex A for examples). Bonding mechanisms of engagement thusly refer to the ways by which individuals engage with one another, solidify their relationships within their family business, and create a strong community.

In contrast, the bridging mechanism of engagement fosters the development of extra-firm relationships by structuring the connections between individuals from different organizations or communities. In this respect, bridging mechanisms of engaging have a boundary-spanning role (Putnam, 2000). Consequently, bridging mechanisms of engagement were observed all cases and were distinguished features of relationships between family businesses' organizational actors and their clients, suppliers, competitors, and business partners. If the Peugeot and VMC actors (i.e., family owners and management and their employees), and their suppliers and clients are tied together by the means of perpetual negotiation, I observe that the Mellerio and the Cartier actors, and their clients and suppliers connect with one another based on mutual concerns, interest, and leisure. In the Beretta and the Pollet cases, organizational actors and their suppliers rally with one another based on the promise of mutual benefits (see Table I in Annex A for examples). Consequently, a bridging mechanism of engagement refers to the ways in which individuals engage with individuals from other organizations or other communities to develop social relations that go beyond their family business.

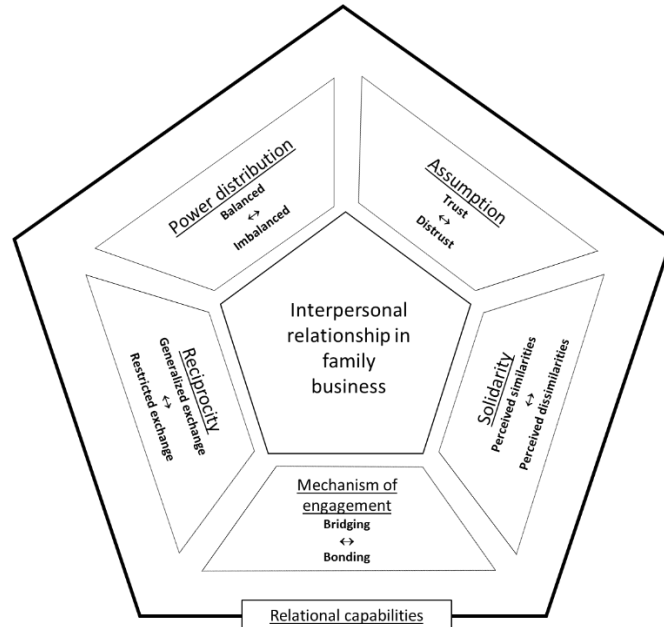
## **2.6 Six Enduring Configurations of Interpersonal Relationships**

Data analysis showed that variations among the form that takes the five binary relational dimensions presented above entail the development of contrasting configurations of

interpersonal relationships in family businesses. Drawing on Zellweger and colleagues’ (2019) distinction of intra-firm and extra-firm relationships, I identified in my cases three configurations of intra-firm relationships—Collaboration, Filiation, and Alliance—and three configurations of extra-firm relationships—Reliance, Acquaintance, and Coalition. The three configurations of intra-firm relationships and the three configurations of extra-firm relationships were characterized by their stability and temporal consistency in time and were observed across cases.

As illustrated in Figure E, a sixth dimension, which I label Relational capabilities, was observed from the data. This dimension works differently from the five binary dimensions presented above. Relational capabilities are defined as the capacities of individuals to purposefully develop and maintain interpersonal relationships to create or modify their resources and generate value (Czakon, 1999). Consequently, as illustrated in Figure E, relational capability has a transversal influence on the five binary dimensions.

**Figure E: Relational Model**



**Table H: Relational Configurations**

Configurations of interpersonal relationships in family firms														
Configurations			Dimension		Dimension		Dimension		Dimension		Dimension		Enabler	
			Power distribution		Assumption		Solidarity		Reciprocity		Mechanism of engagement		Relational capabilities	
			Imbalanced	Balanced	Trust	Distrust	Similarities	Dissimilarities	Generalized	Direct	Bonding mechanism	Bridging mechanism		
Weakest ↑ Strongest	Intra-firm	Collaboration		X	X			X	X		X		Identifying	
		Filiation	X		X		X		X		X		Socializing	
		Alliance	X			X	X		X		X		Conforming	
	Extra-firm	Reliance	X			X		X		X		X		Negotiating
		Acquaintance	X		X			X	X			X		Connecting
		Coalition		X	X		X			X		X		Rallying

In presenting the six configurations of interpersonal relationships in family business contexts, this next section will describe how the relational capability is a central, transversal component in the development and stabilization of each configuration. Table H summarizes the six configurations of interpersonal relationships that were observed across the six cases studied for this research, and that are derived from variations in the form of each dimension. All six configurations entail a different relational capability that guided their development.

**2.6.1 Three Configurations of Intra-Firm Relationships**

Three configurations of intra-firm relationships were identified in the cases of this study: Collaboration, Filiation, and Alliance. Each configuration of intra-firm interpersonal relationships identified in this study is based on a bonding mechanism of engagement, and, consequently, occur between two individuals or groups of individuals who are involved in the same organization or who are from the same community. In line with Aldrich and Elam’s (1997) definition, these three configurations represent stronger relationships because they are more reliable in nature. They are all established on a reciprocity that is defined by a generalized exchange system and developed and maintained over the long-term.

### *Collaboration: Identifying With One Another*

The collaboration configuration gathers individuals from the same organization (bonding mechanism) who are able to develop a strong identification to one another and to the group or organization to which they all belong (relational capability). This configuration of relationships is characterized by balanced power (power distribution) that is divided among trusting individuals (assumption) who are willing to combine their complementary skills and backgrounds (solidarity) to achieve greater things. Their sense of belonging ensures important cohesion between individuals. Collaboration relationships are based on a generalized exchange system (reciprocity), where individuals are devoted to each other and are linked by mutual loyalty.

The collaboration relationships are mainly anchored in the individual's capability of identifying themselves with the business and the team's mission, making it their own. Important capacities of closeness and devotedness combined with a capacity to create cohesion based on complementarity and an eagerness to join forces encourage individuals to develop collaboration relationships. An illustrative example of a collaboration arises from the relationship between Carlo Beretta, from the 13th generation and later Ugo Gussalli Beretta, from the 14th generation, and Marco Beretta, the director of the manufacture who despite his surname was not related to the founding family. Marco Beretta started at Beretta in 1945 at the age of 16 under the guidance of Tullio Marengoni. Reproducing the collaboration relationship between Tullio Marengoni, who was a genius in creating new guns, and Pietro Beretta, who had exceptional skills in mass-producing them, Marco Beretta became the right-hand man to Carlo Beretta, and later to Ugo G. Beretta. He is considered to have played an essential part in the success of Beretta USA. Like Pietro Beretta who orchestrated an important expansion at Beretta and oversaw the company during two World Wars, Carlo and his nephew Ugo were invested by a strong, two-fold mission: to build up and consolidate Beretta's manufacturing expertise and to expand the family business by conquering the foreign markets. Like Tullio Marengoni, Marco started at Beretta at a very young age. He showed impressive manufacturing skills and developed a strong identification to the business and the family that runs it. The stories behind the relationship between Pietro Beretta and Tullio Marengoni, on the one hand,

and the relationship between Marco, Ugo G., and Marco Beretta on the other, are those of men able to easily identify to one another, who were committed to the success of the family business, had natural synergy, and combined their complementary skills, backgrounds, and interests to achieve great projects.

Collaborations represent the strongest relationships because they are initiated by important identification of individuals to the business mission and to the group to which they belong. This identification is mainly triggered by the devotedness of individuals and their willingness to commit to collaboration relationships. While no example of problematic relationships was found in the cases, the strength of this configuration and the identification of relational capabilities that foster its development and maintenance suggest that this configuration might be the most uncompromising one. If individuals cease to identify themselves with the business or the group to which they belong, it can be supposed that this will have a negative impact on their willingness and devotedness to invest themselves in the relationship. The deterioration of the individual's identification could thusly destabilize the whole configuration and lead to the interruption of the collaboration.

#### *Filiation: Socializing With One Another*

Filiation relationships are developed between individuals of the same organizations (bonding mechanism) through their capability of socializing with one another. This capability supposes that one's skills, behaviors, and values are gradually adapted to the social environment in which he or she is embedded (relational capability). The lineage proximity (e.g., common bloodline, craft) creates cohesion between the individuals involved in filiation relationships (solidarity). These relationships are established on a generalized exchange system (reciprocity) where the power is distributed according to seniority (power distribution), and where mentors and mentees are linked by tacit expectations towards one another. As they are similar and they trust one another (assumption), individuals involved in filiations develop close relationships. These are enabled by individuals' willingness to be part of a tradition and consolidated over time through direct, everyday proximity.



The filiation relationships are anchored in the capability of individuals of socializing with one another. This socialization, from which individuals' behaviors, skills, and interests are forged or adapted to their business contexts, is made possible by the individuals' capacity to be in close, everyday proximity, to devote themselves to perpetuate their mentor's legacy by learning a *savoir-faire* and developing a communal passion for the craft. At Cartier, employees were introduced to the craft and the family business by the means of an apprenticeship. Charles Jacqueau, the imaginative designer, shadowed his mentor, Louis Cartier, everywhere: to the opera or during a trip to Russia. This way, the two men were immersed in the same creative environment and came to develop over time—and from frequent conversations—similar creative mindsets and sensibilities. Later, Louis's nephew, Jean-Jacques Cartier, became Jacqueau's apprentice in Paris. Jean-Jacques Cartier was in turn acquainted with the craft and with the business environment. When he took the reins of the London branch at age 25 after the premature death of his father, Jean-Jacques Cartier had difficulty in establishing his legitimacy. He then asked his mentor Jacqueau to transfer to the London branch. Highly respected by all Cartier's employees due to his talent and his tremendous experience in the craft, Jacqueau helped his young protégé gain credibility and legitimacy in the eyes of his new employees. From his socialization, Jean-Jacques Cartier assimilated the business values and was able to manage Cartier's London branch in line with his ancestors' business and artistic vision.

Socialization is, thus, essential to the development of any filiation relationship. If Jean-Jacques Cartier had the chance to be introduced to the business by his father, Jacqueau, and later his uncle Pierre Cartier, this was not the case of his cousin Claude Cartier, Louis's son. Claude Cartier was born in 1925. At this time, his father was less involved in his business day-to-day. Moreover, Claude Cartier had a different upbringing as he traveled between France, his father's land, Hungary, his mother's land, and America. In 1942, when his father died, he inherited, at only 17, his father's shares in Cartier's Paris and New York branches. Problems arose because the Cartier brothers did not have a formal succession plan. Involved in filiation relationship, the brothers were linked by a generalized exchange system established on tacit expectations on how the business should be run. When Jacques Cartier passed away, this situation was not problematic because his son and successor had already learned the business and was soon able to develop filiation

relationships with his uncle and the Cartier employees. However, it became problematic when Louis Cartier died. The lack of socialization between Claude Cartier and his uncle or any of the business's employees restrained them from developing filiation relationships, despite many attempts by Pierre Cartier and the Cartier Paris employees. As a result, Claude Cartier refused to succeed his father at the head of the Paris branch. After he started his MBA studies at Harvard, Claude Cartier contested his father's will and demanded to become the head of the trendy Cartier New York branch in which he was a shareholder. After a few negotiations, Pierre Cartier, the founder of the New York branch, accepted to switch branches. Dissenting to the power distribution system based on the employee's seniority and knowledge of craft and unwilling to be part of the Cartier tradition, Claude Cartier never became involved in daily business operations and never tried to develop filiation relationships with his employees. Key employees, like Devaux, who used to be Pierre Cartier's right-hand man, eventually resigned. Claude Cartier ultimately sold the New York branch in 1964.

In the same perspective, increasing distance between individuals can affect their ongoing socialization while deteriorating their filiation relationships. For instance, although Jacqueau and Jeanne Toussaint were first socialized in the craft and the business by the same mentor, they soon developed a problematic relationship as they vied for their mentor's appreciation. To appease his employees' quarrel, Louis Cartier assigned them to different departments. By doing so, Louis Cartier certainly fixed the problem in the short-term. However, he also prevented their socialization to one another's positions and attitudes and restricted their reconciliation in the long-term. Consequently, the dispute between Jacqueau and Toussaint persisted beyond their mentor's death and installed two different understandings of Louis Cartier's legacy into the design team. In summary, in this example, the incapacity of closeness, combined with Jacqueau and Toussaint's unwillingness to work together, restrained the development of any cohesion between one another. This restricted any possibility of socialization. While they were both devoted to their mentor's legacy, they were not able to perpetuate it in the long-term.

These examples illustrate the importance of the capability of socializing in stabilizing the filiation configuration. Absence of closeness, devotedness, willingness, and cohesion

prevent socialization and make it impossible to develop a filiation relationship. Similarly, when it is not properly managed, the embrittlement of the capacities of closeness and of cohesion restrain individuals to socialize with one another. In turn, this results in perpetual relational difficulties and an incapacity to develop or repair a filiation configuration.

*Alliance: Conforming to One Another*

The third and last configuration of intra-firm relationships, alliance, brings together individuals from the same organization (mechanism of engagement) who are able of conforming to prevailing standards and customs (relational capability). Alliances are established over time based on a generalized exchange system (reciprocity) where a social contract implies what is expected and accepted from all parties. In alliances, power is distributed unequally based on hierarchical positions (power distribution). Suspicious about others' intentions (assumption), individuals involved in alliance relationships develop business bonds that are built around convergent economic interests. Alliances bring together individuals with similar cultural backgrounds (solidarity) who share an understanding about appropriate conducts that should be adopted in a business context.

Alliance relationships lie on the individuals' capability of conforming to the social contract that tacitly defines what is expected and accepted among individuals. Each family and business operate according to the social norms and social expectations that structures the way individuals interact with one another. In alliance relationships, the individuals' knowledge and acceptance of these social norms and social expectations are crucial in structuring cohesion among individuals and shaping their capacity of closeness, willingness, and devotedness. It leads them to conform to one another expectations and develop alliance relationships. In Peugeot's board of directors and board of management, conformity to the social contract was at the center of all relationships. Every director and manager knew their place and role on the boards and had a tacit mutual understanding of the business, its orientation, and the ways it needed to be managed. This comprehension and acceptance of the social contract that links Peugeot's directors and managers to one another structured their alliance relationships and allowed them to reach unanimity for most decision-making.

Nonconformity, misunderstandings, or changes in the social contract that structures the relationship destabilize the whole alliance configuration. The example of François Gautier's resignation illustrates that changes in the social contract can lead to the termination of an alliance relationship. To succeed him as CEO, François Gautier personally proposed Jacques Calvet to Roland Peugeot and his brothers. At that time, he never would have suspected that this nomination would lead to the transformation of the board of directors and the board of management social dynamics. The strong personality of Calvet and his financial mindset combined with the detachment of the Peugeot brothers in decision-making, installed in Peugeot's board's new social arrangements and new business priorities. These new social norms and social expectations didn't conform to the prior social contract used to structure the decision-making process at Peugeot. It also impacted the power distribution and the solidarity between the members of the board as well as exacerbate distrust. Consequently, unable to accept the new business priorities and to conform to the new social contract, François Gautier resigned from his position as director and terminated the alliance relationship he had developed with the Peugeot family during the last 55 years.

Nonconformity to the social contracts does not always result in the termination of an alliance relationship. Indeed, more than once the alliance relationship between the Peugeot top management team and their employees has been tested by social and workers' movements. If each time these events challenged the core of their social contracts, alliance relationships were maintained by the means of the individuals' capability in conforming. Like the Viellard family, the Peugeot family and TMT developed over its history a series of social programs to, at first, upgrade the quality of their employees' lives and then, later, to attract and retain them in employment. Despite these efforts, social changes and workers' movements led employees and union organizations to revendicate better social and working conditions that would change the social arrangement between the Peugeot TMT and their employees. In advocating for better social and working conditions, employees and unions contested the social contracts in place. By doing so, they also questioned the power distribution and the reciprocity, exacerbated distrust of their employers, and focused on their dissimilarities with their employers. To regain stability in their alliance relationships, employers and employees negotiated new conditions from

which arise a new social contract. With time, both Peugeot TMT and employees internalized and conformed to the new social contract while regaining some stability in their alliance relationship.

### ***2.6.2 Three Configurations of Extra-Firm Relationships***

Three configurations of extra-firm relationships were identified from data analysis: Reliance, Acquaintance, and Coalition. All extra-firm relationship configurations identified in this study are initiated by bridging mechanisms of engagement which connect individuals that are from different organizations or communities.

#### *Reliance: Negotiating With One Another*

Reliance relationships bind individuals from different organizations (mechanism of engagement) who associate based on their capability of negotiating to arrive at a settlement of a particular matter (relational capability). Individuals thus structure their reliance relationships by negotiating the term of a formal contract that is part of a restricted exchange system (reciprocity), where power is unequally distributed among actors according to the individuals' level of dependence towards others (power distribution). Suspicious about others' intentions (assumptions), reliance relationships lead to the creation of required bonds. Although they have divergent points of view about how to do business (solidarity), individuals involved in this configuration of relationship find cohesion in their common sense of achievement.

The capability of negotiating with one another is crucial in structuring the alliance relationships. This capability is based on the individuals' incapacity to be in close and cohesive relationships combined with their strong willingness to be part of the relationships. This paradoxical attitude can be explained by individuals' state of dependence towards each other in the accomplishment of a project. Negotiation therefore acts as a way to reach out to others and agree on the conditions under which the various exchanges, which punctuate the course of a reliance relationship, will exist. The relationship between the Peugeot and the Michelin family members or managers illustrates how negotiation became a structuring element of their centennial reliance relationship. Whether it concerns the importance of the pneumatic tires during the

development of the bicycle or the conditions of the merger and acquisition of Citroen, negotiations helped Peugeot's and Michelin's men to reach agreements and develop formal contracts that would structure the ways their reliance relationship would be brought forward.

Moreover, the state of dependence that defines the individual's willingness to stay in a reliance relationship often results in long-standing, periodic negotiations and, in turn, the expansion of this configuration of relationship over time. Consequently, despite disagreements, reliance relationships rarely end, but can be the theater of interminable negotiations. The relationship between Jean-Pierre Peugeot and the members of the *Chambre syndicale des constructeurs automobiles (CSCA)* exemplifies the resilience of reliance relationships. This association of French automobile manufacturers was founded at the beginning of the 20th century to structure the automobile industry and monitor foreign competitions. It took on a strategic role after World War II in restoring and relaunching this industry by segmenting market shares in accordance with the implementation of the "Plan Pons." In 1945, the association was then chaired by Charles Petiet. Jean-Pierre Peugeot, president of Peugeot PSA, Pierre Boulanger, president of Citroen, and Pierre Lefauchaux, president of the recently nationalized *Régis Nationale des Usines Renault (RNUR)*, were important voices in the negotiation surrounding the industrial revitalization. Pierre Boulanger quickly concluded that the discussions and the negotiations would favor Pierre Lefauchaux because of the nationalized status of the company he was representing. In 1945, when it was announced that the RNUR would be funded by the *Caisse nationale des marchés de l'état*, Boulanger left the association in protest. While he agreed with the principles of Boulanger's protest, the composed Jean-Pierre Peugeot preferred to wait and continue the negotiations with both parties independently. Despite some differences, he knew Lefauchaux. Both graduated from the *École Centrale* in 1922. By persisting in negotiation, Jean-Pierre Peugeot kept alive the reliance relationship with Renault. This attitude not only resulted in supply contracts in the short-term but was also beneficial for both businesses beyond Lefauchaux early death in 1955. At the end of the 1950s, the role of the CSCA became central while foreign competitors, such as Ford, began to settle in France. More than ever, the car manufacturers depended on each other to overcome this threat. Jean-Pierre Peugeot, who continued to

negotiate with the Citroen's and the RNUR's men during the past 10 years, played a central role in the negotiation and the reunification of CSCA. They finally arrived at a settlement in 1958. In 1962, Jean-Pierre Peugeot became chair of the CSCA by a unanimous vote. Persistence enabled Jean-Pierre Peugeot to keep alive his reliance relationships with the representatives of both Citroen and RNUR, and, ultimately, allowed him to orchestrate the negotiations that resulted in the 1958 agreements upon which the newly reintegrated CSCA was established.

Reliance thus represents the strongest configurations of the extra-firm relationships. The negotiation capability that propels the development of reliances is time consuming and requires some understanding of the other parties in order to arrive at a settlement that would satisfy all of them.

#### *Acquaintance: Connecting With One Another*

Acquaintance relationships bind individuals from different organizations (mechanism of engagement) who have the capability to create quick, but strong connections with one another based on their mutual concerns, interests, hobbies, or passions (relational capability). Acquaintance relationships are established on generalized exchange systems (reciprocity) and operate according to an imbalanced power distribution in favor of the other party, who, at a specific moment, will be able to help access information or resources. Acquaintance relationships thus unite individuals who trust one another (assumption), but do not frequently mix because of their different backgrounds (solidarity).

The individuals' capability of creating gripping connections is the entering and sticking point of all acquaintance relationships. Most of the time, individuals are connected to one another through a mutual acquaintance. Individuals involved in acquaintance relationships have the capacity to create cohesion and a sense of closeness between themselves. While they are not devoted to developing a strong relationship, individuals who develop acquaintance relationships are willing to help one another at some point in their relationship. The relationship between Louis and Pierre Cartier and the American banker J.P. Morgan illustrates this reality. When they started at Cartier, Louis and Pierre

were marginal jewelers with great dreams. To expand his family business and develop new connections, Alfred Cartier, their father, arranged a marriage between his eldest son Louis and Andrée-Caroline Worth, the granddaughter of the renowned dress designer and entrepreneur Charles Frederick Worth. As soon as he heard about this joyful news concerning the granddaughter of his late friend, J.P. Morgan called the groom-to-be to congratulate him and to promise him that he would become a Cartier client. He even bought \$50,000 of jewels immediately. The connection between Louis Cartier and J.P. Morgan was so memorable that the Cartier brothers did not hesitate to ask for his help when they founded the New York branch. J.P. Morgan introduces him to all his acquaintances. His lawyer even gave Pierre Cartier his directories, which included the contact details of the most prominent bankers in New York at that time. With the help of J.P. Morgan, Pierre Cartier was able to develop new acquaintance relationships with individuals who became Cartier's most significant clients.

Cultural differences can make it more difficult to create this impactful connection with others. Again, an intermediary can be useful in introducing new acquaintances to one another, but it might not be conclusive. Cultural differences prevent individuals from creating closeness and cohesion between one another, which can affect their willingness to connect with others. The relationships between the Indian rulers or suppliers and Jacques Cartier show that patience and some kind of cultural immersion or comprehension are needed in creating gripping connections between individuals. Connecting with a clientele or suppliers from countries with important cultural differences is thusly time consuming. It is the reason why the patriarch Alfred Cartier always refused to settle in Russia and in India. His son Jacques Cartier, however, was convinced that the Indian market was worth the effort. Beautiful pearls were to be found in the Persian Gulf and the wealthy Indian rulers were keen for jewelry. To create connections with the pearl suppliers, Jacques Cartier even took a trip on a fishing boat with pearl divers to understand how they worked. Despite all efforts, Jacques Cartier was not able to secure any exclusive deal. With the Maharaja of Jamnagar, Jacques Cartier might have been luckier. The maharaja, one of the most progressive of his time, had been educated at Eton and at Cambridge University. Their mutual cultural references, combined with their passion for



jewelry, helped them connect with one another and encourage them to create an acquaintance relationship.

Individuals with the capability of connecting with others on matters that go beyond business are able to successfully develop acquaintance relationships. The capability of connecting structures their relationship, from which individuals will be able to capitalize in the future. However, the incapacity of connecting with each other prevents the development of acquaintance relationship.

*Coalition: Rallying With One Another*

The last configuration of extra-firm relationships is labeled coalition. This configuration of relationships brings together individuals from different organizations (mechanism of engagement) who have the capability of rallying with one another to join their forces to accomplish a project (e.g., confection of a product, new market entry, etc.) that is difficult to achieve alone and that generates mutual benefits (relational capability). Coalitions bring together trusting individuals (assumption) who create close, but time-bounded relations. Similar in terms of their skills, competencies, or interests (solidarity), these individuals unite and agree to co-operate according to the explicit terms of a restricted exchange system (reciprocity) in which power is distributed equally among individuals or groups (power distribution).

Coalition relationships lie on the capability of rallying individuals' forces around a project. This capability is based on a strong individual capacity of developing cohesion among each other, of devoting themselves to the accomplishment of a project and of being willing to combine forces to have greater chance of success. Their capacity of closeness is important but restricted in time. As exemplified by the relationship between Ugo G. Berretta and the men of Garcia Corporation, incapacity of rallying forces leads to the termination of coalition relationships. Ugo G. Beretta worked with the men at Garcia Corporation to distribute their products in America. At first, this relationship worked well. Garcia Corporation, a leader in fishing tackle, was the perfect partner for Beretta. As both worked in the sport and leisure industry, they were able to combine their forces to increase each other's sales. Everything seemed perfect until Garcia Corporation was not able to

rally forces anymore. Financial problems, unrelated to its partnership with Beretta, forced Garcia Corporation out of business. Ugo G. Beretta and his uncle Carlo were back at the drawing board. Without their partners, it would be difficult to develop the U.S. market.

While the reliance and the acquaintance relationships are extended over time, coalition relationships are time-bounded and oriented towards the accomplishment of specific tasks. In 1977, almost a decade after the end of his coalition relationship with Garcia Corporation, Ugo G. Beretta rallied with American entrepreneur friends, the Walzer brothers and the men at Sloan's Sporting Goods, in an ultimate attempt to expand Beretta into the U.S. market. This time, it was a success. Ugo G. Beretta opened a Beretta Arms factory in Ridgefield, Connecticut, where Sloan's Sporting Goods was originally established. He soon brought the Maryland Firearms International factory that the Berettas operated until 2016. In 1980, after a successful partnership during which he was able to establish permanently his business in America, Ugo G. Beretta brought out the Walzers brothers and concluded their coalition relationship.

In summary, coalitions represent the weakest of the three extra-firm configurations of relationships. They lie on the capability of individuals to rally forces to reap mutual benefits. They also are of shorter duration, because they are circumscribed by the nature of the tasks that are being communally tackled by individuals.

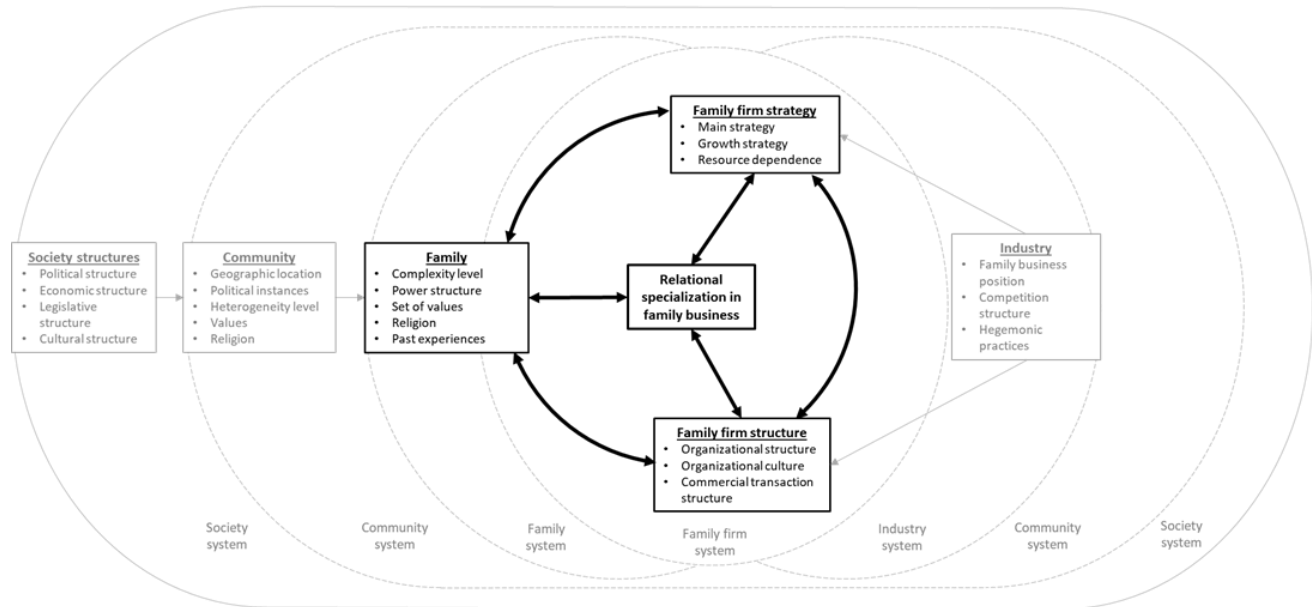
## **2.7 Relational Specialization in Family Business: Contingencies**

The six configurations presented above were the most frequent and stable configurations observed over time and across the six cases. Although most configurations of relationships were found in each case, a longitudinal and chronological analysis of the place and role of these six configurations in each case suggests that the strategic significance and the value of each configuration vary across family businesses. In this respect, the analysis suggests that if specific configurations of interpersonal relationships are found to be recurrent and to generate long-term economic and social value across the history of family business contexts, these same configurations are also found to have marginal impacts in other family business contexts.

To that extent, it is possible to detect in each case a relational pattern that is reproduced over time and is predominantly formed by one configuration of intra-firm interpersonal relationships and one configuration of extra-firm interpersonal relationships, which are both found to generate enduring value. Three pairs of relational configurations emerged from the sample studied for this project. Therefore, I find that at Pollet and at Beretta, collaboration relationships and coalition relationships are the recurring drivers of enduring values. It was observed that in the family businesses Cartier and Mellerio dits Meller, the filiation relationships and the acquaintance relationships were more preeminent and valuable over time. Finally, at Peugeot and at VMC, organizational actors rely on the development of alliance and reliance relationships to generate business over time. Based on chronological analyses performed on each case, this section will outline the conditions that support the specialization of family businesses in the development of specific configurations and relational capabilities over time.

The chronological analyses reveal that the emergence of specific pairs of relational configurations is influenced by the social contexts in which their firm is embedded (i.e., society, community, family, industry), and the idiosyncratic characteristics of their family business (i.e., hierarchical structure, strategy, culture, commercial transaction structure, etc.). While the social contexts in which businesses are embedded can explain why their organizational actors tend to specialize in the development of distinctive relational capabilities and configurations, the family business characteristics can explain why these configurations generate social and economic value over time. Figure F illustrates how exogenous contingencies (in gray) and endogenous contingencies (in black) influence the emergence and the persistence of a specific pair of configurations of interpersonal relationships in a family business.

**Figure F: Relational Specialization in Family Business**



**2.7.1 Exogenous Contingencies: Isomorphic Pressures and Relational Capabilities**

On the one hand, the emergence of specific pairs of configurations can be explained by exogenous contingencies, which regroup the social systems and institutions (i.e., society, community, industry, family) in which family businesses are embedded. My data set indicates that the development of configurations of interpersonal relationships is determined by isomorphic dynamics (DiMaggio & Powell, 1983). The chronological analyses of each case suggest that the surrounding social systems and institutions—and the relational norms that characterize them—pressure the family business organizational actors to adopt a specific pair of configurations and specialize in the development of distinctive relational capabilities across time. In this section, it will be discussed how variations in the sources of social pressures and isomorphic processes lead to adoption of specific pairs of relational configurations and the development of distinctive relational capabilities in family business.

In the VMC and the Peugeot cases, the emergence of the alliance configuration and reliance configuration is greatly influenced by a coercive isomorphic process imposed by

the society structures, the industrial dynamics, and the community in which these businesses are embedded. Coercive isomorphic processes are developed based on the high state of dependence of an organization on its external contexts (DiMaggio & Powell, 1983). This dependence obliges organizations to develop in resemblance with these contexts. The state of dependence of VMC and Peugeot on their external contexts is high. Firstly, both businesses are constrained by economic policies and political institutions' decision-making that regulate their respective industry. Moreover, their geographic remoteness introduces industrial dependence-based dynamics into their region, where they need to rely on their clients, suppliers, or competitors to access resources and to ensure their survivability. The state of dependence experienced by the Viellard and the Peugeot families soon obliged them to develop negotiating capabilities and a reliance configuration to deal with their surrounding contexts and organizations. Similarly, geographical remoteness not only put both businesses in a situation of scarce human resources, but it also reduced employment opportunities for employees. This mutual state of dependence between employers and employees creates an environment propitious for the development of social systems that is built on social uniformity of beliefs and conducts. Population homogeneity, strong religious faith, and the importance of social rituals and the respects of social norms oblige family members and employees to develop innate capabilities of conforming to social pressures. These represent ideal conditions for the development of an alliance configuration. Consequently, at Peugeot and VMC, it is their dependence to other organizations and actors in their environment, which can be partly explained by their geographical remoteness, that led to the expansion of the capabilities of negotiating and conforming. By leveraging these capabilities, organizational actors at VMC and Peugeot developed a durable reliance and alliance relationship configurations.

In the cases of Mellerio dit Meller and Cartier, it is primarily normative isomorphic pressures induced by their clientele's peculiar sociality and their craft training tradition that influence the emergence of filiation and acquaintance configurations. Normative isomorphic processes often come from organizations professionalization, occupational dynamics, and the elaboration of professional networks, where social and professional norms are diffused (DiMaggio & Powell, 1983). Consequently, normative processes lead

organizations to adapt and internalize similar norms associated with the profession of their organizational actors. In the Mellerio and the Cartier cases, the part played by the normative isomorphic process in the expansion of socializing capabilities and the development of the filiation configuration is observed to be significant. In both cases, the development of filiation relationships was influenced by the mentoring training system that structures the formation of all jewelry craftsmen in France up to this day. It is thus through the socialization of apprentices with masters' day-to-day practices that jewelry craftsmanship and norms are passed down from one generation to another. On the other hand, the development of connecting capabilities and the acquaintance configuration is first supported by a mimetic isomorphic process, a process by which organizations tend to reproduce the successful practices of other organizations (DiMaggio & Powell, 1983). The Mellerio case represents the eldest jewelry family business in France. In their case, the development of the acquaintance configuration is in part derived from the social and relational norms developed among their royal clientele. In the European royal courts, sociality was defined by networks of acquaintances. It is thus mimetic isomorphic processes that pushed the Mellerios to model the same configuration of relationships as the royal community with whom they wanted to connect. In the Cartier case, the development of the acquaintance configuration is submitted to both a mimetic isomorphic process and a normative isomorphic process. The expansion of connecting capabilities and the development of acquaintance relationships is not only related to imitation of the relational norms of its prestigious clientele, but also have to do with the reproduction of the hegemonic industrial and professional practices that are institutionalized in their industry and that were established by their jeweler colleagues/competitors like the Mellerios.

In the Beretta and Pollet cases, the establishment of the collaboration and coalition configurations is submitted to mimetic isomorphic pressures, as both businesses, when faced with uncertainty, modeled their relational capabilities and configurations to those preeminent in their community and in their competitors' organizations (DiMaggio & Powell, 1983). When Beretta was founded in 1526, all craftsmen of the valley were in the gun-making business and had easy access to weapons. The northern Italian valley of Gardone Val Trompia was thus the theater of bloody family vendettas, forcing its

residents to choose sides and create coalitions in order to survive in this tense environment. This ability to rally with others in developing a coalition configuration was transposed and reproduced in the Beretta family business's ways to construct relationships with external stakeholders. For instance, when faced with difficulties in developing the U.S. market, the Berettas adopted a coalition relationship configuration, building on their ancestral capability to rally with others. In the Pollet case, it is the market globalization and rise of conglomerates in Germany and France that encourage its managers in rallying with foreign businesses. Faced with the uncertainty brought by market globalization, Pollet's actors modeled on their competitors by creating coalitions with the actors at PPG industries Inc. and at Masury Young Boston. Uncertainty brought about by environmental changes also factors in the durable adoption of the collaboration configuration at Beretta and Pollet. While facing uncertainty, the actors of both businesses modeled on their community relational guidelines, which they knew were solid and successful ones. At Beretta, it is the end of the Venise Republic in 1796 and the Napoleon rein in 1815 that led to the reorganization of the gun-making industry and the rise of vertically integrated businesses. In accordance with the medieval system that prevailed until 1815, the gun-making industry was segmented into two working occupations: the craftsmen, who were in turn divided into five sub-specialities, and the salesmen, who oversaw selling guns. When the medieval system was abolished in 1815, this obligation to segment the gun-making industry according to individuals' skills and social rank ceased. It led to the reorganization of the whole working force. Soon after the dissolution of the medieval system, the Berettas distinct themselves from their fellow countrymen by integrating all of the gun-making specialities including sales. By building on the strong sense of identification of the population of Gardone Val Trompia to its craft and its inherited ability to combine complementary forces in making and selling guns, the Berettas adopted a collaboration configuration, which still persists today. Similarly, it is during a period of uncertainty that the collaboration configuration became a durable tendency at Pollet, while Raphael Pollet modeled on his community and his charitable organizations' relational norms to develop a sense of identification among his employees. Throughout their history, the Pollets were found to be preeminent members of charitable organizations in which they were brought to interact with individuals from different social backgrounds

who were all invested by a common mission, which was to help others and to give back to their community. After Raphael Pollet bought back his family business from his brother-in-law, he faced adversity due to years of adrift management and financial difficulties. Soon after he took on the family business and rehired employees, he modeled on the relational guidelines and collaboration configuration that were dominant in his charitable organizations. Therefore, he encouraged his employees to strongly identify with his mission of turning over his family business, which encouraged the development of an enduring collaboration configuration at Pollet.

In brief, my data set suggests that the emergence of distinctive relational capabilities and relational configurations is supported by distinct sources of isomorphic pressures (DiMaggio & Powell, 1983). These pressures emanate from the peculiar characteristics of the social systems in which each family business is embedded. Firstly, the emergence of the alliance/reliance configurations are derived from coercive pressures that are imposed by dependence-based industrial and community dynamics. The emergence of the filiation/acquaintance configurations is mainly results from normative pressures that lead to the reproduction of the sociality and the professional norms of their clients, their craft, and their fellow competitors. Finally, the emergence of the collaboration/coalition configuration is monitored by mimetic pressures from which organizational actors, when faced with uncertainty, are drawn to model their values and their interpersonal relationships on the ones of their community and competitors, which they know to be effective and successful.

### ***2.7.2 Endogenous Contingencies: Strategic Congruence and Enduring Value***

The development of the three pairs of configurations is also influenced by organizational endogenous contingencies. Case analyses suggest that compatibility between the family business strategy and the pair of relational configurations factors in the generation of durable social and economic value. Moreover, congruence between the business strategy and relational configurations over time explain why certain relational configurations take on significant strategic importance in some family business contexts, while remaining inconsequential in others. By drawing on case analyses and by building on the tenets of the family business strategy (Miller & Le Breton-Miller, 2005), this section will present



how the business strategies nurture family business relational specialization over time by fostering the durable adoption of a pair of relational configurations.

At Peugeot and VMC, enduring economic and social values are generated from the development of alliance and reliance configurations. Both Operators, their competitive advantage is based on the ways in which they achieve operational cost optimization, and they partner with suppliers, clients, and competitors to develop their superior business model (Miller & Le Breton-Miller, 2005). On the one hand, at Peugeot and VMC, negotiations with suppliers, clients, and competitors are crucial in achieving a superior business model based on cost optimization, and in structuring industrial growth that is profitable to all. Consequently, over their history, Peugeot and VMC business models are based on the development of a reliance configuration with the different actors of their industry and their socio-geographical contextual surroundings. On the other hand, the development of an alliance configuration within the organization fits the melioristic culture of Peugeot and VMC. In these family businesses, organizational actors are continually looking for methods to improve their business operation productivity and efficiency. In both cases, this productivity is enhanced by the homogenization of social conducts within the organization. Thusly, the durable adoption of an alliance configuration becomes of strategic importance over time. The anchorage of this configuration in the capability of conforming to a tacit social contract and conduct infuse organizational actors with discipline and efficiency. In summary, both the reliance relationship configuration and the alliance relationship configuration become of strategic importance in extending the superior operations strategy over time. The reliance configuration helps develop interdependent partnership with fellow industrial actors and negotiate to achieve cost optimization and industrial economic growth, which are crucial VMC and Peugeot business model. The alliance configuration supports the quest for productivity and efficiency by encouraging the development of relationships among employees, where individuality is suppressed for the benefit of common interest and productivity.

At the Craftsman Mellerio dits Meller and the Brand Builder Cartier, the filiation configuration and the acquaintance configuration are central in generating enduring

economic and social values. The craftsmanship and brand building strategies give importance to continuity and rely on the formation of a strong community of employees, both of which support the mission of excellence in businesses (Miller & Le Breton-Miller, 2005). On the one hand, the filiation configuration sustains the development of a strong community of employees based on the principle of continuity. Through apprenticeship and socialization of younger generations to the older ones, the filiation configuration promotes continuity by extending business values and mission over time. Consequently, the sociality of filiation configuration encourages employees' commitment to the business culture, mission, and values, and eventually, inspires them to give back and to share these values with the next generations. On the other hand, the acquaintance configuration plays an important role in enhancing the reputation of Mellerio dits Meller and in consolidating Cartier's image. At Mellerio dits Meller, the capability of connecting with clientele from different backgrounds and of developing an acquaintance configuration was central to the family's business survival after the French Revolution. During each change of political regime, the Mellerios were able to connect with clients who were aware of their reputation with the former regime and attracted by the quality of their products. In this sense, at Mellerio dits Meller, the acquaintance configuration is a way of connecting and expanding clienteles by building on its reputation of quality and trustworthiness. The acquaintance configuration also played a central, strategic role in the Cartier brand building and internationalization strategies. The capability of connecting with others was vital in developing a worldwide brand and expanding their businesses in diverse contexts with a variety of clients. Cartier's salesmen developed trust and responsive connections with their clients, which helped them to promote Cartier's image and develop the brand. In summary, the congruence of the Craftsmanship and Brand Building strategies with the filiation and the acquaintance configurations generate enduring social and economic values at Mellerio dits Meller and at Cartier. While the filiation configuration plays a strategic role in supporting the creation and the maintenance of a strong community of employees committed to the family business continuity, the acquaintance configuration is central to the family business's economic expansion and the preservation of their reputation and image.

Beretta and Pollet both adopt strategies that vacillate between the innovation strategy and the deal-making strategy. They rely on collaboration configuration and the coalition configuration to expand these strategies in time and generate enduring social and economic values. Therefore, in both cases, business's competitive advantage rests on strong leadership, collaborative organizational culture, and synergy when it comes to business partnership (Miller & Le Breton-Miller, 2005). At Beretta, while the business tends to be innovative by developing new gun models and by nurturing a collaborative organizational culture, the deal-making strategy tend to predominate while its expansion strategy leans more and more towards Mergers & Acquisitions. Therefore, the coalition configuration is observed to have a growing strategic place into the family business over time. Anchored in the capability of rallying forces, this configuration facilitates the early development of business partnering with outsiders who have synergistic characteristics that can be geared to new ventures and the development of new markets. On its part, the collaboration configuration not only supports the development of an environment conducive to innovation, but also enables employees from different backgrounds, who are working in different departments or subsidiaries, to join forces as they strongly identify with the business groups and teams to which they belong. Consequently, the collaboration configuration is found to facilitate mergers as it rests on the creation of a strong sense of belonging and achievement. It thusly supports the development of a unified collaborative organizational culture across subsidiaries. At Pollet, it is the innovation strategy that prevails. The creation of a collaborative organization culture relies on the adoption of a collaboration configuration. This configuration supports the pursue of innovation at Pollet by encouraging the creation of a strong community of employees linked by a mutual sense of belonging and animated by their eagerness to help the Pollet family leaders in accomplishing greater things. At Pollet, the coalition configuration plays a more supporting role. It helps developing business synergistic partnerships to deal with market globalization and growing competitions, and to adapt for the long run.

In each case studied for this research project, the pair of configurations was not only established because of exogenous contingencies and isomorphic pressures but was also developed in support of the family business strategy. This dual process gradually led to the family business relational specialization and to the development of limited relational

capabilities over time. While the alliance/reliance pair of configurations support the implementation of a Superior operations strategy at Peugeot and at VMC, the deployment of the craftsmanship and the brand building strategies rely on the filiation/acquaintance pair of configurations at Mellerio dits Meller and at Cartier. Finally, the collaboration/coalition pair of configurations are observed to have strategic significance for the pursuance of a Deal Making and a Mergers and Acquisitions strategy at Beretta and an innovation strategy at Pollet.

## **2.8 Discussion**

Relational behaviors are a distinctive trait of family business that supports these businesses' noneconomic goals and motivations, and extends them across generations (Zellweger et al., 2019). It has often been studied by family business scholars. Prior research theorized and empirically tested the link between trust, commitment, cohesion, and exchanges and family business strategic distinctiveness and performance (Eddleston & Morgan, 2014; Gezelius, 2017; Hayward et al., 2021; Long & Mathews, 2011). Generally, the literature has depicted a homogeneous portrait of relational behaviors across family businesses, where interpersonal relationships are mainly characterized by centralized power and sustaining trust and are more prompted to transgenerational cohesion and generalized exchanges. In other words, most of the time, family business relational behaviors were depicted in terms of filiation and acquaintance configurations. However, there is increasing consensus that relational behaviors and the nature of interpersonal relationships vary among family business (Bird and Zellweger, 2018; Discua et al., 2013; Hsueh & Gomez-Solorzano, 2019; Mani & Durand, 2019). There are calls for more careful attention to unraveling the complexity relational processes and the heterogeneity of relationships (Zellweger et al., 2019) resulting from family and business interactions with a variety of institutional and social contexts (Miller et al., 2017) to recognize the contingent value of relationships and relational behaviors across family business.

In response, I conducted a qualitative study that provides new insights into the management of interpersonal relationships over time and across family business. Applying the approach of configuration (Miller, 1996, 2018) to investigate interpersonal

relationships in family business, this study highlights the plural form of interpersonal relationships and the eclectic nature of relational behaviors throughout this type of organizational context. My findings disclose a multidimensional model of interpersonal relationships and provide factual evidence for the many relational paths to durable social and economic performance across family business.

### ***2.8.1 Relational Heterogeneity: Social Capital Consistency and Contingencies in Family Business***

Specifically, my relational model and the six enduring relational configurations, which were derived from this model and observed across cases, encourage us to reconsider the way in which interpersonal relationships and social capital are conceptualized in the family business literature. Some research presents social capital in family business as a source of sustainable competitive advantage and firm singularity formed around a pool of trusting and reciprocal relationships between individuals and organizations (Arregle et al., 2007; Nordstrom & Steier, 2015; Salvato & Melin, 2008; Zahra, 2010). Yet, my findings suggest a more nuanced and contingent view of social capital and interpersonal relationships. My study illustrates that strategic singularity and sustainable performance in family business do not necessarily come from a social capital that is constructed around a pool of trusting and reciprocal relationships. Data shows that in cases like VMC and Peugeot for instance, enduring and valuable relationships are characterized by distrust and restricted exchanges. Consequently, this paper theorizes that social capital competitive advantage and sustaining performance instead come from the capacity of family businesses to preserve the core relational capabilities, which are essential in stabilizing and maintaining their main relational configurations over time. These findings therefore suggest that we should move from theorizing social capital in family business according to the nature of the ties composing this unique pool of resources, to conceptualizing it according to its structural consistency across generations and over organizational changes (i.e., succession, internationalization, mergers & acquisitions).

Moreover, using a qualitative analysis of multi-century businesses that were owned and managed by a same family for at least 100 years, this article has also begun to determine the complex socio-cultural and strategic-based processes that push family business to

relational specialization. Drawing on DiMaggio and Powell's (1983) typology of isomorphic processes and on Miller and Le Breton-Miller's (2005) configurations of long-term strategies in family business, I found that family businesses' relational specialization first results from a specific isomorphic process (i.e., coercive, mimetic, normative) that pushes family businesses to conform to, adapt to, or to reproduce the relational standards characterizing their institutional and social surrounding contexts. The congruence between the relational configurations and the long-term strategy implemented in such businesses also encourage such enduring specialization. These discoveries not only propose a fine-grained view of the complex processes sustaining development of social capital in family business, but also reinforce the predictive power of social embeddedness to explain family business distinctive behaviors.

Prior research distinguishes family social capital from family business social capital (Arrègle et al., 2007; Gudmunson & Danes, 2013; Salvato & Melin, 2008, Zahra, 2010). It has therefore been theorized that family business social capital is the result of the transfer of family social capital in the business by means of institutional isomorphic processes and the overlapping of human resources practices and social networks (Arregle et al., 2007). My findings suggest that the institutionalization process of social capital in family business might be more complex and subject to multilateral influences. Firstly, both family and business are caught up in complex, nested institutional and social contexts and processes that pressure them to develop certain configurations of relationships. The observations made in multi-centennial family business cases suggest no prioritization between the family social capital and the family business social capital. Both types of social capital in this unique kind of family business are observed to be interrelated and to be simultaneously created in response to environmental conditions and social pressures. Concurrently, social capital and the nature of the relational configuration that are developed in family business are also subject to endogenous pressures to fit with the family business main strategic orientations. Consequently, the findings of this paper suggest that a family business is brought into relational specialization and the consolidation of its social capital due to this complex, multilateral process.

### ***2.8.2 Intersected Dimensions of Relational Configuration and Social Capital: Cross-Level Micro-Process***

More broadly, the relational model that emerged from data analysis theoretically extends Nahapiet and Ghoshal's (1998) idea of social capital dimensions (i.e., structural, relational, cognitive) by illustrating how these three dimensions bind together in interpersonal relationships. In this respect, a cross-level approach to relational behaviors in family business is derived from the association of Nahapiet and Ghoshal's (1998) tridimensional model of social capital and my multidimensional model of interpersonal relationships. This promises to expand our understanding of the relational mechanisms that foster the development of this pool of resources in such contexts.

Social capital has been conceptualized from its structural dimension as a stock of ties or social relations possessed by individuals or firms and that can be valued based on the scope of firms' or individuals' network of ties and on the patterns of the connections between those ties (Levin, Walter, & Murnighan, 2011; Walter, Levin, & Murnighan, 2015). From a structural dimension, interpersonal relationships are therefore conceptualized as connections or ties that enable individuals or firms to strategically position themselves within their network to access new resources (Steier & Greenwood, 2000; Buttice, Colombo & Wright, 2017). In the relational model developed in this paper, the structural dimension of social capital takes the form of the relational capability and the mechanism of engagement. As it has been demonstrated in this paper, these two dimensions are predictive of the patterns of connections that structure the pool of relational resources in family business. If the relational capability stabilizes interpersonal relationships in a specific configuration, the mechanism of engagement reveals their contexts of existence (i.e., intra v. extra-family business relationships).

From another perspective, the cognitive dimension of social capital focuses on the individuals' understandings of the shared language and their perception of new opportunities (Nahapiet & Ghoshal, 1998). The cognitive dimension of social capital introduces an individual level of analysis by stressing the importance of mutuality and interpretations. It brings forward the idea that relationships, in order to be valuable and effective, need to be mutually perceived and understood by all parties (Kwon & Adler,

2014). It is the capacity of individuals to make sense of the social network in which they are embedded that confers them social capital advantage. As is, the cognitive dimension of social capital is represented by the assumptions and the solidarity dimensions in the relational model presented in this paper. Data suggests that these dimensions encapsulate the ways in which individuals' perception of social cohesion as well as their assumptions and expectations about others influence how they tackle interpersonal relationships.

Finally, social capital can also be defined by its relational dimension by focusing on issues like mutual emotions, or norms that qualify the ties possessed by individuals or social units and the ways in which individuals bind with one another (Nahapiet & Ghoshal, 1998). The research on the relational dimension of social capital focuses on the qualities of the social relations that compose a social network. Research also demonstrates the moderating effects of these qualities on the structure of social capital (Levin, Walter, Appleyard & Cross, 2016; Moran, 2005). Consequently, because the relational dimension highlights the bilateral dynamics at play between individuals, we might associate this dimension of social capital with the reciprocity and the power distribution dimensions of my model. These dimensions focus on mutual social arrangements between individuals that are instantiated by their social interactions in organizational contexts.

The combination of the relational model presented in this paper with the Nahapiet and Ghoshal's (1998) tridimensional approach of social capital promises to explain and to illustrate the micro-processes by which each relational configuration is built in family business contexts. In this respect, parallels between both models suggest some chronological prioritization and highlight the functions of the five binary dimensions composing my model. Therefore, it can be theorized that individuals' assumptions and perception of solidarity influence the ways in which they come into a relationship, and they perform reciprocity and power distribution through interactions with one another. In this process, the mechanism of engagement and the relational capability structure the relationships into specific relational configurations by delineating their scope in and around family businesses over time. In this paper, we find that it is the repetition of this micro-process over time and space, in accordance with the institutional and social contexts, and the strategic orientations of the family business, which brings about the



accumulation of distinctive relational resources upon which social capital is formed in family business.

### ***2.8.3 Practical Implications: Preservation of Relational Capabilities***

In addition, my study has practical implications for families and family business executives who wish to leverage their business social capital and interpersonal relationships in order to generate enduring social and economic values. Managers and professionals working in family business could make use of my findings not only to better manage their business culture over time, but also to mobilize and preserve their business core relational capabilities during key processes like succession, internationalization, mergers and acquisitions, or unionization of employees. The cases studied in this paper show that maintaining and leveraging the business core relational capabilities during these processes turns out to be crucial in accomplishing these operations successfully. The commitment of managers to the relational configurations on which the social tissue of the family business is established creates a sense of authenticity and legitimacy that serves them well during these defining moments.

### ***2.8.4 Limits and Future Research Directions***

My study is a first step in unraveling the prevailing relational configurations that characterize heterogeneity of relational behaviors across family business. As in any other qualitative research, it has several limitations, which present fruitful opportunities for future research. The first limitation of this study is the small number and the cultural homogeneity of the cases used to develop the model. This limitation might be prolific for future research using a wider set of cases consisting of more recent family businesses, from different industries, or from different cultural settings. By broadening case samples and using a comparative-design study, other relational configurations and other relational capabilities might be found. We might also be able to compare findings across cultural settings and industries.

The second limitation of my study pertains to the secondary data sources used to build my cases. While data triangulation and critical hermeneutic analysis provide trustworthiness and consistence to my cases, it remains that I did not double-check the accuracy of the

information presented in these sources with organizational actors working in the businesses I studied. My experiences suggest that collecting data on relationships and relational processes in family business is difficult due to time, access constraints, and the nature of the research interests. Therefore, opting for multiple sources of secondary data based on books and cases written by family members or other organizational scholars and historians who had access to first-hand data was the most effective, creative way of building longitudinal cases and capturing relational behaviors across family business.

These limitations bring forward the issue of the generalization and validation of my findings. Because the main purpose of this research was to generate new theoretical insights about interpersonal relationships in family business, validation and generalization of the constructs and the model was out of the scope of this article. Future research needs to be done by capturing the model proposed in this study using quantitative methods. The development of reliable scales to measure and cluster dimensions into configurational profiles is thus proposed as a promising area of research. Quantitative studies are foreseen not only to generalize the findings of this paper, but also to generate clearer understandings of the developmental conditions of each relational configuration.

Besides quantitative investigations, more qualitative research needs to be done. While the research of this chapter provides some insights on the processes by which relational configurations are institutionalized and stabilized in family business, we lack an understanding of the micro-interactional processes fostering the development of relationships such organizational context. In this respect, more investigations are needed to fully understand the part played by the relational capabilities (i.e., socializing, identifying, conforming, negotiating, connecting, rallying) in the establishment and maintenance of the relational configurations across family businesses. Observations and interviews might provide factual evidence of these capabilities as well as the social processes by which each relational configuration is developed in family businesses. Such qualitative methods could offer new insights on the role and the value of pragmatic contacts with strangers in the development of social capital in family business (Aldrich, Elam & Reese, 1997). Focus on these new connections also promises to shed lights on the

transitioning relational configurations in family business (Miller & Friesen, 1980a; 1980b).

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## Annex A

**Table I: Evidence from Data: Relational Configurations in Family Business**

			<b>Power distribution</b>	<b>Assumption</b>	<b>Solidarity</b>	<b>Reciprocity</b>	<b>Mechanism of engagement</b>
			The way power is distributed among individuals involved in a relationship. In an imbalanced power distribution system, the power will be possessed by an individual that can control the social resources. These resources can be social respect brought by seniority or higher hierarchical positions, or capitals (i.e., social, human, economic). In a balanced power distribution system, these are distributed among the individuals who often possess complementary resources.	Beliefs about others that an individual is taken as being true and is using as a starting point for a relationship. Trusting individuals primarily attribute good intentions to others. They are confident that the ones with whom they have a relationship will do what is expected. On the contrary, distrusting individuals fundamentally attribute malicious intentions to others. Consequently, they suspect that the ones with whom they have a relationship will take advantage of the situation.	The way in which individuals see each other and produce unity and coherence during a relationship. Some individuals will associate with one another and produce coherence based on their perceived similarities (i.e., values, customs, beliefs, crafts, skills, etc.). Other individuals will associate with one another by stressing on their differences. In this latter case, perceived complementarity produces coherence among individuals involved in the relationship.	The norms that regulate non-market exchanges, and the act of giving and receiving that composed these non-market exchanges. Generalized exchange systems are established on unilateral and asynchronous giving and receiving. The individuals involved in a relationship based on a generalized exchange system anticipate from each other indirect reciprocity. Restricted exchange systems are established on bilateral and synchronic giving and receiving. The individuals involved in a relationship based on a restricted exchange system explicitly agree on the terms of their transactions.	Mutual process by which individuals enter and stick in a relationship. The bonding mechanism fosters the development of strong relationships by structuring the first contacts and the maintenance of the relationship over time between individuals from the same organization or community. The bridging mechanisms fosters the development of weak relationships by structuring the connections between individuals from different organizations or communities.
<b>Cases</b>	<b>Intra- and extra-firm relationship</b>	<b>Exemplary relationship</b>					
<b>BERETTA</b>	Intra-firm	Pietro, Ugo, and Carlo Beretta <i>and</i> Tullio Marengoni and Marco Beretta	<u>Balanced</u> "Even the innovator Pietro Beretta realized that there was an opportunity that only a firm like Beretta could exploit: namely to create a gun that benefitted from the advantages of the superposed barrels, but which also demonstrated the traditional European elegance that would hold its own amongst the most beautiful London "best guns." The partnership between the visionary Pietro Beretta and his talented technical director Tullio Marengoni was a potent one, and now the pair turned their prestigious powers to the over-and-under shotgun. They were in no doubt as to the challenge that faced them, which included overcoming the entrenched prejudice against the over-and-under amongst the elite shooters; there were also various design described delicately as guns made by "foreign factories." (Foulkes, 2016, 159)	<u>Trust</u> "This teenage prodigy demonstrated extraordinary gifts, gifts that were swiftly recognised and nurtured by Pietro Beretta. Ugo Gussalli Beretta remembers him as being the right hand of Pietro: "Every evening after dinner, my grandfather used to come back to the office, where Marengoni used to wait for him and they worked together for hours, during the night." But even more, Pietro, who, a decade Marengoni's senior, became a sort of patron, mentor, or older brother of the gifted youngster, treating him almost as a member of the family. In fact, for much of his life Marengoni lived in an apartment adjoining the garden of the Beretta family house. But while his talent was exceptional, the way it was recognised and quickly put to use by the Beretta family was typical of the family firm and it is an approach that today's president and CEO of Fabbrica d'Armi Pietro Beretta, Dr. Franco	<u>Dissimilarity</u> "Since I have had a better understanding of the different culture of the different generations and the different backgrounds of people who have studied at university and people who have risen from the factory. This helped me a lot because I think that to be successful there is no recipe. You just need to work hard. And in a company like ours I think that one of the successful things is to have this combination of engineers, educated people, and people who grow throughout all the different steps." (Foulkes, 2016, 111)	<u>Generalized exchange</u> "The situation worsened, and in 1944, after particularly heavy bombing raid on Brescia, factory workers were concerned about the fate of their relatives. Pietro's son Carlo stopped work and left the factory to check on their safety and evacuate survivors. This was interpreted as an act of sabotage by the SS, and Carlo was placed in solitary confinement in Brescias's Caton Monbello prison, under threat of deportation." (Foulkes, 2016, 62)	<u>Bonding mechanism</u> "Pietro Beretta demeura toute sa vie une personne simple et sincère. Les ouvriers les plus âgés qui étaient parmi ses meilleurs amis le tutoyaient, et le samedi soir il les retrouvait pour jouer aux cartes. Au sein de l'entreprise, il n'existait point de conflits mais des rapports d'estime et d'amitié réciproques, attitudes qui remontent aux traditions politiques de la famille, étroitement liée aux courants libéraux et progressistes du dix-neuvième et du vingtième siècle." (Morin et Held, 1980, 219)

			Gussalli Beretta, recalls as being crucial to his vision of the business and also a great help to him upon entering the company in the 1980s." (Foulkes, 2016, 50)				
Extra-firm	Ugo Beretta <i>and</i> the US entrepreneurs and clients	<b>Balanced</b> "What impressed those tasked with deciding on the successor to the Model 1911 was that "Beretta had shown a different attitude than most of its competitors. The majority had figured they made the best gun, and it would stand on its own. Beretta, more than any other player in the race, had sent its top people back and forth between U.S.A. and Italy to ask the testers and the military in detail what they wanted and demanded, and had custom-tailored what became the 92F—and ultimately, the M9—to those wants and needs." (Foulkès, 2016, 99)	<b>Trust</b> "In the face of older generation's skepticism, Ugo had achieved his dream, and in the summer of 1978, Beretta set about preparing the Accokeek factory for the production of pocket pistols, and once this had been properly organized, a sales force was put together. By 1980 Beretta had bought out its partners, the Walzers, and Beretta USA was formally established. It was an epochal moment as the world's oldest industrial firm became the newest firearms business to open for business in the world's largest economy." (Foulkes, 2016, 97)	<b>Similarity</b> "Together with friends of mine who were in the firearms business in America, we made a company," recalls Ugo of his decision to set up a company with Jerry and Howard Walzer, family owners of Charles Daly co., for whom Beretta had made guns in the past and also Sloan's Sporting Goods, based in Ridgefield, Connecticut, where Beretta Arms was established in 1977. A year later Ugo bought the Firearms International factory in Accokeek, Maryland, on the outskirts of Washington, D.C." (Foulkes, 2016, 96)	<b>Restricted exchange</b> "One of the giants of the American auto industry would provide an intriguing postscript. In 1988, General Motors named a new Chevrolet "Beretta" and branded it with D'Annunzio's three-arrows logo. This blatant attempt to borrow the glamour of an Italian brand for a American four-door resulted in a court case. General Motors was obliged to produce a booklet to go along with each car making it clear that the Gardone gun factory had granted its permission to use the name. In 1988, the president of the automotive group made a substantial donation of half a million dollars to the Fondazione Beretta contro il cancro (a medical charity founded by Giuseppe Beretta). Giuseppe Beretta was given one of the Beretta cars and the chairman received a pair of shotguns." (Foulkes, 2016, 99)	<b>Bridging mechanism</b> "At first Beretta guns were imported into the United States by J.L. Galef & Son, Inc., who came up with a classic Mad Men-style advertising slogan typical of the time: "Why Beretta is better?" Then came the era of the Garcia Corporation, a leading distributor of fishing tackle, "Garcia was probably the number one in the States at this point, vis-à-vis fishing tackle," recalls Ugo today. "And we thought that is was an idea to put together fishing tackle and firearms, and we made a very, very good job, we improved the sales a lot and we were pretty satisfied with the way things were going." (Foulkes, 2016, 90)	
<b>POLLET</b>	Intra-firm	Raphael Pollet <i>and</i> Paul Leroy	<b>Balanced</b> "C'est avec une bien noble ardeur que tu as consacré 64 années de ta vie, au service de notre entreprise familiale, toujours je conserverai le souvenir de tes grandes satisfactions lors de la réalisation d'un progrès. Tandis que nous vieillissons, disais-tu, l'usine rajeunit et s'embellit." (Coll., 2013, 138)	<b>Trust</b> "Il fait confiance aux premiers ouvriers revenus se présenter à l'usine pour l'aider à relancer la production. Un patron n'est rien sans le savoir-faire de ses ouvriers, Raphaël en est convaincu. Dans ce groupe de quelques ouvriers, il y a Paul Leroy, dit Cattoire. Nous lui avons consacré tout un chapitre." (Coll., 2013, 71)	<b>Dissimilarity</b> "Et pendant 51 ans, nous avons vécu côte à côte la vie des travailleurs, nous nous sommes appréciés mutuellement parce que nous nous comprenions, parce que nous savions que la grande satisfaction de la vie, c'est l'accomplissement du devoir dans le travail, chacun acceptant de réaliser sa fonction en y apportant ses meilleurs soins." (Coll., 2013, 138)	<b>Generalized exchange</b> "Quand tout le personnel offrira Raphaël une plaque hommage pour le 150e anniversaire, Il dira : Je demanderai cependant d'ajouter à votre acte de grande générosité, un autre mémorial ; qui tracera sur un parchemin les noms et les signatures de vous tous qui venez de me l'offrir. Je désire que ces signatures figurent à côté de l'œuvre elle-même, elles diront aux générations qui doivent me succéder quels étaient les sentiments de cordialité et d'affection qui vous unissaient à votre Administrateur-Directeur. .../... Et quel symbole dans ces noms et ces dates rappelés à mon souvenir ; le culte d'un passé familial productif avec lequel se confond la mémoire d'une longue série d'autres travailleurs, qui comme nous ont peiné dans cette maison." (Coll., 2013, 80)	<b>Bonding mechanism</b> "Dans son discours du 19 novembre 1938, Raphael Pollet dira : Et je me plais à souligner la joie que me procure la distinction dont fait l'objet Monsieur Paul Leroy attaché depuis 57 ans à cette Maison qui véritablement est la sienne et dans laquelle depuis quarante années il occupe le poste de contremaître. Je lui souhaite, à lui qui est l'ami de tous, parce que toujours il a montré le plus bel exemple de l'amour du travail, je lui souhaite dis-je la continuation de ses bons et loyaux services. Puissent les travailleurs de la jeune génération s'inspirer de ses exemples. " (Coll., 2013, 137)
Extra-firm	Raphael Pollet <i>and</i> PPG Industries	<b>Balanced</b> "On décide de développer la gamme de produits d'entretiens industriels destinés à la grande distribution. Pour ce faire, on	<b>Trust</b> "Raphael et Michel Pollet, fils du fondateur de la société font confiance	<b>Similarity</b> " Cette société était très spécialisée dans la gamme des produits d'entretien industriel que recherche Pollet. Michel	<b>Restricted exchange</b> "En 1966, la société américaine "PPG Industries Inc Pittsburg USA" prend une participation majoritaire dans la société	<b>Bridging mechanism</b> "En 1958, on assiste à la création du marché français aux puissantes sociétés chimiques allemandes. Il fallait trouver	

		Inc and Masury Young SA	recherche un partenaire, de préférence américain, qui permette d'accélérer le processus de changement largement entamé." (Coll., 2013, 93)	aux américains et gardent leurs parts." (Coll., 2013, 87-89)	se lance dans l'aventure et une joint-venture est créée en 1963 : elle porte nom de « Masury Young SA ». " (Coll., 2013, 93)	en offrant des conditions très intéressantes aux actionnaires existants. A cette époque le chiffre d'affaires de Corona avoisinait les 350 millions d'euros." (Coll., 2013, 87-89)	un allié. En 1960, la société compte 563 salariés avec des sites de production à Valenciennes et à Saultain." (Coll., 2013, 87-88)
<b>MELLERIO DIT MELLER</b>	Intra-firm	François Mellerio <i>and</i> Mellerio family members	<b>Imbalanced</b> "(François) déclara carrément qu'il voulait fonder une maison pour lui seul, qu'il ne voulait pas être gêné par personne, et conduire sa barque comme il l'entendait. Il n'avait que 15 ans de moins que son père, ils étaient comme deux frères; il ne voulut pas lui faire de la peine en partant sans lui; il lui dit qu'il serait très heureux s'il voulait venir l'aider dans son entreprise, et lui proposa comme dédommagement un tiers dans les bénéfices nets que ferait la maison; ce fut ainsi que les choses s'arrangèrent." (Mellerio, 1893, 129)	<b>Trust</b> "Comment n'aurait-elle pas prospéré, cette maison, avec des aides aussi intelligentes et dévoués aux intérêts de la famille ! François voyait dans ses enfants la juste récompense d'une vie honnête et laborieuse." (Mellerio, 1893, 253)	<b>Similarity</b> "François se multipliait, mais il était débordé; son père ne voulait pas entendre parler de prendre un commis; il disait que c'était introduire un loup dans la bergerie. On parla de Jean-Jacques, le second fils de Jean, qui était toujours resté au pays; il avait vingt-cinq ans, et aidait sa mère dans les travaux dans la campagne. Jean fut ravi de l'idée; il déclara qu'il serait très heureux de voir ses deux fils travailler ensemble: ce qui éloignerait toute figure étrangère de la maison." (Mellerio, 1893: 146)	<b>Generalized exchange</b> "Après le départ de son père, François se trouva seul à la tête d'une maison qui prenait chaque jour plus d'importance; ce fut alors qu'il résolut de faire la position de son frère Jean-Jacques, qui était père de famille, mais ne possédait aucun capital; il n'hésita pas à se l'associer pour un tiers dans son commerce." (Mellerio, 1893, 175)	<b>Bonding mechanism</b> "En 1832, François pensa que Jean devait en savoir suffisamment pour être bijoutier, et le retira du collège; il avait dix-sept ans et montrait beaucoup de dispositions pour le commerce; son père lui donne un maître de dessin." (Mellerio, 1893, 190)
	Extra-firm	The Mellerio family <i>and</i> the Orléans family	<b>Imbalanced</b> "La confiance que Marie-Amélie témoignait à François Mellerio était telle qu'elle avait même chargé de veiller à l'entretien de ses bijoux. Chaque fois qu'elle se rendait à la Cour, à l'Opéra ou quelle recevait en grande parure, il était présent au Palais-Royal afin de sortir et remettre les bijoux dans leurs écrins en effectuant au passage les réparations nécessaires." (Meylan, 2013, 113)	<b>Trust</b> "Après la chute de la monarchie de Juillet, les achats sont plus discrets. La reine réside alors en exil au château de Claremont, en Angleterre, où le roi Louis-Philippe meurt en 1850. Chaque année une caisse contenant différentes pièces susceptibles de lui plaire est expédiée à Londres pour lui être présentée. Marie-Amélie fait son choix. Les bijoux restants sont alors renvoyés à Paris. Certains envois sont faits par l'intermédiaire de la banque Rothschild qui ne semble pas avoir toujours pris les précautions indispensables. Une lettre assez amusante, adressée par la maison Mellerio à un représentant de la célèbre banque, en témoigne." (Meylan, 2013, 132)	<b>Dissimilarity</b> "Cette proximité avec la famille d'Orléans avait permis à François Mellerio d'assister discrètement, trois mois plus tôt, le 31 mai 1830, à l'une des plus belles fêtes qu'il avait vue de sa vie. Le « bal napolitain » que Louis-Philippe, qui n'était encore que duc d'Orléans, avait offert à son beau-frère, le roi François Ier de Naples, en visite officielle en France, avec sa seconde épouse, la reine Isabelle." (Meylan, 2013, 113)	<b>Generalized exchange</b> "Sa présence chez Mellerio, dès son retour d'exil après la chute définitive de l'empire, n'est certainement pas due au hasard. Dans les livres de commandes antérieurs à 1789 sont mentionnées plusieurs personnes occupant des charges dans l'entourage des d'Orléans sous l'Ancien Régime. Le nom de Mellerio était certainement familier à la duchesse douairière. En achetant ses bijoux chez ce joaillier, elle ne faisait que renouveler une habitude ancienne." (Meylan, 2013, 108)	<b>Bridging mechanism</b> Le baron de Montmorency, client de la maison, avait présenté François à la reine Amélie, femme de Louis-Philippe et fille du roi de Naples. Sa majesté porta toujours beaucoup d'intérêt à François; elle était ravie de parler italien avec lui, cela lui rappelait sa patrie. Elle l'autorisa à prendre le titre de fournisseur de la reine des Français, et désira qu'il se présentât tous les jours au château. Louis-Philippe causait familièrement avec François; il lui demanda un jour combien il avait d'enfants. Quand il apprit qu'il avait cinq garçons et trois filles, il s'écria: "C'est juste comme moi, Monsieur Meller; je vous en fais mon compliment." (Mellerio, 1893, 228)
<b>CARTIER</b>	Intra-firm	Louis, Jacques, and Jean-Jacques Cartier <i>and</i> Charles Jacquaeu	<b>Imbalanced</b> "Alongside Louis, Charles Jacquaeu rose to the challenge at Cartier, churning out design after fabulous design. Louis would sketch his ideas for jewels in little notebooks he carried around with him. He might come up with several vague ideas for hair clips, cigarette boxes, or necklaces, based perhaps on an ancient Chinese plate, a stone carving, or a painting at the Louvre. He would pass on his half-finished ideas to Jacquaeu, who would draw them life-sized in beam	<b>Trust</b> "Couple of months later, when Jacquaeu walked into Cartier, an excited Louis whisked him into his office and immediately began the interview. He laid out in front of Jacquaeu a piece of paper, a pencil, and three piles of gems: one of rubies, one of sapphires, and one of diamonds. "Design me an item of jewelry," he instructed, explaining that he may use any or ail of the gemstones in front of him. And with that, he stood up to leave Jacquaeu alone with his	<b>Similarity</b> "There were multiple designers, but Jacquaeu was Louis 'favorite. And with good reason. Jacquaeu shared his boss's aesthetic sense. His creations were works of art in their own right, demonstrating his intrinsic understanding of symmetry proportion, and color. Like Louis, he wasn't afraid to break with convention and move away from what was in vogue at the time. He knew how to maintain a sense of timelessness, and his creations—from	<b>Generalized exchange</b> "It was just at this troubled time that Charles Jacquaeu arrived. Like a guardian angel from Paris, the enormously experienced and highly revered designer had come to help the young Jean-Jacques in his new role. Part of the reason for his decision to exchange 3 rue de la Paix for 175 New Bond Street was to escape working alongside Toussaint (perhaps regretting the earlier episode, Toussaint would admit in a subsequent interview that she	<b>Bonding mechanism</b> "Nelly wanted Jean-Jacques to stay longer, but Jacques felt strongly that, after a decent time together, their son should return to Paris to start his apprenticeship. There were enough good senior employees left in Rue de la Paix to learn from, and it would be good for him to get some experience under his belt. If all went well, Jean-Jacques could then return to 175 New Bond Street with his new skills. But should the war end badly and Cartier be forced to close, his

intricate detail. Every Wednesday, at the 13 Rue de la Paix design meeting, Louis would choose which designs should be made into a finished piece and which should be set aside those that made it. Yond the drawing room floor were marked with “A Ex” for “À Executer” (to action) and the initials of the senior employee who is approving the design.” (Cartier-Brickell, 2019, 197)

imagination. Except Jacqueau stood up too. He couldn’t possibly do as Monsieur Louis had asked, he objected; this whole idea had been a huge mistake. Confused, Louis asked what was troubling him. “What if you’re setting me up?” Jacqueau replied. “You want to leave me in a room with precious gemstones so that you can say I have stolen one. Then you claim it on the insurance, and I go to prison. I’m not as naïve as you think.” Louis laughed; he had trusted the young man from the outset, but if it made Jacqueau feel more comfortable, he would gladly sit with him, keeping watch while he worked. Jacqueau conceded and sat back down, quickly becoming absorbed in his task as: he put together a striking design. Louis, delighted his instinct had proved correct, offered the younger man a job on the spot. And Jacqueau, intrigued by this new type of work and excited by the possibility of working for such a creatively brilliant boss, accepted.” (Cartier-Brickell, 2019, 75)

an emerald necklace to a diamond hair clip—would withstand the test of passing fashion. He and Louis were a powerful team, sparking ideas off each other, both of them unwilling to settle for anything less than the best. They understood each other implicitly, and though their relationship was clearly defined as boss and employee, the respect went both ways. Louis could be a tyrannical Head of House, prone to angry outbursts for little reason, but there was rarely an angry word between him and Jacqueau. He simply admired him too much.” (Cartier-Brickell, 2019, 197)

couldn’t draw, explaining that Louis had told her not to learn because that would prevent her from being able to assess the designs of others). But Jacqueau’s move to England was about more than just that. Before Jacques had passed away, Jacqueau had promised his friend he would look out for his son, and he had come to fulfill his pledge.” (Cartier-Brickell, 2019, 439)

son’s training might become even more important. “I would like him to be to earn a living as a jewelry designer,” Jacques wrote to the head designer and Louis’ protégé, Charles Jacqueau, in February want him to be able to support himself, should he find himself alone in life.” (Cartier-Brickell, 2019, 407)

Extra-firm

Jacques Cartier *and* the Indian Rulers

**Imbalanced**

"Staggered by the ruler’s collection, Jacques immediately offered to buy several items. He would have loved to show his brothers the magnificent turban ornament in the form of a large feather “at least ten inches long, made of diamonds. About the edge of this is a fringe of large, pear-shaped emeralds, each of which is almost priceless.” But the Maharaja had no desire to sell that one. Instead, he offered an emerald jewel of lesser value. Jacques politely refused, but understanding he was there to foster a good relationship and open the door for future relations, he did agree to buy a selection of gemstones at an inflated cost of £14 400 (\$1.85 million today).” (Cartier-Brickell, 2019, 162)

**Trust**

“With the gems that Jacques agreed to buy deducted from the cost the large pearl, the Maharaja was left with a bill for £25,600. Jacques had hoped the ruler might be able to pay it to him in cash before he handed over the pearl, but as he was fast discovering, business would not be that straightforward in India. The Maharaja of Durbar had cost him £100,000 and he had to borrow money for the railways. So he asked to pay £14 000 then and there, the balance in March. “Naturally,” Jacques wrote in his diary, “we politely refused.” So he asked to think about it, he would see his bankers. Put he asked to keep the pearl to show his women. I knew what he was trying to and even though it annoyed me, I let him take it. Tomorrow meet at 2 pm. The first act is played out.” (Cartier-Brickell, 2019, 162)

**Dissimilarity**

"Sitting in Louis’ Paris office in April 1912, a selection of Indian treasures laid out on the desk, Jacques recounted details of his voyage his brother and father. He was optimistic for future relations with Indian clients, even if orders hadn’t been as significant as they hoped. India was a country, Jacques explained, where it would time to build loyalty. The Gaekwad of Baroda, for example, wanted to stay in touch and had even asked Jacques to help him better understand the European jewelry market. He wanted facts and figure everything from “jewelers’ wages” to the “manufacture and refurbishment of jewelry” in order that he might learn from the best.” (Cartier-Brickell, 2019, 170)

**Generalized exchange**

"Sitting in Louis’ Paris office in April 1912, a selection of Indian treasures laid out on the desk, Jacques recounted details of his voyage his brother and father. He was optimistic for future relations with Indian clients, even if orders hadn’t been as significant as they hoped. India was a country, Jacques explained, where it would time to build loyalty. The Gaekwad of Baroda, for example, wanted to stay in touch and had even asked Jacques to help him better understand the European jewelry market. He wanted facts and figure everything from “jewelers’ wages” to the “manufacture and refurbishment of jewelry” in order that he might learn from the best.” (Cartier-Brickell, 2019, 170)

**Bridging mechanism**

"Many important guests at the Durbar, however, proved more difficult to meet, and for these, Jacques enlisted the help of the widely respected jeweler and art dealer, Imre Schwaiger, whom he had met the previous summer in Europe. A tall Hungarian who had lived in India for years, Schwaiger knew all the country’s best jewelry buyers. Brilliantly connected and famously discreet, he was also often the first point of contact for maharajas who wanted to sell their precious jewels without letting on to the others that they needed the cash. He had a "marvelous shop" near Kashmiri Gate in Delhi but much of his time traveling around the palaces, buying and selling. Schwaiger, no doubt hoping for future work with Cartier, offered to introduce Jacques to his clients, and to give him a space in his gallery. (...) Shwaiger’s shop may have been a magnet for wealthy Europeans in India, but Indian rulers expected the trade, as Schwaiger and Cartier both were, to come to them. It

was difficult, however, because Jacques could not turn up unannounced, and the ruler rarely granted an appointment without prior knowledge of the tradesman. Fortunately, Schwaiger was again able to help. With his letter of personal recommendation, sent along with a letter of introduction from Jacques and a sample of his wares (such as a Cartier pocket watch), a meeting would generally be granted. On in the Rajah's camp at the allotted time, Jacques would then open his cases of jewels to reveal the valuable items he had brought from Paris." (Cartier-Brickell, 2019, 159-160)

VMC	Intra-firm	Viellard family members <i>and</i> VMC employees	<p><b><u>Imbalanced</u></b> "En premier lieu, l'obligation morale est érigée en véritable devoir social en direction des ouvriers et conduit les dirigeants à se mobiliser pour améliorer leur sort. La référence aux valeurs familiales reste alors une composante. Il faut modéliser les relations au sein de l'entreprise sur le principe de l'autorité paternelle. (...) Les destinées individuelles doivent d'abord s'éveiller dans le cercle familial, puis s'épanouir dans celui de l'entreprise." (Lamard, 1996, 141)</p>	<p><b><u>Distrust</u></b> "Aux exigences consenties du travail, de l'assiduité et de la discipline, la direction ajoute progressivement d'autres obligations, signes d'allégeance à un conformisme des idées et des attitudes. Ainsi, vers la fin du siècle, une nouvelle clause apparaît dans le règlement de police intérieur de l'entreprise stipulant que "la religion et la moralité doivent être respectées dans les établissements et les logements de la Société." Cette nécessité de traduire ce qui était de fait, reste symbolique d'une plus grande rigidité des rapports sociaux. Ce conditionnement extra-muros, à travers un ensemble rationnel d'organisations communautaires recherche également la prévention de toutes formes d'antagonisme au sein des structures de travail et reste un rempart efficace contre les conflits sociaux, estompant quelque peu les inquiétudes liées au mouvement ouvrier." (Lamard, 1996, 144)</p>	<p><b><u>Similarity</u></b> " Mais, pour éviter tout abus des "visiteurs" sont institués à partir de 1882 et pour préserver une bonne moralité parmi la classe ouvrière, sont systématiquement exclus des registres de la société les "membres qui ont subi une condamnation infamante et ceux qui ont une conduite déréglée et notoirement scandaleuse." (Lamard, 1996, 134)</p>	<p><b><u>Generalized exchange</u></b> "En effet, l'année du Front Populaire marque le retour aux bénéfices malgré l'application des contrats collectifs, des congés payés et de la loi de 40 heures. La société n'est pas touchée par le vaste mouvement de revendication qui touche également les grandes entreprises locales. Une petite poignée d'ouvriers peu vindicatifs est alors syndiquée à la C.F.T.C., une plus grande partie d'entre eux adhérant au syndicat interprofessionnel de Morvillars, Grandvillars et Méziré, créé à l'initiative d'Henri Viellard; cette dernière organisation étant naturellement peu encline à entrer dans la lutte sociale et à occuper les usines." (Lamard, 1996, 174-175)</p>	<p><b><u>Bonding mechanism</u></b> "Ecole primaire dispensée gratuitement pour les enfants des ouvriers et financée par VMC: "Au-delà de cette implication financière réelle de la fonction éducative, la structure scolaire apparaît avant tout comme un lieu de moralisation garant des valeurs sociales, puis seulement après reconnue dans sa fonction de transmission des connaissances." (Lamard, 1996, 137)</p>
	Extra-firm	Viellard family members <i>and</i> Japy-Frères	<p><b><u>Imbalanced</u></b> "La lutte entre les deux sociétés se poursuit indirectement dans la prise de participations dans divers établissements." (Lamard, 1996, 60)</p>	<p><b><u>Distrust</u></b> "À partir de cette période la coopération des deux sociétés, malgré les réticences réciproques, ne cesse de s'intensifier. C'est non seulement la création en 1867, d'une structure de vente commune, mais le resserrement des liens techniques, qui se concrétise par plusieurs acquisitions communautaires de matériel et surtout de brevets, afin de mieux juguler la concurrence." (Lamard, 1996, 105)</p>	<p><b><u>Dissimilarity</u></b> " Régulièrement au cours de toutes ces années chaque société réclame des réajustements de quantum ou de répartition qui donnent infailliblement lieu à des réunions houleuses. En 1892, au moment du renouvellement des statuts, l'association est au bord de l'éclatement. Viellard-Migeon et Cie dénonce l'aberration de la situation de la succursale de Paris, séparée en deux, le plus important magasin étant jugé trop</p>	<p><b><u>Restricted exchange</u></b> "Enfin, après les premières années de lutte sans merci avec les industriels de Beaucourt, pour la domination au moins locale de la production de la visserie-boulonnerie, le volume des ventes de cette branche est incontestablement dynamisé par divers accords liant les deux maisons. Ayant constaté assez rapidement les effets préjudiciables d'une situation de concurrence très conflictuelle, les dirigeants des deux</p>	<p><b><u>Bridging mechanism</u></b> "Il est demandé le déménagement des activités dans les locaux appartenant à la société, rue Albouy, pour donner plus de cohérence à la structure de vente. La réponse de Beaucourt ne tarde pas, vu l'importance de l'enjeu. (...) Néanmoins en 1910, cette question est à nouveau examinée et la société Viellard-Migeon arrive à convaincre ses associés de consentir à une installation plus efficace</p>



				éloigné de la clientèle et hors de la surveillance du gérant." (Lamard, 1996, 107-108)	établissements décident de déposer les armes. Ils conviennent de la nécessité de rapprocher leur stratégie commerciale, en définissant des principes de ventes communs, auxquels vient adhérer la manufacture Laurent-frères et beau-frère à Plancher-les-Mines. Vers 1838, les trois sociétés passant dans un premier temps une convention "placée sous la garantie d'honneur des contractants renouvelable d'année en année." Les fabrications sont standardisées, les tarifs, remises et modalités de paiement fixés de manière tripartite." (Larmard, 1996, 59)	du dépôt et d'accepter un déménagement rue Albouy." (Lamard, 1996, 107-108)	
<b>PEUGEOT</b>	Intra-firm	Peugeot family members <i>and</i> Maurice Jordan and François Gauthier	<b><u>Imbalanced</u></b> "Durant la guerre, Jordan remplace les réunions ordinaires des directeurs par un comité de direction, devenu en 1945 conseil des directeurs, organe plus collectif où les débats sont contradictoires et toujours tranchés par Jordan." (Loubet, 2009, 319)	<b><u>Distrust</u></b> "La collégialité qui a marqué l'équipe Jean-Pierre-Jordan-Arnaud a été le fait d'amitiés et de sensibilités communes, probablement rendues possibles par l'époque et la petite taille de la SAAP. Il faut dorénavant inscrire cette logique collégiale dans des statuts. Gauthier le ressent d'autant plus que sa proximité avec Jordan n'a pas été à la hauteur de l'osmose qui a existé entre ce dernier et Jean-Pierre." (Loubet, 2009, 328)	<b><u>Similarity</u></b> "Jordan est secondé par un directeur général adjoint, Jean Nicolas jusqu'en 1957, puis François Gautier, tous trois ingénieurs des Mines. Ce sont ces mineurs qui instaurent le maniement au pays des centraliens." (Loubet, 2009, 319)	<b><u>Generalized exchange</u></b> "Reste le cas de Maurice Jordan. Il est inclassable puisque entrant dans toutes les catégories. Il est même si proche Jean-Pierre qu'il parvient par ses positions à être plus Peugeot qu'un Peugeot. Ceux qui ont approché Jean-Pierre et Jordan parlent de « complémentarité, d'une véritable symbiose qui les réunit ». A la démission de Jean-Pierre fin 1964, Jordan accède à la présidence de la SAAP, au moment où aucun des trois héritiers, Bertrand, Roland et Pierre, tous cousins trentenaires, n'est encore prêt." (Loubet, 2009, 317)	<b><u>Bonding mechanism</u></b> "Jordan fait alors un tour de table pour être sûr que « tous les membres du comité de direction partagent son point de vue ». L'unanimité est acquise d'autant que la SAAP veut en finir avec les conversations sans fin : certaines firmes montrent « des appétits considérables d'autres « révèlent une volonté de domination possible." (Loubet, 2009, 343)
	Extra-firm	Peugeot family members and TMT <i>and</i> the Michelin brothers and TMT	<b><u>Imbalanced</u></b> "Fixé à la jante par des boulons, le pneumatique peut se changer rapidement en cas de crevaison. S'agirait-il d'un détail technique face au défi que constitue l'objet même de la bicyclette ? Non, répond Michelin auquel Peugeot ne passe que quelques commandes ponctuelles sous prétexte de ne dépendre d'aucun pneumaticien, car son article pèse lourd dans le prix de revient global : « Le pneu est l'élément essentiel, car c'est lui qui roule sur la route et non la bicyclette! » (Loubet, 2009, 90)	<b><u>Distrust</u></b> "Elle multiplie les audits, faisant toutes les simulations, du maintien de la marque à son absorption pure et simple. Gautier et Perrin se joignent aux négociations engagées entre les Michelin, les banques - Reyre et Guyot et les pouvoirs publics. Face aux propos défensifs de Peugeot, les ministères opposent les éléments d'une stratégie offensive basée sur les études communes? Les économies d'échelle, le volume et l'augmentation des parts de marché, la rationalisation des usines en France et à l'étranger. Une parfaite leçon de croissance externe expliquée comme l'adaptation aux réalités de l'économie mondiale." (Loubet, 2009, 409)	<b><u>Dissimilarity</u></b> "Les Michelin et les Peugeot se rencontrent chaque année échangent et dessinent à bien des reprises l'idée d'une union plus structurelle. Mais des différences existent : Michelin est d'abord une firme de pneumatiques - dont Citroën incarne sa passion pour la voiture - alors que Peugeot a maintenu sa diversification autour d'une industrie automobile dominante. Les tempéraments divergent : le catholicisme traditionnel des Michelin marque autant le quotidien de Clermont que le protestantisme luthérien des Peugeot, très influencé par la pensée wébérienne, humanise la vie sochalienne." (Loubet, 2009, 282)	<b><u>Restricted exchange</u></b> "De son côté, Michelin fait son possible pour apporter les 51% de Citroën, ce qui lui permet de passer les commandes d'une affaire dont il ne conserve que provisoirement 40 %, le temps de finaliser le contrôle de son ex-société. Une fois propriétaire de Citroën à 100%, la FFP laisse la place à Peugeot SA qui décide d'absorber Citroën SA. Grâce à l'échange de 6,25 actions Citroën SA contre 1 action Peugeot SA, Michelin entre dans le capital de PSA à hauteur de 9,5%, avec la possibilité de monter à 12 % grâce aux obligations convertibles. Il devient le second actionnaire d'un groupe que la famille Peugeot contrôle avec une plus grande marge qu'avant 1974." (Loubet, 2009, 411)	<b><u>Bridging mechanism</u></b> "Gautier ne répond rien. Il observe, attend et compte, car les négociations achoppent sur les exigences de Michelin." (Loubet, 2009, 409)



## **Chapter Three**

### **Explaining the Many Relational Paths to Success in Family Businesses: Relational Stability and Equifinality**

#### **Abstract**

This last chapter explores the relational factors influencing the propensity of family businesses to engage in economic or social performance. I explore the principles of stability and equifinality behind the relational configurations observed in Chapter Two in order to understand the ins and outs of the different relational paths to success in family businesses. This not only make the premises of the relational configurational model more explicit, but it also delimits its scope in businesses. The theoretical work conducted in this chapter invites us to reconsider the basis on which family and non-family businesses are compared on a relational level. It also nuances the premise of equifinality by highlighting the divergent outcomes associated with each relational path observed in Chapter Two. In short, this theoretical journey to the heart of the relational configurational model deepens and refines its contribution and lays some foundations for future research.

#### **3.1 Introduction**

What is success in family business? This question has not yet found a consensus among family business researchers. For some, the success of the business can be explained by its propensity to remain a family business (e.g., Le Breton-Miller, Miller & Steier, 2004). Others will rather define success on an entrepreneurial basis by focusing on a family's ability to maintain its entrepreneurial spirit across generations (e.g., Jaskiewicz, Combs & Rau, 2015; Zellweger, Nason & Nordqvist, 2012). For others, the success of family businesses is largely based on economic or strategic criteria. Financial performance, growth, or the business's capacity to develop and maintain a competitive advantage explain why family businesses are successful (e.g., Chrisman & Patel, 2012). Finally, the success of family businesses can also be based on their ability to create shared value with their various stakeholders (e.g., Bingham, Dyer, Smith & Adams, 2011; Labelle, Hafsi, Francoeur & Amar, 2018). These different definitions of success thus take three tangents.

Success has been defined in the literature based on either familial, economic, or social performance criteria.

The second chapter of this dissertation presents a relational model that promises to nuance our view on the question of success in family business by uncovering the relational factors conducive to different patterns of performance. The multidimensional relational configurational model highlights the many relational paths leading to durable success in family businesses. In Chapter Two, I found that family businesses tend to specialize over time in the development of a specific pair composed of one intra-firm and one extra-firm relational configuration (i.e., alliance/reliance; filiation/acquaintance; collaboration/coalition). I was also able to speculate on the reasons that drive family businesses toward relational specialization, arguing that the strategic alignment between relational behaviors, the institutional contexts and the strategy of family businesses leads them to develop very specific relational configurations. This alignment explains part of their lasting success. As already shown by the literature, some family businesses studied in Chapter Two develop relationships based on trust (Eddleston, Chrisman, Steier, & Chua, 2010), benevolence (Long & Mathews, 2011), extended forms of exchanges (Hayward, Hunt & Miller, 2021), and centralized power in the hands of founding families (Gersick, Davis, Hampton & Lansberg, 1998). Simultaneously, I also found that, other family businesses come to develop distrust and restricted exchanges, which play a decisive role in expanding their business strategic orientations in the long run. These contradictory results call for nuance the dominant view in the literature according to which the success of family businesses is rooted in the collectivist and relational approaches they adopt (Bingham et al., 2011). The results of the study presented in Chapter Two present a more differentiated view, suggesting that some family businesses do indeed adopt a relational approach that favors their social performance while others adopt a rather transactional approach that emphasizes their economic performance.

Despite its promise for important theoretical and practical contributions, the relational configurational model needs to be better defined on a theoretical level in order to outline its scope and outcomes in organizations. More specifically, how can we theoretically explain the manifold results of Chapter Two? What are the relational factors influencing

the propensity of family businesses to engage in economic and/or social performance? To address these questions, I will explore the principles of stability and equifinality behind the relational configurations to understand the ins and outs of the different relational paths to success in family businesses. Addressing these issues from a theoretical perspective will lead to three contributions. First, it will make the premises of the relational configurational model more explicit and delimit its scope in businesses. Second, it will allow me to differentiate the relational behaviors of family and non-family businesses. Finally, it will enable me to further our understanding of the impacts of the different relational configurations on the social and economic performance of family businesses. In short, this theoretical journey to the heart of the relational configurational model promises to deepen and refine its contribution and to lay some foundations for future research.

This chapter is organized as follows. First, I will return to the premises of the configurations approach (i.e., stability and equifinality). I will focus on the premise of stability and generate theoretical propositions that differentiate the relational behaviors of family and non-family businesses. In the second part, the binary dimensions that make up the model will be better delineated in order to grasp the relational dynamics and behaviors that they circumscribe and to highlight their outcomes in family business. Propositions on the influence of relational configurations on the social and economic performance of family businesses will also be developed. Finally, I will discuss the impact of this model on differentiating family businesses from non-family businesses and defining success and performance in family businesses. At the end, I will propose a research agenda by discussing how to operationalize the five binary constructs of the relational configurational model in order to evaluate the theoretical propositions developed in this chapter.

### **3.2 Approach of Configurations: Stability and Equifinality**

Organizational configurations have received extensive attention from organizational and strategy scholars (Short, Payne & Ketchen, 2008). The approach of configurations proposes a systematic and holistic view of organizations to observe “any multidimensional constellation of conceptually distinct characteristics that commonly

occur together” (Mayer, Tsui & Hinings, 1993: 1175 *in* Fiss, 2007). For configurational scholars, organizations are thought of as specific arrangements or configurations between strategy, structure, and environment that are observed to be frequent and common among organizations (Miller, 1990). Because they are defined by a particular internal logic and an evolutionary momentum, organizational configurations are also characterized by their stability and their consistency in time (Miller, 1987). Lastly, scholars assume the equifinality of configurations defined as the multiple paths to organizational success or failure (Miller, 2017).

The approach of configuration, which has been already insightful for understanding family business strategic management (Miller & Le Breton-Miller, 2005), was key in analyzing data and in building a relational model formed of five concomitant, binary dimensions. In line with the approach of configurations, the three pairs of relational configurations identified in Chapter Two are also characterized by their stability in time and across actors. In addition, they also represent three relational paths to family business transgenerational social and/or economic success. I propose to explore these two premises further in order to better understand the relational differences between family and non-family businesses and the influence of relational configurations on business performance.

### **3.3 Stability: Differences Between Family and Non-Family Businesses**

In line with the precepts of the configurational approach, I found that, regardless of their nature, the three pairs of relational configurations are characterized by their consistency in time; despite the numerous crises (i.e., political instability periods, wars, economic or social crises, globalization, sudden death, etc.) faced by family businesses. The relational behaviors encapsulated in these pairs of configurations are also shared among the members of the organizations within and across generations. These family business actors show little disparity between the way they develop and manage interpersonal relationships in organizational context. In this section, I investigate the literature and look at both the consistency over time of relational behaviors and the level of discrepancy between actors in family businesses. I generate theoretical propositions that differentiate family businesses from non-family businesses on a relational level.

### ***3.3.1 Consistency in Time***

The consistency of relational configurations over time in family businesses can be explained in several ways. The emphasis that family businesses place on continuity is part of the answer. Such a focus defines the long-term strategic directions of family businesses, enabling them to build strong, durable communities and connections with their stakeholders (Miller & Le Breton-Miller, 2005). Some recent studies found that, because they embrace an extended time horizon, family businesses develop stewardship and resilient attitudes that drive them during crises in becoming more responsive to environmental changes by sacrificing short-term profitability for the sake of their businesses' sustainability and continuity (Salvato, Sargiacomo, Amore & Minichilli, 2020). Such resilience is due to the ability of these companies to develop strong, durable relationships with their stakeholders (Hanson, Hessel & Danes, 2019). These relationships allow them to ensure a certain stability in changing environments, enabling them to cope more effectively with crises (Conz, Lamb & De Massis, 2020).

In addition, evidence suggests that family businesses are institutions that foster the reproduction of social and cultural habitus and the establishment of stronger patterns of strategic and social behaviors over time and generations (Bourdieu, 1986; 1994; Ge, De Massis & Kotlar, 2021; Sasaki, Ravasi & Micelotta, 2019). The long-term tenure of business family members at the head of family business also encourages some stability in family business strategic behaviors (Boling, Pieper & Covin, 2016). Other research suggests that the capacity of family business to nurture legacy similarly promotes sustained strategic behaviors in family business (e.g., entrepreneurial legacy, see Jaskiewicz et al., 2015). Accordingly, family business relational behaviors, which have a strategic role in these businesses, can be associated with high consistency in time.

***Proposition 1:*** Compared to non-family businesses, family businesses have more consistent relational behaviors over time.

### ***3.3.2 Level of Discrepancy Among Actors***

The three pairs of relational configurations found in the second chapter of this dissertation are also characterized by their diffusion among family members and organizational actors

within and across generations. This observation is supported by the literature on organizational culture in family businesses. The ways in which individuals interact in family businesses are greatly influenced by organizational cultures, and vice versa (Nicholson, 2008). Behaviors, values, beliefs, and preferences are shared among organizational actors by the means of their interactions. Consequently, it is through interpersonal relationships that individuals create a sense of collectivity and a common identity that are crystallized in the family business culture (Hamilton, Cruz & Jack, 2017). The organizational culture acts, in turn, as a structuring influence that guides collective behaviors. This circular process between interpersonal relationships and organizational culture contributes, to some degree, to the development of a community in which beliefs, values, and relational behaviors gradually become unified among family business members (Ravasi & Schultz, 2021).

Moreover, strong connectivity among organizational members plays an important role in the creation of a sense of community and of a common identity in family businesses (Miller & Le Breton-Miller, 2005). By behaving as good corporate citizens, family businesses develop organizational culture that engages employees in developing a sense of purpose, commitment, and motivations (Astrachan Binz, Ferguson, Pieper & Astrachan, 2017). In turn, employees develop strong identification with the family and its business that encourages them to reproduce the social and relational behaviors of their peers or superiors (Matherne, Waterwall, Ring & Credo, 2017).

Finally, the literature suggests that the level of discrepancy between the relational behaviors of family business members can affect the economic and social performance of the family businesses. From a social performance perspective, high-quality relationships as well as shared values and beliefs about how those relationships should unfold help develop the leadership of the next generation (Kandade, Samara, Parada & Dawson, 2021) and align the goals of the different parties involved in family businesses (Kotlar & De Massis, 2013; Rosenkranz & Wulf, 2019). Similarly, evidence shows that the development of shared values, behaviors and meaning on relationships has a significant positive impact on the financial performance of family businesses (Mani and Lakhali, 2014). On the contrary, the divergent views on how develop and manage social relations



in family business can be a barrier to its social performance (e.g., negative interactional justice perception, see Barnett & Kellermanns, 2006) and its economic growth (e.g., Bird & Zellweger, 2018).

***Proposition 2a:*** Compared to non-family businesses, members of family businesses demonstrate a lower level of discrepancy in their relational behaviors and the way they shape and manage interpersonal relationships.

***Proposition 2b:*** Family businesses whose members demonstrate a low level of discrepancy in their relational behaviors have higher social and economic performance than family businesses whose members demonstrate a higher level of discrepancy.

### **3.4 Social Performance and Economic Performance in Family Business**

The three pairs of relational configurations observed in the previous chapter represent three paths to success. All the family businesses studied in Chapter Two are still active today and hold a highly enviable position in their respective industries. Although they all have sustained, transgenerational success, the results of the study of Chapter Two suggest that their success is based on different performance criteria. While some of the businesses are still solely owned by the family that founded them (i.e., Beretta, Pollet, Mellerio), others are now part of conglomerates that the founding families still control (i.e., VMC, Peugeot) or no longer control (i.e., Cartier). Similarly, while some businesses base their success on innovation and leadership in their industry (i.e., Beretta), the success of some relies more on quarterly financial results (i.e., Peugeot) or on their ability to reproduce craftsmanship and expertise over time (i.e., Mellerio). These contrasting observations imply that the way to go about creating connections and communities influences the type of performance (i.e., social and/or economic) in which family businesses are engaged.

Based on my observations in Chapter 2, it appears that two factors influence the impact of relational configurations on the type of performance that family businesses will achieve: (1) the forms of the concomitant dimensions composing the pair relational configurations they develop and (2) the general attitude of family businesses in managing

their pair of relational configurations over time. In this section, I will explore the literature in order to theoretically define the five binary dimensions that form the configurational relational model and theorize about their impact on the social and economic performance of family businesses. Table J summarizes the essence of each dimension by delineating the relational dynamics and behaviors that they circumscribe as well as their scope and function in family businesses.

**Table J: The Five Binary Dimensions**

	<b>Power distribution</b>	<b>Assumption</b>	<b>Reciprocity</b>	<b>Solidarity</b>	<b>Engagement mechanism</b>
<b>Theoretical roots</b>	<ul style="list-style-type: none"> <li>. Resource dependence theory</li> <li>. Resource-based view</li> </ul>	<ul style="list-style-type: none"> <li>. Agency theory</li> <li>. Contracting theory</li> </ul>	<ul style="list-style-type: none"> <li>. Social exchange theory</li> </ul>	<ul style="list-style-type: none"> <li>. Social identity theory</li> </ul>	<ul style="list-style-type: none"> <li>. Social Network theory</li> </ul>
<b>Relational functions</b>	<ul style="list-style-type: none"> <li>. Associative</li> </ul>	<ul style="list-style-type: none"> <li>. Affective</li> </ul>	<ul style="list-style-type: none"> <li>. Normative</li> </ul>	<ul style="list-style-type: none"> <li>. Cognitive</li> </ul>	<ul style="list-style-type: none"> <li>. Structural</li> </ul>
<b>Underlying dynamics</b>	<ul style="list-style-type: none"> <li>. Interdependence</li> </ul>	<ul style="list-style-type: none"> <li>. Individual bias</li> </ul>	<ul style="list-style-type: none"> <li>. Social norms</li> </ul>	<ul style="list-style-type: none"> <li>. Intersubjectivity</li> </ul>	<ul style="list-style-type: none"> <li>. Inclusivity</li> </ul>
<b>What is at stake</b>	<ul style="list-style-type: none"> <li>. Controlling/sharing resources</li> </ul>	<ul style="list-style-type: none"> <li>. Dealing with uncertainty</li> </ul>	<ul style="list-style-type: none"> <li>. Regulating exchange</li> </ul>	<ul style="list-style-type: none"> <li>. Creating unity</li> </ul>	<ul style="list-style-type: none"> <li>. Contextualized interactions</li> </ul>
<b>Measurements for future research</b>	<ul style="list-style-type: none"> <li>. Ability to control resources</li> <li>. Interdependence dynamics</li> </ul>	<ul style="list-style-type: none"> <li>. Ability to deal with uncertainty</li> <li>. Past experiences</li> </ul>	<ul style="list-style-type: none"> <li>. Temporal orientations</li> <li>. Expectations</li> </ul>	<ul style="list-style-type: none"> <li>. Overlapping experiences</li> <li>. Perception of coherence</li> </ul>	<ul style="list-style-type: none"> <li>. Frequency of contact</li> <li>. Membership</li> </ul>
<b>Forms</b>	<ul style="list-style-type: none"> <li>. Imbalanced power</li> <li>. Balanced power</li> </ul>	<ul style="list-style-type: none"> <li>. Trust</li> <li>. Distrust</li> </ul>	<ul style="list-style-type: none"> <li>. Generalized exchange system</li> <li>. Restricted exchange system</li> </ul>	<ul style="list-style-type: none"> <li>. Perceived similarities</li> <li>. Perceived dissimilarities</li> </ul>	<ul style="list-style-type: none"> <li>. Bonding</li> <li>. Bridging</li> </ul>

### 3.4.1 *Power distribution*

The first dimension refers to the way in which power is distributed among family members and family business actors (i.e., family and non-family executives and employees, but also their suppliers and clients). The study presented in Chapter Two showed that power distribution can take two forms. Power can either be distributed equally or unequally among actors. In all three pairs of configurations observed in chapter two, the forms of power distribution remain the same in the extra-firm relational configuration and in the intra-firm relational configuration. Behind the power distribution dimension lies the idea that the control of economic, social, and symbolic resources grants

individuals with some power over others (Weber, 1978). As such, the dimension of power distribution focuses associative and interactional aspects of relationships. The distribution of power among individuals will depend on the ability of all parties to control available resources and the level of dependence upon each party involved in a relationship. It thus underlies interdependency dynamics among individuals and organizations.

On one hand, resources can be controlled by one party. In this case, power will be unequally distributed among actors. This situation will result in unbalanced interdependence dynamics characterized by a high level of dependency of one party toward the other. This perspective on power distribution is dominant in the literature on family business (Gersick, Davis, Hampton & Lansberg, 1998). Power has more generally been conceptualized as being centralized and often associated with senior family members (Miller, Steier & Le Breton-Miller, 2003). This tendency can be explained by the important capacity of members of business families to manage and pass on valuable, strategic resources to their children, such as tacit knowledge, social capital, and reputation (Sirmon & Hitt, 2003; Le Breton-Miller & Miller, 2015). This capacity to manage resource flow across generations enables business families to accumulate important resource stocks over time (Arrègle, Durand & Very, 2004; Chirico, 2008) and to leverage such resources while navigating in complex environments (Chrisman, Chua and Kellermans, 2009). Contexts conducive to resource scarcity (e.g., isolated geographic location or markets and industries requiring high levels of competence and high quality of resources) often benefit business family members. In such uncertain contexts, family members' sources of power within the firm and broader community lie in slack resources, tacit knowledge, social capital, and reputation often inherited from their ancestors (Le Breton-Miller & Miller, 2018). The accumulation and concentration of resources associated with this type of power distribution suggest that it is more likely to support the economic performance of both the family and its business than their social performance.

On the other hand, the control of resources can also be dispersed among parties involved in a relationship. This way, power will be distributed more equally and will depend on the value of the resources each party brings to the relationship. In such circumstances, the relationship is characterized by mutual interdependence dynamics. The combination of

each party's resources will create an idiosyncratic pool of capitals from which relational rents can be generated (Dyer and Singh, 1998). Industries based on innovation and businesses with high entrepreneurial orientation are subject to the establishment of balanced power distribution (Munoz-Bullon, Sanchez-Bueno & De Massis, 2020). In this respect, some scholars propose that German Mittelstand firms' propensity for innovation is highly influenced by interdependent dynamics. This type of small-medium business mitigates their limited access to resources by fostering superior relationships with employees and community and by developing durable collaboration with customers (De Massis, Audretsch, Uhlaner & Kammerlander, 2017). Thus, the balanced distribution of power suggests positive social and economic outcomes.

***Proposition 3a:*** Family businesses that display imbalanced power distribution place more value on the economic performance than on the social performance.

***Proposition 3b:*** Family businesses that display balanced power distribution achieve both social and economic performance.

### ***3.4.2 Assumptions***

The second dimension refers to the beliefs about others that an individual takes to be true and uses as a starting point for a relationship. The study presented of Chapter Two suggests that this dimension can take two forms in family businesses: trust or distrust. In all three pairs of configurations observed in Chapter Two, the forms of assumption remain the same in the extra-firm relational configuration and in the intra-firm relational configuration. The dimension of assumptions encapsulates individual bias and is related to someone's ability to face and deal with the uncertainty and complexity associated with interpersonal relationships (Luhmann, 2018; Lewis & Weigert, 1985). It captures the psychological state of individuals and is correlated to emotions and past experiences (Eddleston, Chrisman, Steier & Chua, 2010).

Trusting individuals primarily attribute good intentions to others and are able and often inclined to deal with ambiguity and unknown territory. Numerous family business scholars have suggested that trust is a prevalent aspect of family business and a source of their competitive advantage (e.g., Steier, 2001; Sundaramurthy, 2008). Again, the

interplay between the family and business can explain why trust is predominant in family business. Families are institutions that facilitate the development of trusting relationships (Fukuyama, 1995). Correspondingly, the implication of family members in their business activities fosters trust relations with the firm actors based on goodwill, altruism, and interest alignment (Eddleston et al., 2010). For Sundaramurthy (2008), trust evolves in accordance with the family business development cycle. While trust is an attribute characterizing the interactions between family members during the early stages of business venturing, it will progressively be diffused among a wider range of organizational actors. In the broader management literature, trust has been presented as “self-enforcing safeguard that is a more effective and less costly alternative to both contracts and vertical integration” (Poppo & Zenger, 2002: 707). In this respect, trust is a relational governance device that can be a substitute for—or at least reinforce—formal contracting. Because they are supported by shared values and mutual comprehension of processes and deadlines, economic exchanges based on trust are more flexible and prone to adapt to unexpected situations. For instance, it has been shown that trust is a vector of alliance performance in situations when it is difficult to anticipate and understand actions and behaviors of others (Krishnan, Martin & Noorderhaven, 2006). Trust is therefore a behavior that support both social and economic performance in family businesses.

On the contrary, distrusting individuals assign malicious intent to others and tend to avoid uncertainty. Consequently, they suspect that the ones with whom they have a relationship will take advantage of the situation or will not be able to do the job. The literature on governance, which rests on the transaction cost theory (Williamson, 1979), proposes that several mechanisms, such as formal contracting, can be used to ease distrust, manage complexity and avoid relational ambiguity (Poppo & Zenger, 2002). However, formal contracting is not a perfect device. Research has demonstrated that most of the time, behavioral and environment uncertainty remains and provokes the development of more complex arrangements and higher contracting costs (Poppo & Zenger, 2002). In this respect, distrust, which is associated with this kind of formal agreement, is often presented as a problem in all kinds of organizations, including family businesses (Steier, 2001). Conceptualized as an absence or a deterioration of trust (Lewicki, McAllister & Bies, 1998), distrust can progressively take hold in some family businesses, and cause

coordination and control problems (Hadjielias, Christofi & Tarba, 2021; Steier, 2001). Past experiences, which trigger negative emotions like jealousy or rivalry, can also foster the development of distrusted behaviors in family business (Zahra, Neubaum & Larraneta, 2006). Distrust is therefore a behavior that is more likely to support the economic performance of family businesses at the expense of their social performance.

***Proposition 4a:*** Family businesses that display trusting behaviors achieve both social and economic performance.

***Proposition 4b:*** Family businesses that display distrusting behaviors place more value on the economic performance than on the social performance.

### ***3.4.3 Reciprocity***

The dimension of reciprocity refers to the norms that regulate exchanges (Lévi-Strauss, 2013). The dimension of reciprocity encapsulates the temporal orientations of relationships. Not only does this dimension structure the duration of relationships between individuals or groups, but it also regulates the expectations of all parties involved (Levi-Strauss, 1949; Mauss, 1923). There is therefore a normative function associated with this dimension. In accordance with the management and the social sciences literature, I found generalized exchange and restricted exchange systems to be the two different manifestations of reciprocity in family businesses (Stewart, 2003).

Generalized exchange systems are established on the principles of unilateral and asynchronous giving and receiving. Generalized exchange systems can also be based on indirect reciprocity. In this respect, the returns or benefits are indirectly repaid. It can be that the gifts and the counter-gifts are of different natures or that the exchange systems take the form of a “pay-it-forward” chain (Willer, Flynn & Zak, 2012). In this latter case, the person who receives a gift will not reciprocate the benefits to the giver but instead to another member of the group. Mentoring relationships or spontaneous sharing of information are examples of altruistic behaviors that lead to generalized exchanges in organizations. The family business literature has stressed the importance of generalized systems whose development is supported by the embeddedness of a family in business activities. Generalized exchange systems often characterize the norms of reciprocity in

families (Stewart, 2003). Consequently, the level of involvement of families in their firms as well as their intentions for transgenerational continuity affect the propensity of family business to adopt this type of extended reciprocity (Long & Mathews, 2011). Family business scholars suggest that behind this type of exchange lies the notion of long-term obligations (Stewart, 2003). The maintenance of interpersonal relationships and the preservation of a group take prevalence over equal, immediate reciprocity (Daspit, Holt, Chrisman & Long, 2016). In this respect, generalized exchange systems, which are based on altruistic behaviors, support the development of long-standing relationships and social capital in family businesses (Daspit et al., 2016; Stewart, 2003). This way, this type of exchange systems fit family business intentions for transgenerational continuity (Miller, Le Breton-Miller & Scholnick, 2008).

Restricted exchange systems are established on bilateral giving and receiving. The individuals involved in a relationship based on a restricted exchange system explicitly agree on the terms of their transactions (Daspit et al., 2016). In extreme forms of restricted exchanges, reciprocity can be synchronous. This form of exchange system is associated with market economic logic and practices (Stewart, 2003). Short-term expectations and equal returns characterize this type of restricted reciprocity. Some family business researchers stress the instrumental aspect of direct exchanges (Daspit et al., 2016; Stewart, 2003). Consequently, it has been suggested that direct exchange systems result in the deterioration of collective values and cohesion (Long & Matthews, 2011; Willer and al., 2012) for the benefit of the creation of economic value.

The literature suggests mixed outcomes regarding the adoption of both a generalized exchange system and a restrictive exchange system approach in family firms. For Stewart (2003), economic-based exchange systems are part of the business world. Their impacts on collective values and cohesion depend on the ability of business families to integrate and manage the family and the market logic in family business exchange practices (Stewart, 2003). According to Long and Mathews (2011), a more balanced use of the generalized exchange system and the restrictive exchange system can increase the economic performance of family businesses while encouraging the development of utilitarian interpersonal relationships. Thus, the mobilization of both types of exchange

systems can lessen the impact of market logic on the social performance of family businesses. However, this approach sees social performance as serving the economic performance of family businesses.

***Proposition 5a:*** Family businesses that display generalized exchange system place more value on the social performance than on the economic performance.

***Proposition 5b:*** Family businesses that display restricted exchange system place more value on the economic performance than on the social performance.

***Proposition 5c:*** Family businesses that balance restricted and generalized exchange systems place more value on the economic performance than on the social performance.

#### ***3.4.4 Solidarity***

The dimension of solidarity is defined as the ways in which individuals create a sense of belonging and unity with one another. This dimension pertains to cognitive issues and to intersubjectivity dynamics. It captures the dynamic forces connecting individual identity to his/her social identity. Rooted in the precepts of the social identity theory, the solidarity dimension refers to “the role of self-conception in group membership, group processes, and intergroup relations” (Hogg, 2020: 112). Individuals, who are embedded in interpersonal relationship, come to develop a collective consciousness that emerges from the ways they bind with one another (Giddens & Sutton, 2017). The way individuals see themselves influences how they will relate to others and will perceive their membership to a social group (Hogg, 2020). Intersected, shared experiences and knowledge enable individuals to develop a cognitive agreement about reality and create a sense of belonging (Coelho & Figueiredo, 2003). The study presented in Chapter Two has enlightened two ways of creating unity and social identity. Individuals can develop a collective consciousness by focusing on their similarities with others. They can also associate with one another and generate this sense of belonging by focusing on their differences and complementarity with one another. In all three pairs of configurations observed in chapter the, the form of solidarity appeared in a complementary way. For example, if the configuration of intra-firm relations was based on solidarity based on perceived



similarities, that of extra-firm relations was based on perceived dissimilarities among actors.

In line with Durkheim's (1926) concept of mechanic solidarity, some individuals will associate based on their similarities (i.e., values, customs, beliefs, crafts, skills, etc.). These similarities produce coherence among individuals involved in the relationship. Individuals can choose beforehand to only connect with others like them. Perceived similarities between individuals can also result from long-term socialization and strong identification to a group. In this sense, according to the social identity theory, perceived similarities can be generated or reinforced by the internalization of collective values and norms (Ashforth & Mael, 1989). The literature on family business has shown a family business tendency to connect with similar employees, directors, or firms. For instance, by analyzing the composition of boards, scholars find that publicly traded family and lone-founder firms are more likely to associate themselves with directors with similar-firm experiences (Cannella, Jones & Withers, 2015). Family business scholars assume that perceived similarities and strong inner-group identification drive performance (Distelberg & Blow, 2010). Aligned interests, similar values, and consistent role identity explain why married couples who share a household are more successful entrepreneurial and business teams (Amore, Miller, Le Breton-Miller & Corbetta, 2017; Bannon, Wiklund & Haynie, 2013). Value unity and congruence, which are reinforced by frequent contacts among family members and employees, also positively affect family and employees' commitment to the family business and increase the social and economic performance of the firm (Campopiano & Rondi, 2019; Gimenez-Jimenez, Edelman, Minola, Calabro & Cassia, 2021; McLarty, Vardaman, Barnett, 2019)

In contrast, other individuals connect with one another based on their perceived dissimilarities or on organic solidarity (Durkheim, 1926). In the latter case, it is their complementarity that produces coherence among individuals involved in the relationship (Leonardelli, Pickett & Brewer, 2010). In family business literature, perceived dissimilarities among family members and organizational actors have been presented as an incapacity to manage goal diversity (Kotlar & De Massis, 2013). It is also presented as a sign of family-business identity conflict "where the family identity and the business

identity are activated together, but to act in a way consistent with one concurrently requires actions inconsistent with the other” (Shepard & Haynie, 2009: 1246). In this latter case, it is different expectations and inconsistent behaviors that lead individuals to perceived dissimilarities. This puts the business's social performance at risk.

By focusing on economic outcomes, some strategic management scholars have demonstrated the limits of conformity and the need for businesses for a certain differentiation and optimal distinctiveness in strategy (Zhao, Fisher, Lounsbury & Miller, 2017). Differentiation among organizational actors (Oliver, 1997) and among competitors (Miller & Chen, 1996) can bring competitive advantage. In this perspective, scholars suggest that dissimilarities among family members and organizational actors do not necessarily lead to negative outcomes (Campopiano & Rondi, 2018; Wielsma & Brunninge, 2019). Firstly, they might reduce human capital potential flaws in family business (Sirmon & Hitt, 2003). Moreover, while extreme differences between family members and organizational actors could weaken social cohesion in family business, some degree of dissimilarities might help them to identify threats and encourage owning families to invest in R&D and to engage in internationalization strategies (Kellermanns & Barnett, 2008).

***Proposition 6a:*** Family businesses that only display solidarity based on perceived similarities place more value on social performance than on economic performance.

***Proposition 6b:*** Family businesses that only display solidarity based on perceived dissimilarities place more value on economic performance than on social performance.

***Proposition 6c:*** Family businesses that display complementing intra-firm and extra-firm solidarity achieve both social and economic performance.

#### ***3.4.5 Engagement Mechanisms***

The last dimension of the relational model is labeled Engagement Mechanisms and refers to the conditions under which individuals enter and remain in a relationship. The

engagement mechanisms are influenced by the frequency of contact between parties and the membership of each party involved in a relationship. This dimension not only indicates with whom—insiders and outsiders—organizational actors develop relationships, but it also contributes to circumscribing and shaping the composition of a predominant pair of relational configurations observed in each family business.

The engagement mechanism dimension finds its roots in the respective work by Burt (1992) and Putnam (2000) on the structure of social networks and social capital. An important part of the literature on social capital suggests that firms' and individuals' advantages come with their capacity to expand their social network by developing bridging ties and filling structural holes between two subgroups of a network (Burt, 2017; Putnam, 2000). For instance, it has been demonstrated that dormant ties are particularly valuable in the development of social capital (Levin, Walter, & Murnighan, 2011; Walter, Levin, & Murnighan, 2015). In a similar perspective, Steier and Greenwood (2000) and Buttice, Colombo, and Wright (2017) demonstrate the positive impact of entrepreneurs' supportive networks and social contacts on the financing of ventures. Another part of the literature suggests that social capital also lies in individuals' capacity of developing bonding ties, which refers to strong and cohesive relationships within closed social circles (Coleman, 1988; Rondi, Debellis, De Massis & Garzoni, 2020).

According to Granovetter (1985), bonding and bridging ties have different social functions. Consequently, individuals and organizations benefit from developing both bridging and bonding of ties. In this vein, family business literature has shown that quality relationships among owners (i.e., bonding social capital) have a positive impact on the development of bridging capital (Uhlener, Master, Berent-Braun & Florent, 2015). Similarly, Rondi and colleagues (2020) suggest that family businesses' ability to leverage both bonding and bridging social capital by developing long-term relationships with their employees and their business partners help them to overcome resources constraints and control their chain value.

In line with the social network theory (Burt, 1992) and the literature on social capital, findings from the study presented in Chapter Two suggests that all family businesses are

to be committed to developing two forms of engagement mechanisms: the bonding and the bridging mechanism. While the bonding mechanism structures relationships between individuals from the same organization or community, the bridging mechanism leads to the connections between individuals from different organizations or communities. In this respect, all three pairs of relational configurations observed during the study presented in Chapter Two are formed of one intra-firm relational configuration that is structured by a bonding engagement mechanism and one extra-firm relational configuration that is structured by a bridging engagement mechanism. This allows for the creation of a tightly knit community within the organization, fostering commitment and the development of a strong organizational identity, while developing partnerships and connexions across companies (Rondi et al, 2020). Developing social capital on both fronts (i.e., bonding and bridging mechanism) is important (Putnam, 2000). According to Miller and Le Breton-Miller (2005), an imbalance between the two can threaten the competitive advantage of a family business and undermine its performance both socially and economically.

***Proposition 7a:*** Family businesses that leverage synergies between bonding and bridging mechanism achieve both social and economic performance.

***Proposition 7b:*** Family businesses that focus only on bonding mechanism or on bridging mechanism are less performing in all areas.

### **3.5 Three Paths to Success: A Nuanced View of Relational Equifinality in Family Business**

Defining each of the binary relational dimensions and their impacts on either social or economic performance provides a more nuanced picture of relational equifinality in family businesses. As mentioned, the six family businesses studied in this dissertation all demonstrate long-term success. However, the basis for these successes varies across businesses. In this section, I propose to reassess the three relational paths to success observed in Chapter Two in light of the theoretical propositions developed for each dimension. This exercise will identify the relational factors that support the engagement of family businesses in specific types of performance.

### ***3.5.1 Filiation/Acquaintance: A Route to Social Performance***

The family businesses with a Filiation/Acquaintance configuration aim primarily at achieving social performance. According to the propositions developed from the literature, their ability to develop relationships of trust based exclusively on a system of generalized exchanges indicates that they place more importance on their social performance than on their economic performance. The development of internal solidarity based on similarities between founding family members and their employees also supports this conclusion. The members of the Mellerio and Cartier families maintain proximity with their employees, so that they all develop similar values, vision, and expertise. Employees thus feel part of the family and develop a deep sense of attachment and commitment to the family and its business. To counterbalance this commitment to social performance, family businesses with a Filiation/Acquaintance configuration develop relationships in which power is distributed unequally. Within businesses, the founding families control both the social and economic resources they accumulate over the generations. Relations with external stakeholders are based on an inverted balance of power and a solidarity that highlights the dissimilarities between actors. Thus, it is the clients and suppliers who are in a position of strength vis-à-vis the members of family businesses. They are the ones who possess the social, economic, and material resources. Such relationships allow them to access new resources and ensure the development and renewal of family businesses over time.

In brief, although they do ensure some economic development in their business, members of family businesses like Mellerio and Cartier tend to invest more in the social performance of their business. Such an investment may explain why this type of business tends to experience less growth over time. A growth strategy would require too much of a trade-off and would threaten the social structure of proximity on which their competitive advantage is built. This is one of the reasons that can explain why the Cartiers lost control of their business. Their business growth strategy by the means of internationalization led to the erosion of the social structure of proximity and the collapse of employees' and clients' attachment and commitment to the family and its business.

**Proposition 8a:** Family businesses that display a Filiation/Acquaintance configuration place more value on the social performance than on the economic performance.

### **3.5.2 Alliance/Reliance: A Route to Economic Performance**

By contrast, family businesses with an Alliance/Reliance configuration aim primarily at achieving economic performance. The data of Chapter Two and the propositions previously developed indicate that their propensity to develop distrust of others leads members of these businesses to engage in contrived social exchanges with economic purposes. In addition, members of this type of family business are keen to maintain a distribution of power to their advantage, both with employees and with their suppliers and clients. Thus, negotiations and compliance with expectations, which structure exchanges in these family businesses, suggest that they privilege economic performance to the expense of the business's social performance. Nevertheless, family-owned companies such as Peugeot or VMC also develop social policies that allow them to establish relationships with their internal stakeholders based on a more or less generalized system of exchanges. Moreover, the development of internal solidarity based on similarities between actors allows for the creation of communities whose members understand, accept, and conform to prevailing social norms and expectations. This way of organizing and managing relationships make it possible to reconcile some of the social needs of stakeholders with the economic goals of family businesses.

In summary, family businesses with an Alliance/Reliance configuration tend to invest more in economic performance at the expense of their social performance. They shape their interpersonal relationships with their various stakeholders accordingly. This may explain why both VMC and Peugeot, now part of larger conglomerates, have had to deal with legal actions and unionization issues during their history.

**Proposition 8b:** Family businesses that display an Alliance/Reliance configuration place more value on the economic performance than on the social performance.

### **3.5.3 Collaboration/Coalition: A Route to Social and Economic Performance**

Finally, family businesses with a Collaboration/Coalition configuration aim at achieving both social and economic performance. On one hand, members of businesses such as Beretta or Pollet develop interpersonal relationships based on trust and a balanced distribution of power, which indicates their propensity to be committed to social performance. On the other hand, they are emphasizing the dissimilarities between the different family businesses' members by leveraging their complementarity as a means to innovate and develop new products. In addition, their balanced use of different exchange systems (i.e., generalized and restricted systems) allows them to develop partnerships that useful for developing new markets or maintaining their strategic position in their industry.

In brief, the members of this type of family businesses manage to successfully navigate and reconcile the social and economic demands that come with running a business. This explains why companies with a Collaboration/Coalition configuration are able to maintain steady growth while developing employee and external stakeholder engagement and identification with the mission of the family and its business.

***Proposition 8c:*** Family businesses that display a Collaboration/Coalition configuration place equal value in social and the economic performance.

## **3.6 Discussion**

In this third chapter, the premises of the relational configurational model were highlighted in order to better understand its scope and outcomes in organizations. An investigation of the literature first provided a theoretical understanding of the relational difference between family and non-family businesses. As a result, I was able to determine that the relational behaviors of family businesses were characterized by their stability over time and their congruence between the actors within and across generations. These two factors differentiate family businesses from non-family businesses on a relational level. In addition, the theoretical definition of the five binary dimensions on the basis of the literature helped delineate the relational behaviors they encapsulate as well as determine their scope, function and effects in family businesses. This allowed for a more nuanced view of the premise of relational equifinality that is behind the model developed in

Chapter Two. Ultimately, Chapter Three helps highlight a new way to differentiate the relational behaviors of family and non-family businesses while providing an integrative and relational perspective on success and performance in family business.

### ***3.6.1 Relational Differences: Revising the Comparative Basis between Family and Non-Family Businesses***

The theoretical work conducted in this chapter invites us to reconsider the basis on which family and non-family businesses are compared on a relational level. Prior literature suggests that family businesses and non-family businesses develop different types of interpersonal relationships aligned with their distinctive strategic orientations and business goals and motivations (Bird & Zellweger, 2018; Long & Matthews, 2011; Miller & Le Breton-Miller, 2005). In this respect, in line with their long-term strategic orientations, family businesses tend to develop strong, long-standing relationships based on centralized power, trust, benevolence, and generalized reciprocal norms (Miller, Le Breton-Miller & Steier, 2003; Gezelius, 2017; Sundaramurthy, 2008). Such relationships help them cope with familial and economic contrasting demands (Hayward, Hunt & Miller, 2021). On the contrary, non-family businesses, which are more subjected to short-term strategic orientations and motivations ruled by economic and market logic, tend to develop relationships based on shorter, bounded commitment (Miller & Le Breton-Miller, 2005).

At the same time, the findings of Chapter Two call into question this polarized and homogeneous portrait by suggesting the presence of multiple relational behaviors across family businesses. Some configurations are, indeed, consistent with prior literature on family businesses (e.g., filiation/acquaintance); suggesting the presence of relational behaviors based on trust, generalized reciprocity, and imbalanced power. Interestingly, others seem to resemble tangential relational behaviors in non-family businesses (e.g., alliance/reliance); suggesting the relational behaviors of family business and non-family business to be more similar than expected.

Consequently, these findings and the theoretical propositions developed in this third chapter convey the need to reconsider the fundamental assumptions upon which the relational behaviors of family business and non-family business are compared. Instead of



comparing relational behaviors in terms of the nature of interpersonal relationships developed in both types of organizations, we might want to compare them according to their stability in time and level of discrepancy among organizational actors, in line with the premises underlying the relational configurational model.

### ***3.6.2 Success and Performance in Family Businesses***

This chapter also nuances the premise of equifinality underlying the approach of configurations (Miller, 2017). It suggests that the way to go about creating connections and communities influences the type of performance (i.e., social and/or economic) in which family businesses are engaged. This chapter thus highlights the divergent outcomes associated with each relational path observed in Chapter Two. In doing so, it also emphasizes the need to re-examine our understanding of success and performance in family businesses.

The family business literature has mainly focused on the firm performance in terms of *organizational efficiency*, assessing how relational resources and behaviors (i.e., inputs) impact the business performance (i.e., outputs) (Chua, Chrisman, De Massis & Wang, 2018). This approach has led researchers to take a positive posture on relational behaviors and their impact on the performance of family businesses. As a result, researchers have assumed that employees and family members develop cooperative relationships in family business that mirror the trust-based social relationships between family members (Campopiano & Rondi, 2018; Pittino & Visintin, 2019; Stewart, 2003; Sundaramurthy, 2008). Based on these assumptions, it has been shown that these cooperative behaviors, which reflect a stewardship attitude, encourage members of family businesses to achieve both economic and social performance by fostering the development of all their stakeholders (Le Breton-Miller & Miller, 2009; Miller & Le Breton-Miller, 2005, 2006). This optimistic posture is challenged by the results of Chapter Two and the theoretical developments of this third chapter. While they do not question the role played by interpersonal relationships in the sustained success of family businesses, they do call for a change in the way performance and success in family businesses is conceived and evaluated.

In line with Chua and colleagues (2018), the theoretical developments of this chapter suggest that instead of seeing the success of the family business in terms of *organizational efficiency*, it would be more appropriate to evaluate it in terms of *organizational effectiveness* (i.e., alignment between goals and performance) (Chua et al., 2018). This would help capture the alignment between the context of family businesses, their goals, their relational behaviors, and their performance. Thus, the theorizing done in Chapters Two and Three highlights the need to recognize relational behaviors not as a cause or source of family business performance, but as a means of aligning the goals of these businesses with expected performance. Such a conceptualization would ultimately take into account a wider range of behaviors, from relational to transactional, in accordance with the manifold objectives and types of performance being sought by family businesses.

### **3.7 Research Agenda**

The relational configurational model that emerged from the qualitative study presented in Chapter Two provides interesting insights on family business relational behaviors. Certainly, the qualitative methods and data used for this study offered fine-grained, contextualized descriptions of relational behaviors in family businesses. By using this method, I was able to capture six enduring relational configurations and theorize about the conditions and processes that foster their establishment across family businesses. Yet, more studies are needed to show the validity of this approach and generalize to a broader sample of businesses. New research efforts could help corroborate the relational configurational model underlying premises uncovered in this chapter and their outcomes in organizations.

#### ***3.7.1 Quantitative Research: Operationalization and Testing of the Relational Configurations***

The qualitative methods and data used for the study presented in Chapter Two were key in identifying and qualifying the binary dimensions simultaneously at play in interpersonal relationships. As noted by Miller (2017), such qualitative methods provide rich descriptions from which researchers can capture, in an exhaustive manner, the cohesive nature of configurations. It also provides some empirical grounds to speculate and theorize on the conditions and processes that foster their development and their

maintenance in organizations (Miller, 2017; Short et al., 2008). However, from a methodological perspective, the qualitative methods do not offer standardized tools to test configurational models or to generate new configurations (Short et al., 2008).

The survey method presents an interesting option for testing the configurations and identifying new ones (Fiss, 2007). Table K summarizes the dimensions and their associated measurements and suggests psychometric instruments to assess them. Annex B presents a questionnaire designed to evaluate the theoretical propositions developed in this chapter. It represents a path forward for investigating of relational configurations and their outcomes in family businesses and comparing relational behaviors in family business and non-family business.

**Table K: Dimension, Measurements, and Scales**

<b>Dimensions</b>	<b>Forms</b>	<b>Measurements</b>	<b>Psychometric instruments</b>
<b>Power distribution</b>	<ul style="list-style-type: none"> <li>• Imbalanced power</li> <li>• Balanced power</li> </ul>	<ul style="list-style-type: none"> <li>• Ability to control resources</li> <li>• Interdependence dynamics</li> </ul>	<ul style="list-style-type: none"> <li>• Buvik and Reve (2002)               <ul style="list-style-type: none"> <li>→ 4-items scale (ability to control resources)</li> <li>→ 2-items scale (supplier-byer dependency)</li> </ul> </li> <li>• Hammer and Stern (1980)               <ul style="list-style-type: none"> <li>→ 3-items scale (distribution of power among members of organization)</li> </ul> </li> </ul>
<b>Assumption</b>	<ul style="list-style-type: none"> <li>• Trust</li> <li>• Distrust</li> </ul>	<ul style="list-style-type: none"> <li>• Ability to deal with uncertainty</li> <li>• Past experiences</li> </ul>	<ul style="list-style-type: none"> <li>• Gabarro and Athos (1976)               <ul style="list-style-type: none"> <li>→ 7-items scale (on trust)</li> </ul> </li> </ul>
<b>Reciprocity</b>	<ul style="list-style-type: none"> <li>• Generalized exchange</li> <li>• Restricted exchange</li> </ul>	<ul style="list-style-type: none"> <li>• Temporal orientations</li> <li>• Expectations of others</li> </ul>	<ul style="list-style-type: none"> <li>• Yosjikawa, Wu, and Lee (2020)               <ul style="list-style-type: none"> <li>→ 20-items scale (Restricted, reciprocal, generalized exchange systems)</li> </ul> </li> </ul>
<b>Solidarity</b>	<ul style="list-style-type: none"> <li>• Perceived similarities</li> <li>• Perceived dissimilarities</li> </ul>	<ul style="list-style-type: none"> <li>• Overlapping experiences</li> <li>• Perception of coherence</li> </ul>	<ul style="list-style-type: none"> <li>• Ensher and Murphy (1997)               <ul style="list-style-type: none"> <li>→ 5-items scale (perceived similarities, perception of coherence)</li> </ul> </li> </ul>
<b>Engagement mechanism</b>	<ul style="list-style-type: none"> <li>• Bonding mechanism</li> <li>• Bridging mechanism</li> </ul>	<ul style="list-style-type: none"> <li>• Frequency of contacts</li> <li>• Membership</li> </ul>	<ul style="list-style-type: none"> <li>• Allen and Meyer (1990)               <ul style="list-style-type: none"> <li>→ 4-items scale (affective commitment)</li> </ul> </li> </ul>

Such a questionnaire could eventually be used with members of top management teams (TMT). Based on the precepts borrowed from the literature on organizational culture in family business, it can be argued that relational configurations flow from the circularity between interpersonal dynamics and organizational culture and norms (Hamilton, Cruz & Jack, 2017). In this respect, they capture interpersonal dynamics while also reflecting an organizational phenomenon. From a theoretical and methodological perspective, the relational configurational model is a meso lens that can be mobilized to study the integration of micro-level phenomena (e.g., individual beliefs, values, behaviors) and

organization-level phenomena (e.g., organizational culture, collective identity, social capital of the firm). Consequently, it is assumed that by measuring relational dimensions at an individual-level of analysis, we will obtain a portrait of the relational behaviors at the firm-level of analysis. TMT is thus an appropriate unit of analysis for collecting meso-level data. TMT members' characteristics have often been used as proxies for organizational-level phenomena like innovation (Pitcher & Smith, 2001). They also provide reliable indicators of strategic outcomes at an organizational level (Carpenter, Geletkanycz & Sanders, 2004).

Cluster analysis can subsequently be used to analyze the poll data set. Cluster analysis is a statistical technique that arranges observations into patterns or sets (Miller, 2017). To measure and assess the relational configurational model, this technique could be used in a three-step analytical process. Firstly, it can be used to discern the relational configurations of each respondent. This individual-level of analysis has a validation purpose as it promises to corroborate the relational configurations observed in the second chapter and potentially, to identify new ones. Secondly, comparison between the relational configurations of the members of each TMT can be done to capture relational configurations at an organizational level of analysis. This aggregative evaluation also promises to measure the level of discrepancy among TMT members' relational behaviors and validate the low-level of discrepancy among family business members (*propositions 2a and 2b*). The evaluation of TMT members from different generations can also help corroborate the premise regarding the stability of relational configurations over time (*proposition 1*). Additionally, it can provide an interesting basis for comparing family business and non-family business relational behaviors. Finally, the investigation of the conditions of occurrence of relational configurations at an organizational level would provide evidence to assess the influence of relational configurations on business performance (*propositions 8a, 8b, and 8c*). The type of business (family v. non-family), industry, business size, age, strategy, commercial structure (business-to-business vs. business-to-consumers), generational effect (in family businesses), and economic and social performance indicators are the kinds of independent variables that might explain business relational behaviors.

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In general, I believe my suppliers/clients' motives and intentions are good.														
My suppliers/clients are not always honest and truthful.														
I don't think my suppliers/clients treat us fairly.														
I can expect my suppliers/clients to treat me in a consistent and predictable fashion.														
<b>Reciprocity</b>														
It generally pays to clarify rewards before making extra efforts for others.														
If I do not ask for something in return before doing something for suppliers or clients, I will be taken advantage of.														
When I ask someone to help me with work, I should ask him/her what he/she wants in return.														
I hesitate to ask suppliers/clients to do something extra for me unless I can offer concrete benefits in exchange.														
When I receive support from a supplier/client, I should remember to give something back to him/her.														
If someone does me a favor, I feel obliged to repay him/her in some way.														
If someone does something for me, I feel the need to do something for him/her.														
At work, I always repay someone who has done me a favor.														
I think kindness to others will eventually come back to me in some way.														
It is right to help others, as I will receive help from someone in the future.														
My efforts for suppliers/clients will be rewarded by someone at some point, if not immediately.														
I am happy to do favors for others at work, as I will someday need a favor from someone.														
When I receive support from a supplier/client, I should provide support to others in the workplace.														
When someone in the workplace makes extra efforts for me, I often start thinking what I can do for others.														
Receiving kindness from someone in the workplace makes me feel I should do something for others.														
When I receive someone's favor at work, I want to repay the debt by doing a favor for others.														
At work, I should be kind to those who are kind to others.														
I believe those who often go the extra mile for others at work deserve my effort to help them.														
When a supplier or client who often give support to others is in trouble, I should do something for him/her.														
When I find someone in the workplace helping others, I feel I should offer help when he/she needs.														
<b>Solidarity</b>														

My suppliers/clients and I see things in much the same way.										
My suppliers/clients were similar in terms of our outlook, perspective, and values.										
My suppliers/clients and I are alike in a number of areas.										
My suppliers/clients and I thought alike in terms of coming up with a similar solution for a problem.										
My suppliers/clients and I analyzed problems in a similar way.										

**Part 2: When answering the next questions please think about your relationships with your key family members and employees.**

Types of stakeholders	Key Family Members					Key Employees				
In average, estimate how many times per month you interact with your family and most significant employees:										
1 = Strongly agree; 3 = Neutral; 5 = Strongly disagree	1	2	3	4	5	1	2	3	4	5
Statement										
<b>Engagement mechanism</b>										
I strongly identify with my family/employees.										
I would like to continue working with my family/employees.										
I dislike being associated with my family/employees.										
I feel emotionally attached to my family/employees.										
<b>Power distribution</b>										
Management and family/employees are equal partners in our business.										
My family/employees have a say in what is done with our business profit.										
Before deciding on a big change, management discusses it with the family/employees.										
<b>Assumption</b>										
I am not sure I fully trust my family/employees.										
My family/employees are open and upfront with me.										
I believe my family/employees have high integrity.										
In general, I believe my family/employees' motives and intentions are good.										
My family/employees are not always honest and truthful.										
I don't think my family/employees treat us fairly.										
I can expect my family/employees to treat me in a consistent and predictable fashion.										
<b>Reciprocity</b>										



It generally pays to clarify rewards before making extra efforts for others.										
If I do not ask for something in return before doing something for my family/employees, I will be taken advantage of.										
When I ask someone to help me with work, I should ask him/her what he/she wants in return.										
I hesitate to ask family/employees to do something extra for me unless I can offer concrete benefits in exchange.										
When I receive support from a family/employee, I should remember to give something back to him/her.										
If someone does me a favor, I feel obliged to repay him/her in some way.										
If someone does something for me, I feel the need to do something for him/her.										
At work, I always repay someone who has done me a favor.										
I think kindness to others will eventually come back to me in some way.										
It is right to help others, as I will receive help from someone in the future.										
My efforts for employees will be rewarded by someone at some point, if not immediately.										
I am happy to do favors for others at work, as I will someday need a favor from someone.										
When I receive support from my family/employee, I should provide support to others in the workplace.										
When someone in the workplace makes extra efforts for me, I often start thinking what I can do for others.										
Receiving kindness from someone in the workplace makes me feel I should do something for others.										
When I receive someone's favor at work, I want to repay the debt by doing a favor for others.										
At work, I should be kind to those who are kind to others.										
I believe those who often go the extra mile for others at work deserve my effort to help them.										
When my family/employee who often give support to others is in trouble, I should do something for him/her.										
When I find someone in the workplace helping others, I feel I should offer help when he/she needs.										
Solidarity										
My family/employees and I see things in much the same way.										
My family/employees were similar in terms of our outlook, perspective, and values.										
My family/employees and I are alike in a number of areas.										
My family/employees and I thought alike in terms of coming up with a similar solution for a problem.										

My family/employees and I analyzed problems in a similar way.																			
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**Finally, please fill the following general information questions:**

<p>1. Age : ..... years</p> <p>2. Gender: <input type="checkbox"/> F    <input type="checkbox"/> M</p> <p>3. How long have you been working for your current <i>organization</i>? ..... years</p> <p>4. Position(s) in your organization: <input type="checkbox"/> Owner    <input type="checkbox"/> Top-Management    <input type="checkbox"/> Director of the board</p> <p>5. Level of education: <input type="checkbox"/> high school    <input type="checkbox"/> college    <input type="checkbox"/> baccalaureate    <input type="checkbox"/> master    <input type="checkbox"/> doctorate</p> <p>6. When did your business was founded? .....</p> <p>7. Is your business:</p> <p><input type="checkbox"/> a family-owned business    <input type="checkbox"/> a family-owned and managed business    <input type="checkbox"/> a non-family business</p> <p>8. If the business that you are working in a family-owned and/or managed business: are you a member of the owning family? <input type="checkbox"/> yes    <input type="checkbox"/> no</p> <p>7. In which industry is your business?</p> <p><input type="checkbox"/> Agriculture, Forestry, Fishing and Hunting</p> <p><input type="checkbox"/> <a href="#">Mining, Quarrying, and Oil and Gas Extraction</a></p> <p><input type="checkbox"/> <a href="#">Utilities</a></p> <p><input type="checkbox"/> <a href="#">Construction</a></p> <p><input type="checkbox"/> <a href="#">Manufacturing excluding Food</a></p> <p><input type="checkbox"/> <a href="#">Food Manufacturing</a></p> <p><input type="checkbox"/> <a href="#">Wholesale Trade</a></p> <p><input type="checkbox"/> <a href="#">Retail Trade</a></p> <p><input type="checkbox"/> <a href="#">Transportation and Warehousing</a></p> <p><input type="checkbox"/> <a href="#">Information and Cultural Industries</a></p> <p><input type="checkbox"/> <a href="#">Finance and Insurance</a></p> <p><input type="checkbox"/> <a href="#">Real Estate and Rental and Leasing</a></p> <p><input type="checkbox"/> <a href="#">Professional, Scientific and Technical Services</a></p> <p><input type="checkbox"/> <a href="#">Management of Companies and Enterprises</a></p> <p><input type="checkbox"/> <a href="#">Administrative and Support, Waste Management and Remediation Services</a></p> <p><input type="checkbox"/> <a href="#">Educational Services</a></p> <p><input type="checkbox"/> <a href="#">Health Care and Social Assistance</a></p> <p><input type="checkbox"/> Arts, spectacles, and leisure</p> <p><input type="checkbox"/> <a href="#">Accommodation and Food Services</a></p> <p><input type="checkbox"/> <a href="#">Other Services (except Public Administration)</a></p> <p><input type="checkbox"/> <a href="#">Public Administration</a></p> <p><input type="checkbox"/> Other</p> <p>8. How many people work in your current organization?</p> <p>0-50    <input type="checkbox"/>            101-300    <input type="checkbox"/>            501-1000    <input type="checkbox"/></p> <p>51-100    <input type="checkbox"/>            301-500    <input type="checkbox"/>            1000+    <input type="checkbox"/></p>
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## Conclusion

The three chapters presented in this dissertation all contribute to extend knowledge about the place, the role, and the form of interpersonal relationships in organizations and the ways these are managed in family business contexts. They were thus motivated by two research questions: *How are interpersonal relationships shaped and managed in organizations?* and *Are there specific relational modes of management in family businesses?*

The first chapter maps out the vast literature about social relations in organizational contexts and organizes it into three main perspectives. Each of these perspectives has a distinctive way to conceptualize social relations and tends to focus on distinctive mechanisms. These mechanisms help economic actors cope with relational behaviors and maximize their outcomes in organizational contexts. The second chapter uses the approach of configurations to explain how organizational actors shape and manage interpersonal relationships in family businesses. It was found that interpersonal relationships are driven by five binary, concomitant dimensions. Six contrasting configurations of interpersonal relationships derived from variations in these five dimensions were observed among the cases studied for this project. It was also discovered that family businesses tend to specialize in the development of two specific relational configurations over time in accordance with the institutional contexts in which they are embedded and their long-term strategic orientations. The alignment between relational behaviors, institutional contexts, and business strategy helps family businesses build strong communities from which they generate transgenerational value. Finally, the third chapter proposes to explore the premises of the model developed in Chapter Two. It draws on the literature to develop theoretical propositions that highlight the relational differences between family and non-family businesses and illustrate the differing outcomes and types of performance associated with each of the three relational paths to success observed in the family businesses studied in this dissertation.

In this conclusion, I will present some of the lessons that can be learned from the study of interpersonal relationships in family businesses. I propose to revisit the results of the

literature review presented in Chapter One in accordance with the findings and theoretical developments of Chapters Two and Three. I will discuss how the findings presented in the second chapter provide some insights for developing an integrative view of the three theoretical perspectives identified in the first chapter. Consequently, it will be argued that the adoption of a *relational perspective* on family business throws new light on the *economic* and the *organizational perspectives* on social relations. To conclude on a more practical note, I present the three main pillars of the relational mode of management in family business. These pillars were determined by the main outcomes of this dissertation.

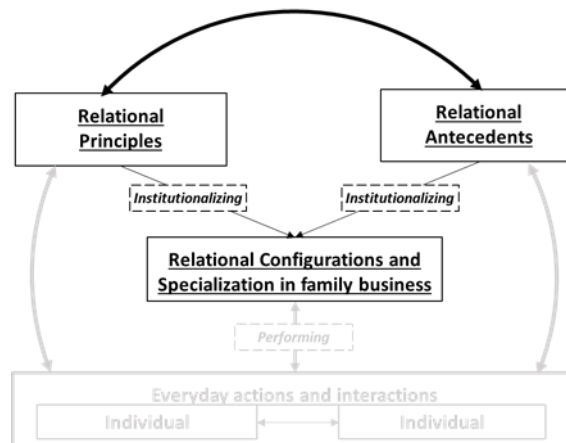
### **Relational Perspective on Family Business: Seeking *Relational Drivers***

The study presented in Chapter Two was deeply influenced by the *relational perspective* identified in Chapter One. This research project is based on the premise that interpersonal relationships permeate all aspects of organizations and that, as such, they have transcending influences on organizational processes, structures, and performance. In line with Polanyi (1944) and Zelizer (2017), I thusly assumed that social life and economic or organizational actions are indistinguishable and that organizations are run by interacting individuals who constantly negotiate the terms of their interpersonal relationships while being engaged in business transactions. In this respect, commercial structures, interorganizational transactions and partnerships as well as decision-making and coordination processes are all driven by interpersonal relationships. Subsequently, the study presented in Chapter Two was motivated by the premise that interpersonal relationships are the very backbones of family business (Kahn, Barton & Fellows, 2013).

These assumptions and the adoption of a holistic approach to interpersonal relationships in family business provided a basis for investigating the *relational drivers* of this unique type of organization. More specifically, the study of the second chapter concentrated on the investigation of one specific mechanism—*institutionalizing forces*—identified within the literature mobilizing a relational perspective (see Figure G). This focus influenced my research design, unit of analysis, and theoretical lens. Accordingly, to emphasize their pivotal and transversal role in family businesses, I first chose to focus on interpersonal relationships as the research unit of analysis. Moreover, the adoption of the configurations approach laid the foundations for investigating the “principles” by which relationships are

developed and managed in family businesses. Finally, the study of history books and accounts provided the contextual depth needed to understand the “relational antecedents” that shape interpersonal relationships as drivers in family businesses.

**Figure G: Second Chapter’s Focus within the *Relational Perspective***



As illustrated in Figure G, the investigation of the performing practices mechanism was unfortunately out of the scope of this dissertation. As proposed in Chapter Two, more qualitative inquiries are needed to explore this facet of relational configurations in family business. Studies based on observations and interviews methods promise to uncover the social processes by which each relational configuration is initiated and developed in family businesses.

### **Three Ways to *Compromise*: Securing Beneficial Outcomes Within Relational Boundaries**

The adoption of a *relational perspective* on family business provides new insights that help nuance the main postures and focuses of the *economic perspective* on social relations. The findings of Chapter Two expose the varied ways of managing and achieving *compromises* in organizational contexts such as family businesses. They show that organizational actors, who are engaged in interpersonal relationships with economic spinoffs or in economic transactions with social by-products, avail themselves of balancing and contracting mechanisms to a differing degree and nature. While they are mobilized in diverse ways across family businesses, these mechanisms are always used

for the same purpose: to set the relational boundaries within which organizational actors can socially interact, do business, and transact with one another (Zelizer, 2012). In this section, it will be discussed how these relational boundaries outline a safeguard zone within which organizational actors can effectively manage uncertainty, delimit the scope of relationships, and secure beneficial economic and social outcomes.

For scholars mobilizing an economic perspective, individuals involved in a relationship with economic spinoffs can always be subject to opportunism (Kostova, Nell, & Hoene, 2018) and unethical practices (Lee, 2012). While the literature stresses the importance of social and interpersonal relationships for firm growth (Huang & Knight, 2017), joint value creation (Bridoux & Stoelhorst, 2016) or innovation (Davis & Eisenhardt, 2011), it also demonstrates the potential drawbacks of relationships, which can also bring uncertainty and create dependency (Jap & Anderson, 2007). Facing these ambivalent conclusions, scholars have investigated the ways in which actors negotiate the bivalent outcome relationships in organizational contexts. They have demonstrated that the level of formalization of interpersonal relationships via *formal or relational contracting* (Poppo & Zenger, 2002) helps actors deal with such equivocal outcomes. Others have shown that the level of proximity between organizational actors (Elfenbein & Zenger, 2017; Westphal, Boivie & Chng, 2006) and the chain of command (Lopez-Bayon and Lopez-Fernandez, 2016) are two elements that factor in *balancing costs and benefits* of interpersonal relationships in organizational contexts. In this respect, contracting and balancing mechanisms shape the appropriate conditions for maximizing economic and relational benefits associated with social relations while minimizing drawbacks. Organizational actors thusly erect relational boundaries upon which they will create both meaningful and valuable relationships (Zelizer, 2012).

The findings of Chapter Two highlight the multiple ways of establishing relational boundaries and achieving *relational compromise* in family business. In this respect, the three pairs of relational configurations discovered in this dissertation entail differing uses of *contracting* and *balancing mechanisms*, which lead to the establishment of different sets of relational boundaries.

For example, in family businesses with an alliance/reliance configuration, organizational actors maintain high levels of relational formalization via the establishment of formal and relational contracts to fulfill engagements and conform to social expectations. They also maximize economic outcomes by developing more impersonal relationships based on a clear hierarchical line of authority. It is within these rigorous relational boundaries that actors from businesses like VMC or Peugeot, for instance, manage uncertainty, delimit the scope of relationships, and secure beneficial economic and social outcomes.

On the other end of the spectrum, there are organizations with a collaboration/coalition configuration. Accordingly, the relational boundaries set at Beretta and Pollet emphasize their facility to navigate uncertainty and the wide scope of interpersonal relationships in these innovative business contexts. While they count on both formal and relational contracting, actors tend to develop informal, perhaps even friendly, relationships that are structured by a de-emphasized chain of command.

Finally, at Mellerio and Cartier, which are characterized by the filiation/acquaintance configuration, relational boundaries reveal both their capacity to manage some uncertainty and a scope of relationships that is circumscribed by standardized relational customs. Relying on relational contracting and trust, actors develop proximate relationships structured by a chain of command based on seniority and access to resources.

In conclusion, the findings of Chapter Two and the theoretical developments of Chapter Three extend comprehensions of the balancing and contracting mechanisms and their role in setting the relational boundaries in which relationships can take place in family businesses. Such boundaries outline a zone in which actors more effectively negotiate the costs and the benefits associated with interpersonal relationships in organizational contexts. My findings suggest that it is within these relational boundaries that they will be able to secure the generation of economic and social transgenerational value in family businesses.

## **The Contingent Value of *Assets*: Strategic Alignment, Specialization, and Institutional Embeddedness**

The findings Chapter Two also inform the *organizational perspective* on social relations. More specifically, they emphasize the contingent value of *relational assets* by demonstrating the importance of strategic alignment between relational behaviors, institutional contexts, and business strategy. They also challenge some of the principles of relational pluralism by highlighting the importance of relational specialization in generating enduring social and economic value in family business. Finally, the results of this study highlight the need to further investigate the effects of institutional embeddedness on the creation of *relational assets* in organizations.

The findings of Chapter Two emphasize the contingent value of *relational assets* and the importance of strategic alignment between relational behaviors, institutional contexts, and business strategy. Strategic alignment is defined as “the extent that decision makers’ priorities are responsive to, or fit, the demands of the external environment faced by an organization” (Walter, Kellermann, Floyd, Veiga & Matherne, 2013: 307). Literature has widely discussed and empirically demonstrated the positive impact of alignment between environmental threats and opportunities, organizational resources, and strategic orientations on firm performance (Chandler, 1962; Hitt, Ireland & Stadter, 1982; Ravasi & Phillips, 2011). As constituting parts of a firm social capital (Kwon & Adler, 2014; Nahapiet & Ghoshal, 1998), relationships and relational behaviors become more valuable to an organization when they are aligned with its strategic orientations and its external environment. In addition to being key building blocks to social capital, relational behaviors shape the ways in which organizational actors react and interact with their business external environment (Dyer & Singh, 1998). As it has been demonstrated in this dissertation, such behaviors also play a role in the ways top-managers implement their business strategy. In line with the premises of the *relational perspective*, the findings of this dissertation thusly suggest the extensive and circular influence of relationships and relational behaviors on a firm's strategic alignment. In order to be valuable, relational behaviors should be congruent with the business strategy and its external environment.



Simultaneously, these same behaviors propel the creation and maintenance of such alignment.

The findings of Chapter Two also suggest that alignment between strategy, relational behaviors, and external environment leads to relational specialization in family business. Such results challenge some of the principles underlying the notion of relational pluralism. Relational pluralism refers to “[...] the extent to which a focal entity (a person, a team, or an organization) derives its meaning and its potential for action from relations of multiple kinds with other entities.” (Shipilov, Gulati, Kilduff, Li & Tsai, 2013: 449). Scholars therefore focus on the beneficial impacts of multiplex and multifaceted ties on organizational identity, processes, and performance (Raffaelli & Glynn, 2014; Beckman, Schoonhoven, Rottner & Kim, 2014). The investigation of family business suggests that interpersonal relationships are indeed multifaceted and multiplex phenomenon. In this respect, this study shed new lights on concurrent binary dimensions of relationships. Data accordingly indicates that in some cases, organizational actors can develop ties of differing nature (i.e., business ties that are interlinked with friendship and familial ties, or vice versa) with colleagues, suppliers, or clients. However, the study of family businesses also reveals that transgenerational economic and social values are generated by means of relational specialization. This discovery challenges some of the principles behind the concept of relational pluralism, which sees multiple kinds of ties between the same actors as valuable assets for businesses. In this regard, my findings indicate the presence of stable relational configurations, which provide some relational guidance across generations. It could be argued that such configurations act as a durable foundation upon which family business actors can develop multiplex and multifaceted ties and create transgenerational social and economic value. Consequently, this highlights some tension between relational pluralism and specialization in family business.

Finally, the findings of Chapter Two underline the need to further investigate the impacts of institutional embeddedness on the creation of *relational assets*. Family businesses are confronted by pressures to adapt or conform to their institutional environment (e.g., Aldrich & Cliff, 2003). The norms and customs characterizing the society, the community, the industry, and the family in which these businesses are embedded

stimulate the development of distinctive behaviors (Miller, Le Breton-Miller, Amore, Minichilli & Corbetta, 2017). In this dissertation, I find that strategic alignment between institutional demands, business strategy, and relational behaviors lead to relational specialization in family business. The investigation of long-standing preeminent family businesses suggests that such specialization plays a fundamental role in building strong, durable connexions and communities upon which they generate transgenerational economic and social value (Miller & Le Breton-Miller, 2005). While I have been able to speculate on the isomorphic pressures and processes (Di Maggio & Powell, 1982) driving family businesses toward relational specialization, more research is needed to fully understand the influence of institutional embeddedness in the creation of *relational assets* in family business.

### **Relational Modes of Management: Lessons from Family Businesses**

To conclude this dissertation, I propose to summarize some of the lessons that we can learn from the study of relationships and relational behaviors in family business. As demonstrated in this dissertation, family businesses tend to develop unique ways of managing relationships and building communities. They are consequently able to orient collective action in a sustainable manner. The adoption of such a relational view on management can explain parts of their competitive advantage and their long-term success. While this dissertation indicates the presence of various ways of managing relationships, some general lessons can be learned about the overall attitude of family business toward interpersonal relationships. Accordingly, three common pillars characterizing their relational modes of management can be identified among the family businesses studied in this dissertation. These pillars—Consistency, Resiliency, Authenticity—shall be discussed in the following paragraphs.

Relational consistency is the first pillar that can characterize the relational mode management of family business. This pillar refers to the capacity of family businesses to create a harmony of conduct among the actors involved in the company in any way. This also reflects the tendency of family business actors to develop configurations of relational behaviors in accordance with their environment, strategy, and structure. As mentioned

above, this harmonious alignment seems to lead family businesses to direct collective action more effectively as they build more consistent communities and connexions.

Resiliency, the second pillar, covers the temporal attributes of the relational mode of management in family business. It refers to adaptability and to the elasticity of relational configurations that were observed over time in the long-lasting family businesses studied in this dissertation. During wars or economic and political crises or faced with a sudden death or a business crisis, family business leaders need to adjust their relational behaviors according to environment, strategic, or structural perturbations. However, the resilience inherent in the relational mode of management seems to encourage family businesses actors to rejoin forces in order to bounce back from disrupting events. Therefore, even when they face adversity, these multi-centennial businesses seem not to lose sight of their relational identity.

This brings me to the last and perhaps the most important pillar of relational mode of management in family business, i.e., authenticity. Regardless of the relational configurations they adopt, the actors of family businesses studied in this dissertation seem constant in the way they manage relationships over time and across individuals. This steadiness seems to give family business members a certain legitimacy with the various stakeholders across generations, as they stay true to the relational configurations of their business.

Although it is clear that other studies will have to be carried out in order to confirm the results presented in this dissertation, it is nevertheless possible to draw lessons on the relational modes of management of family businesses. The adoption of relational modes of management in harmony with their environment and strategy allows family businesses to create strong, sustainable, and resilient communities. This is certainly a source of competitive advantage and one of the reasons for the tenacity and sustained success of these companies. In a world plagued by labor shortages where it is increasingly difficult to assemble teams of competent and committed individuals, we can certainly learn from the relational modes of management of family businesses.



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