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A Strategic Management Perspective of the Family Firm: Past Trends, New Insights, and Future Directions

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Family enterprises are the predominant form of business organizations estimated to range from 60% to 98% of all firms in different regions of the world (e.g., Miller and Le-Breton Miller, 2005). These businesses are some of the smallest *and* largest, youngest *and* oldest enterprises, in developing *and* developed economies (Chua *et al.*, 2004; Fernández-Aráoz *et al.*, 2015; La Porta *et al.*, 1999). As lists of the oldest and largest family firms continue to garner interest among practitioners, educators, and policy makers (e.g., Eichenberger, 2011; Peterson-Withorn, 2015), scholarly efforts to understand the unique challenges and strategic advantages of these firms continue to escalate. Grant

Calder's (1953) dissertation on management problems in small family controlled manufacturing firms is the first documented scientific study in this field (see Sharma *et al.*, 2007, for the evolution of family business studies). Although the seeds of the strategic management approach were sown in classic books like *Keeping the Family Business Healthy* (Ward, 1987), growth remained slow through the decade of the eighties when only about 30 peer-reviewed articles appeared per year. However, by 2000, this number had increased dramatically to 565 articles a year, with further increases to more than 800 articles annually since 2010 (Sharma, 2015). With a ubiquitous global presence, it is of little surprise that the study of family business has captured the interest of scholars from multiple disciplinary backgrounds (Melin *et al.*, 2014).

Family businesses are defined, theoretically, as businesses "governed and/or managed with the intention to shape and pursue the vision of the business held by a dominant coalition controlled by members of the same family or a small number of families in a manner that is potentially sustainable across generations of the family or families" (Chua *et al.*, 1999: 25). According to Yu, Lumpkin, Sorenson, and Brigham (2012), the involvement of the family within the business and the idiosyncratic goals of the family are what make the family enterprise unique (e.g., Gersick *et al.*, 1997). Family firms are comprised of a family system that is at least partially governed by emotional relationships, and a business system that is subject to the economic logic of the market. Complexity emerges when these two systems are overlaid, resulting in substantial heterogeneity (Cohen and Sharma, 2016; Stewart, 2003). Given this complexity and heterogeneity, much remains to be studied about the causes and consequences of family firm behavior (Dyer *et al.*, 2014; Gagné *et al.*, 2014). Of particular importance is understanding how the family contributes to family firm performance (Basco, 2013; Dyer and Dyer, 2009).

To address these issues, numerous theoretical perspectives have been used including, but not limited to, agency and stewardship (Madison *et al.*, 2016), transaction cost economics (Verbeke and Kano, 2012), institutional (Leaptrott, 2005), social identity (Canella *et al.*, 2015), and planned behavior (Koropp *et al.*, 2014). Calls are made to expand the theoretical repertoire to include disciplines such as family science (Jennings *et al.*, 2014), sociology (Martinez and Aldrich, 2014), and economics (Shukla *et al.*, 2014), to name a few. While the topics of intergenerational succession (Daspit *et al.*, 2016) and governance (Gersick and Feliu, 2014; Goel *et al.*, 2014) have received the most scholarly attention, at this stage of evolution, the field is wide in scope and shallow in depth, leaving exciting research opportunities for scholars from different disciplinary perspectives (Zahra and Sharma, 2004).

Although studies have been conducted at various levels of analyses, including the individual and group (Sharma, 2004), the focus of this special issue is on the strategic influences and implications of the family's involvement within the family firm. This perspective is valuable given the potential to contribute to understanding the causes and consequences of family firm behavior, an understanding that is of fundamental concern to business scholars. In the following sections, the rudiments of a strategic management perspective of the family firm, the articles contained in this special issue, and directions for future research are discussed.

A STRATEGIC MANAGEMENT PERSPECTIVE ON THE FAMILY FIRM

With the rapid growth of research interest on family business studies, scholars in this field have been disciplined in "synthesis" research aimed to take stock of what is known and to direct future research efforts (cf., Boyer, 1990). In an early assessment of the family business literature, Sharma *et al.* (1997) observed that much more work is needed to understand how various factors might affect firm performance, suggesting a strategic management perspective as a valuable way to advance the field. Some studies recognized this need and noted that although the strategic management process is similar for both family and non-family businesses, to move forward, it is necessary to articulate the distinctive features of family firms and understand how such features affect competitive advantage (Cabrera-Suárez *et al.*, 2001). In a subsequent assessment of the strategic management perspective in family firms, Chrisman *et al.* (2005) cite evidence that family involvement and influence can affect firm performance, noting the emergence of agency theory and the resource-based view as primary theoretical lenses. In confirmation of this trend, a more recent assessment of the literature by De Massis *et al.* (2012) suggests that corporate governance, succession, and resources/competitive advantage were the most frequently explored topics.

Since this most recent assessment, business historians have made compelling cases that enterprising families focus on multiple goals to achieve the ultimate objective of survival and longevity (e.g., Colli, 2012; Colli *et al.*, 2013). New theoretical frameworks have surfaced based on a recognition that the distinctive features of family firms appear to be subsumed into differences in goals, governance systems, and strategic resources (Chrisman *et al.*, 2013). For example, with respect to family firm goals, much work has coalesced around the family-centered, non-economic goals that create socioemotional wealth for the family. Relying on behavioral and stakeholder theories, Chrisman *et al.* (2012) find a relationship between family involvement and the adoption of family-centered, non-economic goals (e.g., family harmony, social status, and identity). The extent to which the firm pursues such goals, however, varies with the family's intentions to continue the business and commitment to this continuity (De Massis *et al.*, 2016). The pursuit of such goals is likely to result in the accumulation of nonfinancial stocks of socioemotional wealth, which represents an affective endowment of benefits from, among other things, transgenerational involvement, family control, and family identity (Berrone *et al.*, 2012; Gómez-Mejía *et al.*, 2011; Gómez-Mejía *et al.*, 2007).

Accepted wisdom on the nature of governance within family firms has also evolved. Rather than broad comparisons of family and non-family firms, studies have used a more refined approach to understand differences among family firms. Nordqvist *et al.* (2014), for example, highlight the heterogeneous governance structures found among family firms and delineate the configurations that result from the various mixtures of family involvement in firm ownership and management. Studies have also investigated the involvement of non-family members in leadership positions. Patel and Cooper (2014) find that the structural power equality among family and non-family members involved in the top management team increases the participation of non-family members, the range of strategic actions, and the overall performance of the firm. Such insights highlight the trajectory of governance research as it moves toward understanding the heterogeneous structures of family firms and the ways in which involvement of non-family members in such structures drives firm performance and competitive advantage.

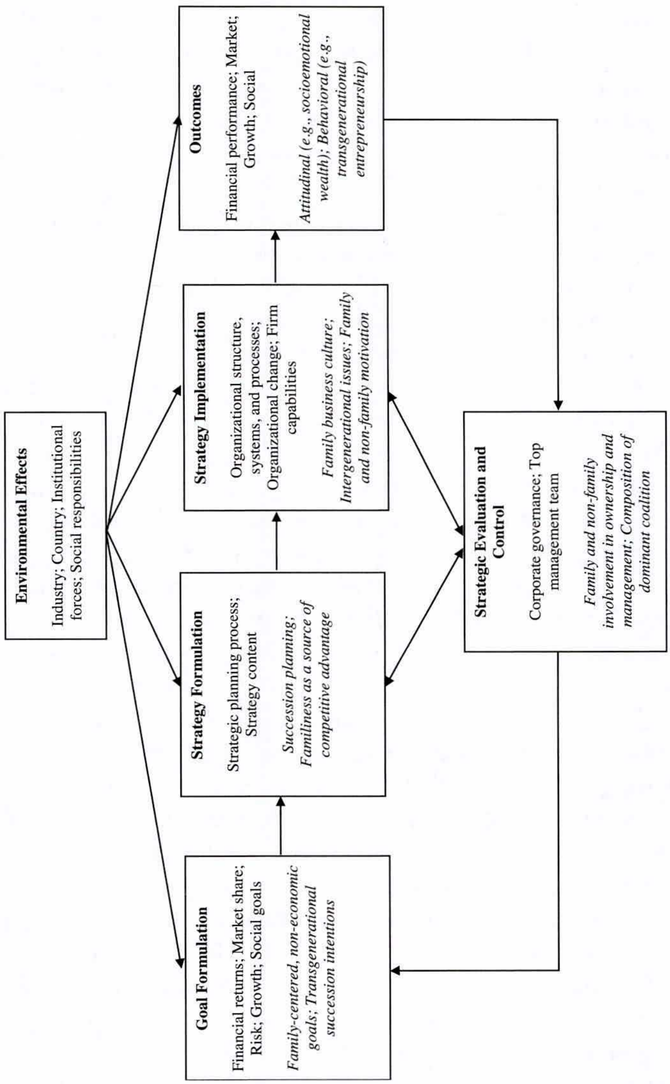
Among the most notable contributions to theories regarding family firms is the concept of familiness, which represents the unique bundle of resources and capabilities generated from the interaction of the family and business systems (Habbershon and Williams, 1999; Habbershon *et al.*, 2003). Building on the concept, Pearson *et al.* (2008) offer a model of family firm social capital as a source of familiness that influences the competitive advantage, wealth, and value creation potential of family firms. The process through which familiness creates firm value is expanded by Carnes and Ireland (2013) who detail effects of familiness on the resource bundling process and on firm innovation. Further, Rau (2014) provides a comprehensive review of literature from a resource-based perspective of family firms. Studies such as these, employing a strategic perspective, are examples of developments made within the family firm literature to understand the higher-level resources that result from the family's involvement.

The goals, governance, and resources of family firms offer insights into the strategic factors that lead to distinctive behaviors and may result in competitive advantage or disadvantage. These factors, however, are somewhat broad and may be further decomposed to take into account specific aspects of the strategic management process itself. As shown in Figure I, a strategic management perspective offers a framework for understanding the interrelatedness of various components of the strategic management process: goal formulation, strategy formulation, strategy implementation, strategic evaluation and control, environmental factors, and outcomes relevant to the family and the firm (Sharma *et al.*, 1997).

Figure I

The Strategic Management Process with Family-specific Influences

Adapted from Sharma, Chrisman, and Chua (1997) (Specific family influences are italicized)



As Figure I illustrates, more studies are utilizing a strategic management approach to understanding the unique, nuanced nature of the family firm. Thus, given the continuing need to advance the study of family business from a strategic management perspective, this special issue is devoted to disseminating studies on some of the strategic issues facing family firms and providing comprehensive directions for future research. The articles included in this special issue are positioned according to fit with the components of the strategic management process and summarized below.

TOPICS AND ARTICLES IN THIS ISSUE

The articles in this special issue were obtained from an open call for papers. After a multi-round, double-blind, peer-review process, three papers were selected for inclusion. Each article highlights unique aspects of the strategic management process, and in two of the studies, relationships among strategic components are explored. Specifically, the articles examine (1) strategic implementation of knowledge and effects on non-economic outcomes, (2) strategic formulation issues related to succession, and (3) effects of non-economic goals on economic outcomes.

Strategic Implementation of Knowledge and Effects on Non-Economic Outcomes

In the first article, Carr and Ring (2017, this issue) empirically investigate the extent to which knowledge integration within family firms affects non-economic value creation. Building on the work of Chirico and Salvato (2008, 2016), who examine the antecedents of knowledge integration and resulting effects on the family firm's product development capability, Carr and Ring (2017) find that knowledge integration positively influences the non-economic outcomes of family harmony and family satisfaction. Additionally, the codifiability of the knowledge is found to interact significantly with the knowledge integration-family harmony relationship, while transgenerational control intentions positively moderate the effects of knowledge integration on both non-economic outcomes.

This study offers several insights on strategic issues in family firms. First, the findings expand understanding of how knowledge integration among family members in the firm relates to family-centered, non-economic outcomes. Prior studies have examined antecedents of knowledge integration, such as relational competence (Hatak and Roessl, 2015) and commitment to change (Chirico and Salvato, 2008, 2016), or examined the effects of family involvement and intentions on family-centered, non-economic goals (e.g., Chrisman *et al.*, 2012). However, few studies have sought to understand the direct relationship between knowledge integration and non-economic outcomes.

Second, transgenerational control intention significantly affects the extent to which knowledge integration affects family harmony and satisfaction. Since knowledge integration concerns the process and influence of knowledge exchanges (van Wijk *et al.*, 2008), Carr and Ring's (2017) findings suggest that transgenerational succession intentions might be associated with shared language and/or empathy among kin that make such exchanges more acceptable and satisfying to family members. These findings not only underscore the importance of transgenerational control goals but also provide a new perspective on why such goals are important to family relationships.

Third, Carr and Ring's (2017) finding that knowledge codifiability moderates the relationship between knowledge integration and family harmony provides a new perspective on how knowledge creates value. It is generally understood that tacit knowledge, which by definition is difficult or impossible to codify, has a positive influence on economic performance (e.g., Barney, 1991) and that the ability of family firms to create an environment where tacit knowledge can be transmitted or created is a source of competitive advantage (e.g., Cabrera-Suárez *et al.*, 2001). Thus, the idea that easily codifiable knowledge increases family harmony, an essential aspect of non-economic performance in family firms, is at least interesting and possibly a further indication of the importance of effective communication on relationships and processes in family firms (cf., Sharma *et al.*, 2003). This certainly seems like an area that deserves more attention in the future.

Strategic Formulation Issues Related to Succession

The conceptual framework offered by Marler *et al.* (2017, this issue) offers further insights into transgenerational succession, one of the most commonly studied and important topics in family business research (Daspit *et al.*, 2016). Marler and colleagues examine the micro-foundations of the strategic transfer of power within family firms by theorizing how the (in)congruence of the personality of the incumbent and successor affects leadership role transitions during transgenerational succession. The authors compare various combinations of proactive and passive personality traits of incumbents and successors and note how these relationships might change in contexts where incumbents are ready (or not) for the succession to occur. In all, the authors discuss eight potential situations in terms of those that are most and least likely to result in successful leadership role transitions.

This article offers strategic insight into the heterogeneity surrounding family firm succession. In developing the eight possibilities, the authors aptly highlight the importance of relational exchange as a vehicle for transferring knowledge. In this case, the readiness of the incumbent and the personality of both the incumbent and successor shape the relational dynamics between those individuals. The authors propose that these dynamics affect the transfer of knowledge between the current and future leaders of family firms and, consequently, the likelihood that the transition of leadership will be effective.

As noted by Carr and Ring (2017), knowledge integration (which occurs via exchange) directly relates to the family's ability to achieve non-economic outcomes. The study by Marler and colleagues (2017) follows a similar path in noting how personality traits underlie relationships and knowledge exchange within the context of leadership transfer. Marler *et al.*'s (2017) contribution advances family business research by using organizational behavior insights to improve the appreciation of strategic issues within family firms. By doing so, the authors respond to calls in the literature for a richer integration of perspectives that potentially recognizes the multi-level determinants and manifestation of firm-level outcomes (e.g., Gagné *et al.*, 2014; McKenny *et al.*, 2014).

Certainly, the theoretical model of Marler *et al.* (2017) breaks new ground and deserves to be tested. In addition, interesting opportunities arise to consider the impact on the transition of the successor's readiness and the congruence of the preferred goals and strategies between the incumbent and successor. Other pertinent questions center on factors determining the willingness and readiness of incumbents and successors. Are these factors purely psychological or do demographic characteristics hold sway? Importantly, researchers should consider how the incumbent or successor's willingness and readiness are influenced by the skills and attitudes of the other. Indeed, previous work suggests that perceptions of how each party views the succession process may overshadow other factors in determining how the process plays out (Sharma *et al.*, 2003).

Effects of Non-Economic Goals on Economic Outcomes

Naldi *et al.* (2013) question whether preserving socioemotional wealth is an asset or liability. Debicki, Randolph, and Sobczak's (2017, this issue) study further extends this area of inquiry by investigating the relationship between the importance of different dimensions of socioemotional wealth and the economic performance of family firms. Debicki *et al.*'s (2017) study is significant because research has yet to investigate the economic consequences of pursuing goals related to the accumulation of socioemotional wealth (Berrone *et al.*, 2012; Gómez-Mejía *et al.*, 2011). Through an empirical study of Polish firms, Debicki and colleagues (2017) find that the importance of different dimensions of socioemotional wealth can have both positive and negative effects on firm performance. Family prominence and family continuity are positively related to firm performance, while family enrichment is negatively associated with financial performance.

The insights gained from this study contribute to knowledge concerning the paradoxical effects of socioemotional wealth on family firm performance. Interestingly, the importance of some aspects of socioemotional wealth, which are indicators of non-economic goals, may enhance the financial wellbeing of the firm while others may undermine the firm's financial pursuits. Thus, family managers must strategically consider the extent to which trade-offs between economic and non-economic performance are necessary, on the one hand, and the extent to which it is possible to use socioemotional wealth goals to increase or stabilize the economic performance of the firm on the other. Given these findings, interesting areas for future research include investigating (a) the relationship among socioemotional wealth goals, (b) the ways priorities among these goals are established, and (c) the factors that cause relationships and priorities to shift (cf., Vardaman and Gondo, 2014). Furthermore, given that the importance of socioemotional wealth dimensions has varying effects on economic performance, it would be illuminating to know to what extent these relationships are considered in the strategy formulation and implementation processes of family firms (cf., Chrisman *et al.*, 2014). Finally, while researchers are beginning to grasp the importance of how different dimensions of socioemotional wealth influence family firm behavior (e.g., Gómez-Mejía *et al.*, 2011), relatively little is known about the influences of antecedents on those dimensions. Potential paths forward examining antecedents of the dimensions of socioemotional wealth may include exploring family values (e.g., Kammerlander *et al.*, 2015) and legacy intentions (e.g., Hammond *et al.*, 2016). Nonetheless, more work is needed that treats the importance of the dimensions of socioemotional wealth as dependent, rather than independent, variables.

FUTURE DIRECTIONS

Each of these studies advances understanding of the strategic management process in family firms. Carr and Ring (2017) examine the impact of important strategic implementation variables on non-economic outcomes, Marler *et al.* (2017) highlight micro-level issues underlying the succession process, which is linked to strategy formulation, and Debicki *et al.* (2017) examine the relationship between the importance of socioemotional wealth goals and firm performance. Nevertheless, as suggested above, these studies generate many new questions that need answers. In addition, numerous other research opportunities exist with respect to the strategic management process that these studies have left untouched. Some of these research opportunities are summarized in Table 1, and those with particular promise are discussed below.

Table 1
Future Directions for Family Firm Strategic Management Research

Strategic Component	Future Research Questions
Goal Formulation	• Does context effects influence family goal formation (e.g., country, cultural, social effects) and, if so, how? • How do non-family owners/managers, strategic partners, external stakeholders, and family members external to the family firm affect the formulation of family and firm goals? • How do non-economic goals vary as the firm increases in size and/or engages in professionalization? • What mix of family goals is most conducive to successful succession planning, transfer of power, corporate entrepreneurship, dynamic capability development, financial performance, and other strategic factors? • How do various types of goals (e.g., socioemotional wealth, social responsibility, transgenerational entrepreneurship) affect other components of the strategic management process?
Strategy Formulation	• Do non-family stakeholders influence strategic formulation and/or succession planning? If so, how and when does such influence occur? • Is the influence of external stakeholders harmful or helpful to a successful succession process? • What family-level factors influence the decision to engage in corporate entrepreneurship, diversification, growth, and/or retrenchment strategies? • How do the unique resources and goals of the family firm affect the formulation of marketing, financial, R&D, operations, purchasing, logistics, human resource management, and/or information technology strategies?

Table 1 (continued)
Future Directions for Family Firm Strategic Management Research

Strategy Implementation	• How can the family firm create a corporate culture of inclusion for non-family managers and employees? • How does bifurcation bias affect non-family member job satisfaction, productivity, and turnover as well as firm-level performance? • To what extent is bifurcation bias harmful or helpful to family and firm outcomes? • What mechanisms can be used to overcome the unequal treatment of bifurcation bias? • In what instances, if any, may bifurcation bias be appropriate for the pursuit of family and/or firm-specific goals?
Strategic Evaluation and Control	• How are non-family managers evaluated, and how do they affect the evaluation of family and firm-centered outcomes? • What factors govern strategic changes within the family firm when outcomes are above/below aspirational levels? • How does the risk tolerance of the family alter family firm decision-making, and how is risk tolerance affected by multiple generations of family members within the firm?
Environmental Effects	• How do family firms navigate external jolts/crises? • What resources may be most helpful in guiding the family firm through turbulent times? • How do family firms adapt to contexts where institutional support is lacking?
Outcomes	• How are performance, attitudinal, and behavioral outcomes related to each other and to family-centered, non-economic goals? • How do dynamic capabilities affect non-economic and other outcomes of the family firm? • Does the family firm (re)configure capabilities differently than the non-family firm in order to pursue performance, attitudinal, and behavioral outcomes?

Goal Formulation

While family and non-family firms have both economic and non-economic goals, the latter are more common and more varied in family firms compared to non-family firms. Examination of non-economic goals has emerged as a prominent area of family business research in recent decades given that the extent to which the family accumulates socioemotional wealth via the firm is driven by the non-economic goals of the family. Chrisman *et al.* (2012) find that the involvement of the family in the firm is positively related to the importance of family-centered, non-economic goals and that this relationship is partially mediated by transgenerational succession intentions and family commitment.

Non-economic goals, however, are not necessarily the same across all family firms. In an attempt to understand the heterogeneity of goals among family firms, Kotlar and De Massis (2013) conduct a qualitative study and offer a conceptual model of how individual and firm-level factors contribute to goal diversity, noting how types of social interactions drive collective commitment to family-centered goals. In another intriguing multi-case study, Kammerlander and colleagues (2015) find that founder-focused stories shared in a family negatively influence innovation, whereas family-focused stories are positively associated with such innovation. These insights begin to untangle the complexity associated with goal diversity and goal setting in family firms; however, more work is needed. For example, generational differences among family members influence how both family-centered economic and non-economic goals are developed, yet the effects of other factors (e.g., non-family owners/managers, strategic partners, external stakeholders, family members external to the family firm) remain to be fully explored.

Strategy Formulation

Strategic formulation relates to the development of a specific strategy designed to carry out firm goals. For family firms, a core family-centered goal is the transgenerational transfer of control. Perhaps because so few firms survive beyond the second and third generations of family control, succession is among the most studied topic in family business literature. Succession is a multi-stage process consisting of planning, training and development of successors, and transferring power (Le Breton-Miller *et al.*, 2004). At each phase of the process, multiple levels of influence and team dynamics affect how the succession process unfolds (Cater III *et al.*, 2016). In a review of the succession literature, Daspit *et al.* (2016) highlight the exchanges that occur between individual incumbents and successors within the family boundary as well as across the family boundary (i.e., with non-family stakeholders).

However, because numerous individuals and groups across various levels, are involved in the family firm succession process, much remains to be understood about how these actors work together, engaging in various forms of exchange to formulate and execute a successful transgenerational transfer of control. In line with the study by Marler and colleagues (2017), understanding the micro-foundations of succession to predict when and how the transfer of power will occur remains a potentially fruitful area of research. Gagné *et al.* (2014) note numerous opportunities that exist for studying organizational behavior in the context of family business. Indeed, further investigations of how individual and group-level factors—such as power, trust, conflict, and motivation—manifest to influence the strategic management process are needed.

Strategy Implementation

Strategic implementation includes the structure, systems, and processes used to perform activities associated with the execution of strategy (Wheelen *et al.*, 2014). Managers implementing strategic decisions in small family firms composed of same-generation family members may experience less resistance than managers attempting to navigate the complexities associated with a larger firm composed of multiple generations of family members as well as non-family employees (Gersick *et al.*, 1997; Gersick and Feliu, 2014). Although implementing a strategic initiative in any context may encounter resistance, misalignment of goals between family and non-family members in family firms has received attention in recent years because this can be a major source of resistance.

Professionalization is the process through which family firms formalize internal processes and hire nonfamily managers (Stewart and Hitt, 2012). Dekker *et al.* (2013) identify five dimensions of professionalization, which include financial control systems, non-family involvement in governance systems, human resource control systems, decentralization of authority, and formality in top-level meetings. In that study, family firms are clustered into four types based on professionalization dimensions adopted, confirming previous research pointing to the heterogeneity of family firms (Stewart and Hitt, 2012).

Research notes the difficulties family firms have with professionalization. The underlying assumption (and indeed the reality in some firms) is that family employees are valuable stewards of the firm while non-family employees are self-serving agents. Consequently, family employees are treated altruistically and non-family members are not (Schulze *et al.*, 2001). Verbeke and Kano (2012) refer to such asymmetric practices, which are antithetical to professionalization and effective strategy implementation, as bifurcation bias.

Efforts are under way to understand how some family firms leverage the benefits and mitigate liabilities associated with the altruistic treatment of family employees, sometimes at the expense of non-family employees (Cohen and Sharma, 2016) but more work is needed.

Scholars are beginning to understand how some family firms make the transition to a professionally governed and managed organization (Parada *et al.*, 2010). Classic case studies like Fel-Pro (Ward and Meek, 2005) demonstrate how an American multi-generational manufacturing family business maintains progressive human resource policies amidst global competition. Similarly, professional employees and family champions of change worked closely in the Falck group to successfully exit from the steel industry and enter the renewable energy business after 70 years as the largest privately owned steel producer in Italy (Salvato *et al.*, 2010). By building on these early studies, there are several promising opportunities for research related to professionalization of family firms. For instance, future studies are needed on the mechanisms that are most effective in bridging the gaps created by bifurcation bias, as well as on whether and when investments in such activities yield net benefits for firm and/or family.

Strategy Evaluation and Control

Comprehensive reviews of research on financial performance of family firms (e.g., Amit and Villalonga, 2014; Stewart and Hitt, 2012) reveal inconsistent findings which might be attributable to the definitions or measurements used, as well as contextual factors such as location, industry, and institutional environment. Variations in goals and temporal orientation further comparisons of financial performance in family and non-family firms. Pioneering efforts to incorporate context and time into research on strategic evaluation and control of family enterprises are under way (e.g., Michael-Tsabari *et al.*, 2014; Sharma *et al.*, 2014). Methodological challenges and exciting possibilities continue to receive attention (Evert *et al.*, 2016; Payne *et al.*, 2017). For example, Mahto and Khanin (2015) study how performance evaluations occur in family firms, finding that family firms are not substantially different in reactions to positive financial performance from non-family firms but are more risk averse following success. Similarly, Chrisman and Patel (2012) find that when family firm performance falls below aspirations, family owners are more willing to assume risk compared to non-family firms. Both studies note that the strategic evaluation of firm and family-centered outcomes has unique effects on family firms. While studies find that risk tolerance and investments may be altered, future research is needed to understand how other strategic factors are affected when family firm outcomes—both non-economic and economic—are above or below aspiration levels.

When studying "family" involvement in business, more attention will have to be paid to defining the family, classifying types of families, and developing measures to capture variations within and between families over time (Dyer and Dyer, 2009). The relationship between economic and non-economic performance dimensions also needs more theoretical and empirical attention. However, these questions represent only a handful of the interesting possibilities to examine and understand how strategic evaluation and control affects family firms.

Environmental Effects

Contextual factors may also alter how family firms navigate the strategic management process. Although many studies have examined why and how the performance of family firms varies from that of non-family firms, Le Breton-Miller and Miller (2015) suggest the industry in which the firm competes is key given that some family firms have resources that uniquely meet industry-specific demands. For example, in industries with high profit margins, founding family leadership positively effects firm value and profitability (Randøy *et al.*, 2009). Studies also show that family firms tend to perform well during financial crises, despite being less likely to downsize or reduce employee wages (van Essen *et al.*, 2015).

As noted in the discussion of other components of the strategic management process, much remains to be understood about how environmental effects influence the behavior and performance of family firms. While van Essen and colleagues (2015) note that family firms perform well during a financial crisis, how do such firms navigate other types of external crises like regime change in a politically unstable country? What resources may be most helpful in guiding family firms through turbulent times? In this regard, cross-cultural studies may be particularly beneficial to test the boundary conditions of family firm philosophies rooted in Western cultures. More research on how family firms in Asia, Latin America, and Africa negotiate challenging external environments while growing over generations would be useful (e.g., Au *et al.*, 2011; Nordqvist *et al.*, 2011; Sharma and Chua, 2013; Sharma *et al.*, 2015). Such research can open exciting new avenues for testing and refining current theories by modifying the underlying assumptions pertaining to the nature of families, businesses, goals, resources, and strategies.

Outcomes

While many conceptualizations of the strategic management process are aimed at enhancing competitive advantage and improving firm performance, family firms are unique in the pursuit of idiosyncratic family-centered, non-economic goals (Pearson *et al.*, 2014). The "flows" of family-centered, non-economic goals potentially result in "stocks" of socioemotional wealth (Chua *et al.*, 2015), which produce unique outcomes for family firms. Debicki and colleagues (2017) offer insight into how non-economic goals influence financial performance in family firms; however, more research is warranted to further investigate how family firms balance performance, attitudinal, and behavioral outcomes. How these outcomes are related, and how idiosyncratic family goals influence each type of outcome are questions worthy of study. Furthermore, extending the work of Carr and Ring (2017), more needs to be known about how dynamic capabilities, such as knowledge integration, affect attitudinal, behavioral, and economic outcomes in family firms.

CONCLUSION

Building on prior stocks of strategic management insights with respect to family firms (Chrisman *et al.*, 2005; De Massis *et al.*, 2012; Sharma *et al.*, 1997), the purpose of this special issue is to investigate strategic issues facing family firms and assess recent strategic management developments within the field. The three articles presented in this issue investigate varied components and combinations of factors associated with the strategic management process. Advancements in family business research are discussed and future research directions proposed.

The study of family business is growing exponentially whether viewed through the metrics of journal space devoted to research on this organizational form, faculty positions and programs at institutions of higher education, or researchers and advisors joining the field. While young in age, the field of family business has come a long way in the last three decades. Reflecting on the field's journey and current situation, John Ward, a pioneering scholar of the field noted in a recent interview (Moores, 2016):

> "In the early days I was eager to normalize the challenges of family business success and continuity and to champion the special contributions family businesses bring to our society. I hoped to encourage family business owners to take pride in their "specialness." .... I was focused on understanding family businesses from a strategic perspective. How did they do business differently? What were the common challenges they faced? How was all that reflected in their performance, their culture, and their personal visions? I was impressed by how they were driven by values and purpose and how their insecurities and modesty often undermined their creative insights and passion for what they were doing. Once they felt valued, huge transformations took place."

> "[Today] The arena of family enterprise has become a glorious laboratory to debate long-held beliefs and theories of organization. Many have seen this opportunity. They have tested conventional theories and proven new paradigms. It's only beginning. *Family Business Review* has made such efforts credible. Happily, we're now in a positive spiral."

Although the progress made is impressive, many challenges and opportunities remain. Given the field's status and future prospects, the exhortation of Zahra and Sharma is even more relevant today: "this is a great time to be studying family firms" (2004: 331).

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