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"Can you tell me about the future?" A narrative of the goal-setting process in family business

Bice Della Piana
University of Salemo
E-mail: bdellapiana@unisa.it

Alessandra Vecchi
University of Bologna
E-mail: alessandra.vecchi@unibo.it

Vittoria Marino
University of Salerno
E-mail: vmarino@unisa.it

Mario D'Arco
University of Salerno
E-mail: mario.darco@gmail.com

ABSTRACT

By relying on the taxonomy introduced by Kotlar and De Massis (2013), the present study proposes to investigate the dynamics and the set of goals perceived by the family members strategic for the future growth of their family business. Using an interview approach, the researchers recorded the professional stories of 15 family firm owners and managers. Through the interpretation of the narrative material *emerged that the interviewees never mentioned the role that family-centred non-economic goals (i.e., 'family harmony', the 'family social status' and 'the family identity') plays in the performance of the family firms. Contrary, non-family non-economic goals, such as innovation and internationalisation, are considered two keys growth drivers. In particular, if both innovation and internationalisation have equal importance amongst the current goals, internationalisation assumes a greater importance in relation to the future goals of growth.*

*Keywords***:** *Goal setting process; Family business; Growth Strategy; Narrative analysis*

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Introduction

Family firms, as any other type of businesses, concentrate their efforts to pursue economic performance. Due to the involvement of the family members, the strategic decision-making processes and the goals setting are more complex. (Habbershon and Pistrui, 2002; Nordqvist and Melin, 2010; Zellweger and Sieger, 2012).

As suggests the behaviourist theory, performance in family business is often characterised by more non-financial goals such as keeping the firm control in the family or securing to pass on the business to the next generation (Chrisman et al., 2004; Gómez-Mejía et al., 2007; Zellweger et al., 2013).

Family business scholars, on their side, argue that it is the strong emphasis on non-economic goals (NE) that contributes to differentiate family firms from all other kind of enterprises. Therefore, it seems unrealistic to assume that profit maximisation represents the only goal of these firms (Westhead and Cowling, 1998) as they pursue a variety of economic and NE goals (Argote and Greve, 2007).

As pointed out by Chrisman et al. (2012), most recent studies on family businesses that rely on the behaviourist theory show that the *family-centred non economic goals* (FC-NE goals) originate from the emotional value of family properties (Astrachan and Jaskiewicz, 2008; Zellweger and Astrachan, 2008), from the importance of family social capital (Arregle et al, 2007; Pearson et al.,2008) and by the emphasis on the creation and preservation of the family socio-emotional wealth (Gomez-Mejia et al., 2007).

Similarly, stakeholder theory (Freeman, 2010; Mitchell et al., 1997), starting from the assumption that family firms have unique and powerful stakeholders (i.e. the family), supports the importance of the FC-NE goals and provides a complementary view in the identification of non-economic goals such as 'family harmony' and 'social status'.

Chrisman and others (2012) underlined that the most relevant and family associated FC-NE goals that are pursued by the owners and the Board of Directors and emerge throughout management activities are 'family harmony' (Astrachan and Jaskiewicz, 2008; Sharma et al, 2001), the 'family social status' (Dyer and Whetten, 2006; Zellweger and Astrachan, 2008) and 'family members' identification with the firm' (Gomez-Mejia et al., 2007; Milton, 2008). Additionally, Berrone and his colleagues (2012) pointed out that altruism, fairness, justice and generosity represent the main goals of such firms.

Kotlar and De Massis (2013), in a recent study, introduce a taxonomy of the family firm's goals that considers four categories of goals (i.e. *economic* and *non-economic*, *family* and *non-family*) developed along two dimensions (i.e. *goal content* and *goal recipient*).

By relying on this taxonomy, the current study attempts to more precisely understand the dynamics and setting of such four general categories of goals in family firms. In particular it concentrates on the subcategories of *firm growth* which are considered by the authors *non-family* in respect to the goal recipient dimension and *economic* in respect to the goal content dimension. Specifically, the research is guided by the following questions:

RQ1: What are the main goals considered strategic by the owner-managers for the future growth of a family firm?
RQ2: Are innovation and internationalisation perceived by the owner-managers as goals for firm growth?
RQ3: How do non-economic goals affect the family businesses' future growth prospects?

In order to answer the research questions, the paper proceeds as follows: first we introduce the theoretical framework adopted by the research with particular reference to a taxonomy of organizational member individual goals. Second, we outline the research design and illustrate the uses and potentials of narrative analysis for family business research. Third, we apply narrative analysis to the data collection which consists in 15 case studies. Finally, we present the main findings and discuss implications for further research.

Theoretical Framework

As stated by Kotlar and De Massis: 'defining the goals adopted by an organization requires specifying who is able to influence firm decision, the element that may affect their individual goals and, more importantly, the processes through which the individual preferences are translated into organizational policy and action.' (2013, pp. 1264-1265)

Considering the differences among the types of family firms and organizational members Kotlar and De Massis introduced a taxonomy of four goal categories.

As shown in **Figure 1**, the taxonomy defines the type of goals taking in account two dimension: *goal content* (i.e., *economic*, *non-economic*), and *goal recipient* (i.e., *family, non-family*).

Insert Figure 1 about here

The first goals category is *family-centred non-economic goals* (FC-NE). These types of goals may change over time and reflect the attitudes, values, perceptions and intentions of the family firm's coalition members.
The main *family-centred non-economic goals* identified by Kotlar and De Massis are *family harmony*, the *family's social status* and its *reputation*, as well as the *family identity linkage*.
A second category of goals is *family-centred economic goals* (FC-E). In this case, the interest of the family consists in the maintenance of family control over the firm and the preservation of wealth created by the family throughout its history.
The third category of goals is *non-family-centred non-economic goals* (NFC-NE). These types of goals, such as the improvement and conservation of good relationships with internal and external stakeholder, as underlined by Kotlar and De Massis: 'intented to satisfy other stakeholders than the family and were not related to economic aspects' (p. 1273).
The fourth category of goals is *non-family-centred economic goals* (NFC-EC). These types of goals, which include different indicators of economic performance such as growth, survival and the profit of the enterprise, are not explicitly oriented to the family and are strictly related to the economic aspects of business.
The taxonomy introduced by Kotlar and De Massis (2013) shows the goal diversity in family firms, but it doesn't explain how the goals that are associated with pursuing future growth are implemented. This lack in the literature about the specific goals of growth represents a valuable research opportunity. As highlighted by Chrisman et al. (2012, p. 268), 'an understanding of a family firm's goals should be a precursor to understanding its behaviours and performance'. To this purpose, there is a need to identify such goals first and to critically assess how they are perceived with respect to all the others so as to reach a fuller understanding of the vision that family businesses have about their own growth.

Research design

Given the complexity of the phenomenon and the need to identify the firms' growth goals as perceived by the family members, *narrative analysis* seemed the most appropriate research approach for the purpose of this exploratory work.
Narrative analysis is a method of qualitative research that 'uses stories as data' (Merriam, 2009, p. 32) to capture 'life experiences of a single life or lives of a small number of individuals' (Creswell, 2007, p. 55). Therefore, this method is useful to provide 'insights into people's thoughts, emotions and interpretations' (Thomas, 2012: 209) and to explore the meaning of many cultural, social and economic practices.
Individuals in a family business organise their *entrepreneurship* experience in a narrative way. The family business identity, the organization's culture, the knowledge sharing among the employers, the strategies, the goal setting are all (co-)constructed through language. Thus narratives, as a form of phenomenological inquiry (Cope, 2005; Hamilton et al, 2017), can be very useful for researchers to better understand the process of being and becoming a family business.
The narrative material on which we based our analysis is constituted both by the transcripts of the interviews conducted with owner-managers of family firms from different industries and by documents obtained from the firm's archives.
For the analysis, 15 case studies were selected. The selection was performed according to polar sampling (Eisenhardt and Graebner, 2007, p. 27), this technique, which is widely used in family businesses studies, considers the extreme cases along a selected dimension. As suggested by De Massis and Kotlar (2014, p. 18): 'The selected cases should offer enough distinct windows through which to observe an investigated phenomenon in a unique and extraordinary way'.
The dimension we adopted for our analysis is the condition of being or not being a member of the family. Additionally, a further distinction has been made within the family members, between founders and successors of the second and third generation.

Data collection

Data collection about the family businesses' strategic goals was conducted in the context of broader research whose main purpose was to analyse competitive strategies, innovation dynamics and international development of small and medium enterprises (SMEs). Data were collected by relying on a semi-structured questionnaire which was administered to the interviewees. The interviewees were selected according to their relevance to the overall objective of the research project. These were namely the founders, the CEOs, the managing directors, and the general managers. The questionnaire was designed to highlight the 'common starting points' (Van Riel, 2000); that is, the keywords that were used to describe the firm's growth goals. In line with the criteria used by Kotlar and De Massis (2013), family firms are defined by three requirements: 1) the majority of the firm is owned by the family, 2) two or more family members were actively involved in the company, 3) the interviewees perceive the company as the family firm. Finally, a distinction amongst the interviewees allowed the classification of the 15 cases into 3 groups (as illustrated in the **Table 1**): 5 in which the interviewees are founders or successors of second generation (companies from A1 to A5); 5 in which successors are from the third generation onwards (companies B1 to B5); 5 in which the interviewees are professionals who work in the family firm but do not belong to the family (companies C1 to C5).

Insert Table 1 about here ----------------------------

Data were collected both via interviews and from documents obtained from the firms' archives. The analysis of these qualitative data allowed us to map out the growth goals of the firms, to detect what their priorities were and to formulate hypotheses about the influence of non-economic goals and how these might affect the firms' growth by considering the family involvement in the business (for example, executive board, top management), the extent to which the firm is open to professionals in the role of owners, directors, managers or consultants and, finally, the relationships established by the company and its distinctive features. With specific reference to the interviews, at the beginning of each case study a *key informant* from the firm (the founder, the successor or a manager) was contacted by sending him/her a written summary of the research project, and a follow-up call was made. According to De Massis and Kotlar (2014, p.21), 'the views of family members may systematically vary from those of non-family members because the family status or organizational roles of both influence their interpretations'. Each interview lasted about an hour and a half, for a total of 22.5 hours of interviews. The interviews followed a semi-structured questionnaire that included a set of open and closed questions (as illustrated in **Table 2**). Given the purpose of the study, the interview method seemed appropriate since the aim was to gain an in-depth understanding of the issues that the interviewees considered to be important for the performance and the future development of the firm.

Insert Table 2 about here ----------------------------

Secondary data were collected from the AIDA and AMADEUS databases, from business reports and official websites. In particular, all the documents and information materials available on the family firms was analysed in order to collect thorough informations about the strategic goals of the selected firms in terms of typology, variety and priorities. Following the study of De Massis and others (2012, p.19), this secondary information was integrated by relying on a process of triangulation with those obtained from our interviews 'in order to avoid post hoc rationalization and to ensure construct validity'. Triangulation provided the possibility to adopt different perspectives to observe the same phenomenon (Denzin, 1994; Jick, 1979; Pettigrew, 1990; Stake, 2013; Yin, 1994). As suggested by De Massis and Kotlar (2014, p. 21), the triangulation of evidence derived from multiple data sources is particularly important for family business research, where it is difficult to separate the aspects entirely related to the family sphere from those specifically related to the business's decisions. In order to simplify the explanation and the representation of the empirical evidence, data from multiple sources (results from the interviews, key documents, quantitative data from the questionnaire), were organised in a case study database to make the analysis more rigorous and therefore the findings more robust.

Data analysis

The informations obtained were refined for the final analysis through three processes: data reduction, data display and data categorisation; finally, techniques for data contextualisation were used (De Massis and Kotlar, 2014, p. 22). The process of data reduction implied the selection and the simplification of the relevant data that was deemed as more relevant to address the research questions. The process of data display made it possible to simplify the identification of those themes that were deemed as useful to the analysis (as illustrated in **Tables 3**, **4**, **5** and **6** respectively).

Insert Table 3 about here ----------------------------

Insert Table 4 about here ----------------------------

Insert Table 5 about here ----------------------------

Insert Table 6 about here ----------------------------

Data categorisation involved first the distinction and then the grouping of different categories of information in order to facilitate the comparison amongst the case studies (as illustrated in **Table 7**).

Insert Table 7 about here ----------------------------

Finally, thanks to data contextualisation detected through the narrative analysis, the relevant connections between the collected data were identified (as shown in **Figures 2** and **3** respectively). **Table 3** shows the family involvement in the business activities. All the cases selected for the study reveal that the family represents the dominant group within the organization (2 = 100%). In 11 out of the 15 cases (i.e. A1, A3, A5, B1, B2, B5, C1, C2, C3, C4, C5), ownership is shared amongst more than two partners: parents, brothers, sons, cousins or other family-controlled firms (i.e. B5, C2). Only one case (B3) did not show a total involvement of the family owners in the executive board as the company CEO is a father who has sold his shares to his children, and only in one case (i.e. B2) does the family not hold 100% of the votes on the executive board (executive board composition: father – board chairman; son – vice-chairman; daughter – adviser; 10 managers). Finally, in all cases family members have key roles in the top management.

Table 4 shows the information on the degree of openness to the involvement of professionals or external members in the ownership, the executive board and the top management. In only three case studies (A3, A5, B2) was there a very high degree of openness to members outside the family in the executive board and in 7 case studies (i.e. A1, A5, B1, B3, C1, C2. C3) to key roles in the top management; in 4 companies (A5, B2, B3, C3) a significant number of external members were observed in the top management (i.e. General Manager, Head of Research & Development, Production Manager, Country Manager). In these companies, the degree of openness to external members is limited to the position of advisor, and largely in relation to the preparation of financial statements.

Table 5 shows the distinctive features of the firms according to the perceptions of the interviewees (their direct quotes are shown in italics in the table). This information is considered particularly important for the critical assessment of *non-economic goals* in relation to the firm' growth. With specific reference to those goals related to the family sphere, in 8 cases out of 15 the respondents freely expressed that 'being a family firm' is a distinctive feature. For example, an interviewee (A2) stated: 'being a family firm has allowed them to establish business relations with North African countries which required the establishment of a relationship of trust before they could even negotiate any business deal'; in the case of B3, the interviewee pointed out that 'being a family firm allowed members to establish personal and, thus, more enduring relationships'. 'Tenacity' and 'enthusiasm of the owners' are perceived as a critical element for the firm's success (B4 and C2). Finally, the unity of the family purpose, either as a purely affective element and in the governance of the firms, is perceived as a distinctive element as well as a purpose to maintain over time (B1 and B5). As for the non-economic goals that are closely linked to the business, the findings demonstrate the importance of two features that make these firms different from others. These are the 'pursuit of a gradual growth', and the 'harmony within the firm'. Indeed, it is possible to notice that 'gradual growth' is an element of key importance that needs to be preserved over time in terms of economic and financial balance as well as the 'relationships amongst the family members' (see for example A3 and B5). Keeping good relationships both within the family members and stakeholder (i.e. Employers, suppliers, costumers and so on) is perceived as a crucial requirement that enables the growth of the firm.

Since it has been highlighted several times by the interviewees as a distinctive feature, the relationships with the external stakeholders of the firm were considered separately in order to highlight more emphatically their importance for the future growth goal. The direct quotes of the interviewees in ***Table 6*** *explain the role that these relationships have played in the development of the firms analysed (with the exception of C3), and with specific regard to innovation and expansion in foreign markets. Generally speaking, the most cited stakeholders are suppliers, customers, other companies, universities and sales representatives. According to the interviewees, relationships with the suppliers, universities and research centres are the most relevant to the development of new products while those with sales representatives and distributors have represented, and still represent, a reference point for international expansion. It is interesting to note that in some cases the relationships with external stakeholders are not considered as necessary to innovate (A2, B3, B4, C1, C3, C4) and to internationalise (A3, A5, B5, C3). Conversely innovation, for the first group of firms, and internationalisation, for the second group, are not considered as priorities in the goals for future development of such firms.*

Results and discussions

Family firms' goals and determinants of growth are nowadays relatively popular topics of discussion among scholars. Many authors claim that the pursuit of *family-centred* objectives, both *economic* and *non-economic*, represent a distinctive feature of family firms (Chrisman et al, 2005) although this varies from firms to firms (Westhead and Howorth, 2006).

Despite the literature underlines the relationship between family involvement and the adoption of family-centered goals, it is unclear what family businesses' future goals are considered strategic for the family members. From the findings it emerges that a proper distinction should be made by considering both the *current* and *future* family firm's goals in order to better understand the determinants of the vision of the future growth path according to both the family members and those external to the firms.

By endorsing the view that there is a remarkable interplay between the goals related to the family and those strictly related to the business's activities as well as the influence of non-economic goals on the economic ones, the present work has contributed to the wide debate on the pivotal role that narratives has in classifying those determinants that cannot traditionally be assessed by relying on quantitative approaches. More precisely, the interpretation of the narrative materials obtained by the interviewees allowed us to identify the distinctive features that characterise family businesses' growth goals.
As illustrated in **Figures 2** and **3**, the goals of family businesses were classified into *current* and *future* goals.

Insert Figure 2 about here

Insert Figure 3 about here

Taking in consideration the taxonomy proposed by Kotlar and De Massis (2013) it is possible to notice several striking features. First, it is immediately visible that the subcategory of 'family wealth' in the FC-E is absent from both their *current* and *future* goals. Among the FC-NE our interviewees never mention 'family harmony', the 'family social status' and 'the family identity'. By contrast, 'family values', 'resilience' and the 'strategic guidance of the family' have been listed amongst the *current goals* but they do not appear amongst the *future goals*. As for NFC-NE goals, from the findings it emerges that these as *current goals* are consistent with firm 'internal harmony' and 'external relations'. 'Harmony' and 'external relations' were deemed by the interviewees as instrumental both for the development of innovation (A1, A3, A4, A5, B1, B2, B5, C2) and for internationalisation (A1, A4, B1, B3, B5, C1, C2). 'Product quality' and 'the gradual growth strategy' (perceived as a means of consolidation of the position reached by the company in the past) were also mentioned by the interviewees as amongst the *current goals*. Such goals, along with
The definition of the business strategy and the external relations, are of particular interest since they were mentioned in a few instances. Finally, with reference to the NFC-E, the findings were classified into two typologies: the *innovation-based growth* and the *internationalisation-based growth*. Such a distinction is absent from the matrix of Kotlar and De Massis (2013). These two typologies present a remarkable difference if we compare *current* and *future* goals. While both *innovation-based growth* and *internationalisation-based growth* have equal importance amongst the *current goals*, *internationalisation-based growth* assumes a greater importance in relation to the *future goals*. Also noteworthy is the importance given to 'firm survival' (equal to innovation-based growth), to firm economic performance and to the Italian business context. A more exhaustive mapping of the growth goals of family businesses is depicted in **Table 7**, in which the goals of future growth are presented according to the priority given by the interviewees when considering the future strategic development of the company.
From the data analysis emerged that *innovation* and *internationalisation* are perceived as very important goals for the growth of the businesses and that they were both pursued by many types of firms (the only exceptions are A3 and C3). In particular, all the firms have implemented organisational innovation; only two do not mention the processes of innovation and 9 have innovated their products. In the past, 13 firms have focused their efforts on internationalisation. In the majority of the case studies (A2, A4, B1, B2, B4, C2, C4, C5) the international sales volume accounts for more than 60% of national sales and in 5 case studies (A4, B1, B2, B4, C5) it exceeds 90%. All the companies have adopted internationalisation strategies targeting the European market and others, with one exception. For B5 the choice of countries followed an assessment related to logistic costs linked to the characteristics of the product so that the sales mainly targeted the European market, in particular Spain and other countries that possessed advantages from the logistic point of view. In all the case studies, there has been an international focus by following a very similar rationale. The firms indeed started to target markets which were geographically and culturally proximate, then those that were gradually more distant. For example, C2 (whose international revenues represent 80% of total sales), targeted Europe first, then Latin America and only later the Arab countries and North Africa. In two cases, however, the situation was exactly the opposite. B1, whose international revenues account for 90% of the total sales, made its first entry in foreign markets by targeting Japan and the United States, then Western Europe and later more distant countries such as Russia, Middle East and China. A similar pattern can be detected in relation to B3 which targeted North America first, then Europe and later the more distant markets of West Africa, Middle East and Japan. Only for two firms was there a strong interest in the context of Italian business (for both past and future growth goals). The interviewee from B4 says explicitly that he would maintain the production in Italy, even though the industry trend is for implanting offshoring, focusing on internationalisation and innovation. This is also explained in the report of Unioncamere 2014 (p. 4):

there are ‘firms that do not consider moving their production abroad to take full advantage of lower labour costs thank to their attachment and responsibility toward their employees and their local community’. For example, for C3 the main current and future goals are to remain in Italy with the ultimate aim of further increasing its affiliate network (already 55 retail stores under its own brand). Among the goals of future growth we still find innovation and internationalisation, but a different priority has been given by each interviewee. Internationalisation is in 11 case studies (A1, A2, A4, A5, B1, B2, B4, B5, C1, C2, C3) a goal to strive for in the future while for 6 cases (A1, A2, A5, B1, B2, C4) it is an absolute priority. Those who stated that internationalisation is their priority for future growth have already adopted some internationalisation strategy in the past and have also focused on innovation. The same applies to innovation. For example, A3 has always focused only on innovation and it will continue to do so in the future. Innovation, however, is cited in 4 case studies and in only three of these (A2, B2, B4) has been coupled with internationalisation. Only for A3 is innovation a more important priority than internationalisation due to high logistics costs for the purchase of materials that would reduce its profit margins. In relation to the economic goals related to the business (NFC-EC), it was noted that in only 5 case studies (A4, A5, B1, C1, C5) are growth targets supported by the explicit objective of sales volume and in only 3 case studies (A4, C1, C5) does it represent the higher priority. Considering, then, the goals related to the family, the findings suggest that none of the interviewees is planning to reduce the involvement of the family in the ownership, in the executive board and in the top management; nor did they mention the idea of opening the company to external members. Therefore we can consider these economic objectives as distinctive of family firms. At the same time, non-economic goals linked to the family are never explicitly mentioned amongst the future goals by the interviewees. This evidence contradicts the most recent literature about the relevance that family members give to non-economic goals adoption (among other Chua et al. 2015). Furthermore, amongst the non-economic future goals we find ‘consolidation of the position reached’, which occurs in 4 case studies (A2, A4, B5, C2). ‘Gradual growth’ could be a further emerging feature that distinguishes the future growth path of family businesses. The findings are further supported by some evidence found in the latest report of Unioncamere (2014, p. 4), ‘family businesses tend to have broader goals rather than merely maximising profit in the short-term’. The importance attributed to non-economic goals in the vision of the future growth path, however, is limited only to those outside the family sphere. Such importance, however, appears to be meaningful only with reference to family involvement in the ownership, the executive board and top management; there is no reference in any case studies to the family wealth.

Conclusion, limitations and future research

This research has demonstrated that studying the processes in a family firm using a narrative approach can be very productive. Many entrepreneurial dynamics are performed in language-use, especially those relating practices such as organizing, launching, setting the future goals, and so on. As underlined by Dawson and Hjorth (2011): ‘A narrative approach can help address family business phenomena in a way that goes beyond calculation and strategic decision making, by encompassing the lively, moving, creative, and dramatic characteristics of family relationships.’ (p. 9) thus, a narrative approach can offer new ways of studying family business and investigating new problems such as those regarding the way entrepreneurs adopt *economic* and *non-economic goals* which are strong predictors of positive firm behaviour and performance.

From the analysis of the narrative materials emerged some interesting aspects. First of all the interviewees never mentioned the role that family-centred non-economic goals plays in the future performance of the family firms: ‘family values’, ‘resilience’ and the ‘strategic guidance of the family’ have been listed amongst the current goals but they do not appear amongst the future goals. Secondly, from the data emerged that innovation and internationalisation are, in the vision of the family members, two keys growth drivers. Therefore this study proposes to integrate the taxonomy of Kotlar and De Massis (2013) introducing, with reference to the NFC-E, two subcategories of firm growth goals: the innovation-based growth and the internationalisation-based growth. Even if the internationalisation is a very important goal for the future growth of the family business, the data analysis reveals that its adoption is still gradual due to the limited resources that traditionally characterise family firms and to the family business's prudential approach that is aimed at preserving the family's wealth (although this wealth was not specifically mentioned by the interviewees).

This work is only a first attempt to make an investigation about the importance of economic and non-economic family goals and how family firms perceive their future growth trajectories. As such the research has a large number of limitations that could nevertheless foster the basis for further research. A particularly interesting area that deserves further attention is to determine the validity of the results by also performing some statistical tests on an expanded sample of family businesses and by considering the influence of the industry on the determination of the growth goals.

Table 1
Demographic profile of the family firms and of the interviewees

Firm*	Sector	Age of the firm**	Interviewee
A1	mechanical	2	Founder
A2	metal	3	Owner – second generation
A3	graphics	3	Owner – second generation
A4	food	2	Founder
A5	food	2	Founder
B1	clothing	3	Owner – third generation
B2	mechanical	3	Owner – third generation
B3	food	3	Owner – third generation
B4	Electrical appliances	?	Founder's son (no longer owner)
B5	metal	2	Owner – third generation
C1	metal	2	Professional
C2	mechanical	3	Professional
C3	food	2	Professional
C4	metal	2	Professional
C5	furniture	2	Professional

*Classification of the firms on the basis of the interviewee: A=founder or second generation, B=third generation, C=professional
**1=Young (less than 10 years); 2=Mature (between 11 and 50 years); 3=Long-lasting (more than 50 years)

Table 2
Semi-structured questionnaire

Relevant information		Data source	Questions
Involvement of the family		Ownership	20
		Executive board (including the CEO)	21
		Top management	21
Degree of opening		Professionals	44,45,51
Company growth		Turnover (domestic and international)	1b
	Actual growth	Innovation (product, process, organisation)	4,5,6
		Internationalisation (EU, Non-EU)	7,8,9,11
	Future growth	Open question	54
Relationships		Innovation	6
		Internationalisation	10
		Other	12,13,14
Distinctiveness		Company's peculiar features	all

Table 3
Family involvement in the ownership, governance and management

Firm	Ownership*	*EB/CEO***	Top management***
A1	3	3	3
A2	3	3	3
A3	3	3	3
A4	3	3	2
A5	3	3	3
B1	3	3	3
B2	3	1	3
B3	3	3	3
B4	3	3	3
B5	3	3	3
C1	3	3	3
C2	3	3	3
C3	3	3	3
C4	3	3	1
C5	3	3	3

*Family involvement in ownership: *0:f=0, 1:f<50%, 2:f>=50%,* 3*:f=100%*
** Board of Directors composition: *0:f=0, 1:f<50%, 2:f>=50%, 3:f=100%*
*** Family involvement in top management: *0:f=0, 1:f<50%, 2:f>=50%, 3:f=100%*

Table 4
Degree of openness

Firm	Openness to external members*
A1	3
A2	0
A3	2
A4	0
A5	2; 3
B1	3
B2	2; 3
B3	3
B4	0
B5	0
C1	3
C2	3
C3	3
C4	0
C5	0

* Presence of non-family members: 0= no non-family members;
1=non-family members in the ownership, 2=non-family members
in the executive board; 3=non-family members in the top management.

Table 5
The family businesses' distinctive features

Firm	Distinctive features
A1	The firm's culture Innovation, product's safety, risk assessment of the country Managing diversity (gender, cultural), CSR
A2	Selling abroad Being an Italian firm ***Being a family business allows to establish personal relationships*** Risk assessment of the export portfolio
A3	Endless love for the business. I was teaching in school but still went to work with my father in the company I have never worked for the money A gradual growth. Our growth relates to our know-how and not to our size We have been pioneers of innovation to compensate for our lack of resources
A4	Collaboration to acquire new market knowledge and innovation New processes, new products Relentless search of new markets
A5	Craftsmanship and innovation at the same time Being organised and cross-functional collaboration
B1	Quality of our product and our service to the customer Well-defined identity ***To keep the family cohesive*** Long experience in the sector
B2	Continuous innovation Establish partnerships to sell products and to conduct research. Comparing notes is a way to improve our product Process capability (1000 machines installed all over the world) 40 Patents
B3	Excellent product, exactly the same in every country ***We are not willing to compromise on our values*** ***Personal relationships facilitate long-term relationships outside the firm***
B4	We make everything ourselves We spend time looking for something innovative every day ***Enthusiasm and the founders' skills***
B5	The company has totally reacted to the changing market trends by radically changing its production (from the production of curtains to metal manufacturing) Ability to make the most of public funding Gradual growth (1–2 investments every 10 years) to keep the finances in order ***Despite 3 families being involved, managing the business can be attributed to only one person***
C1	Strong and fast decision-making process ***The owners are the dominant players*** A company cannot rely on friendship but it has to rely on professionalism
C2	Investing in technology and capabilities. Besides the investments we have been lucky to acquire capabilities from outside A flexible organisation that enables us to be responsive ***The firm's growth has been fed by the founder's strong belief in the business*** In the company if you're worthy you can progress ***The family is planning to stay involved in the business for a long time***
C3	Our company has been the first one to launch direct sales

	The owners were totally reluctant to establish any collaboration to open another facility outside
C4	The management prefers to get them young, get them trained and then to get them to work for them
C5	A deliberate strategic choice that has allowed us to work in a context characterised by demand in excess Continuous improvement Experience

Table 6
Relationships with the stakeholders

Firm	Relationships or innovation	Relationships for internationalisation
A1	Suppliers	Local dealers that are trained in-house
A2	No formal agrrement but strong collaboration with the customers who are supported when they buy machinery as well as raw materials	Direct export without export agencies (staff recruitment for SMEs that wish to grow further)
A3	Suppliers; acquisition of 50% of another Italian company characterised by strategic know-how in digital printing; strong collaboration with professional advisors for the FROGA certification	None
A4	Acquisition of a company. Strong collaboration with established large firms as they provide crucial input for strategic know-how. Strong collaboration with universities (packaging, unique in Europe)	Direct exports Initial collaboration to acquire some market knowledge then direct exports Longstanding relationship with an MNC to acquire global market knowledge
A5	Collaboration with universities to establish new production processes	None
B1	Suppliers to implement technical changes to the fabrics and other domestic collaborations that have enabled us to develop the company further	Subsidiaries in USA and Japan. Franchising agreements in China for the brand 'Isaia' Important retailer in Boston Foreign market entry through agents first then by establishing subsidiaries in USA and Japan.
B2	Customers to implement innovations (the machinery is designed on the basis of their specifications)	Industrial partners, agents and customers. Strong relationships are required to internationalise. Establishing some market presence is India has required considerable time and effort (25 years). The commercial partners and the professional advisors have paved the way into the Indian market.
B3	No formal agreement but we collaborate with our customers	Direct exports by relying on distributors. Strong collaboration with an African company that has allowed us to enter the market by relying on a 'gentleman's agreement'. A relationship characterised by a high level of trust.
B4	No formal agreement but we collaborate with our suppliers	Direct exports. In the past we worked with Whirlpool and we relied on people who were fluent in English. Today in our company everybody is fluent in at least two foreign languages.
B5	Machinery suppliers that are located across several geographical locations to come up with the best solutions	None
C1	None	Direct exports with agents and sales representatives
C2	Universities and research centres for innovation and we collaborate with both foreign and domestic suppliers	We were used to relying on agents who were knowledgeable about Latin America and Spain. For the Emirates we had a Lebanese agent. Now we have sales offices in Dubai and Casablanca. We are planning to open sales offices in Brazil and China. In Morocco we have a local maintenance company.

C3	None	None
C	None	Local firms, distributors but also direct contacts with the customers
C5	Suppliers (aircraft manufacturers to improve both the product and the production processes), universities and research centres.	Direct contacts with customers and clients

Table 7
Firms' growth goals mapping

Firm (NT)*, (IT)**	*Current growth*	*Future growth*
A1 NT: 1, IT: 2	Product innovation, process innovation and management innovation Internationalisation: Europe 80% (Greece, Libya, Tunisia, Egypt; Outside Europe 20% (Emirates, Africa and others)	Internationalisation
A2 NT: 1, IT: 3	Product innovation, process innovation and management innovation Internationalisation: Europe (Spain, France); Outside Europe (Algeria, Morocco, Russia, Saudi Arabia)	Internationalisation Consolidation
A3 NT: 2	Process innovation and management innovation	Innovation
A4 NT: 3, IT: 3	Product innovation, process innovation and management innovation Internationalisation: Europe (all countries); Outside Europe (Arab countries, South Africa, Australia, New Zealand)	Turnover Internationalisation Consolidation
A5 NT: 3, IT: 3	Product innovation, process innovation and management innovation Internationalisation: Europe (Germany); Outside Europe (USA, Emirates)	Internationalisation Turnover
B1 NT: 3, IT: 3	Product innovation and management innovation Internationalisation: Europe (Western Europe in particular the Netherlands and the UK); Outside Europe (Japan, USA, Russia, Middle East, China).	Internationalisation Turnover
B2 NT: 2, IT: 3	Product innovation, process innovation and management innovation Internationalisation: Europe (all the countries); Outside Europe (in particular India and South Korea)	Internationalisation Innovation
B3 NT: 3, IT: 3	Process innovation (to increase efficiency and reduce costs) Internationalisation: Europe (Germany, Eastern Europe); Outside Europe (North America, Western Africa, Middle East, Japan, USA).	Resilience Strategic assets
B4 NT: 2, IT: 2	Product innovation, process innovation and management innovation Internationalisation: Europe (France, Germany, UK); Outside Europe (Egypt, Iran, Israel).	Keep the production in Italy Innovation Internationalisation
B5 NT: 1, IT: 2	Management innovation Internationalisation: Europe (Spain and other countries with logistic benefits)	Consolidation Collaboration with competitors Internationalisation
C1 NT: 2, IT: 3	Product innovation, process innovation and management innovation Internationalisation: Europe (Spain, France, Germany); Outside Europe (North Africa).	Turnover Internationalisation
C2 NT: 2, IT: 3	Process innovation and management innovation Internationalisation: Europe (Spain); Outside Europe (Latin America, Arab countries and Northern Africa)	Consolidation Internationalisation
C3 NT: 3	Process innovation and management innovation	New points of sales in Italy
C4 NT: 2, IT: 3	Process innovation and management innovation Internationalisation: Europe (Spain, Germany, France, Portugal, Poland, Macedonia); Outside Europe (Russia, Northern Africa and South Africa, Latin America, USA)	Internationalisation
C5 IT: 2	Product innovation, process innovation and management innovation Internationalisation: Europe (almost all countries); Outside Europe (Asia)	Turnover Innovation

*NT=National turnover: 1=decrease; 2=steady; 3=increase
**IT=International turnover: 1=decrease; 2=steady; 3=increase

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