Advancing family business science through context theorizing: The case of the Arab world

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Advancing family business science through context theorizing: The case of the Arab world

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Abstract

The Special Topic of Interest Series aims to promote research that pays greater attention to context in family business studies. In this editorial, we focus on family business in the Arab world to exemplify the benefits of better contextualizing family business research to further our understanding of heterogeneities among family businesses from diverse regions. To produce more useful knowledge, we propose that family business research has to shift from classical contextualizing to context theorizing by encouraging the use of a context-sensitive approach. To achieve this goal, the present article introduces the embeddedness framework of family business contexts to be used as a context-sensitive instrument to recognize how context shapes family firm behavior and performance. By using a context-sensitive approach, we present three articles that focus on family firms in the specific context of the Arab world. We conclude this editorial by proposing a research agenda for context-sensitive approaches to family business research and specifically discuss the facets of context in Arab family businesses.

1. Introduction

Family firms are important socioeconomic actors in emerging economies as they represent the backbone of entrepreneurial activities (Astrachan, Zahra, & Sharma, 2005; The Economist, 2015). However, a substantial part of the current research on family firms focuses on developed economies (Basco, 2018). Despite increasing scholarly calls and efforts to include context in family business studies (e.g., Sharma & Chua, 2015), recent accounts still show predominance of context-less research in family business (Gomez-Mejia et al., 2020).

Even when extant research has acknowledged context, it was often envisioned as a mere “container” that includes both family and non-family firms. In this sense, most of the existing research uses a sample of firms from one or more countries to explore, analyze, or predict a certain phenomenon of interest. However, in line with the development of the field of entrepreneurship (Zahra, 2007; Zahra, Wright, & Abdelgawad, 2014), a lack of focus on the context dimension may lead to two detrimental effects. First, partial interpretation of the nexus between family and business (Labaki, Michael-Tsabari, & Zachary, 2013) with inconclusive results. Second, lack of understanding of the variations among family firms (Dibrell & Memili, 2019; Welsh & Raven, 2006) – i.e., recognizing the family specificities due to the context. Building on Gomez-Mejia et al.’s (2020) arguments, this oversight may lead to the risk of creating a body of family business knowledge based purely on implicit assumptions that are misaligned with reality and emphasizing a “one-size-fits-all” approach to family firms across the world to extrapolate the findings from developed economies to emerging economies.

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The relevance of context in family business research is crucial, as context-sensitive research is not only concerned with what circumstances surround the phenomena under investigation (contextualizing research), but also with how the circumstances constrain and shape these phenomena (context theorizing) (Bamberger, 2008). Consequently, institutional, cultural, historical, and geographical contextual dimensions may provide distinct and new perspectives on family firms to better understand the existential questions such as to why family firms exist, how they are owned, governed, and managed, why some of them cease to exist, and why they represent a heterogeneous group of firms, to mention but a few exemplary questions. In this context, our Special Topic of Interest - Series aims to address the context-less gap in family business research by proposing a shift from contextualizing to context theorizing in family businesses, and focusing on the Arab world as an exemplary application.

The Arab context offers a particular and relevant geographical dimension of study as it does not form a homogeneous group of countries, but rather a mosaic of identities formed by religion, cultures, languages, traditions, faiths, political systems, geographies, history, and artistic expression (Basco, 2017a). Within such a context, families are among the most important forms of organizations in Arab political (Billingsley, 2009), entrepreneurial (Al Habtoor, 2012), social (Zahra, 2011), and business life (Barakat, 1993). With their often-extended kinship network and social relationships (Berger, Henretin, McCarthy, & Puffer, 2019), families form a cohesive and central unit of the socioeconomic system (Barakat, 1993) by carrying the past, present, and future social, relational, emotional, and economic expectations (Basco, 2017a).

In collaboration with the Journal of Family Business Strategy, we created the Special Topic of Interest Series as the first initiative to address the context-less research gap by accounting for the contextual nuances of family firms in the Arab world, thereby responding to calls for more research on Arab family firms (Zahra, 2011). Our journey began during the first International Family Business in the Arab World (FBAW) Conference organized in 2018 at the American University of Sharjah in collaboration with the Sheikh Saoud bin Khalid bin Khalid Al-Qassimi Chair in Family Business, Tharawat Family Business Forum, and Sharjah Entrepreneurship Center. The FBAW conference brought together international researchers, business families, practitioners, and policymakers in an effort to explore, discuss, and debate the phenomenon of family firms in the specific context of the Arab world.

The FBAW conference was a stepping stone to the Special Topic of Interest Series, providing an opportunity for scholars to submit their articles, receive feedback, and further discuss their research projects. This first series contains three articles that offer complementary contributions under the lens of the Arab context by extending the boundaries of family business research. In line with the theory-building process model in the family business field (Pérez Rodríguez & Basco, 2011), the series identified two main breakaway points.

First, the dimension of context is highlighted not only by contextualizing the phenomenon of family firms, but also by context theorizing in family business research, that is, providing stepping stones to theorize about context in family business research. The approach to contextualizing family business research has helped in better understanding family firm differences across contexts and the importance of context in determining family firm behavior and performance. By incorporating the dimensions of context into family business research, we extend the boundaries of the research beyond the traditional internal perspective that focuses only on the nexus between the family and business systems to interpret how context hinders or boosts the family-business relationship.

Second, new research opportunities are drawn from the selected articles for this series by inviting scholars to integrate context in their future research efforts. This initiative contributes to the increasing maturation of the family business field, which depends not only on its external legitimacy (Pérez Rodríguez & Basco, 2011), based on occupying space in mainstream research journals and leading conferences, but also on its ability to develop theories to explain and predict both the interaction between family and business systems at the individual and family firm levels and the interaction between family firms and the environment at the aggregate level (Basco, 2015).

This introductory piece to the series commences by setting the stage through the presentation of the embeddedness framework of the context in family business research. We then propose a specific framework to interpret the components of the context in family business research, specifically in the Arab world. Lastly, we build on the contributions of the articles included in this first series to suggest future research directions.

2. The importance of context in family business research

Context describes “the situational opportunities and constraints that affect the occurrence and meaning of organizational behavior as well as functional relationships between variables” (Johns, 2006, p. 386). In this sense, context is interpreted beyond the simple formal and informal boundaries where family firms operate; it is viewed as having an active role as a critical driver of cognition, attitudes, and behavior (Bamberger, 2008). Consequently, introducing context opens the door to deepening our understanding of family firm behavior and performance, and the family firm heterogeneity caused by the context.

2.1. Research strategies relative to context

Building on Whetten (2009), three different research strategies can be used to introduce context into the family business investigation. First, the contextualizing phenomenon strategy implies developing explorative and replication studies in specific contexts. The context mainly emerges as a boundary for data collection that allows to interpret discrepancies and similarities with similar phenomena coming from different contexts. Despite its relevance in extending research beyond developed countries, this strategy represents a simplistic version of context (i.e., context as an environment or as a “container”). Second, the contextualizing theory strategy represents a research effort to identify and test the power of predictability of a particular theory in a specific context as well as the possibility of challenging, adapting, and extending the theory itself. Third, the context theorizing strategy represents the ultimate level of research as it measures and proxies context to capture how and when context constraints the phenomenon itself.

The incorporation of the aforementioned strategies of context in family business research represents an opportunity to reduce the micro-macro context gap by connecting the family firm phenomenon with different levels of analysis. In order to create a framework to introduce the dimension of context in family business, we propose that any geographical space in which family firms dwell is a relational space where individuals and institutions interact, communicate, cooperate, and compete. This relational space is context-sensitive with three main contextual layers: micro-, meso- and macro-context. Context can be understood as lying beyond the phenomenon itself and is composed of both physical and cognitive demarcations (Basco, 2017a). Family firms, in their relational space, are embedded in multiple contexts such as the micro-context of the family; the meso-context of the close surroundings in which family firms compete such as industry, customers, competitors,
Arab families are typically tied by strong emotional bonds that translate into a durable attachment, high level of commitment, and loyalty, all of which reflect family-oriented relations (Lalonde, 2013). The source of an emotion experienced by a family member is also closely connected to the emotions and actions of another family member, just like a mother’s happiness stems from the happiness and prosperity of her children (Barakat, 1993). Like any other family, the management of emotions is bound by informal emotional norms that differ across cultures and drive behavior (Labaki et al., 2013). In Arab families, all family members cooperate to ensure the continuation of the family and an improvement of its place in the community (Barakat, 1993). These behaviors build on fundamental values such as showing respect (ihitran), fulfilling social duties (wajib), and pleasing others while avoiding confrontation (mosayara) (Dwairy & El-Jamil, 2015).

**Family entrepreneurial mindset.** Arab families are also characterized by a long-lasting entrepreneurial spirit. Examining the original foundations of entrepreneurship, the earliest accounts point to the Phoenicians’ trading skills (Wingham, 2004) and to the Assyrians’ inherited system of private enterprise in Sumer and Babylon (Butler, 2004). The entrepreneurial spirit is transferred from generation to generation (Field, 1985). Family succession is considered the leading form of business ownership transfer (Fahed-Sreih, 2017; Sonfield, Lussier, & Fahed-Sreih, 2016) and business venture development (Sarkis, Fahed-Sreih, Pistrui, Huang, & Welsch, 2009), especially within socioeconomic instabilities in the Arab world (Pistrui & Fahed-Sreih, 2010). A student’s entrepreneurial intention to become a founder or successor of a new business or a family firm, respectively, is higher in Arab countries than in the rest of the world. Entrepreneurial intentions are correlated with the micro-context when parents are also entrepreneurs, with the meso-context when universities encourage entrepreneurial behavior, and with the macro-context following societal support (Basco & Hamdan, 2019).

**Individual and collective goals toward the family firm.** The multiple embedded contexts are also reflected in the meaning that family members give to their family firm. If family firms must reconcile conflicting business-oriented and family-oriented goals (Basco, 2017b; Binz Astrachan, Ferguson, Pieper, & Astrachan, 2017), in the Arab context family-oriented goals could acquire outstanding importance. The meso-context, characterized by highly collectivistic and hierarchical societies (e.g., a patriarchal society), prioritizes family harmony using the firm as an instrument to pursue family-oriented goals and legitimize the family in its relational environment. Multiple institutions with which family firms interact, such as industrial sector, group of interest, religious groups, replicate the cultural context by prioritizing not only family networks but also the religious mandate (Kavas, Jarzabkowski, & Nigam, 2020) when doing business, alluding to both economic and

3. **Applied view of the embeddedness framework of the family business context in the Arab world**

Building on the embeddedness framework, we propose an initial exploration of how family emotions, entrepreneurial mindsets, and family goals reflect the specificities of family businesses in the Arab world.

**Family emotions.** The macro Arab context is strongly directed by collective cultural patterns including high collectivism, uncertainty avoidance, and masculinity (Hofstede, 2001), in which the family represents the central force toward which all other societal institutions gravitate. Arab families are typically tied by strong emotional bonds that translate into a durable attachment, high level of commitment, and loyalty, all of which reflect family-oriented relations (Lalonde, 2013). The success or failure of a family member often becomes that of the family as a whole (Barakat, 1985). The source of an emotion experienced by a family member is also closely connected to the emotions and actions of another family member, just like a mother’s happiness stems from the happiness and prosperity of her children (Barakat, 1993). Like any other family, the management of emotions is bound by informal emotional norms that differ across cultures and drive behavior (Labaki et al., 2013). In Arab families, all family members cooperate to ensure the continuation of the family and an improvement of its place in the community (Barakat, 1993). These behaviors build on fundamental values such as showing respect (ihitran), fulfilling social duties (wajib), and pleasing others while avoiding confrontation (mosayara) (Dwairy & El-Jamil, 2015).

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non-economic goals. Finally, the family seems to be a micro-relational space where interactions intensify family-oriented goals. The family, with its extended interpretations beyond the nuclear family, represents the ultimate environment to define the meaning of the family firm. Therefore, macro, meso, and micro contexts define the focus of attention (Thornton, Ocasio, & Lounsbury, 2012) of family firms to balance or prioritize different types of family business goals. Even though multiple embedded contexts signal the proprieties accentuating the attention of socioeconomic actors in the relational space, business families have to interpret the signals and define goals (Kotlar & De Massis, 2013) that map their family firm purposes toward business-oriented and family oriented goals (Aparicio, Basco, Ituralde, & Maseda, 2017).

4. Insights from the special topic of interest contributions

Turning the interest in the topic of “Family Business in the Arab World” to a more consistent body of research would benefit from our embeddedness framework of context. In this sense, this issue is the result of the conference on “Family Business in the Arab World” that was organized in 2018 at the American University of Sharjah (UAE). During the two-day conference, authors presented, discussed, and debated around 20 submitted articles. All authors were invited to submit their revised articles to the Special Topic of Interest - Series in the Journal of Family Business Strategy. Following the traditional double-blind review process, three full length articles emerged, exemplifying family business context theorizing by capturing the specificities of Arab family firms through several angles, perspectives, and approaches.

The first article that opens this series, titled “Family businesses in the Arab Middle East: What do we know and where should we go?” by Georges Samara (University of Sharjah, UAE and American University of Beirut, Lebanon), is a literature review synthesizing extant research on family businesses in the Arab world. Using a systematic literature review approach, Samara (2020) highlights specificities of family firms in the Arab world in terms of roles, family dynamics, succession, strategy, human resources, governance, performance, and social and economic impact. Additionally, the article identifies future lines of research calling for more studies that are contextually sensible, theoretically rich, and methodologically rigorous. Samara’s (2020) work not only highlights the nuances related to the specificities of family firms in the Arab world, but also initiates a better interpretation of the context as a source of firm heterogeneity (see also Basco, Omari, & Abouchkaier, 2020).

The second article in the series, titled “An ethnography of fairness perceptions among non-family employees: Does religion matter?” by Ali Azouz, Nicolas Antheaume, and Brigitte Charles-Pauvers (2020), all three from Nantes University in France, presents a model to explain the social and spiritual evaluation process through which non-family employees interpret salient events by developing their perception of fairness. The importance of the model lies in the combined interpretation of the social and spiritual aspects that non-family employees use to create their fairness perception. This article makes three important contributions to the family business literature. First, this article focuses on non-family employees (a group of individuals that, despite being an important part of family firms, are rarely studied as human capital relevant for the family firm’s existence). Second, this study extends our understanding about the fairness perception dimension in family firms by presenting the process through which non-family employees evaluate and interpret salient events that affect their emotional and economic relationships with family firms. Third, the article employs an ethnographic approach over an impressive period of time (six years), showcasing an application of the approach in family business research (see also Smith, 2013) and highlighting its value to inductively develop context-rich theories.

The third article titled “…The Royal Award goes to…” Legitimacy processes for female-led family ventures” by Sumaya Hashim, Lucia Naldi, and Magdalena Markowska (2020), all three from Jönköping International Business School in Sweden, addresses the research question of how female-led family ventures gain legitimacy in Arab society. This article reflects the importance of macro-, meso-, and micro-contexts in which female-led family ventures build their own legitimacy. The three steps of building the legitimacy process for female-led family ventures are linked to family members, industry and community members, and the institutional environment characterized by a monarchy. This article makes several contributions to better understand the process through which women build their legitimacy to be recognized in their family, market, and society. While we already know that legitimacy is an important aspect of firm creation and consolidation, this article explains the process through which female entrepreneurs in the Arab world set up and subsequently launches their own family’s business.

5. Suggestions for future research

By focusing on the Arab world, the Special Topic of Interest - Series opens up new lines of research incorporating the notion of context into the family business field. In an attempt to shed new light on this debate, we re-interpret the various facets of context presented by Johns (2006) from the perspective of family business research (Table 1. With the Table 1

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<th>Questions for future research</th>
<th>Facets of context on family business research in the Arab world</th>
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<tr>
<td>Situational characteristics</td>
<td>• What are the specificities of family firms in terms of differences and similarities across different Arab contexts and with other countries or regions around the world?</td>
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<td></td>
<td>• To what extent do family emotions, entrepreneurial mindset, and family business goals vary across different Arab contexts and other countries or regions around the world?</td>
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<td>• To what extent the way family firms behave, compete, and perform differs across different contexts?</td>
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<td>• To what extent do the way family firms organize their ownership structure and corporate governance mechanisms vary across contexts?</td>
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<tr>
<td>Situational strength</td>
<td>• What are the dimensions of Arab contexts that affect family firms? To what extent are these dimensions similar across Arab countries or regions? What are the specificities of the dimensions of Arab contexts?</td>
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<td>• What and how do the dimensions of multi-embeddedness of Arab contexts hinder or boost the family involvement in terms of family emotions, entrepreneurial mindset, and family business goals?</td>
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<td>Bundle stimuli</td>
<td>• How do family emotions, entrepreneurial mindset, and family business goals influence firm behavior and performance?</td>
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<td>• What combination of dimensions of Arab contexts affects family firms?</td>
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<td></td>
<td>• What and how does the combination of dimensions of Arab contexts hinder or boost the family involvement in terms of family emotions, entrepreneurial mindset, and family business goals?</td>
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<td>Cross-level</td>
<td>• How do family emotions, entrepreneurial mindset, and family business goals influence firm behavior and performance?</td>
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<td>• What are the types of multilevel reactions and connections affecting family emotions, entrepreneurial mindset, and family business goals and the subsequent influences on family firm behavior and performance?</td>
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<td>• What and how does the multi-level of embeddedness of context affect family emotions, entrepreneurial mindset, and family business goals and, subsequently, influence family firm behavior and performance?</td>
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following suggestions, we hope to provide scholars with ideas for future studies to shed further light on family businesses in the Arab world and continue this Special Topic of Interest - Series.

First, the most common and basic interpretation of context in family business comprises its situational characteristics – i.e., context as a container approach. That is, a family business study conducted in a particular context describes what happens with the phenomenon of interest in the context or compares the same phenomenon across contexts. For this series, Samara (2020) shows that most of the extant research on family business in the Arab context has followed this approach by replicating existing research coming from other part of the world. In this sense, challenging existing theories in a different and specific context is an important research strategy to determine the extent to which theories can be generalized across contexts, to anticipate contextual effects that can impact the relationships proposed by theories, or to introduce additional dimensions or relationships specific to the context in which the research takes place. Future research in family business should explore this stream to extend what we know about family firms in Arab countries and their specificities. This could help improve our understanding of the differences and similarities of family firms across the mosaic of Arab contexts and their counterparts from other countries or regions around the world. In this sense, future comparative research efforts could focus on exploring how family firms behave (e.g., decision-making), compete (e.g., strategy), organize (e.g., corporate governance), and perform (e.g., financial and non-financial measures) across Arab contexts and their counterparts outside Arab countries. Additionally, future research could focus on explaining the roots of the differences and similarities by considering family emotions, entrepreneurial mindsets, and family business goals across contexts. Explorative, replicative, or theory building research approaches are necessary to identify how family firms’ dimensions and their relationships change across contexts and define the family firm heterogeneity because of context.

Second, the context could be perceived in terms of situational strength to reflect on how it may intensify, diminish, or stimulate certain specificities of family firms and relationships between the family and business. In this series, Azouz, Nicolas, and Charles-Pauvers (2020) explore the importance of social dimensions and the specific dimension of spirituality in the context of the Arab world to interpret fairness perception by non-family members. The spirituality dimension (Atrashan, Binz Atrashan, Campopiano, & Baù, 2020) acquires relevance for individuals in the contextual Islamic environment (Kavas et al., 2020), intensifying the vertical process of interpreting the fairness of important events that affect individual relationships within the boundaries of family firms. Future research in family business should explore the contextual dimensions that may affect or alter family firms, but even more importantly, determine the specificities of the Arab context. Knowing and measuring the unique Arab contextual dimensions could offer research opportunities to improve our understanding of what hinders or boosts family involvement in terms of family emotions, entrepreneurial mindset, and family business goals and, consequently, family firm behavior and performance. Explorative, replicative, or theory building research approaches are necessary to unveil how the dimensions of context affect family firms’ dimensions and the relationship between family and business across contexts. While some of these dimensions such as performance, entrepreneurial orientation and goals can be investigated using common measurement scales, others such as emotions can be captured by combining qualitative and quantitative research methods within a range of possibilities (Labaki, 2020).

Third, another manifestation of context relates to the bundle of stimuli that affects family firm birth, existence, and survival, which could serve as an explanation of the purpose of family firms. Hashim, Naldi, and Markowska (2020) show the legitimization process and the intensification of certain dimensions for female-led family ventures in a male-dominated context. Any new venture has to drive the legitimization process, but the specific context in the Arab world intensifies the importance of the dimensions that the legitimization process requires in the case of female-led firms. In this sense, future research should improve our understanding of the combination of different contextual dimensions to explain the effect of family firms. Since the phenomenon of family firms is unevenly distributed across the geographical space, the combination of contextual dimensions can play an important role in boosting or hindering the family-business relationship, that is, the formation of family firms, the expansion or constraint of family firms’ existence, and the acceleration or lessening of family firms’ exit. Explorative, replicative, or theory-building research approaches are necessary to unveil what, how, and when the combination of factors affects family firms and the relationship between family and business.

Finally, the fourth manifestation of context can be seen as an interwoven cross-level effect that entails the micro-, meso-, and macro-level. For instance, Azouz et al. (2020), in this series, attempt to show how cross-contextual level effects intervene in the individual perception of fairness by highlighting the social and spiritual levels. In addition to highlighting the importance of cross-cultural aspects to improve our understanding of family business specificities, future research should reveal how different levels of contexts (macro-, meso-, and micro-contexts) interact to the effect of these aspects through constraining and expanding the phenomenon of family firms. It is plausible to believe that there are different layers of context in which family firms are embedded, which may affect them. Multilevel studies could help determine the embeddedness perspective of family firms to family emotions, entrepreneurial mindset, and family business goals and the subsequent influence on family firm behavior and performance. This is an ideal approach when studying family firms from a multi-embeddedness perspective because family firms are nested within aggregate units at higher levels. Explorative, replicative, or theory building research approaches are necessary to unveil the embeddedness perspective of context in family firms.

6. Conclusion: A path forward for research on family business in the Arab world

This series attempts to address the limitations of context-less research on family business (Gomez-Mejia et al., 2020; James, Hadjilias, Guerrero, Discua Cruz, & Basco, 2020) by focusing on the Arab context. In this sense, this series not only offers a better understating of family firms in a particular context, but also sheds new light on the debate of how to effectively introduce context into family business research and what the different alternatives to carry out context-sensitive research are. Consequently, we hope that our editorial’s introduction will encourage researchers to not only account for the contextual specificities of family firms, extending the existing models and theories in different contexts, and including or revisiting constructs and concepts across contexts, but also to measure the context by considering its different manifestations. By doing this, family business research would move progressively from contextualizing the phenomenon and theory of family firms to theorizing the context.

By shifting the research effort from a context-less approach to context-sensitive investigation, our work contributes to the existing efforts to build a theory of the family firm. While family firm scholars focus mainly on explaining the family effect on firm behavior and performance (i.e., on the specificities that emerge due to family participation in the ownership, governance, and management arena) and its heterogeneity (Dibrell & Memili, 2019; Neubaum, Kammerlander, & Brigham, 2019), less attention has been paid to unveiling the context effect on business families and family firms. Context-sensitive research may assume increasing importance to improve our understanding of family firms because it could help recognize behavioral and evolutionary patterns that may shift our approach from the use of universal assumption (one-size-fits-all and “best practices”) toward more nuanced assumptions about family firm heterogeneity based on contextual adaptation.
This series also has important practical implications for business families and practitioners. Foremost, it highlights the fact that “one size does not fit all” in terms of best family business practices related to ownership, governance, and management. In this sense, how business families and consequently, family firms are affected by and react to their contexts is an important consideration for family leaders to navigate the challenge of successfully managing their businesses while preserving family harmony.

The learnings derived from our analysis open avenues for conducting useful research on family businesses that take into account the multiple embedded contexts in which they dwell. The intrinsic aspects of family firms in terms of family emotions, family entrepreneurial mindset, and family goals show that family firms vary in behavior and performance. Consequently, since contexts and family business are not alike across the world, we propose a context-sensitive approach to investigate family firms towards a more meaningful understanding of their heterogeneity by better interpreting how they react to multiple embedded contexts. We invite fellow scholars to join us on this exciting venture. Through our cumulative efforts, we may get one step closer toward the development of a distinct theory of the family firm that informs not only scholarship but also practice.

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