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Exploring different configurations of entrepreneurial orientation in small artisan family firms.

A multicase study.

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<b>Abstract:</b>	<p>Studies analyzing the entrepreneurial orientation of family businesses compared to their nonfamily counterparts have contributed to spreading the myth that family firms are less entrepreneurially oriented. However, the distinctive aspects characterizing the entrepreneurial orientation of family firms have received less scholarly attention. Aiming to advance this literature stream, this study postulates that family businesses are neither more nor less entrepreneurially oriented than nonfamily firms but express their entrepreneurial orientation differently, even when manifesting a similar level of entrepreneurial orientation. Building on entrepreneurial orientation studies and adopting a family embeddedness perspective, our multi-case study of 10 small artisan family firms with a high entrepreneurial orientation shows that family firms express their entrepreneurial orientation according to a set of interplaying firm- and family-level factors. The relationship among these factors leads to three different entrepreneurial orientation configurations: generational clash, family mirroring, and evolutionary adaptation. Our study of these configurations and the underlying nuances provides novel contributions to the literature and several implications for practice.</p>
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May, 20th, 2022

Guests Editors

*Journal of Family Business Strategy*

Dears,

Please find enclosed our manuscript entitled '*Exploring different configurations of entrepreneurial orientation in small artisan family firms. A multicase study*', which we request you consider for publication for the special issue "Feeding the fire of entrepreneurship: Theory and practice for the enterprising family" in *Journal of Family Business Strategy*.

This manuscript has been carefully reviewed by an experienced editor whose first language is English and who specializes in editing papers written by researchers whose native language is not English.

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We look forward to hearing from you at your earliest convenience. There are no conflicts of interest to declare.

Sincerely,

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*Subject: revision and resubmission of the paper*

*Exploring different configurations of entrepreneurial orientation in small artisan family firms. A multicase study JFBS\_2020\_19R4*

*Dears Editor in Chief, Guest Editors, and Reviewers,*

*We write to you as authors regarding the manuscript: “Exploring different configurations of entrepreneurial orientation in small artisan family firms. A multicase study” that we submitted for publication in the Journal of Family Business Strategy, special issue “Feeding the Fire of Entrepreneurship: Theory and Practice for the Enterprising Family.”*

*In your last letter, you asked us to line-edit our paper, involving professionals.*

*We followed your suggestions and, in our opinion, the paper is notably improved.*

*Hoping to meet your expectations, we did our best to get our paper published in your very high-ranking journal.*

*Sincerely,*

*The Authors*

EXPLORING DIFFERENT CONFIGURATIONS OF ENTREPRENEURIAL ORIENTATION IN  
SMALL ARTISAN FAMILY FIRMS. A MULTICASE STUDY.

**Highlights**

- *Entrepreneurial orientation in small family firms assumes different configurations*
- *Conflict management, decision-making styles and feelings of psychological ownership are firm-level factors of EO*
- *Family Embeddedness is a family-level factor of EO*
- *Family Embeddedness acts as a mirror, as an ambivalent force, and as a means to manage external impression*

Exploring different configurations of entrepreneurial orientation in small artisan family firms.

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# **Exploring different configurations of entrepreneurial orientation in small artisan family firms: A multi-case study**

## **ABSTRACT**

Studies analyzing the entrepreneurial orientation of family businesses compared to their nonfamily counterparts have contributed to spreading the myth that family firms are less entrepreneurially oriented. However, the distinctive aspects characterizing the entrepreneurial orientation of family firms have received less scholarly attention. Aiming to advance this literature stream, this study postulates that family businesses are neither more nor less entrepreneurially oriented than nonfamily firms but express their entrepreneurial orientation differently, even when manifesting a similar level of entrepreneurial orientation. Building on entrepreneurial orientation studies and adopting a family embeddedness perspective, our multi-case study of 10 small artisan family firms with a high entrepreneurial orientation shows that family firms express their entrepreneurial orientation according to a set of interplaying firm- and family-level factors. The relationship among these factors leads to three different entrepreneurial orientation configurations: generational clash, family mirroring, and evolutionary adaptation. Our study of these configurations and the underlying nuances provides novel contributions to the literature and several implications for practice.

*Keywords:* Entrepreneurial orientation, Family embeddedness, Small family firms, Multiple-case study; Firm-level and family-level factors

## **1. Introduction**

Entrepreneurial orientation (EO) refers to Miller's (1983) strategic construct identifying innovativeness, proactiveness, and risk-taking as the essence of entrepreneurial firm behavior. Investigating EO is particularly relevant (Wales, Monsen, & McKelvie, 2011) to determine the effects of certain decisions, managerial practices, and strategies on the entrepreneurial behavior of firms (Anderson, Kreiser, Kuratko, Hornsby, & Eshima, 2015). In this sense, EO has received

considerable attention in strategic management and entrepreneurship research as a lever of firm growth (Pittino, Visintin, & Lauto, 2017; Campopiano, Brumana, Minola, & Cassia, 2020), a means to pursue good firm performance (Lomberg, Urbig, Stöckmann, Marino, & Dickson, 2017), and a valuable predictor of firm success in periods of economic crisis and environmental turbulence (Kraus, Rigtering, Hughes, & Hosman, 2012).

In analyzing the strong link between EO and firm performance (Rauch, Wiklund, Lumpkin, & Frese, 2009), scholars initially focused on the role of external factors, such as market, industry (Lohrke, Franklin, & Kothari, 1999), technology (Knight, 2000), and country context (Basco, Hernández-Perlines, & Rodríguez-García, 2020). Subsequently, considering EO as an organizational phenomenon, scholars shifted their attention to internal aspects that might affect EO, including organizational and ownership structure, processes, culture, resources, management and decision-making style (Wales, Gupta, & Mousa, 2013; Covin, Green, & Slevin, 2006).

EO has garnered particular interest in the context of family business (Hernández-Linares & López-Fernández, 2018), here defined as firms imbued with family beliefs and values that are fully owned and managed by members of the founding family with the clear intention of handing the business down to their offspring (Aronoff & Ward, 2011; Chrisman, Chua, & Steier, 2005; Chua, Chrisman, & Sharma, 1999).

Family business scholars have mainly focused on comparing family and nonfamily businesses, investigating whether and why family firms are more or less entrepreneurially oriented than nonfamily firms (Howorth, Jackson, & Discua Cruz, 2014; Melin, Nordqvist, & Sharma, 2014). In their recent study, Hernández-Linares, Kellermanns, López-Fernández, and Sarkar (2020) found that, in a long-term perspective, family firms differ from their nonfamily counterparts in terms of seeking to preserve their socioemotional wealth, pursuing noneconomic goals, and the role of

emotional factors. Other scholars underline that they differ due to the overlap between the family and the business (Goel & Jones, 2016). These comparisons of family and nonfamily firms have led to the common myth that family businesses tend to have lower levels of EO.

Some studies investigate family firm specificities and factors influencing EO, highlighting the role of the organizational culture in relation to dynamic capabilities, or the role of human, social, and marketing capital in innovation (Chirico & Nordqvist, 2010; Llach & Nordqvist, 2010; Nordqvist, Habbershon, & Melin, 2008; Zellweger & Sieger, 2012).

In the context of micro and small family firms, family owner-managers have a pivotal role as the primary decision-makers (Miller & Le Breton-Miller, 2011; Chrisman, Chua, Pearson, & Barnett, 2012). Indeed, family owner-managers balance rational and emotional motives, since the family and firm are strongly intertwined and the business is rooted in kin relations and networks that manifest as distinctive features of EO (Aldrich & Cliff, 2003).

However, the relevance of family firm uniqueness in expressing EO (Chrisman et al., 2005; Sharma, 2004; Westhead & Howorth, 2007), whereby some are reluctant to change (Bertrand & Schoar, 2006; Kellermanns, Eddleston, Barnett, & Pearson, 2008; Naldi, Nordqvist, Sjöberg, & Wiklund, 2007), and others dynamically adapt over time (Zellweger & Sieger, 2012; Simon, 2009), has yet to be fully investigated. In particular, the literature remains rather silent on the heterogeneity of entrepreneurial behaviors and factors that affect family firm EO, how family firms express their EO, and the different manifestations of a similar level of EO with specific configurations and nuances.

With the aim of contributing to this debate, this study intends to answer the following research questions: *How do small family firms express their EO? Why can similar EO assume different configurations?* To answer these questions, we conducted a multi-case study (Eisenhardt, 1989) of



a sample of 10 small Sardinian artisan family firms. The findings provide interesting insights and offer three main contributions to the literature. First, our study unveils that family firms express their EO through the interplay of firm-level factors – conflict management, decision-making style, psychological ownership – and a family-level factor – family embeddedness. Second, the results underline that the mechanisms through which these factors interrelate determine why a similar level of EO assumes specific nuances leading to three different configurations, which we label *generational clash*, *family mirroring*, and *evolutionary adaptation*. Third, this study highlights family embeddedness as key to disentangling the family effect on EO, thus shedding light on meaningful new concepts in the family embeddedness perspective.

Finally, this study offers relevant suggestions for future research and implications for owner-managers, consultants, and entrepreneurs with regard to their management practices.

## **2. Literature background**

### *2.1. Entrepreneurial orientation: A general overview*

The EO concept has received increasing scholarly attention (Hernández-Linares & López-Fernández, 2018; Rigtering, Eggers, Kraus, & Chang, 2017) as a firm attribute reflecting what it means to “be entrepreneurial” in an operational or practical sense (Covin & Wales, 2019; Escamilla-Fajardo, Núñez-Pomar, & Calabuig, 2021).

Since the seminal work of Miller (1983), studies in this domain have focused on two main aspects: the “dimensions” that describe and explain the phenomenon, and the “effects” that EO generates for firms. The firm-level dimensions that Miller (1983) first introduced, linking EO, entrepreneurial behavior, and the decision to pursue new opportunities, include risk-taking, innovativeness, and proactiveness. Risk-taking entails making choices with uncertain or unknown outcomes, or investing resources without knowing in advance what the benefits might be (Krauss,

Frese, Friedrich, & Unger, 2005; Lumpkin & Dess, 1996). Innovativeness implies supporting the generation and development of creativity, putting new ideas into practice, and experimenting with new business scenarios (Chandra, Styles, & Wilkinson, 2009; Miller & Friesen, 1983). Proactiveness refers to the advantage of being a pioneer in exploiting new business opportunities (Covin & Slevin, 1989; Lumpkin & Dess, 1996), and introducing new products or services before competitors (Rauch et al., 2009).

Notwithstanding scholarly consensus on these firm-level dimensions (Covin & Wales, 2012; Zahra & Covin, 1995), other scholars advance the competitive aggressiveness and autonomy dimensions (Lumpkin & Dess, 1996). Competitive aggressiveness is the willingness to act unconventionally toward competitors rather than relying on traditional competition, referring to the firm's propensity to challenge its competitors directly and intensely to improve its market position (Lumpkin & Dess, 1996). Autonomy instead refers to "the independent spirit necessary" for an individual or a team to bring forth an idea or a vision, and carrying it through to completion (Lumpkin & Dess, 1996) through the decision-making process of an individual who acts freely and independently in making key decisions.

On the outcome side, scholars have underscored different effects of EO on firms' goals and performance, specifically by way of external and internal factors (Basco et al., 2020; Kallmuenzer, Strobl, & Peters, 2018; Markin, Gupta, Pierce, & Covin, 2018; Rauch et al., 2009). External (environmental) factors concern the firm's external environment, such as dynamism, hostility, and access to capital, influencing firm strategy and growth (Moreno & Casillas, 2008; Wiklund & Shepherd, 2005). Internal (or organizational) factors refer to the firm's internal organization, such as firm size, firm age, internal resources, and capabilities (Covin et al., 2006).

The combination of these factors can enhance or diminish the effect of EO on firm performance (Covin et al., 2006; Covin & Lumpkin, 2011; Lyon, Lumpkin, & Dess, 2000; Rauch et al., 2009) depending on the methods, practices, and decisions that managers enact. Moreover, EO affects firm growth (Casillas & Moreno, 2010) and internationalization intentions, depending on team composition (e.g., whether there are many family members on the team) (Alayo, Maseda, Iturralde, & Arzubiaga, 2019). Another effect of EO is seen as the engine of change that allows developing new markets (Ball, 2005), longevity and/or attendant conditions (Zellweger & Sieger, 2012), and the acquisition of new knowledge that combined with existing knowledge generates new capabilities and resources for the firm (Hayton, 2005; Kim, Song, & Triche, 2015; Kim, Song, Sambamurthy, & Lee, 2012). Therefore, and in accordance with Wales et al. (2011), understanding which factors determine the effective manifestation of EO remains an important area of inquiry. Moreover, as EO is deemed a pervasive organizational phenomenon that captures firm-level entrepreneurial patterns and processes (Covin & Slevin, 1989, 1991; Wales et al., 2011), focusing on family firms is particularly relevant in view of the intertwining of the family and the firm, and hence with specific firm-level and family-level implications.

## *2.2. Entrepreneurial orientation in family firms*

In family firms, EO acquires even more importance given the intersection between the family and firm, hence constituting a unique context (Casillas & Moreno, 2010; Huybrechts, Voordeckers, Lybaert, & Vandemaele, 2011; Westhead & Howorth, 2007). Numerous studies focus on analyzing differences in the development of EO by comparing family and nonfamily firms (De Massis, Chirico, Kotlar, & Naldi, 2014; Howorth et al., 2014; Howorth, Rose, Hamilton, & Westhead, 2010; Naldi et al., 2007). In their empirical study, De Massis, Eddleston, and Rovelli (2021) find that family firms exploit significantly fewer opportunities than their nonfamily counterparts. This

is in line with other studies demonstrating that family firms tend to be more centralized or CEO-centric (Carney, 2005; Feltham, Feltham, & Barnett, 2005; Martin, McKelvie, & Lumpkin, 2016), and less formalized (Stewart & Hitt, 2012; Zhang & Ma, 2009). Gimenez-Fernandez et al. (2021) investigate how family and nonfamily firms differ in their preference for patenting over secrecy as a means of protecting the value of intellectual property. They find that a proactive orientation moderates this relationship, revealing that family firms are more risk averse, tend to avoid the risks associated with secrecy, but choose secrecy over patents when their proactive orientation increases.

Other studies have scrutinized the effects of family involvement in managerial positions on EO decisions (e.g., Howorth et al., 2014; Melin et al., 2014). These studies stress that family businesses are deemed less entrepreneurial and innovative than their counterparts because they have a long-term orientation and seek to preserve family ownership, identity, and socioeconomic wealth (Casillas & Moreno, 2010; Jell, Block, Henkel, Spiegel, & Zischka, 2015). These studies also emphasize that family businesses tend to be more conservative and risk averse (Kraiczy, Hack, & Kellermanns, 2015; Naldi et al., 2007; Zahra, 2005), less able to adapt to market changes (Lubatkin, Ling, & Schulze, 2007), and characterized by a negative relationship between family involvement and R&D investments (Block, 2012; Chen & Hsu, 2009). These studies have also contributed to the common myth that family firms are less entrepreneurial and innovative than nonfamily firms (Carney, 2005; Garcés-Galdeano, Larraza-Kintana, García-Olaverri, & Makri, 2016).

Shifting attention from the comparison of family and nonfamily firms to the specificity of family firm EO, other studies investigate the factors that influence EO. In this stream of studies, scholars emphasize contrasting results in family firm innovativeness or R&D activities due to a number of factors including the role of the organizational culture in relation to dynamic

capabilities, or the role of human, social, and marketing capital in innovation (Chirico & Nordqvist, 2010; Llach & Nordqvist, 2010; Nordqvist et al., 2008; Zellweger & Sieger, 2012).

Wales et al. (2011) sustain that firms tend to express their EO differently, alternating between periods of evident EO and periods in which more conservative behavior is adopted. This is in line with the suggestions of some family business scholars (e.g., Zellweger & Sieger, 2012) that the level of EO is dynamically adapted over time and that the original EO firm-level dimensions are not sufficient to capture the full extent of family firm EO. Similarly, Cruz and Nordqvist (2012) adopt a generational perspective, finding that the importance of internal nonfamily dimensions (managerial and financial) and external dimensions (environmental conditions) on EO depend on the generation in charge. This study introduces a valuable element directing attention to family-level roles in coexisting generations in the firm to determine whether such roles influence EO. This suggests the importance of the family level in scrutinizing whether other important factors explain the development of EO in family firms.

The family-level focus assumes that purposive behavior is an antecedent of entrepreneurial intentions, and that the influence of the family level, such as next-generation engagement through parental support, self-efficacy, and commitment to the family business (Garcia, Sharma, De Massis, Wright, & Scholes, 2019) affects EO. Thus, the family level indicates relations as routines focused on norms, values, and beliefs communicated between generations (Reay, 2019), an important system in shaping family engagement whereby parent founders promote strong affective commitment among their successors (McMullen & Warnick, 2015).

The extensive overlap between the family and the business plays a relevant role in decision-making processes and entrepreneurial activities (Nordqvist et al., 2008), enhancing noneconomic aspects, such as emotions, beliefs, and values that impact managerial decision-making (Gómez-

Mejía, Cruz, Berrone, & Castro, 2011). For this reason, an in-depth understanding of what makes family firms' EO unique requires carefully analyzing the role the family plays in defining the firm's goals, strategies, and behavior through the family dynamics, values, and history (Aldrich & Cliff, 2003). Due to strong family relationships and family influence on the firm, the intertwinement between the firm and family is such that the family embeddedness perspective views them as a single entity (Aldrich & Cliff, 2003; Steier, 2001). Strong family ties, for example, produce effects on family firms' EO by influencing access to financial resources (Sieger & Minola, 2017), generating nonfinancial obligations (Arregle et al., 2015), such as reciprocity, a sense of duty and moral burden (Kohli & Kuenemund, 2003), and individual entrepreneurial intentions (Matthews, Hechavarria, & Schenkel, 2012; Hahn et al., 2021). At the same time, the nature of family embeddedness determines the likelihood and degree of conflict (Le Breton-Miller & Miller, 2009), such as between protecting socioemotional wealth and attaining financial goals (Cruz, Justo & De Castro, 2012). Moreover, family embeddedness puts the family at the core of the analysis, jointly considering the family lifecycle, family roles, family values, socially-generated expectations deriving from social and family norms, EO, and entrepreneurship (Aldrich, Brumana, Campopiano, & Minola, 2021). In this perspective, the family imprints unique features on the firm's EO, generating more or less entrepreneurially oriented family businesses (Simon, 2009; Kellermanns et al., 2008). This has contributed to the debate on the controversial findings that see family firms engage in relevant entrepreneurial activities (Zahra, 2012), and others that are conservative, inflexible, and risk averse (Chrisman & Patel, 2012; Zahra, 2005).

In line with these considerations, the factors and mechanisms through which family firms express their EO have not yet been sufficiently clarified especially with regard to family firms with similar levels of EO expressed in different ways, and nuanced configurations relevant to sustaining

EO over time. Therefore, drawing inspiration from Miller's (1983) observations on firm-level EO, and considering family influence and the ability of family owner-managers as drivers of EO (Joardar & Wu, 2011; Kuivalainen, Sundqvist, & Servais, 2007; Sharma, Chrisman, Chua, & Steier, 2020; Wong, Law, & Huang, 2008), this study investigates how small family firms express their EO and why the unique features of similar levels of EO manifest in different configurations.

### **3. Methodology**

#### *3.1. Research design*

A qualitative research design is particularly appropriate given the nature of our research questions (Yin, 2008). We used a multiple case study methodology (De Massis & Kotlar, 2014; Eisenhardt, 1989, 2021; Handler, 1989; Yin, 2008), as it facilitates an in-depth examination of each case and allows analyzing a phenomenon within its particular context (Yin, 1994). Specifically, to answer our research questions, the inductive and interpretive approach allows for theory building (Nordqvist, Hall, & Melin, 2009) and developing a theoretical understanding of new insights grounded in the experiences of human subjects who in this case are family members (Eisenhardt, 1989; Eisenhardt, Graebner, & Sonenshein, 2016).

Indeed, a multiple case study provides a stronger base for explaining the aspects and mechanisms not analyzed by existing theories (De Massis & Kotlar, 2014), affording novel managerial knowledge (Amabile et al., 2001; Leonard-Barton, 1990; De Massis & Kotlar, 2014). In our case, the multiple case study approach (Yin, 2008) allows comparing family firms and observing the existence or absence of similarities and differences in their expression of EO “within each setting and across settings” (De Massis & Kotlar, 2014, p. 18).

#### *3.2. Research context*

Our research context is the artisanship sector in Sardinia, an Italian island with approximately 1.7 million inhabitants. This sector valorizes its local identity and traditions (Gordini & Rancati, 2015), but needs to be revitalized through innovation to contribute to the territory's development (Garofalo, 2007; Zanfrini, 2001). The sector includes, but is not limited to, artistic handicrafts, manufacturing, construction, and agrifood (Bramanti, 2012), in line with the legal definition of artisanship according to Italian law (Art. 4 of Decree 433/1985).

Artisanship is a useful response to globalization (Festa, Rossi, Kolte, & Situm, 2020) as a means of transmitting the historical and cultural heritage of a territory and promoting distinctiveness rather than levelling differences (Blake, 2009; Herzfeld, 2004). While Italian artisanship has traditionally been competitive and proactive (Federico, 1994), today it faces challenges. The wealth of knowledge, abilities, and culture to be transmitted across generations (Bramanti, 2012) needs to be sustained through policies and studies to guarantee its long-term survival (Bonfanti, Del Giudice, & Papa, 2018). A recent systematic literature review on artisan entrepreneurship reveals that studying artisanship contributes to an understanding of EO and can provide timely insights into business practices and entrepreneurial behavior (Pret & Cogan, 2018). Furthermore, artisanship is promoted by a heterogeneous constellation of micro and small firms generally owned and managed by families (Überbacher, Brozzi, & Matt, 2020), meriting particular attention according to the Commission of the European Communities' (2008) Small Business Act, which aims to improve the EU's approach to entrepreneurship. In this context, small artisan family firms must meet the complex challenges of a competitive marketplace, enhance their ability to conjugate the past characterized by tradition and historical heritage with a new entrepreneurial orientation. Only high levels of EO can ensure the survival of small artisan firms (Mendoza-Ramírez, Toledo-López, & Arieta-Melgarejo, 2016), stimulate their ability to recognize market signals (Grinstein,



2008) and growth potential, despite the evidence of different expressions of high EO. Therefore, understanding how small artisan family firms express their EO and why high levels of EO can manifest in different configurations can stimulate the development of a successful artisan entrepreneurial ecosystem able to sustain the regional economy.

We focus on Sardinia for several reasons. First, artisanship is one of the most important sectors of the island's economy, and in 2017, constituted approximately 25% of all firms in the region. In addition, the majority of these firms are family businesses, and their growth and survival depend on the family dynamics and influence, as well as their desire to pass the firm down to the next generation (Sardegnaimpresa, 2017). Finally, since the Sardinian artisan sector mainly consists of micro- and small family firms, EO is closely related to the personal skills, interests, visions, and abilities of owner-managers. As a result, the overlap between the firm and the family is likely to play a crucial role in defining their EO.

### *3.3. Sample*

We followed a purposeful theoretical sampling technique (Miles & Huberman, 1994) where we selected the cases based on their probability of providing significant information on the phenomenon under investigation.

To do so, we first sought to obtain a complete list (Koiranen, 2002) of artisan firms in Sardinia by contacting the leading trade associations. Then, we consulted other sources, including websites focused on Sardinian artisanship, gathering information on firm ownership via the websites and phone calls to exclude nonfamily firms. To qualify as artisan family firms, they had to be fully owned and managed by members of the founding family, strongly intend to pass the firm to future generations, and perceive themselves as imbued with family beliefs and values (Aronoff & Ward, 2011). We narrowed down the sample of firms based on their relevance to our research. In line

with Patton (1990), the final sampling is based on their potential representation of the critical theoretical construct, namely similarly high levels of EO. We shared our list with five representatives of trade associations to identify the most relevant artisan family firms, each of whom listed six family firms (for a total 30 firms). We consulted websites, social media, and newspapers articles to identify the most suitable firms until the sample was adequate and additional cases provided no further knowledge, thus reaching saturation (Suddaby, 2006). This led us to 10 small family artisan firms that appeared to be rich in information, and we again met with the trade association representatives to confirm the appropriateness of our final selection.

Finally, to further confirm the validity of our sample, we contacted the selected firms individually to inquire about their availability, asking them which other artisan firms with similar characteristics they suggest we study. Surprisingly, each firm suggested at least two other firms that had already been selected. Thus, we consider the sample to be representative, as the selected firms are also included in the craft industry association report (Studi Confartigianato Imprese; SardegnaImpresa, 2020). In addition, having several informants allowed us to avoid self-perception bias and minimize the possibility of distortion. Moreover, our sample size is deemed adequate according to Eisenhardt's (1989, p. 545) suggestion, "while there is no ideal number of cases, a number between 4 and 10 cases usually works well". We retrieved information on firm ownership from the companies' websites and demographic details via phone calls.

We focused on owner-managers as our unit of analysis, as they are the best informants to report data on their firms and secure permission to investigate EO as a strategic-level construct (Covin & Wales, 2019). Table I provides an overview of the 10 firms and the interviewees' characteristics.

(Insert Table 1 about here)

#### *3.4. Data collection*

Our study relies on a combination of primary (interviews) and secondary (archives, personal documents, websites, and similar) data sources.

The primary data derive from 25 in-depth interviews with the family owner-managers of the generation(s) currently involved in the firm to help us understand the firm's history, markets served, strategies, and above all, factors affecting differences in EO development. We interviewed each on their own to avoid fellow owner-managers influencing the sincerity of responses following the interview protocol (Legard, Keegan, & Ward, 2003) defined after a pre-study with a sample of 10 individuals to evaluate the effectiveness of the questions (see the Appendix). The interviews were conducted in person in Italian or Sardinian and then translated into English, avoiding technical academic terminology to help interviewees discuss their experiences and viewpoints freely and naturally.

We began the interviews by asking informants background questions about their industry, their firm's corporate and business strategy, and their role in the family firm. We used open-ended questions that allowed informants to paint a broad picture of their EO (Eisenhardt, 1989; Glaser & Strauss, 1979). We prompted informants to provide more details when their descriptions were too brief or when novel strands of narrative emerged. All interviews (averaging 50 minutes) were recorded, translated, and transcribed (totaling approximately 220 pages), usually within 24 hours of the interview. We addressed potential informant bias in several ways. First, we interviewed informants from the older and younger generations involved. Second, we used "courtroom questioning" focused on factual accounts of what informants themselves did or observed others doing (Langley & Meziani, 2020), avoiding speculation (e.g., "Why did this new generation succeed?"). Finally, we guaranteed anonymity to informants and their firms to encourage openness. Ethical aspects were taken into consideration throughout the study, including having all

participants sign a consent form and obtaining their authorization to gather supplementary data, transcribe the interviews, and use the information collected for scientific and academic purposes. We also clearly outlined the interview procedure prior to the interviews.

The availability of substantial secondary sources allowed us to effectively triangulate our data (Jick, 1979; Kumar, Stern, & Anderson, 1993). These secondary data were gathered from official websites, social media, newspaper articles, phone conversations, several meetings with representatives of trade associations and their official websites, artisan networks and reports, and lists of players in the artisanship sector. In some cases, the families also gave us access to personal documents related to their history. Table 2 reports the data sources and uses.

(Insert Table 2 about here)

### *3.5. Data analysis*

We analyzed the data using an inductive approach (Eisenhardt, 1989; Eisenhardt et al., 2016). In the first step, we reviewed the primary and secondary data independently, highlighting the material reflecting EO in family firms. Then, we examined the single cases, creating chronologically structured descriptions of each of the 10 family firms with all relevant information, such as the family's shared stories, relevance within the firm, influence on innovation productivity, type of innovations adopted, risky initiatives undertaken, and the firm's ability to anticipate competitors and market needs. These documents comprised 10–20 pages per firm (totaling 150 pages) and provided a neatly arranged overview of each case. In this step, as the interviewees' responses were the most important source of understanding how family firms express their EO and why similar levels of EO can assume different configurations, two independent coders first read through the interview transcripts and additional material from a subsample of five of the cases

(two coders for Firms 1–5, and two for Firms 6–10), who then scanned the material for emergent themes that appeared relevant to our research aim (Reay & Zhang, 2014).

In the second step, we followed the recommendations of Eisenhardt (1989) and conducted a cross-case analysis to identify common patterns and contradictions across the sample firms (Eisenhardt & Graebner, 2007). We iterated among case pairs to highlight similarities and differences, and formed tentative relationships between constructs. For example, we observed that the interviews were characterized by common recurring elements (i.e., conflicts, decision-making processes, psychological ownership, and family rootedness). At the same time, these elements acted in different ways and occurred with different intensities within the firms, resulting in high EO with specific configurations. Thus, we iterated between theory and data, sharpening the construct definitions, theoretical relationships, and underlying logical arguments.

In the third step, as the theoretical framework became more explicit, we compared it further with the literature to highlight similarities and differences with prior research, strengthening internal validity, and refining the constructs and relationships (Denzin & Lincoln, 2000; Eisenhardt, 1989; Silverman, 2001). On completion, we developed our emergent theoretical framework (Eisenhardt & Graebner, 2007), identifying three specific EO configurations that we label “generational clash”, “family mirroring”, and “evolutionary adaptation”, characterized by common firm- and family-level factors that in combination lead to specific nuances.

#### **4. Findings**

In this section, we introduce the three configurations of EO, then elaborate on the factors that emerged, and finally, discuss the relationships that characterize the different configurations.

##### *4.1. The different configurations of EO*

The findings show that the sampled firms exhibit a similarly high level of EO with different configurations – *generational clash*, *family mirroring*, and *evolutionary adaptation* – as a result of the interplay between firm- and family-level factors.

#### 4.1.1. *Generational clash (Firms 1-3-7-8)*

This configuration embodies the entrepreneurial processes, strategies, and actions commonly merging in behavior that allows the firm to quickly react to competitors and identify new processes and strategies: “*My father says that competition must be controlled, not anticipated. (...) Only if something extraordinary happens, can we react with risky decisions*” (Firm 3, younger generation). Competitive strategies are based on opportunistic behaviors and well-established reactions when potential competitors try to “*invade the vital space*” (Firm 7, older generation). Entrepreneurial strategies are not the result of a shared process but of continuous intergenerational tension that leads to a sort of stasis, affecting the firm’s evolutionary potential: “*Often, when I propose something new, I conflict with my father (...) and we suspend any decision (...) it’s like waiting for the other to take the first step*” (Firm 8, young generation). This configuration applies to firms usually embedded in local or regional markets.

#### 4.1.2. *Family mirroring (Firms 2-9-10)*

This EO configuration reflects entrepreneurial actions that take their cue from past successful actions to address risks in the short term and the ability to endure during a crisis: “*We are patient. Every crisis ends sooner or later*” (Firm 9, older generation), and perseverance in following competitors: “*We are able to follow our competitors with great patience and attention, without discouragement*” (Firm 10, middle generation). Firms with this EO configuration follow past behaviors that can be modified in case of a perceived risk to survival and the need for short-term

results. The entrepreneurial strategies are based on *“interest in preserving family heritage and tradition”* (Firm 2, younger generation). This EO configuration implies deep knowledge of competitors and a weak interest in growing and conquering new markets: *“There is space for everyone if nobody overreaches”* (Firm 2, older generation), and the conviction that: *“What we already have is sufficient for our needs, while some competitors are greedy”* (Firm 2, older generation).

#### *4.1.3. Evolutionary adaptation (Firms 4-5-6)*

This configuration denotes entrepreneurial strategies and behaviors aimed at gaining the lead in local and overseas markets, and the appreciation of customers from different geographic areas: *“Managing different markets is challenging and exciting, but it requires extraordinary learning and attention to be appreciated by different customers”* (Firm 6, older generation). This strategy appears necessary to ensure firm growth: *“Distant markets allow us to increase our growth opportunities: the regional market is too small for our ambitions”* (Firm 4, older generation). Moreover, this configuration characterizes firms seeking to achieve *“satisfying historical customers we define as ‘purists’ or better yet, closely attached to tradition, as well as customers who are more open to novelty”* (Firm 6, older generation). In this sense, firms seek to manage external perceptions through using the family tradition, history, and values in a purposive way that stimulates the *“firm’s evolution through the smart adaptation of past strategies, creating a synergetic tie between tradition and innovation, and between the past and the future”* (Firm 4, younger generation).

#### *4.2. Common firm-level and family-level factors*

The different EO configurations are the outcome of firm- and family-level factors that emerged in the interviews as the main elements affecting EO. Specifically, the interviewees underscored how their family firm expresses EO by leveraging common factors as the “*building blocks of our decisions and actions that disentangle the future of the firm*” (Firm 4, younger generation). From the firm-level perspective, we observed that *conflict management*, *decision-making style*, and feelings of *psychological ownership* appeared the most relevant EO factors, while from the family-level perspective, *family embeddedness* is key to understanding the family effect on EO. In the following, we elaborate on these factors.

#### 4.2.1. Conflict management

Several times in their narratives, the family owner-managers described the conflicts that emerged in the firm’s history, disputes caused by contrasting visions among the generations regarding the actions and strategies to implement. This particular focus on conflicts, considered as events that affect entrepreneurial decisions and behaviors, trace different “*paths of a firm’s development*” (Firm 4, older generation), or cause “*stagnation, and a waste of time*” (Firm 2, younger generation), highlighting the strong link between conflicts and EO.

The conflicts that emerged were both frequent and rare. Frequent conflicts were generally intergenerational due to continuous tension among the older, middle, and younger generations that when inadequately managed led to the intrinsic willingness to “*keep the firm and the entrepreneurial strategies adopted in the past unchanged over time*” (Firm 1, older generation). In this case, conflicts appeared morphostatic (Speer, 1970), characterized by behaviors that remained unchanged by virtue of codified norms considered essential to the functioning of the respective parts. Generally, this kind of conflict remains unresolved and focused on the subjective view of the conflict (the *who*).



In contrast, when intergenerational conflicts are well managed, family owner-managers perceive conflicts as *“physiological events that allow comparison and growth”* (Firm 4, younger generation). Frequent conflicts in this sense are seen as essential to discovering new opportunities and ideas as a result of passionate intragenerational confrontation. In this case, conflicts appear morphogenetic (Speer, 1970), oriented to identifying solutions through comparison and focused on the objective view of the conflict (the *what*), allowing a new equilibrium among the parties.

When conflicts are rare, the family owner-managers emphasize this aspect as a *“virtue”* (Firm 10, middle generation) that permits *“family members to live in a peaceful climate”* (Firm 9, older generation), and *“work hard together”* (Firm 2, middle generation). Family owner-managers underscored their motto to *“avoid conflicts”* (Firm 2, middle generation), or conflictual events perceived as a waste of time: *“We believe that our time is the most strategic and scarce resource. Why waste it fighting?”* (Firm 10, younger generation). Thus, managing the expressed conflicts is not a concern. However, the interviewees reported a rare presence of silent intergenerational conflicts, often set aside without seeking a resolution. In other words, conflicts exist, but are not expressed, especially by the younger generation to avoid creating *“sorrows or disharmony in the family”* (Firm 10, younger generation), preferring *“to manage anger or disappointment by silencing it, retracing my [her or his] steps”* (Firm 10, younger generation).

#### 4.2.2. Decision-making style

Another common factor that emerged is related to how decisions are made. Family owner-managers highlighted that their *“entrepreneurial behavior reflects how decisions are made”* (Firm 5, older generation). In particular, when decision-making is centralized or shared, it is *“the best decision for the firm’s future”* (Firm 10, younger generation).

Centralized decisions are generally made by the founders/seniors, and even when younger firm members have formal power to make decisions, they choose not to exercise it according to a top-down or bottom-up perspective. In particular, they follow a top-down perspective to preserve family unity and equilibrium: *“We do not decide for fear of further conflicts and the repercussions on family balance and harmony”* (Firm 7, younger generation), claiming that centralized decisions are necessary to ensure *“the relevance of family centrality and the respect of hierarchical family rules”* (Firm 7, older generation). In contrast, in the bottom-up perspective, younger family members recognize *“the unquestionable knowledge and experience”* (Firm 10, younger generation) of seniors who decide *“not for age-related reasons”* (Firm 9, younger generation) or for *“rhetoric recognition”* (Firm 2, younger generation), but due to their *“ability to identify what is best for the firm (...) for their commitment, engagement, and experience attained and nurtured over the years”* (Firm 10, younger generation). Moreover, members of the older generation often feel responsible for transmitting the family heritage and values across generations, thus interjecting their views in the firm’s decisions, selecting which information to share, and holding the firm’s decision-making power, especially when strategic decisions are oriented toward the firm’s development path: *“I have to continue the transmission of our family values across generations. For this reason, defining rules, duties, and responsibilities is necessary for making the right and centralized decisions within the firm”* (Firm 7, older generation).

Shared decisions are characterized by the freedom of expression of family owner-managers regarding opportunities. These decisions are made *“under consensus because the firm’s development is everyone’s goal”* (Firm 6, older generation), with *“the intrinsic ability to create strong family ties and improve family members’ involvement, sense of responsibility, and commitment”* (Firm 6, younger generation). In addition, family members often involve employees

and other collaborators outside of the family, creating a sort of “*decentralized firm (...) resulting from widespread efforts*” (Firm 4, older generation).

#### 4.2.3. *Psychological ownership*

The last firm-level factor concerns feelings of psychological ownership clearly experienced and expressed by all family owner-managers, namely a sense of place, the extended self, and a sense of responsibility (Dirks, Cummings, & Pierce, 1996; Furby, 1991; Pierce, Kostova, & Dirks, 2001, 2003). They have a well-defined sense of ownership and sense of place with reference to their firms: “*I feel that the firm is mine (...) This is my home, the place where I feel at ease*” (Firm 8, middle generation). This sentiment produces “*strong attachment to the firm beginning in childhood*” (Firm 1, younger generation), considered part of the owner-manager’s extended self, linking the feelings of ownership to their self-concept, “*I feel fulfilled here and I know that my future is the future of the firm*” (Firm 10, younger generation). Sometimes, this sense of ownership differs for the older and younger generations. At the same time, family owner-managers emphasize their sense of responsibility, often burdensome and generating concerns: “*This is my firm (...) I do not sleep at night thinking about my responsibilities*” (Firm 1, older generation). When this burden of responsibility is perceived as too heavy to sustain, it reflects the notion of family owner-managers’ “*elasticity of the self*” (Pierce et al., 2003). Specifically, family owner-managers perceive the heavy weight of responsibility for the firm’s future and recognize the need to share this weight with individuals outside the family with specific skills to ensure the achievement of their growth goals: “*Growing implies many responsibilities, duties, and obligations (...) so we also involve people who are not part of our family to obtain a more objective perspective*” (Firm 6, older generation). Determination and passion for the firm pushes family owner-managers to acknowledge their limitations and shortcomings in certain areas, and thus “*involve others who*

*posse effective skills and capabilities to sustain us in becoming the best in our markets”* (Firm 4, older generation).

#### 4.2.4. Family embeddedness

Concerning the family-level factor, our findings reveal that family embeddedness is a useful lens to disentangle the family effect on EO. In delineating their entrepreneurial actions, the family owner-managers pay great attention to the role of family relationships, culture, values, history, and events: *“Our known and well-established strategies are based on our family culture, values, and history”* (Firm 1, older generation). Family owner-managers of all ages equally perceive the relevance of these kin ties. However, we observed that its introjection differs and greatly affects how they act entrepreneurially, i.e., an influential factor in defining the firm’s EO: *“I recognize the relevance of our family history, values, and image, but my father tends to anchor his entrepreneurial vision to these. I believe that these are only our starting point, not the point of arrival”* (Firm 7, younger generation).

In some cases, we found that family embeddedness acts as an “ambivalent force”, pushing the firm toward a continuous tension between replicating past paths grounded in the family values, history, and events: *“We cannot and do not want to change our firm’s strategies [which are] rooted in our family history”* (Firm 7, middle generation), and the discovery of new development trajectories built on these: *“We have to build on our family legacy and our family history, but with an eye toward the future”* (Firm 3, younger generation).

In other cases, family embeddedness produces a “mirror” effect, i.e., an almost complete overlap between the firm and the family’s identity, historical memory, dynamics, rules, thus absorbing and replicating the rituals and practices of the family dynamics: *“Our firm is the mirror of our family”* (Firm 9, younger generation), *“My managerial style reflects my leadership role in*

*the family*” (Firm 9, older generation), *“Our firm is the projection of our family (...) Additionally, our organizational structure replicates our family hierarchical structure”* (Firm 2, middle generation).

Finally, we noted that in other cases, family embeddedness appears to be a powerful means of managing and driving external perceptions. In particular, family owner-managers select the most emotional and attractive parts of their family dynamics and history to create a well-defined external image that reinforces the perception of the brand and enhances market appreciation: *“We embody and bring our family history to life (...) We have chosen some emblematic moments to build our image (...) Our customers appreciate this”* (Firm 5, older generation).

#### *4.3. Relationships among the firm- and family-level factors and EO configurations*

In our cross-case analysis, we noted that these factors are reciprocally influenced and synergistically linked, such that they express similarly high EO but with subtle nuances.

We found that some family firms (1, 3, 7, 8) express these factors in a unique way, as evidenced by several exemplary quotes:

- Frequent conflicts, generally badly managed and morphostatic (Speer, 1970): *“Our conflicts are daily, and the difficulties in managing them prevent us from focusing on who is proposing new ideas rather than the ideas themselves (...) generating a sort of immobility because everyone remains in their own position and does not listen to others”* (Firm 1, middle generation).
- Centralized decisions that follow a top-down perspective: *“I’m the only one able to make the best decisions”* (Firm 8, older generation).
- Strong feelings of psychological ownership for older and middle generations, and weaker for the younger generation: *“This firm is mine, and my family’s (...) and I’m sure that changing*

*historical strategies has to be done only if it is necessary as a reaction to competitors” (Firm 3, older generation), “Our attachment to the firm is our strength, but it may lead us to myopia that could compromise the exploitation of new business opportunities” (Firm 7, younger generation).*

- Family embeddedness acts as an ambivalent force that “anchors” the firm, hence replicating past paths: *Being a family business means coexisting with what happens in the family. Our family values, vision, and tradition are the soul of our firm. (...) We cannot and do not want to change our firm’s strategies [which are] rooted in our family history. (...) These strategies embody our family, our ancestors” (Firm 7, middle generation), or conceiving new development trajectories that “build” on the family history, values, and events: “Our firm reflects family relationships, events, values (...) and we have to build on these to create the new firm’s future” (Firm 8, younger generation).*

The relationship between these factors leads to a *generational clash* configuration of EO characterized by different views between the older and younger generations, implying low interest in outperforming competitors and the related ability to promptly react to competitor aggressiveness. The following quote explains how these factors impact the entrepreneurial actions, processes, and strategies:

*We argue a lot, and we don’t find a solution (...) Each decision is made by the old generation, without the possibility of a discussion (...) A few years ago, my father had a great idea, and my grandfather rejected it in the certainty of knowing the firm better than anyone else (...) he added that the firm embodies our family values and our family history, so it deserves to be preserved from changes that could alter our roots. (...) We stay in a sort of a bubble while competitors continue to move forward (...) Luckily, when competition becomes more aggressive, we are able*

*to react with innovative ideas (...) Unfortunately, however, as soon as the storm passes [referring to competition], everything returns as before* (Firm 7, younger generation).

Table 3 synthesizes these concepts, and Table 4 reports other interesting quotes supporting our interpretation.

(Insert Tables 3 & 4 about here)

However, we observed that Firms 2, 9, and 10 experience the factors divergently, leading to interesting nuances:

- Rarely expressed conflicts that do not require attentive management and often hide the emotional restraint of the younger generation: *“We rarely get to actual conflict (...) I prefer to avoid freely expressing them even if sometimes my ideas completely differ from my father’s”* (Firm 9, younger generation), *“To avoid sorrows or disharmony in the family, I prefer to manage anger and disappointment by silencing it, retracing my steps”* (Firm 10, younger generation).
- Centralized decision-making processes that follow a bottom-up perspective: *“I’m the one who makes decisions, but not because I impose myself arrogantly. It’s a shared praxis”* (Firm 10, older generation), *“I admire my grandfather (...) [he] is the undisputed leader, and I’m sure that his decisions are right”* (Firm 2, younger generation).
- Strong feelings of psychological ownership: *“The firm is mine, it’s in my hands, in our hands (...) This is what stimulates and motivates our efforts, our hard work and our commitment (...) This emotional attachment is an invisible but concrete bond that makes us grit our teeth, endure difficulties and wait for better times”* (Firm 9, younger generation).
- Family embeddedness acts as a mirror, and what happens within the family reflects the firm’s management: *“Our firm reflects our family, it’s the projection of our family, also in sense of*

*rules and roles* (Firm 2, middle generation), “*When something beautiful happens in the family, positive feelings are then expressed and lived within the firm through new ideas. (...) The same occurs in the case of negative events* (Firm 10, middle generation).

The relationship between these factors produces a *family mirroring* configuration of EO characterized by entrepreneurial actions and decisions that ensure the firm’s endurance in crisis periods, as illustrated by the following quote:

*Our ability to avoid conflicts allows us to preserve a peaceful climate and assume the right behavior (...) Final and resolute decisions are made by those who, better than others, know the firm and, by virtue of their strong sense of belonging, try to define firm strategies that adhere to and valorize our family history and our conglomerate values by developing capabilities to face economic crises, clenching our teeth, and stubbornly following our competitors* (Firm 9, younger generation).

Table 5 offers other interesting quotes that help clarify these concepts.

(Insert Table 5 about here)

Moreover, we observed that in Firms 4, 5, and 6, the factors are related as follows:

- Frequent, well-managed, and morphogenetic conflicts (Speer, 1970): “*In our family firm, conflicts happen daily, but they give us the opportunity to grow. Conflicts generate a sort of creative instability (...) Having different ideas allows us to take advantage of various opportunities, undertake new initiatives, and develop new products*” (Firm 6, older generation), “*Our conflicts generate chaos, (...) but creative chaos (...) is important for the growth and development of the company and the family*” (Firm 5, older generation).



- A shared decision-making style that involves family and nonfamily members: *“We are invited to freely express our ideas and actively participate in decisions”* (Firm 6, younger generation), *“Our employees, also nonfamily members, can introduce their ideas to increase the plethora of alternatives [from which] to choose”* (Firm 4, older generation), *“Adopting inclusive and shared decision-making processes is the way to reach the best possible decision, even if this requires long discussions, potential conflicts, and the investment of resources and time”* (Firm 5, older generation).
- Psychological ownership is elastic: *“Growing requires too many responsibilities, duties, and obligations, (...) so we also involve people who are not part of our family to provide a more objective perspective”* (Firm 6, older generation), *“We continuously involve others who possess effective skills and capabilities to sustain us in becoming the best in our markets”* (Firm 4, older generation), *“Behavior that limits decision-making power to family members only is shortsighted (...), involving new and competent people can only bring an undoubted benefit to our firm”* (Firm 5, younger generation).
- Family embeddedness is used strategically and acts as a profound force, suggesting to family-owner managers how to shape the firm’s external perception: *“The story of our family fascinates customers (...) They feel like part of the family and share our values and are loyal to our brand”* (Firm 5, younger generation), *“Our bundle of values, rooted in our long family history, allows us to create an image of us that is appreciated outside. (...) our social media pages narrate our history and our values, and they depict our firm in an inspirational and well-defined way”* (Firm 4, younger generation).

The relationship between these factors determines an *evolutionary adaptation* EO configuration characterized by the ability to exploit past paths and orchestrate new development perspectives,

conceiving entrepreneurial actions and processes focused on becoming leader in local and overseas markets by innovating and promoting strategies to ensure the firm's growth. The following quote illustrates this concept:

*Our daily conflicts create a passionate climate (...) where chaos means creativity and innovative ideas (...) we operate under consensus because each of us, as well as nonfamily members, can express ideas, points of view (...) the firm is ours, but we need support from all who operate with us. They know our history, our values, and our secrets, and help us communicate with customers, be interesting, have appeal, and be leader in current and potential markets (Firm 4, younger generation).*

Table 6 provides additional quotes that are particularly meaningful in this respect.

(Insert Table 6 about here)

## **5. Discussion and conclusion**

This study is inspired by our interest in gaining knowledge on the factors and mechanism that confer distinctiveness to the entrepreneurial orientation of family firms, investigating how family firms express their EO, and why similar levels of EO can assume different configurations. This multi-case study examining 10 small artisan family firms with similarly high levels of EO challenges the myth that family businesses are less entrepreneurial than their nonfamily counterparts, revealing that family firms express their EO through specific firm-level and family-level factors.

Specifically, concerning the firm-level factors, our findings show that conflict management, decision-making style, and feelings of psychological ownership shape insightful EO nuances among family firms, with divergent effects on Miller's (1983) EO dimensions.

Concerning conflict management, our study shows a reversal of previous perspectives. In particular, prior studies find that frequent conflicts can inhibit firm growth and negatively impact effective decision-making (Arregle et al., 2015; Gallo & Vilaseca, 1998; Gómez-Mejía, Núñez-Nickel, & Gutierrez, 2001), knowledge integration (Chirico & Salvato, 2008), and international expansion (Vago, 2004; Steensma & Lyles, 2000). Instead, our study shows that high EO is also manifested in the case of frequent conflicts, especially when pertaining to specific features. In other words, when stimulated and positively regulated, conflicts appear essential to fostering a creative and proactive firm climate, allowing valuable debate around new and different ideas, identifying and developing consistent equilibrium within the firm following a morphogenetic path. Surprisingly, however, high EO might also be characterized by badly managed and morphostatic conflicts, determining different effects on innovativeness and proactiveness. Furthermore, we found that high EO can also be expressed when conflicts are rare and characterized by emotional restraint, especially in younger generations who prefer to avoid expressing their thoughts and ideas to preserve peace within the firm and the family. This situation mainly influences innovativeness and risk-taking.

As for decision-making style influencing the expression of EO, in line with Chrisman, Chua, De Massis, Frattini, and Wright (2015), our findings show that shared decisions stimulate a passionate and inclusive climate, ensuring the ability to incorporate nonfamily members' viewpoints when family owner-managers are too emotionally involved in decisions. Shared decisions affect innovativeness, proactiveness, and risk-taking. Moreover, we found that a centralized decision-making style can result from two different thought processes. On the one hand, what we define as "claiming power" decisions follow a top-down perspective whereby senior members or founders hold the decision-making power, because as the oldest they have the

knowledge and experience necessary to ensure the business is successful. This situation produces intergenerational and morphostatic conflicts that require authoritarian power to resolve them. On the other hand, what we define as “acknowledged power” decisions follow a bottom-up perspective whereby younger generations cede to founders/senior members the role of undisputed leader who thanks to their expertise, knowledge, and skills, are considered the best to make decisions. In these cases, the older generation is legitimized by the younger generation who accepts their decision-making power not for hierarchical reasons but because they recognize their merits. This is probably one of the reason why conflicts are sporadic in these firms, affected by the younger generation’s desire to preserve family harmony and the ability to manage their emotions. Specifically, our results highlight that the centralization of decision-making power in the hands of older generations can take place both in “claimed” and “acknowledged” forms, following a top-down and bottom-up perspective, respectively. Even if leading to the same outcome, they have different effects on newer generations, primarily making them feel frustrated and dissatisfied. In contrast, in the latter form, younger generations are willing to cede decision-making power to founders/senior members by legitimizing and recognizing their role.

In terms of psychological ownership, our findings extend the current family business and general management literature by including psychological ownership (Bernhard & O’Driscoll, 2011) and EO, hence also informing psychological ownership research (Pierce et al., 2003). Specifically, our findings show that strong feelings of psychological ownership affect innovativeness, proactiveness, and risk-taking. We found that firms with strong psychological ownership among both the older and younger generations appear to be more cautious, expressing high EO in their narrow market, with low interest in risky initiatives. In contrast, when older generations have strong feelings of psychological ownership and younger generations weaker

feelings, their behaviors tend to follow different entrepreneurial paths that similarly produce high EO, affecting their innovativeness and proactiveness. On the other hand, our results highlight that high EO is also expressed in the case of self-elasticity, namely when firms base their growth strategies on actors outside the family for decisions that require certain professional skills and more objective views. Furthermore, this elasticity is generally accompanied by inclusiveness in the decision-making process as well as positive conflicts stimulating confrontation and constructive debates. In sum, our findings show that different extents of psychological ownership contribute to high EO with different features.

Concerning the family-level factor, our study demonstrates the strong relevance of family embeddedness as a family-level factor of EO. In particular, we found that family owner-managers perceive, internalize, and experience their family embeddedness in different ways, in turn affecting the firm's EO by unleashing different nuances. In line with the seminal work of Aldrich and Cliff (2003), our findings reveal the strong interconnection between the family and firm, and the relevance of considering these entities as highly interrelated rather than separate. Deepening our study of the intertwined dynamics between the family and business allowed us to interpret the significant causal processes linking the family system and the entrepreneurial firm. We consider family owner-managers not as atomized decision-makers but as strongly impacted by networks of "social relations" (Aldrich & Cliff, 2003). In sum, as family businesses express their EO in different ways, our study underscores family embeddedness as a lens through which these differences can be more fully understood. As such, our findings provide interesting contributions and some practical implications.

### *5.1. Contributions*

Our main scholarly contributions are threefold. First, our study shows that family firms express their EO through the interplay of firm-level (conflict management, decision-making style, feelings of psychological ownership) and family-level (family embeddedness) factors explaining how family firms express their EO, and their interrelation determining subtle nuances of similarly high EO.

Second, this study sheds light on the mechanisms through which the interrelating factors determine similarly high EO with different configurations. Depending on how family firms manage conflicts, make decisions, experience feelings of ownership, and how family embeddedness functions in the firm, EO might assume the generational clash, family mirroring, or evolutionary adaptation configuration. Generational clash is the EO configuration expressed by continuous intergenerational tension leading to frequent and morphostatic conflicts, centralized decisions according to a top-down perspective, strong feelings of psychological ownership for older generations and weak for younger generations, and contrasting perceptions of family embeddedness. Family mirroring is the EO configuration resulting from rare conflicts, sometimes due to emotional restraint, centralized decisions following a bottom-up perspective, strong feelings of psychological ownership, and the desire to translate the family values, history, and dynamics into strategic and entrepreneurial decisions. Evolutionary adaptation is the EO configuration expressed by frequent and morphogenetic conflicts, shared decisions, self-elasticity, and the ability to evolve, adopting strategies that continuously recall the family values, events, and history to manage external perceptions and be appreciated by local and international customers.

Third, family embeddedness, as a family-level factor, is key to disentangling and understanding the family effect on EO. Specifically, our findings highlight the relevance of family embeddedness in family firms' entrepreneurial processes, thus extending prior studies (Aldrich &

Cliff, 2003; Hahn, Minola, Bosio, & Cassia, 2019; Pittino et al., 2020; Zellweger, Chrisman, Chua, & Steier, 2019), and shedding light on meaningful new concepts that offer novel nuances to family embeddedness. In particular, our results show that family embeddedness affects family firms' EO in different ways: as an ambivalent force that pushes older generations to follow the same path as in the past, *anchored* in family embeddedness and prompting younger generations to discover new pathways, or *building* on family embeddedness as a mirror reflecting each decision and action, a means to manage external impressions leveraging the family history, values, and anecdotes, and appreciation among customers. Our study unveils that different ways of internalizing and remaining close to or detached from family history and ties influence the expression of similar EO.

### *5.2. Implications for practice*

Our study has the potential to contribute to the managerial practices of owner-managers, consultants, and entrepreneurs in several ways. First, frequent conflicts are not necessarily negative, and consultants and practitioners should regularly stimulate them, leading toward a morphogenetic path. Second, since psychological ownership appears to affect EO in various ways, practitioners should focus on maintaining a balanced sense of ownership among family members. For example, in a long-term perspective, an overly strong sense of ownership might lead to inertia and competitive stagnation, thus negatively interfering with high EO. Our findings suggest that owner-managers should consider the relevance of self-elasticity and become more aware of how some individual attitudes, competencies, and abilities are sometimes insufficient for taking decisive actions when facing the responsibility for firm growth and survival. Third, although a sense of identity, belonging to the family, and sharing the family tradition, history, rules, and roles are important for the success of the family firm and its ability to stand out from the competition, family owner-managers and consultants should pay particular attention to the potential “mirror

effect” that in a long-term perspective might generate a sort of “strategic narcissism”. In other words, a situation whereby family owner-managers are too careful about ensuring the firm mirrors the family, pushing owner-managers to see only the positive aspects of their own strategies and preventing them from understanding the firm’s weaknesses and growth opportunities.

### *5.3. Limitations and future research directions*

Our study has some limitations that open opportunities for future research. One such limitation is the geographic setting (Sardinia), thus the culture, language, history, and values that might affect our results. A cross-cultural analysis could be helpful to scrutinize whether and how these findings can be generalized or might change based on the context. Future research could replicate our study in other settings and compare the findings, thereby deepening the “context effect” on the factors. In particular, we found the concept of family embeddedness very helpful in scrutinizing the family effect on EO, but how family embeddedness acts in different cultures could be helpful in explaining why and how family firms express EO differently. How does the context affect family embeddedness? Are there differences between western and eastern family firms in terms of family embeddedness? Does the concept of “family” differ according to the context? Is the “multiple embeddedness perspective” an interesting lens through which to deepen our understanding of family firm EO? Furthermore, in line with recent research trends, it might be interesting to understand whether and how family embeddedness and spirituality – as a variable that has strong ties with the context – are intertwined, and if related, how and why they influence specific family firms’ EO. How do spirituality and adherence to a spiritual movement influence family embeddedness and thereby family firm EO?

Another limitation derives from the exploratory nature of our study. Despite the adequate number of cases, future studies could develop a set of hypotheses to test our qualitative analysis.



Moreover, as our sample represents a specific sector, we suggest replicating this study in other settings to verify potential market effects. Of particular interest would be a comparative analysis of family firms operating in traditional sectors and those operating in innovative industries. How does family embeddedness act within these industries? In which sector does family embeddedness prevail as an ambivalent force, a mirror, or a tool to manage impressions? Does the industry play a mediating role in the manifestation of family embeddedness?

Finally, future studies should replicate this analysis following a longitudinal perspective to elucidate if, how, and why our findings might change over time within the same firm. Do these factors change or persist during a generational shift? How do new generations aim to transition from one EO to another? What factors do they exploit? Such analyses would allow a dynamic understanding of EO within the same family firm and explain why some strategic decisions are taken.

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**Table 1**

Firm and interviewee demographic data.

#	Firms							Interviewees				
	Industry	Year founded/ Generation	Revenue in mln euros	Number of active family members	Number of coexisting generations	Number of employees	Market	Number of family owner-managers interviewed	Age	Gender	Education level	Length of interviews (in minutes)
1	Agrifood	1800/5	<10	4	3	2	Local	3	75 55 30	Male Male Female	Primary school High school Degree in management	75 55 40
2	Artistic handicraft	1905/3	<10	4	3	4	Local	3	80 68 40	Male Male Male	High school Artistic high school Artistic high school	60 65 45
3	Artistic handicraft	1926/3	<10	4	2	3	Local	2	65 45	Male Male	Middle school High school	65 40
4	Agrifood	1934/3	10–20	3	2	8	International	2	63 35	Male Female	Middle school High school	45 55
5	Agrifood	1938/3	10–20	5	2	25	International	2	70 45	Male Female	High school High school	55 65
6	Artistic handicraft	1939/4	<10	3	2	4	International	2	68 38	Male Male	Middle school High school	45 35
7	Construction	1950/3	10–20	4	3	8	Regional	3	90 72 41	Male Male Female	Primary school Middle school Degree in languages	70 55 40
8	Manufacturing	1950/3	<10	4	3	3	Local	3	88 68 43	Male Male Male	Primary school High school High school	45 50 35
9	Construction	1960/3	10–20	7	2	8	Regional	2	73 43	Male Female	Middle school Degree in management	65 45
10	Manufacturing	1961/3	10–20	4	3	12	Regional	3	75 55 27	Male Male Female	Primary school High school High school	40 45 60

**Table 2**

Data sources and uses.

Data	Use
<p><i>Primary Data</i></p> <p>25 interviews with family-owner managers:</p> <ul style="list-style-type: none"> <li>- 10 with members of the older generation</li> <li>- 10 with members of the younger generation</li> <li>- 5 with members of the middle generation</li> </ul>	<p>Understand the firms' history, markets served, innovativeness, proactiveness, risk-taking, and above all, the factors affecting differences in EO development.</p>
<p><i>Secondary Data</i></p> <p>7 newspaper articles; Conversations with representative of trade associations; 5 official websites of trade associations, artisan networks, etc.</p> <p>3 reports and lists on the artisanship sector</p> <p>15 phone conversations</p> <p>10 firm websites (one for each case)</p> <p>10 personal documents (one for each case)</p> <p>30 official social media (Facebook, LinkedIn, Instagram) of firms (three social media for each case)</p>	<p>Understand the dynamics of the artisanship sector, obtain data and relevant information about Italian and Sardinian artisanship, and clarify the role of the sampled firms in the sector in terms of the events and/or facts that warranted media attention</p> <p>Compare with other data and identify leading Sardinian artisan family firms</p> <p>Acquire demographic information and determine the date for the in-person meetings</p> <p>Determine the history, products, and other relevant aspects to understand innovation proclivity, risk propensity, and proactivity</p> <p>Analyze the economic and financial performance of the firms and other relevant details concerning their strategic decisions, growth plans, innovation proclivity, risky initiatives undertaken, and the ability to anticipate competitors</p> <p>Determine whether and how the firms use social media and how they interact with competitors, customers, and stakeholders</p>

**Table 3**

The three EO configurations.

		<b>GENERATIONAL CLASH</b>	<b>FAMILY MIRRORING</b>	<b>EVOLUTIONARY ADAPTATION</b>
<b>Firm-level factors</b>	Conflict management	Frequent conflicts Bad management Morphostatic	Rarely expressed conflicts Absence of management Emotional restraint	Frequent conflict Well-managed Morphogenetic
	Decision-making processes	Centralized Top-down perspective	Centralized Bottom-up perspective	Shared
	Psychological ownership	Stronger for older generation  Weaker for younger generation	Strong	Elasticity of the self
<b>Family-level factor</b>	Family embeddedness	Ambivalent force: “Anchoring” – adhering to past paths  “Building” – evolving towards new paths	Mirror	Impression management

**Table 4**  
Exemplary quotes: Generational clash.

	QUOTES
Conflict management	<p>“We are continuously engaged in discussions, and conflicts. (...) No one is inclined to understand the reasoning of others, and there is no comparison (...) there is no evolution” (Firm 1, middle generation).</p> <p>“Conflicts happen daily, especially for strategic decisions. (...) Sometimes, I prefer to avoid sharing my perspective because I know that conflicts would be exacerbated, and we would not get anywhere anyway” (Firm 3, younger generation).</p> <p>“Family means disputes in a broad sense, it’s not a question of if; in addition to affection, you must also think about business [laughter]. It’s a bitter laugh because that’s what happens every day. (...) There are conflicts, it is undeniable, and in one way or another, they influence both the family balance and the desire to do business and think about growing, innovating, and investing. (...) One loses the desire to think big and limits oneself to carrying out the tasks assigned without developing new ideas” (Firm 8, middle generation).</p> <p>“We experience frequent and serious conflicts that are impossible to manage, especially those between my father and my grandfather who, despite being almost 90 years old, continues to manage the firm as he did in the past. My father and I can make decisions, but paradoxically we avoid doing so because when we dared, all hell broke loose, and my grandfather didn’t speak to us for months” (Firm 8, younger generation).</p>
Decision-making style	<p>“Who has the final say in any decision? My grandfather. He’s the oldest” (Firm 8, younger generation).</p> <p>“I prefer to take on all the responsibilities and relieve the other family members of the burden. (...) Because of this, I am the only decision-maker” (Firm 1, older generation).</p> <p>“Family values permeate our firm, and I have to ensure their survival across generations. (...) I strongly believe that I have to make the decisions, especially when these affect the future of the firm” (Firm 1, older generation).</p>
Psychological ownership	<p>“This firm is mine, and I feel the responsibility to do my best” (Firm 7, younger generation).</p> <p>“I have an important role: managing the family and the family firm, now and in the future. This firm is part of me, and I’m part of it. We are intertwined. It’s implausible to think something different” (Firm 3, older generation).</p> <p>“Our firm is our home. (...) We spend our whole day there and sacrifice our lives for the firm’s good. (...) That’s where we feel fulfilled” (Firm 7, older generation).</p> <p>“Mine has been an entry/non-entry into the firm. (...) We have always lived in the firm. (...) It was our second home” (Firm 3, younger generation).</p> <p>“I feel, think, and act about my firm as I feel, think, and act about myself” (Firm 1, older generation).</p> <p>“The firm is ours, and currently, we decide together. (...) What scares me is the weight of the responsibility I will have. (...) What if tomorrow, I fail to guarantee the firm’s success like my father has ensured with so much commitment? (...) This is the force that pushes me to give my best every day” (Firm 3, younger generation).</p>
Family embeddedness	<p>“Our firm is the result of our history, of our family identity. (...) It is important to perpetuate this identity across generations and not distort in any way what has led us to become what we are today” (Firm 7, older generation).</p> <p>“I am convinced that it is necessary to build on our family history, on our experience, on our values (...) and on our frailties, to ensure that the firm becomes even more successful for the next generations” (Firm 7, younger generation).</p> <p>“The history of our family, with its joys and sorrows, with its good and bad moments, has always traced the paths chosen for our firm. (...) There is no firm without the family. We cannot forget the past: we must continue along the same line drawn by the founder, out of respect for our roots” (Firm 3, older generation).</p> <p>“I would like my father to accept the idea that modifying previous strategies does not mean betraying the family. (...) It means updating family values and our history, building our future on them, creating paths for growth and development” (Firm 8, younger generation).</p>

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**Table 5**

Exemplary quotes: Family mirroring.

	QUOTES
Conflict management	<p>“We are a family, and preserving our unity and cohesion is the most main important thing. So, we manage our emotions, promoting a peaceful climate to avoid conflicts” (Firm 2, younger generation).</p> <p>“In our family firm, the term ‘conflict’ does not exist. We accept each decision without difficulty” (Firm 10, middle generation).</p> <p>“We do not step on anyone’s toes, and we do not intend to pursue strategies that would let us grow at the expense of others. (...) Why steal a slice of cake from others? (Firm 2, younger generation).</p> <p>“Conflicts are challenging to manage. (...) We prefer to avoid them. (...) Rarely, when a conflict happens, we don’t look for a solution, but we prefer to wait for people to calm down. In this way, (...) we contribute to the wealth of our firm” (Firm 2, younger generation).</p> <p>“The worst conflict I can remember was when I experimented with a new line of products dedicated to the generational transition. It wanted it to be the symbol of my actual entry into the company. (...) My idea was not appreciated” Firm 2, younger generation).</p> <p>“My idea was not appreciated, and I preferred to stay calm. (...) My new line is safe in my lab. (...) I will wait for better times. It is useless to keep hitting against the wall. (...) You risk losing family harmony” (Firm 2, younger generation).</p>
Decision-making style	<p>“I’m the senior, and I know our firm very well. Because of this, I have the responsibility to make decisions. Luckily, the other family members see me as their leader and recognize my authority” (Firm 10, older generation).</p> <p>“Moreover, centralized decisions allow us to avoid conflicts” (Firm 9, older generation).</p> <p>“My father has the decision-making power in his hand. (...) It’s not his imposition: it’s our investiture of him” (Firm 10, middle generation).</p> <p>“As a result of his experience and wisdom, we recognize that my grandfather has to make the final decision” (Firm 10, younger generation).</p> <p>“All decisions are still made by my father. I find this to be right because this undertaking is in his name. (...) He has been able, over the years, to create an organizational culture based on the values, beliefs, and faith that have always characterized our family” (Firm 2, middle generation).</p> <p>“The final decision, especially if related to innovations and strategies, must be made by my father, who is responsible for everything. (...) He has more experience and certainly knows the market better than me” (Firm 9, younger generation).</p>

Psychological ownership	<p>“This firm is a great treasure for me, and I’m spending all my efforts here. I can’t imagine this empire in the hands of others. (...) This is my home” (Firm 10, middle generation).</p> <p>“This has been our family’s firm for generations. (...) I’ve been committed and engaged since my childhood, so I cannot imagine my firm being managed by people outside the family” (Firm 2, younger generation).</p> <p>“The firm is mine, and I feel responsible for its future. (...) I recognize the merits of my grandfather, and I believe that he is the right person to make decisions and lead the firm as long as he can” (Firm 9, younger generation).</p> <p>“This is my home, built with difficulty by my grandfather; I would never want it to collapse because of my haste to acquire a leadership role. He is a great entrepreneur, and his experience is essential for spotting opportunities” (Firm 10, younger generation).</p>
Family embeddedness	<p>“My firm is part of my history and the history of my family. (...) It’s my life and the life of my family. (...) We manage the firm as we manage our family. Our firm reflects our family in every aspect” (Firm 10, middle generation).</p> <p>“Our family firm is characterized by family values, history, language, and family moments we lived through. (...) Our firm feels the same moods as our family. When we are happy, we are more prone to make risky decisions and engage in risky initiatives, while when we are sad because of certain family events, we are less optimistic, and we thus stay still” (Firm 9, younger generation).</p> <p>“In the firm I see everything that is my family today and has been in the past. (...) It’s like looking in the mirror and finding yourself. Every family moment is narrated in every single artifact as if to store our emotions and our history for eternity” (Firm 2, younger generation).</p> <p>“The story of our firm is the story of our family. What happens in our firm reflects what happens in our family, and vice versa. This means that family and firm share the same path” (Firm 9, younger generation).</p> <p>“When my wife died, the hole she left was felt everywhere, at home and in the firm. (...) Our turnover dropped considerably because I was unable to react immediately, and it took me some time to recover my determination” (Firm 2, older generation).</p>

**Table 6**

Exemplary quotes: Evolutionary adaptation

FACTORS	QUOTES
Conflict management	<p>“Daily conflicts create a passionate climate, fervent and rich with new ideas” (Firm 4, younger generation).</p> <p>“We are not afraid of conflict. We focus on the what, ignoring the who. In this way, we can be objective and avoid conflicts due to individual perspectives. This helps us achieve a new equilibrium” (Firm 5, older generation).</p> <p>“There is constructive passion, not the will to destroy. (...) That is a frequent reason for conflicts otherwise” (Firm 4, younger generation).</p> <p>“Conflicts are necessary to improve, to change, to choose among different alternatives” (Firm 4, older generation).</p>
Decision-making style	<p>“In my family firm, I have the same relevance as the other family members. We decide together. The firm is ours, and then we know what we have to do. Family involvement is the foundation for making the right decision” (Firm 4, older generation).</p> <p>“We’d like to transfer our family firm across generations, introducing innovation in products and processes. (...) We share all decisions, and we are all involved in our firm” (Firm 4, younger generation).</p> <p>“Decisions are made with the involvement of everyone. (...) We decide together and also with our collaborators. The firm is ours, and we all have the duty and the responsibility to decide. (...) We operate consensually, and all of us are invited to conceive new ideas and develop innovative projects to be discussed” (Firm 5, older generation).</p> <p>“When we have to make an important decision that could also define a historical turning point in our family business, we share everything with our employees, collaborators, and consultants. This allows us to incorporate as many suggestions as possible and thus come to a decision that represents the highest possible consensus. (...) We are all in the same boat, so it is right to share everything” (Firm 5, younger generation).</p>
Psychological ownership	<p>“Our firm is like a sister to me. It’s part of my family and me. We thank our ancestors, (...) and our family nurtures and loves the firm. In the same way, I know that growing implies involving others to help (...) as my abilities alone might not be sufficient” (Firm 6, younger generation).</p> <p>“I believe that growing means opening up our firm and including people outside the family to identify and spot new opportunities” (Firm 4, older generation).</p>
Family embeddedness	<p>“We try to rely on our family history and on the values that hold it steady in order to change, innovate and, above all, make ourselves appreciated by the market” (Firm 4, younger generation).</p> <p>“The values of our family and the reputation that our firm has, thanks to my grandfather’s good soul, allowed us to build our external image. Now customers want to get excited when they buy something, and we move them, starting with the history of our family” (Firm 4, younger generation).</p> <p>“Our firm today is going strong (...) thanks to what our family has been able to pass on from generation to generation. We share a robust conglomerate of values, especially remarkable resistance and hard work. We also</p>



	<p>share this externally with our customers and our competitors, and above all, at international trade fairs. (...) Many photos are hanging on the walls (...) pictures of our family, of our ancestors (...) in black and white. They have a particular effect on our customers. This is our strategy: depending on the family to get the business off the ground, growing from the local to the international market” (Firm 4, younger generation).</p> <p>“Our products embody our traditions, our values, and our history, but not in a static way. We build on those to change our firm, innovating, and above all, making ourselves appreciated by the market” (Firm 6, older generation).</p>
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## **APPENDIX – Interview Protocol**

### **Examples of interviewee questions**

#### ***1 PART- Demographic data***

Name and surname of the family member active in the board; role in the family firm; place, date, and duration of the interview; firm name and legal status; location of the firm; name of the owner; number of generations that have worked or currently work in the firm; number of family members actively employed today and their roles; whether the founder is still alive; number of non-family employees; value of sales (in euros); presence in foreign markets; firm strengths and weaknesses; other information offered.

#### ***2 PART - Interview***

- Could you tell me the history of your family firm? (unstructured)
- Could you provide some exemplary anecdotes? (semi-structured)
- What are the main innovations introduced in your family firm? (semi-structured)
- What are the main challenges your firm faces and what strategies do you use to address them? (semi-structured)
- How do you decide which strategy to follow? (semi-structured)
- Are you involved in potentially risky projects? (semi-structured)

Authors statement

Authors are in alphabetical order because their efforts are similar in the study development