



## The concept of “Familiness” Literature review and systems theory-based reflections

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### ABSTRACT

Familiness is one of the central concepts of family business research. Nevertheless there has been little research explicitly dedicated to familiness. The literature analyzed reveals four research strands that all have very different approaches. Based on systems theory, which interprets social systems (such as families or enterprises) as autopoietically closed meaning systems, consisting of communication and decisions, familiness is discussed. Familiness is the specific result of the structural coupling of family and enterprise, which can bring forth a particular identity as a family business that has grown historically and incorporates different content relations such as particular abilities to innovate. Familiness shows both manifest and latent characteristics and thus requires specific methods of diagnosis. Objective hermeneutics fulfils these requirements. A case-based research strategy seems to be a suitable approach for developing typologies of familiness.

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### 1. Introduction

Family business scholars purport to study a unique entity in society: family businesses. A rather new but key concept for understanding the family business is “familiness”. Since Habbershon and Williams (1999) introduced the concept of familiness, several contributions have been made (e.g. the social capital approach to familiness) to advance the understanding of the essence of family businesses. A better understanding of familiness and effects resulting from familiness on goals, behaviors and performance(s) of family businesses is considered as a prerequisite for theoretical progress in family business research (Hack, 2009).

Habbershon and Williams (1999, p. 11) define familiness “as the unique bundle of resources a particular firm has because of the systems interactions between the family, its individual members, and the business”. The field of family business research has struggled since its inception to recognize and clarify the distinctive qualities of this type of organization, and the concept of familiness may uncloset a perspective for uncovering these qualities. The familiness concept tries to answer the question “How are family businesses different from other types of businesses (i.e., non-family businesses)?” In most countries the great majority of enterprises are family

businesses (IFERA, 2003), and these economies boast numerous academic research and educational facilities (Sharma, Hoy, Astrachan, & Koiranen, 2007), but the context factor of “family” as a relevant factor of influence on competitive advantages and disadvantages, as well as the success of family businesses, has been widely ignored in research (Astrachan, 2010) – despite the reasonable assumption of its significant explanatory potential (Dyer, 2003).

Although attempts have been made to review the development of the familiness concept (e.g. Pearson, Carr, & Shaw, 2008), there is a definite need for describing and reflecting on the current state-of-the-art of research on familiness because of its core value for family business research and the heterogeneity of approaches in extant research. Different approaches are a barrier to cumulative progress in family business research. For this, a unified theoretical framework is necessary, which, due to the heterogeneity of approaches requires a suitably abstract theory such as systems theory to integrate these approaches.

Given this importance of “familiness” for scholars and family firms, there is a need to summarize and systematize extant knowledge and setting the stage for further advances. Against the backdrop of this research deficit and the different approaches to familiness, the question arises whether research strands can be recognized, how these can be characterized and how their results can be (selectively) integrated into a theory that is in itself appropriately complex to subsume family and enterprises with their own specific types of logic.

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Therefore, the two purposes of this paper are (1) a description and appraisal of English- and German-speaking journal literature which directly addresses the concept of familiness in order to identify potentially different strands of research. The identification of these strings is based on a systematic search of the literature. (2) The reflection on the current state-of-the-art using modern systems theory, which considers social systems as autopoietic systems as a general point of reference (Luhmann, 1995, 2000). In addition, methodological suggestions are developed for enhancing familiness research. Finally, an attempt is made to redefine the familiness concept. The paper is structured accordingly.

This research contributes in two significant ways to familiness research: (1) It offers a new perspective for researching familiness. (2) It makes a selective use of extant research on familiness and integrates it into this new theoretical and methodological perspective.

## 2. Literature review

In this chapter method and results of the literature review are presented. As a conclusion, the systematized research results are critically analyzed.

### 2.1. Method of the literature review: search procedure and clustering of articles

To further the understanding of the familiness concept, we reviewed publications appearing in highly regarded scholarly journals recommended by Chrisman, Chua, Kellermanns, Matherne, and Debicki (2008). They asked 40 scholars who published in the family business field to judge where relevant research should be published. The results enable an overview of 22 ranked management journals. Based on this result we chose the top nine journals which were ranked according to these authors as “outstanding” and “significant” for family-firm-related research. These journals are: Family Business Review, Entrepreneurship Theory and Practice, Journal of Business Venturing, Academy of Management Journal, Academy of Management Review, Strategic Management Journal, Administrative Science Quarterly, Journal of Small Business Management, and Journal of Management Studies. In addition, we included the only German-speaking journal that publishes family business research on a regular basis, Zeitschrift für Klein- und Mittelunternehmen und Entrepreneurship. We also added the newly established Journal of Family Business Strategy, which has been available online since February 2010. In addition, we included the Strategic Entrepreneurship Journal (founded in 2007). Apart from the journals listed, we searched the ABI/Inform database, starting with the year 1999 (since the seminal article from Habbershon and Williams was published in this year) and ending with March 2010.

For the search procedure we used the search string “familiness” or “familyness”, which had to be included in title, keywords, or abstract. We are aware of the fact that there are many more publications which advance the understanding of the familiness concept. Thus one can expect that the articles included in our review explicitly deal with the familiness topic to a higher degree.

Based on this search procedure we extracted 17 articles. A closer examination going beyond an analysis of the abstracts revealed that 15 theoretical or empirical articles really addressed the familiness topic. Seven articles were published in Entrepreneurship Theory and Practice, five in Family Business Review, one article each in the Journal of Business Venturing, Journal of Management Studies and Journal of Family Business Strategy. The articles were inductively grouped into four clusters according to their thematic similarities or differences: ‘conceptual research articles on familiness’, ‘social capital theory of familiness’, ‘area-specific articles on familiness’ and

‘measurement of familiness’. These four clusters provide a systematized insight into the development so far and the current state of research. In the next step a rough overview is given in order to make the logic behind the clustering transparent.

*Conceptual research articles* address questions of how familiness can be explained. These articles refer to the resource-based view (RBV) of the firm and to systems theory. In this category no empirical papers could be identified. The article by Habbershon and Williams (1999) indicates the beginning of familiness research. From this, Habbershon, Williams, and MacMillan (2003) developed the unified systems model ‘the family business social system’, which was later expanded by environmental components by Habbershon (2006) and also adds the interactions between the ‘family business social system’ and its environment in a family business ecosystem model. Moores (2009) describes familiness in relation to the RBV and characterizes it as a “somewhat fuzzy concept”, raising the question “whether all family firms do possess familiness resources” (p. 174). Zellweger, Eddleston, and Kellermanns (2010) build on the work of Habbershon and Williams (1999) and Habbershon et al. (2003) and develop a new, comprehensive concept of familiness based on the involvement approach, the essence approach and organizational identity. According to this, familiness is the result of a (selective) interplay of these three components. The unifying characteristic of this cluster is the conceptual approach of the articles.

*Social capital theory of familiness*: these articles refer to a middle range theory, the social capital theory. These papers are usually concept-driven, discussing different dimensions and variables and how these can be used to describe and explain familiness. One of the first papers explicitly relating social capital theory with familiness was written by Lester and Cannella (2006), who focus on the concept of ‘community-level social capital’. Besides Lester and Cannella (2006), also Pearson et al. (2008) rely on social capital theory in order to point out limits and weaknesses of the RBV and to contribute towards expanding the theoretical discourse on familiness. The final article in this cluster was written by Sharma (2008) as a commentary on the article by Pearson et al. (2008). She extends the social capital model of familiness by the internal and external perspectives. The articles of this cluster are connected through social capital theory.

*Area-specific articles* usually discuss the familiness topic with regard to a specific content. This cluster is characterized by heterogeneity concerning the selection of topics. Chronologically, starting with Ensley and Pearson (2005), the main focus first was on top management teams (TMT). Their research, guided by the upper echelon perspective, is based on an empirical-quantitative analysis of three distinct forms of TMT with different realizations of familiness in new firms. Nordqvist’s (2005) commentary on Ensley and Pearson (2005) reflects the importance of TMT as a competitive advantage. A higher familiness results in higher cohesion, task conflict, potency and shared strategic consensus. Another approach is chosen by Craig and Moores (2005), who relate familiness to the management tool of the Balanced Scorecard. Tokarczyk, Hansen, Green, and Down (2007) introduce another topic into familiness research and try to explain how familiness is expressed in the market orientation of a firm. Minichilli, Corbetta, and MacMillan (2010) focus, like the study by Ensley and Pearson (2005), on TMT familiness and its effect on firm performance. The articles of this cluster have in common that familiness manifests itself in a specific area.

*Measurement of familiness*: This cluster primarily refers to the F-PEC scale, which consists of the dimensions of power, experience and culture (Astrachan, Klein, & Smyrniotis, 2002; Klein, Astrachan, & Smyrniotis, 2005). To overcome the limitations of the dichotomous classification into family and non-family businesses, the F-PEC scale was developed, which is based on a multidimensional approach to measure family influence and enables measuring the

continuous family flow. Two articles were allocated to this cluster. Rutherford, Kuratko, and Holt (2008) and Holt, Rutherford, and Kuratko (2010) are concerned with measuring family influence and its effect on the performance of family businesses, ultimately using the term familiness for what is measured by the family influence scale. These articles are combined into a cluster by the idea of measuring the family influence.

## 2.2. Results of the literature review

Following this description of the logic of clustering, an in-depth view of the clusters is provided.

### 2.2.1. Conceptual articles on familiness

The starting point for Habbershon and Williams (1999), who introduced the term familiness into academic discussion, is the criticism that there are no conclusive models for explaining and analyzing family-firm performance. They build their argument and explanatory model on the RBV. The RBV is used as a theoretical framework model for identifying specific, idiosyncratic resources of an enterprise and, based on this, Habbershon and Williams (1999, p. 11) define familiness as “the unique bundle of resources a particular firm has because of the systems interaction between the family, its individual members, and the business”.

The prevailing model in familiness research describes family businesses as a system consisting of interacting sub-systems, which is depicted in two-circle model as family and enterprise, or in a three-circle model as family, managers and owners (e.g. Moores, 2009). Because of the interaction of the two sub-systems (family, enterprise) the system family business emerges. This ‘dual systems approach’ (Swartz, 1989) interprets the family as the “intervening variable”, which has an effect on the firm and the firm’s performance. This view implies a focus on the mechanisms that delimit and sustain the sub-systems, while their coupling and synergies that thus emerge are neglected. The overlapping-circle model can be used to visualise expectation structures, relations as well as role and action patterns, but it cannot determine the effect of sub-system interaction on performance. It is static and does not take the process dynamics of the respective sub-system and sub-system logic resulting from it into account (Habbershon et al., 2003). As a reaction to this criticism, Habbershon et al. (2003) developed ‘the family business social system’ as a meta-system, which consists of the family, the firm and the individual family members and which is turned into the family business social system through the interdependencies of these three sub-systems. “It is impossible to bracket off the influences of one sub-system from the other, or to speak as if one part of the system can be pulled apart from the other” (p. 455). Thus the unified systems perspective implies the inseparability of the sub-systems and their specific resources. The systemic relationships between resources and capabilities of the individual sub-systems can be a source of advantage or constraint to the performance outcomes; i.e. familiness need not always have a positive effect on performance. Chrisman, Chua, and Litz (2003) further distinguish between resources and capabilities *related* to family involvement and resources and capabilities *unrelated* to family involvement and interactions. This results in the challenge to distinguish these also empirically.

Starting from the assumption that interdependencies between the firm and its environment are relevant for developing resources and capabilities (Zacharakis, Shepherd, & Coombs, 2003), Habbershon (2006) stresses an extension of the “family business social system” by the input-output-relations between the family business and its environment in an ecosystem model and postulates that familiness is also influenced by the social and economic environment. Here the theoretical approach chosen in the form of the open systems model can be seen. Moores (2009)

also underlines the importance of the overlapping-circle model and the open systems model, as well as the interaction of the two sub-systems that depend on each other.

Zellweger et al. (2010) have developed a new model to describe and explain familiness by distinguishing three dimensions: “the components of family involvement”, which concentrate on family ownership, management and control; “the essence of such involvement”, which describes the effects of behavior and abilities of a family on the enterprise (Chua, Chrisman, & Sharma, 1999) and the “organizational identity”, which rests on family identity and records the perception of the firm as a family business by family and staff. In addition, family-firm identity also has external effects and influences e.g. the customers’ perception. These three dimensions are depicted as overlapping circles in a three-circle model. This now gives researchers the possibility to describe seven types of family business and familiness, which represents a significant analytical gain in comparison to separating distinctive familiness (generating competitive advantages) and constrictive familiness (generating competitive disadvantages).

### 2.2.2. Social capital theory of familiness

Building on the work of Habbershon and Williams (1999) with its focus on the RBV, social capital theory has been taken as a framework model “...to identify the unique behavioral resources and capabilities of family firms, as well as the antecedents of social capital unique to family firms” (Pearson et al., 2008, p. 950). Social capital is defined as “...the sum of the actual and potential resources embedded within, available through, and derived from the network of relationships possessed by an individual or social unit” (Nahapiet & Ghoshal, 1998, p. 243). Social capital is generally a difficult to copy and tacit resource, which thus makes imitation by other companies difficult and can so be a competitive advantage for the respective family business (Pearson et al., 2008).

Social capital in family business develops over time and generations and is formed by the values and norms of the family. Using the social capital theory, an attempt is made to throw light on those dimensions of familiness that the RBV does not take into consideration and sees as the “black box of familiness” (Pearson et al., 2008). Particularly when analyzing specific behavioral and social aspects of family business, the RBV is not exact enough (Hoopes, Madsen, & Walker, 2003); neither has it helped make specifying and making the familiness construct more concrete, but, quite to the contrary, brought forth a research field characterized by a plethora of theories. Because of the RBV’s limits and weaknesses, Pearson et al. (2008) suggest a model that takes the specific elements of familiness resources into account. They assume that social capital manifests itself by means of the “structural dimension of familiness”, “cognitive dimension of familiness” and “relational dimension of familiness”. These three dimensions represent family-firm resources that have an effect on family business capabilities (such as e.g. collective goals).

The literature review shows that in this cluster two different approaches, the sequential approach and the synergetic approach, have been established. The sequential approach (Arregle, Hitt, Sirmon, & Very, 2007) focuses on the process of unidirectional transformation of the family social capital into organizational social capital. From a process perspective, the transformation is achieved step-by-step by means of four dynamic factors: stability, interaction, interdependence, and closure. In line with this approach, the social capital a family brings into the enterprise is seen as a valuable resource enabling a competitive advantage for the firm. The synergetic approach (Pearson et al., 2008), sees the family system not as separate from the organizational system, but as a unit, whose interactions result in social capital. In contrast to the sequential approach, which tackles the question how organizational social capital emerges from family social capital,

the synergetic approach is concerned with the specific components of social capital (e.g. the structural dimension of familiness). According to Sharma (2008), the focus of analysis in the two approaches has to be established: the focus of relations can be within a social system, which is then called 'bonding social capital', while the relations of a social system to external stakeholders are referred to as 'bridging social capital'.

Social capital theory involves a closer determination of family-firm resources and capabilities as components of familiness. However, financial, physical and human resources, which can also incorporate components of familiness (Mühlebach, 2004), are excluded. Hence further theorizing is needed to understand familiness fully.

### 2.2.3. Area-specific articles on familiness

The articles attributed to this cluster combine familiness with various topics. The focus is less on the theoretical development of the familiness concept, but on analyzing the emergence and effect of familiness in various areas in the organization. The articles of Ensley and Pearson (2005), Nordqvist (2005) and Minichilli et al. (2010) discuss TMT familiness.

On the one hand, the focus is on analyzing differences in behavior patterns in TMT in regard to the three characteristics parental, familial and non-familial. The basic assumption is that familiness is a valuable resource in TMT and, compared to non-familial TMT, in respect of the four dynamic elements conflict, cohesion, potency and shared strategic cognition, results in more effective behavior. For this reason, a classification into family business and non-family business, as well as into parental and familial teams, has been made. Parental teams, according to Ensley and Pearson (2005), consist of parents and other family members, while familial teams are made up of family members without parental ties. Because of their position of authority, parents create team dynamics characterized through high cohesion, which differentiates it from the team dynamics in familial teams. On the other hand, the focus on the effect of TMT familiness on firm performance is analyzed. The core element of all work in TMT familiness research is its common theoretical background, the upper echelon perspective (Minichilli et al., 2010).

Tokarczyk et al. (2007) are dedicated to studying familiness in connection with market orientation. According to their assumptions, familiness creates specific contextual conditions that further the creation of a market-oriented culture, which then (in most cases) has a positive correlation to firm performance. Another approach is taken by Craig and Moores (2005), who integrate the Balanced Scorecard (BSC) (Kaplan & Norton, 1992), into family business research and identify it as a suitable instrument for depicting the strategic complexity of family businesses. The BSC comprises four perspectives: financial, customer, internal processes, innovation and learning, which together with vision and mission are used for strategy development and implementation. The authors extend each perspective by familiness, to which a core essence of the family firm, closely related to the F-PEC scale that has an effect on all four perspectives, is central.

### 2.2.4. Measurement approach to familiness

One main task of family business research is measuring the effect of the family's influence on the firm (Chrisman, Kellermanns, Chan, & Liano, 2010). This involves the claim to overcome the dichotomy (e.g. Lee, 2004; McConaughy, Matthews, & Fialko, 2001) of family and non-family businesses. A perspective that is new in this context has been added by Astrachan et al. (2002) and Klein et al. (2005), who abandon the dichotomous focus and suggest a multidimensional approach for measuring family influence. The dimensions they use are power, experience and culture (F-PEC scale). Apart from continuous measurement of family influence,

another advantage of the F-PEC is that it integrates the components of involvement approach with the essence of family influence approach. The F-PEC defines the components of family involvement (i.e., power) and the more attitudinal elements found in the essence approach (i.e., experience and culture).

In further studies using this scale, Rutherford et al. (2008) and Holt et al. (2010) have shown that the F-PEC scale measures the potential family influence, but does not properly determine the essence of the firm. This involvement vs. essence approach has been addressed by Chrisman, Chua, and Sharma (2005), who see "involvement as a necessary, but not sufficient, condition of familiness [, but] when considering the familiness/performance relationship, the essence of familiness must also be assessed" (Rutherford et al., 2008, p. 1105). They thus suggest emphasizing a theoretically solid development of family influence performance for measuring familiness further. Multidimensional models are to be developed that take intervening variables into account, such as the essence as a mediator between involvement and performance.

### 2.3. Critical analysis of clusters

Overall, the approaches to familiness look distinctively heterogeneous, which hinders cumulative research progress. The low number of articles and four clusters in any case make this expectation look unrealistic.

Conceptual articles prevalently employ theories of medium or great reach (RBV and systems theory). Deeper analysis and specification of the topic based on these theories going beyond purely conceptual deliberations have hardly taken place. If at all, this has been the case with the social capital approach, which still uses the term social capital in an instrumentally limited sense. According to this, each family can make use of a specific (historically grown and trust-based) network of relations, which can also be exploited for the enterprise in order to e.g. get access to information or other resources not available in the market. From this point of view, it is a resource that potentially generates or secures competitive advantages, which can be included under the RBV. In particular, the "black box of familiness" of the RBV can be dealt with and filled with content through the social capital approach.

The area-specific cluster shows the most internal heterogeneity. Here, individual topics are dealt with independently, e.g. market orientation and familiness. While the systems-theoretical and social capital based approaches call for comparatively abstract, comprehensively designed and thus research-wise demanding implementation efforts in their empirical application, the opposite is the case with the area-specific cluster: it is empirical, focusing on concrete topics.

Those papers claiming to measure family influence follow a methodologically sound approach. Hence validated scales exist, which – compared to other work – have led to concrete results. They centre around measuring the potential family influence based on manifest characteristics. The manifestation of familiness and its identity-creating effect on the family business cannot be measured in this way, though this claim has not been made either.

### 3. Systems-theoretical reflections on familiness

Systems theory, as used for the remainder of this paper, is based on Niklas Luhmann's theory 'Social Systems' (1995) and their application to organizations (Luhmann, 2000).<sup>1</sup> As systems theory

<sup>1</sup> Luhmann's systems theory differs from the theory of social systems of Talcott Parsons (1951). For an informative introduction to the theory of social systems according to Luhmann, see Knodt (1995). It also differs from open systems theory, which is the prevailing approach in family business research. Open systems theory refers to organizations consisting of individuals (e.g. Pieper & Klein, 2007), which is not the case in Luhmann's systems theory.

is characterized by great complexity and reach and thus a high degree of abstraction, occasionally simple examples will be provided in the text to facilitate understanding. Systems theory offers a broad, general reference framework that allows tackling questions from various social-science disciplines (e.g. management, sociology, etc.) from a theoretical angle. It shows a high degree of specific complexity, enabling it to deal with the complexity of problems in the social sciences effectively and to refrain from making unproductive simplifications and trivializations (Willke, 1996). It is thus particularly suitable for researching family businesses.

There are several reasons why systems theory is particularly suitable for analyzing family businesses: (i) it focuses on communication as the foundation of all social systems, with their relative stabilization vis-a-vis their environment at its centre (i.e., the question of the specific creation of structures in families and enterprises as a form of ordering behavioral expectations). (ii) The relationship between system and environment is important in this version of systems theory. This enables one to emphasize two environment relationships that are particularly important for family businesses: that between family and enterprise, with the interplay between the respective behavior and decision premises of both systems being especially important, and that between persons (i.e., psychic systems) and family businesses (i.e., social systems) as the interaction of two categorically different but mutually dependent systems, which allows one to thematize both the two systems' momentum and their structural coupling. (iii) As a constructivist theory, it always presumes that every environment of a system is seen as constituted by the system and thus the meaning of the family business can be perceived differently depending on the observer's point of view (family or enterprise), which in turn makes aligning the two systems problematic. (iv) Beyond that it has proven its ability to perform from a scientific and practical point of view in a variety of cases (e.g. Simon, Wimmer, & Groth, 2005).

### 3.1. Theory of social systems

In line with Luhmann (1990, 1995, 2000), we assume that both systems, enterprise and family, consist of communication and not of people or the relations between them. Families and firms are interpreted as social systems that create themselves (autopoiesis), and are structurally determined and operationally closed. Families and enterprises are social autopoietic systems, consisting of self-producing elements (communication).

#### 3.1.1. Foundations

An autopoietic system, referring to social systems, consists of communication and reproduces the communication it consists of by means of communication. Communication is based on the tripartite selection of information, utterance, and understanding. Information thus selected is not transmitted, but translated into an observable message that is then interpreted by others. The important thing is not whether the original information was understood correctly or not, but what follow-up communication results from this. What matters is the fact that the third selection – understanding – provokes a response and thus permits the continuation of the autopoiesis of the system (Knodt, 1995). Through an utterance communication becomes action, attributable to persons. From this perspective, social systems are based on chains of communication that make use of psychic systems (namely persons). In doing so, social systems (like psychic systems – persons) depend – as regards their autopoiesis – on meaning as a referential horizon for potential connectivity. By means of which the system delimits itself from its environment. Meaning can be decomposed into three dimensions: the temporal dimension, the

factual dimension and the social dimension. The temporal dimension refers to the difference before – after. It determines, amongst other things, the presence of the respective system-specific time horizon. The factual dimension concerns the themes of meaningful communication and the social dimension refers particularly to questions of dissent and consensus, i.e. communicated differences and commonalities in opinion. If a family business, for instance, describes its history, this is based on a multiple selection of what is seen as (historically) relevant in the first place (factual dimension), who shaped this history in what way (social dimension) and when it started as well as what can be considered historical key events (temporal dimension), which is a system-specific decision. The self-description so created generates meaning, which provides possibilities for connectivity and serves to delimit the family business from its environment.

Persons, as psychic systems operating on the basis of consciousness, are part of the environment of social systems: by generating actions, they provide the source material for communication in social systems. Still, this material during the process of understanding has to be interpreted, which means that information is always processed and so this understanding cannot be controlled by those who initiated the message. Thus, the social system based on communication is decoupled from their conscious acts of people even though both are interlinked. The concept of interpenetration and structural coupling characterizes the interdependencies between (the) two autopoietic systems. As structurally coupled systems, they are mutually dependent and constitute a relevant environment for each other. During interpenetration, they contribute to each other's constitution or irritate each other: persons, by enabling communication in a social system through their utterance actions; social systems, by initiating the conditions for conscious acts in the communication process. In this way, social systems' susceptibility for irritations stemming from psychic systems varies. So, for instance, owners of a family business, when they take management measures (intervene), do not automatically find a condition of connectivity because of their position in the firm. It might be possible that a team of outside managers proposes interventions that are more easily connected to the meaning structures and ways of operations and so gains more actual influence than their formal position would suggest. Measuring family involvement can so lead to a distorted impression regarding the *actual* family influence. On the other hand, the family business influences the expectations of the people active in it through its development.

The basic assumptions of Luhmann's theory include that (a) social systems exist. This ontological claim implies that they are not an analytical category, but that social systems are empirical facts. This results in the guiding difference of this theory, the system – environment difference. Every system is based on a differentiation: what is outside the system's meaning horizon is environment. This differentiation is the starting point of this systems-theoretical approach. Systems use their boundaries to regulate this difference. Boundary maintenance is thus equal to system maintenance. (b) To maintain the system, social systems require meaning. Meaning selects from the plethora of options available. Meaning reduces complexity and produces order. It so constitutes and maintains the system – environment difference. All social systems are subject to obligatory meaning that is generated self-referentially. (c) Social systems as meaning-processing systems refer to themselves in their operations. Self-reference means that meaning enables its own reproduction by continuously referring to itself. Processing meaning presupposes the condition of connectivity with what has happened before. (d) Social systems are seen as operationally closed. Operational closure emerges because system states and processes are only determined by their own structure. The environment has no direct influence on the

system, but it is processed through the system-specific structures, as long as these enable perception and irritation. Systems thus (re-)act determined by their structure and also dependent on their own history. The prevailing structures are the result of organizational learning processes. Social systems, despite their operational closedness, stand in exchange relations with the (relevant) environment. What is relevant is determined by structure. (e) Observing the environment and the system itself is dependent on the system's structures. A system only perceives what it can perceive on the basis of its structures. Even self-observation is so determined by structure. Structures come into existence when expectations are stabilized. (f) Stabilizing expectations in social systems refers to the stabilization of meaning structures. Communication is guided by these meaning structures and is so based on selection. (Meaning) structures control communication and actions within the given "meaning boundaries" by, at the same time, enabling and restricting this. (g) Regarding organizations such as firms, Luhmann (2000) focuses autopoiesis on communicating decisions and on "decision" as a basal element which organizations as social systems consist of: organizations thus come into being and reproduce through decisions. Their operational closure is effected on the basis of decisions. (h) In organizations, autopoiesis is "guided" through decision premises, which set a framework for decisions and so also absorb insecurity. Decisions therefore need not just be able to connect to decisions, they are also based on decision premises.

### 3.1.2. The family of the family business as a social system

We now assume that family businesses consist of the coupling of at least two social systems, the system of family and the system of enterprise, and not (as is the case in Habbershon et al., 2003) of two sub-systems. Both systems constitute environments that are meaningful for each other and influence each other to various extents, as they are in an interpenetration relation. This means that both systems provide their own complexity for establishing another one, i.e. they contribute to their maintenance. If in this interdependency one differentiates between the family's influence on the enterprise and the enterprise's on the family, the former would be called the "familiness" of the enterprise, and the latter the "enterpriseness" of the family. In the case of interpenetration these two effects always co-occur, as the receiving system also has an effect on the creating of structures in the penetrating system. Here, family businesses differ in the way they handle this interdependent development. First, however, the question arises what makes the system 'family' so special compared to the system 'enterprise' in the case of family businesses?

While social systems (such as enterprises) are generally characterized as arrangements that abstract away from persons, families typically excel through a high degree of people-orientation. While non-family members of the enterprise are only integrated in their roles as members and workers, family members are more strongly tied to the firm in their whole personality. This commitment contributes to creating identity for the family members (compare the importance of identity confirmation in family business; Milton, 2008; Klein, 2008). Still, from the systems-theoretical perspective, the main focus of the family system is not on the person, but on communication. Anything relating to a family member is open to communication in the family. Pure behavior, walking for instance, would be an extra-familial event, even if it took place in the house, but when it takes place in the house it is almost inevitably seen as communication and therefore it becomes communication (Luhmann, 1990). The family is thus a place where the overall behavior of a person (in- and outside the family, e.g. at work) becomes the reference point for communication and can therefore be made visible, monitored and supported. The system 'family', which makes everything relating to a person communi-

cable, is hence characterized by potentially uninhibited communication. In the context of a family business, this structurally given possibility has to be inhibited and selectively de-inhibited, so that family problems are not brought into the enterprise too much, but the advantages of open communication can still be made use of. In the context of communication options, i.e. their inhibition and de-inhibition, structures emerge that create imbalances in the use of the communication options (e.g. members of the family do not talk to others about all topics or not in the same way). In this way, families create their own structure and identity, and subsequently their own history, which makes it possible to differentiate between them.

Every family, therefore, provides a specific environment for the (its) enterprise. This provision is anything but stable: the system 'family' gains specific momentum through changes in membership or structural characteristics of persons: in the family, for instance, such changes in membership are caused by birth, death, marriage or divorce, with the additional membership rules not being specified (and thus the person as a whole being involved). However, even for persons having married into a family, separation has far-reaching consequences that, for example through their children, affect a person for one's entire life. Membership in the family in general generates special loyalty towards other family members and the enterprise. While non-familial members in a firm can expect an approximate balance between performance and consideration (as for instance stated in the contract of employment), membership in the family of the family business involves a commitment to making sacrifices and special efforts that are not remunerated accordingly, which in times of crisis can be an advantage for family businesses (Simon, 2005). On a person level it is mainly the family cycle (from childhood to old age) that follows a specific pattern. There are certainly role differentiations (particularly the difference parents – children), which partly cannot be altered. A father will always remain the father of his children. Additionally, also in the family there is the possibility of forming sub-systems (e.g. the sub-system "marriage", as there are certain topics not discussed in front of the kids; young family members who see themselves in opposition to the older generation; or family clans). Each sub-system created, with the exception of marriage, is a problem for the family, as it contradicts the idea of a community of persons and so furthers the conflict potential within the family (Luhmann, 1990).

In this description, typical differences to enterprises become clear: in enterprises it is not people-orientation, but function-orientation, on which membership and work roles hinge, that is important. Membership in the system 'enterprise' constitutes a decisive difference to membership in the family system: membership in the enterprise is based on the firm's decision for a person (or vice versa) and is tied to the fulfilment of specific-organization-related expectations. If these expectations are not met, membership can be terminated; similarly, the person can give up its membership and leave the firm, without any direct consequences for the relationship between enterprise and person. In this respect, the principle of replaceability prevails (although this is not fully valid for many smaller enterprises, which depend on the competence, experience and networks of one individual or very few persons).

To what extent and at what quality family and enterprises of the system 'family business' really differ, however, cannot be decided on the basis of archetypical characterizations. There are firms boasting a high degree of people-orientation and long-term membership, which in other words resemble families; but there are also families characterized by comprehensive arrangements such as family constitutions and so bear the characteristics of an enterprise (Simon, 2005). Thus it is not surprising that in the literature some differentiated references to the importance of the

family for the firm can be found, with most of them focusing on the effects the family has on the enterprise (e.g. Karra, Tracey, & Phillips, 2006; Lubatkin, Schulze, Ling, & Dino, 2005).

### 3.2. Theoretical reflections on familiness

Based on this rough sketch of the systems theory propagated here, we will now reflect on familiness selectively referring to the results of the literature review. First, the system-specific requirements for familiness will have to be determined and the content specified, particularly as the literature review shows that on the one hand very general statements have been made or very specific contents can be found. Finally, the question of a new terminological-conceptual version of familiness will be raised.

#### 3.2.1. Family and enterprise: coupling as a prerequisite for familiness

The deliberations so far suggest that the two systems family and enterprise are (at least) two structurally coupled systems, which represent two environments that are meaningful, i.e. creating meaning, for each other (theoretically several families – possibly with quite different interests – might have a stake in the firm, but for the rest of this paper we will assume the archetypical situation of two systems, in order to emphasise the structural difference between enterprise and family, which the analysis of familiness is about). In the literature analyzed, these are depicted as overlapping circles or called interactions (e.g. Habbershon et al., 2003). The term structural coupling in the sense of systems theory refers to the type of relation between family and enterprise. According to the prevailing terminology, this means that the structures self-produced in the (respective) system (or the self-produced structural changes) are influenced by the respective other system (Luhmann, 2000).

If both systems are interpreted as autopoietically closed, the family has no direct leverage over the enterprise, although formally there may be a high degree of influence due to ownership, management or control. Only if there are expectation and meaning structures fulfilling the condition of connectivity, will there be a structural coupling of the two systems. If e.g. both in the family and the firm there is the expectation that family members, simply because they are family members, should hold management positions irrespective of their qualifications, this is an expression of structural coupling. The family's demand is an irritation for the enterprise here as soon as the demand is perceived in the firm. The enterprise, however, decides on this demand and whether it includes the irritation in its own structure.

This example shows that the reconciliation of expectations, and thus the generation of meaning, raises the question how meaning is created (or on what it is based) and how it becomes effective, i.e. exerts influence. This coupling of the systems becomes most apparent where memberships in the two systems overlap. Double membership can transfer mutual requirements or irritations to the other system and so constitute an easily surmountable boundary. Still, the other system cannot be so determined, even in the extreme case of a complete overlap of membership (all family members are members of the firm and there are no non-family members in the firm), as also in this case both systems are maintained as autopoietic systems that can operate in different ways. On the other hand, this does not mean that only membership overlap is decisive. Generally the ways of exerting influence are regulated by means of how mutual irritations are dealt with (e.g. in the case of familiness: how the family's demands are dealt with in the enterprise). This again also depends on in how far structural coupling is anchored in the decision premises, i.e. in how far subsequent decisions are certain to meet expectations. If in the enterprise the expectation prevails that the interests of family members should receive preferential treatment, their interven-

tions have a completely different impact than if they were treated neutrally only based on their function. In both situations, however, the effect of interventions is transparent to all parties involved. This embedding of family interests in the enterprise structure can even have formalised touches, as can e.g. be found in company or syndication agreements.

In meaning systems like social systems, a multitude of reference points comes into play. The coupling of the two systems could, for instance, show itself in that a firm puts strong emphasis on technological developments and state-of-the-art technical equipment, as the family is particularly keen on new technology (here the firm would incorporate family expectations in the sense of familiness). On the other hand, this can also mean that the family puts value in a technical education of its family members so that they promote the technological development in the firm (which would be a case of enterpriseness, where the family incorporates the enterprise structure). This is not just a matter of influenceability or irritability, but also of the structural absorption of the respective irritations (in the family by means of technology-affine socialisation – e.g. in the form of educating technicians for the enterprise; and in the firm by means of technology-orientation that sees family members as a resource).

Generally we can detect a continuum of couplings: if the “meaning maps” of the two systems hardly touch each other and so the extent of the structural coupling is reduced to the formal ways of exerting influence established in the legal system (which are maybe only really made use of in critical situations). It is equally thinkable that family and enterprise are in a relationship characterized by “indifference”. A “family” business, which distributes dividends to its owners regularly and reliably, a representative of the owner family also active in top management, as well as harmonious relations with the outside managers do not cause people to actively get involved in the firm. The non-family managers, on their part, cherish the breathing space and act in the enterprise's interest (as stewards) and see no reason to change their behavior in order to gain personal advantages. In the context of the mutual trust built up, attempts of the family to influence decisions can be kept to a minimum and restricted to monitoring financial targets. It is also possible that the structural coupling of family and enterprise produces not just synergy effects, but that meaning is formed and reproduced through conflicts; for example, in that the respective “offers of meaning” made by the family (e.g. tapping a further foreign market as an expression of the family's international attitude) are rejected by the firm. Although there are stable and consolidated expectation structures, the family does not gain much influence on its enterprise, as attempts to do so are regularly undermined by a team of managers particularly well-liked in the firm, who do not belong to the family, but who cannot easily be fired as they are popular and successful. In the extreme case, if the balance ripe with conflict described above is lost, this “close” structural coupling can also destroy the family business.

This discussion shows that content, intensity and quality of the structural coupling can take a variety of forms. They are an expression of a specific development history incorporating different content, intensities and qualities of the structural coupling of family and enterprise. Hence Moores' (2009, p. 174) question “whether all family firms do possess familiness resources” has to be answered in the negative. Such a diagnosis will have to be made in every individual case.

#### 3.2.2. The identity of the family business

It is the basal assumption of the unified systems perspective that there are differentiated sub-systems that are integrated into one system, the system ‘family business’ (Habbershon et al., 2003). Systems theory as in use here, however, assumes that the two systems ‘family’ and ‘enterprise’ are so closely interlinked that they

give the firm (now as a family business) a specific identity as a family business (in turn, this coupling might give the family a specific entrepreneurial identity). In the literature, this interpretation of identity appears as family business meta-identity, which integrates family and business identity, which partly contradict each other, on the higher level of the family business (Shepherd & Haynie, 2009). The system 'family business' thus shows specific emerging characteristics that are based on the selective structural coupling with the family system (see Section 3.2.1). A family business therefore is a system that depends on the enterprise and the family and so cannot be explained with the enterprise's properties alone.

For the system 'family business' to emerge, it does not just require stability (of the structure-building expectations) of the two systems 'family' and 'enterprise' (Luhmann, 1995, p. 49), but also stability of its structural coupling. Especially a family system that reproduces by coincidence endangers the system 'family business'. Families with little "order" might well be deemed families in a legal sense or by the outside world, but they do not have those stable expectation structures that are the prerequisite for a potential structural coupling (such disruptions would, if they were integrated into the firm, be extremely erratic and so destabilize the firm's expectation structures). Above remarks suggest that – even if family and enterprise had this stable order – this would not necessarily result in a family business in the systemic sense propagated here (if both keep their distance and do not mutually irritate each other – if the family is not interested in the firm's development). This conclusion is valid if family and enterprise e.g. from their structural coupling (whether synergetic or involving conflicts makes no difference) do not derive an identity as a family business. A separate identity as a family business is the result of a specific history of structural coupling, where the people involved negotiate positions and points of view, as well as form expectations, in the interplay of family and enterprise (Shepherd & Haynie, 2009). The identity of a family business hence cannot be explained with the identity of the family alone (Zellweger et al., 2010), but it results from the specific history of structural coupling of family and enterprise and its identity-creating effects that have been structurally worked into the family business. In a hierarchical model of multiple identities, the meta-identity of the family business would, as the hierarchically higher instance, tend to control the meanings of identities lower in the hierarchy, with the enacted identities permanently changing (Stets & Burke, 2003). In this context, one interesting stabilizing item is stories as an expression of the collective memory of social systems. Especially family businesses, particularly if they have been in existence for several generations, are often shaped by stories. In stories, success and crisis, recognition and criticism, as well as all sorts of calamities, are transported unlike in any other type of enterprise (v. Schlippe & Groth, 2009). This also holds true for the story of the structural coupling of the two systems and for the story of the identity as a family business. With telling stories new starting points open for the diagnosis of the system 'family business' and its specific systemic qualities. These can address very different reference points. In this sense, it is a system-specifically constructed meaning that prompts the system 'family business' to perceive itself internally (more or less) as a family business and additionally maybe to communicate it to the outside (Sharma, 2008), to the ecosystem (Habbershon, 2006). It is also possible that there exists a family business according to certain formal criteria, but it does not perceive itself as such.

This result can be seen as a plea for a return to the self-assessment of enterprises as a family business (or non-family business). Yet it is no plea for a "dichotomised variable", which then enters empirical-quantitative analyses as a control variable (or some such), but for a system-specific construction of meaning,

which cannot be reduced to a yes-no answer, but is justified in a narrative manner.

In general, family businesses that are not aware of their identity as a family business beyond superficial lip service can still have certain properties of familiness, if familiness is seen as a specific cultural expression of an enterprise (Nicholson & Björnberg, 2004), and it is at the same time assumed that an organization's culture constitutes itself on several levels, and particularly lower-lying levels ("deep structure" of an organization) remain broadly unrecognized (Schein, 2003). Diagnosing familiness within the framework of empirical studies thus calls for particular methodological requirements to uncover deep structures.

### 3.2.3. Familiness: selection function of the history of the family business

The literature review indeed treats familiness as a system-specific effort, with the result of this effort being either distinctive or constrictive familiness (e.g. Habbershon et al., 2003). This suggests the interpretation that all resources and capabilities that are relevant for competition are permeated by familiness and that there is a familiness that either brings competitive advantages or disadvantages, or from a holistic point of view either distinctive or constrictive familiness prevails.

On the basis of the above discussion, we assume that familiness rests in the structural coupling of family and enterprise and this coupling creates the identity of the family business. If the family provides offers of meaning that fulfil the conditions of connectivity and if these are worked into the firm's structure, the conditions for a potential creation of familiness have been established. For example, due to technical abilities there might be a particular competence for product innovations in the family. This is the case, when the family develops ideas and "incubates" them amongst the family members, so that it only has to be implemented in the enterprise (Frank, Guettel, & Weismeier-Sammer, 2010). This specific familial competence fulfils the conditions of connectivity in the firm, as it involves the entrepreneurial expectation to win new customers. In this context, also the social capital of a family (Sharma, 2008) can be functional: For instance, due to close and long-term customer relationships a high sensibility to customers' wishes might emerge that leads to product innovations which have a low risk of failure. At the same time, close relationships with employees who are positioned at important interfaces in the firm for implementing innovations can improve the chances of success for a risky innovation project.

What the specific functional competences in the family relate to and how the manner and quality of their transfer to the enterprise work so that they gain structural relevance also there and eventually become part of the identity of the system 'family business', is the result of multiple selections. This already starts in the family, which ponders ideas and decides whether these are worth pursuing; and continues in the firm's decision to take up offers of innovation and to process them in such a way that they also manifest themselves in structures. While one-off or random inputs of the family rarely result in long-term structural effects, routine inputs can even achieve the status of decision premises. Familiness is therefore a historically shaped expression and part of the identity of the family business that expresses itself in specific content, decision processes and premises. In many cases they are the result of learning processes, which also produce implicit knowledge. In order to completely understand familiness, a "look behind the scenes" is hence necessary, which in turn implies particular methodological requirements.

The potential for generating competitive advantages and disadvantages is not just anchored in familiness. Enterprises also have other sources of competitive advantages (and disadvantages) (Chrisman et al., 2003). Therefore family firms can survive whose

familiness shows characteristics that generate competitive disadvantages in the long run, as long as these do not cause central strategic weaknesses and competitive advantages are created in other areas of the firm. This aspect shows that a family business without any collective consciousness in the family or enterprise regarding where familiness comes from and how it works will have few possibilities to conduct familiness management, i.e. to act actively and in a target-oriented manner.

### 3.3. Methodological considerations on the familiness of family businesses

The systems-theoretical discussion of familiness is compatible with the methodological position of objective hermeneutics (see Oevermann, Allert, Konau, & Krambeck, 1979; Oevermann, 2002; on the interpretation technique see Wernet, 2009). Objective hermeneutics is a methodological concept that is dedicated to the systematic, case-oriented reconstruction of those rules (objective-latent meaning structures) that create the 'expressive forms of life practice' (e.g. texts or minutes for analyzing family businesses). It also emphasizes interactions as a core element of social phenomena and furthermore assumes that interaction meanings cannot be arrived at recursively from the meaning intended by the subject, but require the reconstruction of the rules that structure the interactions. The basic positions and their meaning for the analysis of familiness can be characterized as follows.

Behaviors and social structure can only be understood from the perspective of objective hermeneutics if the underlying rules are reconstructed that delimit the room for action (Oevermann, 1993). Central to the analysis of family businesses are those meaning structures that are constituted by rules that structure interaction and represent the logic of entrepreneurial and familial orientation for action. Here it must be taken into account that it is especially in these processes that the effects of an action or decision depend on actions or decisions of others, and the intended actions need not be in agreement at all for developing a coaction structure (Weick, 1979). In this way, behavioral patterns develop that are mostly uncoupled from the actors' intentions.

For this reason, structure can be understood independently from the subjective meanings or intentions, which are derived from the structures. Hence subjective meanings represent the actors' interpretations of a specific situation's structure, which can vary depending on their position. For example, the meaning of an investment decision can be seen differently by various family members. For the social system it is crucial how they involve themselves with their actions and which behavioral patterns emerge. Thus the rules on which the decision is based constitute the meaning structure of the family business. Subjective intentions (regarding ongoing interventions or the exemplary demonstration of the authority to decide) are personal interpretations of the firm's situation and important for a person's orientation; for the family business' structure, the logic on which factual actions are based is the deciding factor. Therefore it is irrelevant for the firm which personal reasons make a person support or fight an idea (as identical motives can lead to different conclusions) – the essential element is what a person does, the motivation behind it and which rules the mutually established behavior patterns follow, as well as which context makes this plausible. For instance, the mutual interest in securing the business might result in two family members fighting each other (and so damaging the firm), because they both think that the strategy of the other member undermines securing the business (if one family member wants to safeguard the firm by extending business, the other by consolidating existing business). For the system in this case, the rule to do everything to safeguard the firm would be dominant.

In line with systems theory it is thus not important which intentions the people involved pursue in family businesses (what they think), but which effects they provoke in a social context (what their actions effect) and which logic these effects follow (e.g. as connected communication, or as emergence of stable expectation structures). This is relevant for those effects referring to both systems or regulating the relationship between them. If, for example, only one of several children takes over the firm, so that it is not burdened by having to sustain several family members, this has an effect on the decision-making structure in the firm as well as on its financial leeway. On the other hand, there might be a trade-off between minimizing the conflict in the family and exacerbating conflicts in the family (depending on the payout to the other children).

Meaning structures are based on the interplay of two parameters (Oevermann, 2002): production rules, which indicate how in the course of interaction new possibilities open up or disappear (e.g. the opportunity to open an outlet at a lucrative location enables the firm to access new customer groups, but new investment and additional staff might put financial strain on the business) and selection rules that state what characterizes a case in its distinctiveness (e.g. if perceiving the risks results in not opening the outlet) and so makes the identity of the family business explainable. In order to be able to reconstruct also meaning structures, the interplay of results and behavior of production and selection rules has to be analyzed. In practice this means that certain precursory events and behavior make certain follow-up actions look formally conclusive. The 'space of possibility' that constitutes itself with each action so determines the room for decisions of the actors. The decision which option to choose reveals the distinctiveness of a social system (e.g. as a decision premise that can be reconstructed). For instance, family businesses can differ in which status they assign in family or enterprise matters or in what they particularly emphasize in their decisions. In the specific case structure of a family business, it thus shows how the two systems family and enterprise regulate the interplay between autonomy and heteronomy (relating to the respective system) and what effects this has on the identity of the family business.

Meaning structures so manifest themselves in a dynamic process, in which permanently new possibilities open up or disappear and selection decisions have to be made constantly. In this respect, family businesses are always individualized and thus are also identity-creating forms of meaning structure, which follow certain routines, but are still open to future developments. In this sense, the developments of the family structure (e.g. age of the family members, births, deaths, familial socialisation) or changes in conditions at the enterprise (e.g. market developments, supplier relations, financing) are significant framework conditions for the dynamics of a family business. In order to identify the rules and their importance for developing a system, routines (or formalised rules as institutionalised routines) are always analyzed as expressions of successfully having tackled a problem or crisis, which serve to reproduce a specific practice in family businesses. It is therefore assumed that there is a reason why a routine is required – and the reason is a potential crisis or problem that would occur without such a routine. Thus the crisis only appears again in the extreme case of failure of a routine. If certain behavioral patterns and frames are detected, the analysis raises the question which type of problem a routine deals with and what leads to the routine being kept also in future (e.g. also success makes the establishment of permanent routines more likely). In this light, putting rules of succession in written form for the case of a potential accident solves the problem of a dispute over succession – which again means that succession is seen as not unproblematic and needs regulation. Crises again make transformation rules and typical problem-solving orientations visible.

As a consequence of this dynamic development, the sequential analysis of decisions in the course of the interaction forms the basis for understanding family businesses. By reconstructing the meaning structure that is guided by interaction rules, the specific type of family business can be reconstructed (e.g. in how far, in what function and how decisions are made in family businesses – for instance a single decision of one family member, majority or unanimous decisions in the family or management). In doing so, each case is interpreted as a particular form of a general type (Oevermann, 2002), which can be specified in more detail in the sense of an extended structure generalization by analyzing additional family businesses. This shows another advantage of a hermeneutic analysis of family businesses: structure generalizations can be performed on three levels by analyzing the meaning structures of the two systems, followed by the specific type of regulating the relationship between the two. The latter would then be the typical case of familiness regarding the enterprise, with both the specifics of the family (e.g. involvement in enterprise matters, the enterprise providing meaning for the family) and of the enterprise (e.g. insulation against family interventions; identity as a family business) being important contextual conditions. Therefore it is necessary to understand the enterpriseness of the family in order to understand the familiness of the family business.

The methodological positioning of objective hermeneutics creates a number of particularities for the practical implementation of the analysis of familiness in family businesses in research. On the one hand, the starting point is the individual case (Oevermann, 2000), which means such analyses can only be conducted in the form of case studies. This has the advantage that in a comparative analysis specific types of familiness and enterpriseness (or their specific combination) can be worked out. Textual materials (interviews, company reports) and observation sheets, which depict behavioral orientation and logic very well, are particularly useful for doing so. Methodologically, the sequential analysis of the rule-guided linking of individual actions or interactions is the crucial step for reconstructing the meaningful structure of social behavior. Sensibly, the analysis refers to three levels: (1) reconstructing the type of family, (2) the type of enterprise and (3) the type of regulating the relationship between the two (structural coupling). However, neither the anchoring in systems theory, nor this methodological position allow us to see familiness as a bundle of resources or abilities, or as a matter of the distribution of ownership and power (Astrachan et al., 2002; Holt et al., 2010; Rutherford et al., 2008), but only as the specific regulation of the interplay of different systems in an overall context (with familiness and enterpriseness as the two different reference points of the analysis).

In connection with anchoring the analysis in systems theory, several primary reference points can be given: these include how the order of expectations is created to secure the stability of the family business, how membership is regulated (particularly if family members join the firm), how the boundaries between family and enterprise are dealt with, how enterprise and family tackle mutual irritations. Overall, the question is how complexity is reduced and so a specific meaning horizon for the overall system family business is created, stabilized and, if necessary, altered. For this, it is important to understand those rules that organize the structural coupling of family and enterprise, as well as how family and enterprise in this process open themselves up and close themselves to mutual irritations. Familiness is thus characterized by in how far behavioral rules of the family system are integrated into the auto-poiesis of the enterprise and so do not function as irritations any longer. In the stories told by members of the family business, the respective views manifest themselves as the implementation of the rules and conditions of behavior that are

valid in the system. Thus it is essential to extract those rules from the sequential development of a story that gain importance in the story in the form of a latent meaning structure. These are, for example, implicit orientations that are the foundation for the meaning of a story. Therefore the analysis differentiates between the manifest content of a story (what is being told) and the structural content of a story (under what conditions is what is being told meaningful). For an analysis within the framework of objective hermeneutics, the content of the story and the specific point of view are only the starting point; the central item is the conditions for storytelling, which regulate the storyteller's selectivity and are thus crucial for understanding a social system.

#### 4. Conclusions: an attempt at redefining familiness

Overall, these deliberations suggest that familiness is an emerging system feature of family business with extensive prerequisites, which cannot simply be assumed as a matter of course – neither in a mainly distinctive nor constrictive form. Many firms owned, managed and/or controlled by a family, will only show rudimentary aspects of familiness and partly will not even be aware of it, as it is a cultural feature passed down through generations that has become so natural that it widely eludes direct perception.

When we revisit some central sources from the literature, Habbershon and Williams (1999) and Habbershon et al. (2003) basically assume that familiness is the idiosyncratic, firm-level bundle of resources and capabilities resulting from a family factor (similarly Habbershon, 2006). Chrisman et al. (2003) put it differently in that they define familiness through the influence of the vision established by the dominant coalition of family stakeholders through political processes of value determination. While Habbershon and his collaborators stress the result of familiness, Chrisman et al. (2003) focus on its creation. Pearson et al. (2008), who have analyzed the term familiness most closely and based on theory, split the family-firm resources into a structural, cognitive and relational dimension, whose interactions result in family-firm capabilities. In this respect, they nonetheless build on Habbershon and Williams (1999) again. A new familiness concept is that of Zellweger et al. (2010), who see the perceived – and as such describable as well as communicable – identity of the family business (as a family business) as a source of familiness both internally and externally.

For apparent reasons, a new formulation of the familiness concept must be oriented on the theoretical foundations of the reflections and build upon structural coupling, the identity of the enterprise as a family business and the historical and content components of familiness. Assuming this, familiness presupposes (a) a structural coupling of the systems 'family' and 'enterprise'. (b) Structural coupling must have the appropriate stability and result in an (at least partly) describable identity as a family business, without the requirement that the family business is aware of all its identity-creating qualities. (c) It must be possible to determine the content of familiness and there have to be connections to the system-specifically defined successful firm performance. If these requirements are met, familiness is anchored in the decision premises and decisions relevant for the firm that are significantly influenced by the family and can be described. The expectations tied to these decisions and decision premises can show a manifest or latent character. (d) The analysis of familiness requires analyzing the specific form of coupling of the two systems 'family' and 'enterprise'. Hermeneutic analyses lend themselves to this in that they focus on reconstructing those rules that refer to the structures of the two systems, as well as on the conditions for handling mutual irritations.

## 5. Limitations

We recognize that this study has limitations that should be mentioned. We are aware of the fact that there are many publications which advance the understanding of the familiness concept, although they may address it more implicitly. As our focus has been on a very narrow search range, relevant work in the broader area of familiness research has been neglected. This is particularly true for research work dealing with agency problems (e.g. Miller & Le Breton-Miller, 2006; Schulze, Lubatkin, & Dino, 2003), stewardship (e.g. Le Breton-Miller, Miller, & Lester, in press) and resources in family businesses (Sirmon & Hitt, 2003) and so also thematize specific features of this type of enterprise.

Applying systems theory to family businesses also involves challenges: the language used is highly abstract and the argumentation highly interwoven, hence requiring an intense effort; the broad range of the theory and therefore the high degree of abstraction make both empirical research (on family businesses) and application in practice (e.g. in consulting) more difficult.

Some important topics that are also part of Luhmann's systems theory have been excluded from this paper in order to keep the argumentation stringent and also because of space restrictions. These include mainly the topics of power and trust. According to Luhmann, trust is a mechanism to reduce complexity (Luhmann, 2003). Trust or mistrust in the family can have a massive impact on the family's actions in the business. The power (of the family) can enforce the family's interests in the company (Luhmann, 1989). Both aspects can have significant effects on the specific type of familiness.

## 6. Summary

The few articles that explicitly address familiness and have been identified in a systematic literature review show a variety of heterogeneous approaches, making cumulative progress in research more difficult. All articles analyzed explicitly or implicitly assume an open systems model.

On the basis of the systems theory approach employed in this paper, which interprets systems as operationally closed systems that reproduce themselves by means of communication and decisions, and our methodological positioning, familiness is *not* seen as a bundle of resources, or as a matter of the distribution of ownership and power, but as the result of the specific regulation of the interplay of different systems in an overall context (with familiness and enterpriseness as the two different reference points of the analysis).

Familiness can be described and reconstructed as a manifest and latent rule system, which focuses on the quality of the structural coupling of family and enterprise and their specific, historically grown contents, which are the expression of problem-solving and handling crises successfully. By making this rule system apparent, several starting points for familiness management emerge. In this respect, this paper goes beyond the results from the four clusters or research strands. It redefines the relationship of family and enterprise referring to the systems theory according to Luhmann and offers an impetus for creating a methodology to research familiness.

Based on the results from the four clusters, various content points of contact can arise within single-case analyses. Any general statement on the relevance of particular content (such as networks, market orientation, or TMT) for familiness, however, is on the basis of the theoretical and methodological position propagated here currently impossible.

In order to advance our understanding of familiness (and enterpriseness), we thus, against the backdrop of the current state of research, suggest a case-based research strategy. It can enable us

to reconstruct the specific (historical) preconditions and development logic and dynamics of familiness (and enterpriseness) on the basis of the methodology presented. The results thus generated can, in line with a medium-term research strategy, result in a typology of familiness (and enterpriseness) that provides first indicators for a familiness management.

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