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Toward a Theoretical Basis for Understanding the Dynamics of Strategic Performance in Family Firms

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An important distinction between family and nonfamily firms and among different types of family firms is the manner in which strategy is formulated and implemented. These differences in strategic behaviors can cause variations in firm performance. Understanding the nature of these differences and how the family form of organization drives them therefore contributes to the development of a strategic management theory of the family firm, a unifying theme of the series of special issues published in *Entrepreneurship Theory and Practice* to date. This article briefly reflects on the progress made in understanding the strategic differences of family firms in this ongoing series and discusses the contributions of the articles and commentaries contained in this fifth special issue on theories of family enterprise.

Introduction

In this, the fifth special issue devoted to extending the theoretical horizons of family business research we have edited for *Entrepreneurship Theory and Practice*, the authors of the articles and commentaries contained herein take the field another step closer to a theory of the family firm from a decidedly strategic management perspective (Chrisman, Chua, & Sharma, 2005). Since the first special issue in this series was published in 2003, we have witnessed a marked increase in activity focused on family business within the broader research community. Much of this research has followed the lead of Sharma, Chrisman, and Chua (1997), who earlier called for a strategic management approach to family business studies. In many respects, the special issues we have edited mirror broader developments within the field. Thus, although the specific themes of the issues have varied, their underlying contributions to knowledge on family firms can largely be subsumed under the theoretical umbrella of strategic management.

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For example, the first two special issues devoted substantial emphasis to the review and development of core concepts regarding the resource-based view of the firm (Sirmon & Hitt, 2003), agency problems in large (Morck & Yeung, 2003) and small family firms (Chrisman, Chua, & Litz, 2004), and management succession (Le Breton-Miller, Miller, & Steier, 2004). A fundamental logic was that although family firms are pervasive features of the organizational landscape, they were understudied, and a foundation needed to be built to guide future research activities. To a large extent, the precepts of strategic management provide that foundation, in that differences in the individuals who manage and govern family firms and differences in their goals and aspirations relative to nonfamily firms cause substantial variations in the formulation, content, and implementation of strategies.

The third special issue further highlighted the significant yet idiosyncratic nature of the family form of organization. Accordingly, the unifying theme of that issue was the possible sources and consequence of distinctive familiness (Habbershon, Williams, & MacMillan, 2003). In that issue, we learned, among other things, about the behavioral dynamics of top management teams in family firms (Ensley & Pearson, 2005) and how family involvement might influence strategic resource decisions (Sharma & Manikutty, 2005). Again, these studies did not stray far from an attempt to understand the decisions of top managers in family firms and the strategic organizational processes that shape and are shaped by these decisions, as specified in early definitions of strategic management (Hofer & Schendel, 1978).

The contents of the fourth special issue added to our knowledge on what makes family firms distinctive from nonfamily firms, as well as distinctive from one another. In that issue, we used Carney's (2005) work on the peculiarities of the governance structures in family firms from the previous special issue to provide an organizing framework to integrate such diverse topics as the long-term strategic orientations of family firms (Le Breton-Miller & Miller, 2006), justice perceptions of nonfamily employees (Barnett & Kellermanns, 2006), altruism and agency costs (Karra, Tracey, & Phillips, 2006), interlocking directorates (Lester & Cannella, 2006), and corporate social responsibility (Dyer & Whetten, 2006). Through these articles and their integration, we gained, among other insights, a better appreciation of how internal and external stakeholders might influence strategic behaviors and decision making in family firms.

The articles and commentaries in the current special issue, albeit varied, extend the previous themes by largely focusing on the strategic performance of family firms. In other words, this special issue contributes to our understanding of the relative performance of family and nonfamily firms, as well as aspects of family firms' strategic behavior that are expected to have a profound influence on performance. These articles reinforce the notion that the strategic management processes in family firms are dynamic and pose unique challenges. Understanding these processes and challenges is complex, because the relationship between family influence and strategic performance is not always, and in fact may not usually be, direct. Rather, family influence seems in some instances to be a moderator of the relationship between strategy and performance (e.g., Sirmon, Arregle, Hitt, & Webb, 2008). In other instances, the impact of family influence itself appears to be moderated by the strategic and structural contexts of the organization (e.g., Jones, Makri, & Gomez-Mejia, 2008).

An additional theme that seems to emerge in this issue is that family firms face countervailing pressures and forces that can either enhance or retard strategic performance. For example, in the absence of a trusted voice from outside the organization, the desire to preserve socioemotional wealth might cause family firms to assume greater financial risk to avoid control risk (Jones et al., 2008). As another example, Milton (2008) argues that the needs and benefits of identity confirmation in family firms are greater than in nonfamily firms, but that the associated challenges make achieving those benefits more difficult. Furthermore, while it appears that family influence can be a positive factor in effectively responding to strategic threats (Sirmon et al., 2008) and developing social capital (Pearson, Carr, & Shaw, 2008), there are limits which, when exceeded, can have negative connotations for strategic performance. Perhaps this is because of the need for family firms to balance the commitment of family with the empowerment of other organizational actors to maintain strategic flexibility (Zahra, Hayton, Neubaum, Dibrell, & Craig, 2008). Whatever the reason, given these countervailing forces, challenges, and contradictions, it is not surprising that efforts to determine the relative performance of family and nonfamily firms have met with only limited success (Rutherford, Kuratko, & Holt, 2008).

A perusal of the research contained in this special issue, the previous four special issues, and the family business literature in general, makes it abundantly clear that family firms are not inherently superior or inferior to nonfamily firms on all strategic performance dimensions. In fact, it may be that the differences in the variability of performance of family firms and their more than occasional tendency to cluster at the tails of the distributions along various dimensions of strategic behaviors are what set them apart from nonfamily firms.

Thus, the past 5 years have witnessed both shifts and continuities in family business research. There has been movement from work that provides broad-based foundational concepts toward work that builds on those foundations and introduces new theoretical perspectives to enrich our understanding of the differences among family firms and between family firms and nonfamily firms. At the same time, this work has maintained a broad strategic management coherence. As noted, the articles and commentaries in this special issue, which focus on the determinants and dynamics of the strategic performance of family firms, are no different in that respect. We believe this is evidence that the field is beginning to find its voice by patiently building the knowledge needed for a comprehensive theory of the family firm. The comparative nature of the research and the willingness to draw insights from other disciplines are leading to a better understanding of the determinants of, and consequences for, firms that embrace family as a key organizing principle.

Background of the Fifth Special Issue on Theories of Family Enterprise

The articles in this issue were selected from papers presented at the Fifth Annual Theories of Family Enterprise Conference sponsored by the University of Alberta and Mississippi State University. The conference was held at Mississippi State from May 16–18, 2007. As noted earlier, this collection represents the fifth of an ongoing series of special issues of *Entrepreneurship Theory and Practice* devoted to exploring theories of family enterprise.

The mission of the conference series continues to be the advancement and development of theories of the family firm and expansion of the community of scholars doing research on family business management. As was true in the past, the 2007 conference included both scholars who had previously studied family business and those who were new to the field. We continue to attempt to include thought leaders among conference participants, as well as new scholars who have shown great potential to make an impact on the field. These participants prepared papers and commentaries for the conference, and some of these are found in this issue. After a double-blind review process and the assessments of the co-editors, six articles and five commentaries were selected from among those submitted by authors who accepted the invitation to submit their work for this special issue. A sixth invited commentary on the application of the theory-based research presented at the conference to practice is also included. As with the contents of the special issues published in the past, we believe that the articles and commentaries contained herein provide important contributions to our study of family business and move the field closer to the development of a theory of the family firm that blends insights from a cross-section of disciplines but has, at its roots, a strategic management orientation.

Fundamental Questions on the Strategic Performance of Family Firms

Collectively, the articles explore and elucidate some of the most common variables associated with strategic performance: response to a changing environment, industry dynamics, governance, firm level characteristics, behavior, and, of course, economic performance. By posing fundamental questions relevant to a strategic management theory of the family firm, the articles further develop family business as a field of study. Key questions that are explored include: (1) For family firms, what are the structural, cognitive, and relationship dimensions of social capital and what are the consequences for strategic advantage? (2) How does family influence affect a firm's strategic response to the threat of imitation? (3) How does board composition affect strategic decisions in family firms? (4) How does a stewardship culture affect a family firm's strategic flexibility? (5) What is the role of identity confirmation in conferring strategic advantage to family firms? (6) What is the relationship between family involvement and performance? Although these questions will be developed further in the accompanying articles and commentaries, elaboration about their significance is warranted here. As noted above, and in keeping with the need to move toward dissemination of family firm research to a larger audience, a final commentary deals with the potential for practical application of the theory-based articles contained in this special issue and presented at the Theories of Family Enterprise Conference.

For Family Firms, What Are the Structural, Cognitive, and Relationship Dimensions of Social Capital and What Are the Consequences for Strategic Advantage?

For Burt (1992a, 1992b) and many others (Steier, 2001), social capital is an important arbiter of competitive success. It is generally conceptualized as the resources embedded in the structure and content of a variety of relational networks, among which include families (Burt; Portes, 1998; Tsai & Ghoshal, 1998). Social capital provides many advantages, such as access to information and economic resources, political connections, and linkages to important institutions; it also introduces high levels of trust that reduces transaction costs. For many family firms, social capital residing in familial relationships may be an important element of competitive success (Arregle, Hitt, Sirmon, & Very, 2007).

The article by Pearson et al. (2008) extends both the familiness construct and the social capital literature. They begin by reviewing the concept of familiness (Habbershon et al., 2003) according to the guiding principles for the development of theoretical constructs (Bacharach, 1989). They then show how the social capital accruing from the intersection of a family and a business can lead to familiness and explain why and how applying a social capital perspective to the concept of familiness can satisfy the theoretical requirements for construct development. Importantly, those authors articulate the structural, cognitive, and relationship dimensions of social capital and relate it to family firms. They also describe the antecedent conditions of time and stability, interdependence, interaction, and closure that lead to family firm social capital, as well as explain how social capital might lead to unique information access and associability capabilities. In doing so, they contribute to the literature by developing a more rigorous theory of familiness that helps explain why and under what conditions family firms might develop a sustainable competitive advantage.

The commentary by Sharma (2008) extends Pearson et al.'s work by providing a classification of the stocks and flows of social capital in family firms. Sharma points out that both families and family businesses have stocks of social capital and that the flow of social capital from one to the other is bidirectional. In drawing this insight, Sharma makes the provocative assertion that the distinctiveness of the stocks of social capital in both a family and a business depend upon a balanced flow between them over time. By contrast, when excessive flows occur in one direction or another, the resulting imbalance can lead to constrictive familiness, or, in other words, a competitive disadvantage. It is well known that family conflicts can damage the fabric of a business and that a business that does not provide sufficient scope for the self-actualization of family members can lead to a lack of family commitment. Sharma's work, in combination with that of Pearson et al., provides a new and interesting theoretical perspective that can lead to a better understanding of why this is so.

How Does Family Influence Affect a Firm's Strategic Response to the Threat of Imitation?

A broad tenet of the resource-based theory of the firm (Barney, 1991) is that resources that are well protected from imitation are an ongoing source of competitive advantage. Sirmon et al. (2008) examine whether family influence confers strategic advantage to firms by facilitating strategic actions in response to the competitive threat of imitation. They also examine whether these actions result in performance differences. Using data from a Banque de France sample of 2,531 firms, they did not find any direct effects of family influence on performance. However, they did find evidence that family influence moderated the extent to which competitive threats instigated R&D investments and internationalization. This is important because these two strategic responses fully mediated the relationship between competitive threats and performance. Sirmon et al.'s findings therefore suggest that family influence affects performance indirectly, rather than directly, through its influence on strategic actions.

Importantly, these authors draw a distinction between firms where there is significant family involvement but not unilateral control, and firms where family dominance precludes any counterbalancing arguments by other stakeholders in the strategic decision-making process. Interestingly, the indirect performance benefits of family influence appear to disappear when family control becomes too pervasive. This finding is reminiscent of Morck, Shleifer, and Vishny's (1988) study of management entrenchment. Morck et al. show that there is a nonlinear relationship between the percentage of ownership held by a firm's managers and firm value, with value increasing and then decreasing as managerial ownership grows progressively larger. Sirmon et al.'s findings provide one specific example of why this might indeed be the case.

Kellermanns and Barnett's (2008) commentary extends Sirmon et al.'s article by explaining how the mental models of decision makers can facilitate or inhibit responses to strategic threats. They propose that neither excessive cognitive homogeneity nor heterogeneity is conducive to effective strategic decision making. Excessive homogeneity can lead to myopia and rigidities, while excessive heterogeneity can lead to conflicts and a loss of cohesion. Consequently, they suggest a nonlinear relationship between the similarities of the mental models of decision makers and strategic threat recognition. Their discussion of the dynamics of the relationships and interactions among members of a management team enriches the reasons offered by Sirmon et al. for the importance of a balance of family and nonfamily voices at the decision-making table. Moreover, Kellermanns and Barnett provide a somewhat different, although not necessarily contradictory, explanation for Sirmon et al.'s findings than the management entrenchment hypothesis. Future research on this subject is clearly needed to better understand and reconcile these perspectives.

How Does Board Composition Affect Strategic Decisions in Family Firms?

It is generally understood that family firms have both economic and noneconomic goals (Sharma et al., 1997). Gomez-Mejia, Hynes, Nunez-Nickel, and Moyano-Fuentes (2007) take that idea further by proposing that family firms gain socioemotional wealth from the authority, discretion, values, and social capital that accrue to the family through its continued control of the firm. Left to their own devices, the importance family owners attach to socioemotional wealth could cause family firms to make decisions that reduce firm value and thereby ultimately threaten the very control that such decisions are meant to preserve. The article by Jones et al. (2008) extends this reasoning by illustrating how affiliate directors can temper such reflexive responses by family owners. They thus contribute to the governance literature by providing a more fine-grained understanding of how the uses of outside directors might vary in family and nonfamily firms.

The literature on boards of directors usually advocates the inclusion of independent outside directors to ensure objective decision making. In fact, in some countries, law prescribes their inclusion. However, because family owners typically have greater discretion in acting upon their preferences (Carney, 2005), the advice of outside directors may not be given sufficient credence owing to the directors' lack of social capital. On the other hand, Jones et al. suggest that affiliate directors who have previously established economic links with the family firm will tend to have stronger bonds with family owners on the board and therefore correspondingly greater influence. Thus, Jones et al. hypothesize that the proportion of affiliate directors on the board will have a more positive influence on the willingness to pursue product diversification in family firms than nonfamily firms. Without the benefit of trusted outside voices, family firms will be reluctant to diversify lest it reduce family control and threaten their socioemotional wealth.

Jones et al. tested their hypotheses using data on 203 publicly traded family-controlled companies from the COMPUSTAT database. A paired sample of 200 nonfamily firms was also randomly selected. Their findings support their hypotheses. In juxtaposition to the arguments of Sirmon et al. (2008), Jones et al.'s study reinforces the idea that family control may be a medicine that is best administered in moderate quantities. Furthermore, they theorize and provide empirical evidence on the types of governance structure that might best lead to the appropriate mixture of board members. Clearly, their study adds to our understanding of why some, rather than a lot of family control in public companies is beneficial to strategic performance. The opportunities for future research appear particularly ripe, since product diversification is but one of a set of strategic decisions necessary for the strategic renewal of large, mature firms.

Combs' (2008) commentary provides a somewhat different and intriguing interpretation of Jones et al.'s data. He draws a contrast between two dominant governance structures: the widely held public firm and the privately held family firm. Using this distinction, Combs discusses the role of affiliate directors, stating that they tend to act as symbiotic parasites in the former and valued servants in the latter. Combs notes that diversification decisions do not always lead to higher firm performance and may be slanted to benefit affiliate directors' home companies. He therefore suggests that while Jones et al. assume that affiliates will also act as valued servants in the hybrid public family firm, they could instead be seen as more successful versions of their parasitic cousins. Whether Combs' alternative interpretation is correct or not can only be determined by future research. Nevertheless, he does the field service by clarifying some of the distinctions between three types of firm governance and by advocating caution when attempting to generalize from the behaviors of firms that adhere to one governance structure to firms that use still another.

How Does a Stewardship Culture Affect a Family Firm's Strategic Flexibility?

Stewardship theory has become one of the cornerstones of the family business literature. A family business stewardship orientation suggests that there will be greater goal congruence between owners and managers than what one typically might expect in nonfamily firms (cf. Davis, Schoorman, & Donaldson, 1997). For example, Miller, Le Breton-Miller, and Scholnick (2008) have posited that family managers, who are also owners or residual owners, will care deeply about the long-term survival, profitability, and reputation of a firm. Because this culture of commitment among family members is most effective when it can also be inculcated among other members of the organization, Miller et al. also suggest that family firms are likely to display an unusual interest in behaviors that nurture a sense of community among employees.

In this issue, Zahra et al. (2008) further contribute to the family business and stewardship literature by examining how the culture of commitment of a family and the stewardship orientation of an organization affect a fundamental aspect of strategic performance: an organization's ability and willingness to respond to changes in its external environment. Their examination of 248 family firms indicates that a culture of family commitment increases strategic flexibility. On the other hand, organization-wide stewardship, measured in terms of culture and motivation, has only modest and inconsistent relationship with strategic flexibility. However, their most important finding is in regard to the positive interaction of family culture and stewardship culture.

What this finding implies is that strategic flexibility depends upon both a demonstrated commitment to the business on the part of the owning family and a culture that empowers an organization's nonfamily members. In other words, when family members behave as stewards and are able to transfer this perspective to nonfamily members as well, group cohesiveness is built and an action orientation is engendered. Indeed, the strategic performance of a family firm, and a key aspect of distinctive (or constrictive) familiness, may be the ability to imbue a family concept of business across the entire organization.

Eddleston's (2008) commentary makes this very point. Eddleston notes that leadership theory has not been widely invoked in family business studies even though the behaviors of leaders can have an important influence on the culture of an organization. She discusses the four interdependent and mutually reinforcing characteristics of transformational leaders, including: (1) idealized influence, the leader's ability to link his or her identity with that of organizational members; (2) inspirational motivation, the leader's facility to gain organizational buy-in for a strategic vision; (3) intellectual stimulation, a leader's willingness to involve and empower employees to meet challenging goals; and (4) individualized consideration, a leader's willingness to contribute to employees' professional development and listen to their concerns. Eddleston argues that family business managers who display transformational leadership qualities are more likely to obtain the family commitment and organizational stewardship culture necessary for achieving superior strategic performance. As she also implies, family firm founders who display transformational leadership qualities may be able to inspire and develop similar qualities among other family members in order to sustain and enhance a culture of stewardship in the organization beyond the founder's tenure.

What Is the Role of Identity Confirmation in Conferring Strategic Advantage to Family Firms?

Milton (2008) also subscribes to a resource-based view of the firm and introduces identity confirmation as a unique and hard-to-imitate source of competitive advantage. Building on research that suggests people seek situations and relationships that reinforce how they define themselves, she establishes that identity is both an important antecedent and outcome of social context. For her, identity confirmation depends upon the consistency between the social and personal contexts in which an individual is immersed, and an individual's self-defined identities within those contexts.

For family firms, identity confirmation has a huge influence on familial and business relationships. The ability of identity confirmation to affect strategic performance in a family firm is partially a function of the potentially greater difficulty of achieving it. Thus, in a nonfamily firm, dyadic relationships must confirm personal and organizational identities. When family is involved, however, personal, organizational, and family identities come into play. Because of the multifaceted nature of identity confirmation among family members involved in the top management team, effective relationships can unleash powerful advantages. Conversely, if handled improperly or neglected, serious problems can occur. Milton, for example, suggests that identity confirmation may be a precondition for reciprocal altruism and stewardship.

The complexities involved in identity confirmation are illustrated by Milton's application of the concept to the succession process, one of the most substantive challenges facing family firms (Le Breton-Miller et al., 2004). The succession process requires changes in the business identities of successors and incumbents, a shift with which they, as well as other family and organizational members, must learn to cope. These changes are further complicated by the fact that a change in the successor and incumbent's business identities often may affect their personal and family identities as well.

In offering a unique and diverse view of human behavior within family firm contexts, Milton extends the theoretical basis for family firm research. Her article also shows that because of the complexities and characteristics of identity confirmation in a family business, the setting may be ideal for investigating some of the most contentious issues among scholars concerned with the broader identity theory literature.

While Milton deals more with a comparison of the greater complexities and importance of identity confirmation in family versus nonfamily firms, Klein's (2008) commentary extends that work by considering the nuances involved in identity confirmation when the characteristics of the family and their involvement in the business vary. For example, Klein suggests that the challenges of identity confirmation vary for core, extended, patchwork, and multigenerational kinship families. She also notes that the number of family members involved in the firm and the age, generation, training, background, location, dependencies, values, and genders of family members are all important contingency factors. Put simply, Klein provides the framework for a research program on identity confirmation in family firms that should keep scholars occupied for many years to come.

What Is the Relationship Between Family Involvement and Performance?

Rutherford et al. (2008) provide a sobering reminder of the complexities of linking family influence to performance. Citing earlier work by Koontz (1961), they adopt his "management theory jungle" metaphor and observe that family business research is generating competing, sometimes contradictory, theories. Interestingly, their review of 23 previous studies found only nine that demonstrated a clear positive relationship between family involvement and firm performance. These confounding results suggest that the complex relationship between family involvement and performance merits further research. The authors therefore test the relationship between family involvement and performance by applying the F-PEC Scale (Familiness-Power, Experience, and Culture Scale) developed earlier by Klein, Astrachan, and Smyrnios (2005). Their hope was that the F-PEC scale would provide a path through the jungle by providing some indication of the familiness (Habbershon et al., 2003) of family firms.

Based on a study of 831 family firms, Rutherford et al. find that there is no clear and consistent relationship between the components of the F-PEC scale and various aspects of family firm performance. They conclude that the F-PEC is not sufficient to capture familiness, or, in other words, the competitive advantages or disadvantages that the involvement and influence of a family may confer on a firm. Thus, Rutherford et al. suggest that the F-PEC measures family involvement, or, in other words, *potential* family influence, rather than family influence itself.

Given their analysis of the previous literature and the research reported in this special issue, Rutherford et al.'s findings should be taken as further evidence that the relationship between family involvement and a firm's economic performance may be largely indirect. Family involvement is felt through the influence a family exercises on the strategic decisions of firms. Different families choose to exercise that influence in different ways that reflect, to a greater or lesser degree, the values of the family, and some families choose not to exercise their influence at all. Ultimately, Rutherford et al.'s study suggests that although there has been some success in linking family involvement to economic performance, more attention needs to be directed instead to how family involvement is used to influence the strategic management of a firm.

Contributions Made by This Issue to Practice

The invited commentary by Vought, Baker, and Smith (2008) attempts to assess the contributions of the papers presented at the Theories of Family Enterprise conference (including those published in this issue) to practicing managers. Not surprisingly, given the purpose of the conference, those authors conclude that taken as a whole, the papers do not make a substantial contribution to practice. However, they qualify that statement in two ways. First, Vought et al. indicate that the conference papers are potentially more useful to family business consultants who may be able to relate the theories and findings more readily to their broader experiences. This suggests that the conference's primary contributions to practice may be indirect rather than direct. Second, those authors acknowledge that a conference devoted to theory and field development should not necessarily be expected or attempt to make a direct contribution to family business practice. Thus, they conclude that the papers' relative lack of direct and immediate practical utility is an indication that they are doing what they were intended to do: build the theoretical foundations for the field of family business.

Nevertheless, Vought et al. emphasize the need to keep practice in mind as the field develops and offer several suggestions on how this might be done. For example, they note that a consistent definition, classification, and vocabulary of family business are essential to communicate findings to practitioners. They also note the need for more research on dysfunctional family influence and constrictive familiness, as well as research on the causes and consequences of family business failure.

All in all, their commentary indicates that we have a long way to travel to be able to make a substantial contribution to family business practice. We find this particularly interesting, since the field was originated by those with a more practical bent, who were less concerned with building a body of knowledge based on theory than with helping specific family firms solve their problems. Now that the pendulum has swung in the other direction, it is important that we do not allow that momentum to carry us too far lest we become irrelevant. Consequently, the cold-water therapy administered by Vought et al. is to be welcomed.

Conclusion

This fifth special issue in the ongoing series on theories of family enterprise published in *Entrepreneurship Theory and Practice* further contributes to the development of a theory of the family firm from a strategic management perspective. In light of our objective to move the field forward in that regard, we have discussed the contents of this special issue from the perspective of strategic performance. Our fundamental conclusion from the work reported herein is that a family seems to be able to use its involvement in a firm to influence its strategic performance, but the relationship between family involvement and economic performance is more likely to be indirect and complex.

As a result of the indirectness and complexity of this relationship, studies that try to tie family involvement directly to economic or noneconomic performance are likely to yield inconclusive results, as observed by Rutherford et al. (2008). However, as apparent from the articles discussed above, the moderating influence of family involvement on firm performance is receiving more attention, and our understanding of these relationships is increasing as a consequence. What makes these influences very interesting is that it appears that many are not linear; both too little and too much family involvement may have adverse effects on performance. The articles contained in this special issue have added value to our understanding of such issues by dealing with how: family social capital develops and helps the family build a competitive advantage, family involvement affects the firm's response to the competitive threat of imitation, affiliate directors may affect family firm performance, a stewardship culture can increase strategic flexibility, and by discussing the roles that identity confirmation can play in various managerial settings in family firms.

However, there is a much work to be done. Our hope is that this special issue will continue to move the development of a strategic management theory of the family firm forward.

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