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Family firms between territory and internationalization: an authenticity based perspective

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ABSTRACT

Being authentic implies maintaining a character of genuineness and honesty, while remaining coherent with oneself and one's surrounding context over time. It can represent a critical asset to be preserved and exploited, especially in the case of family firms. This paper explores the role of authenticity as a driving force for foreign sales expansion in those family firms that are rooted in a territory. While previous studies emphasize the emergence of a trade-off between maintaining linkages with local traditions and foreign sales expansion, this paper proposes an original perspective. We aim to answer the following question: How does a family business maintain a territorial-based identity by going international? Methodologically, this study presents the cross-case analysis of six Italian family firms whose products are expressions of the cultural legacy, history, and traditions of a territory. The results of the study find their synthesis in a model for family business internationalization driven by a territorial-based authenticity. We identify four building blocks that allow for pursuing the maintaining of the links with local traditions as well as helping family firms to grow on foreign markets, namely, integration, retention, evangelization, and reinforcement.

1. Introduction

In a world subject to constant changes in which new disruptive scenarios have to be faced (Cavusgil et al. 2014; Sharma et al. 2020; Liu et al. 2020), being authentic can represent a value to be preserved and exploited. In general terms, authenticity can be conceived as the aptitude of an individual or an organization to remain coherent with oneself and the surrounding context and to evolve over time while maintaining a character of sincerity and trustworthiness (Penaloza 2000; Beverland 2006). Although the concept has been conceived in different theoretical domains, it has attracted the attention of scholars in the management field (Brown 2001; Beverland 2005). This article investigates the role of authenticity for family businesses closely rooted in a territory in their sales expansion abroad.

As is well known, family businesses have been the subject of extensive debate in literature (Bird et al. 2002; Benavides-Velasco, Quintana-García, and Guzmán-Parra 2013; Arregle, Hitt, and Mari 2019), aimed at highlighting their specificities, also in comparison with non-family businesses (see for example Chrisman, Chua, and Litz 2004 or Arregle, Hitt, and Mari 2019). In the most recent contributions, the relationship that binds family businesses to their territory of origin and their local roots has been the subject of interest in literature (Baù et al. 2019), both for the positive effects

for the company and the territory in which they are rooted. Previous research has pointed out how the links with the territory and its traditions can allow performance in terms of business growth (Baù et al. 2019) and innovative dimension (De Massis et al. 2016; Calabrò et al. 2019), and also how the links with the territory can be stronger in the case of family businesses compared to other types of business (Bird and Wennberg 2014). From the company's point of view, being linked with the territory means managing the relationship with the local culture, traditions, knowledge assets, and actors (De Massis et al. 2016; Baù et al. 2019). These aspects can represent a competitive lever to be exploited for implementing the company's strategies. This is particularly true if the company's product is born from local traditions and culture and is the result of knowledge accrued over time in a territory. But being linked to territory also brings challenges, as in the case of the foreign expansion, which is the specific focal point in this article. Internationalization remains one of the main strategies for the growth of many family businesses (Arregle, Hitt, and Mari 2019), which can increase sales by going abroad. Despite having attracted the interest of many academics in the last decades (Pukall and Calabrò 2014), the internationalization of family businesses remains a little studied area compared to the international business domain (Casprini et al. 2020). Previous studies have highlighted a series of factors that determine the success (see for example Hennart, Majocchi, and Forlani 2019), but also the difficulties and limitations (see for example Merino, Monreal-Pérez, and Sánchez-Marín 2015; Scholes, Mustafa, and Chen 2016), of family business expansion on foreign markets. Regarding those family businesses that are strongly rooted within a territory, it has been pointed out (Graves and Thomas 2008; De Massis et al. 2018), that the decision to internationalize by expanding the company's sales abroad, may involve the risk for the company of losing its main characteristics in competition, namely the link with its territorial traditions. In other words, expanding sales abroad can be conceived as a potential detriment to the local linkages of the family firm and substantially considered an alternative to remaining locally rooted (De Massis et al. 2018). However, to the best of the authors' knowledge, how the link with the territory representing a key driver for sales expansion abroad can be maintained and nurtured over time by family firms rooted in a territory is substantially an unexplored area of research in this debate. This is the research gap that this article intends to investigate.

Here we intend to propose a vision of the link between the territory and the internationalization of family businesses through the lens of authenticity. The concept of authenticity has received attention in management literature (Ranfagni and Guercini 2014), especially in response to the appreciation that consumers attribute to authentic brands and products (Penaloza 2000; Keller 2003; Napoli et al. 2014) offered by organizations that can be perceived as 'authentic'. The authenticity perspective allows us to bridge two areas of theoretical debate, the dialectic family firm-territory, and the internationalization of family businesses. We intend to answer the following research question: RQ) *How does a family business maintain a territorial-based identity by going international*? Our research shows that in answer to this question the company should internationalize by following a model that leverages authenticity and which requires four building blocks for its development, namely, integration, retention, evangelization, and reinforcement.

The original contribution of the article is twofold. It contributes to the debate on the internationalization of family businesses, highlighting how territorial links can be a driving force for expanding sales abroad and how family businesses can set effective strategies even in the presence of scarce resources. Additionally, it broadens the debate on the role of territory for family businesses, proposing a model based on authenticity that allows for overcoming a potential trade-off between being strongly linked with the territory and selling on international markets. In this context, the paper suggests the need to conceive the relationship between the company and the territory of origin not as a dialectic between the company and an external context (the territory), but as the company's ability to incorporate territorial elements into its identity, following a territorial-based authenticity perspective.

From a methodological point of view, the article presents an inductive qualitative study (Gioia, Corley, and Hamilton 2013) that considers the cross-case analysis of six family firms in the Italian context. All the companies investigated are characterized by strong territorial linkages as testified by their products which are strongly associated with local traditions and culture. The paper describes how they carry out international sales on foreign markets while still preserving their links with the territory.

The article is structured as follows. The theoretical background presented in the next section defines the concept of authenticity and its dimensions, describing how authenticity relates to the literature of the territorial linkages, and to that of internationalization of family firms. After presenting the methodology, an analysis is made of the six family business cases. The article then illustrates an original framework for the study of the foreign expansion of locally rooted companies, as well as the main implications. The paper ends with the limits of the study and avenues for future research.

2. Theoretical background

2.1. Authenticity and its founding dimensions

Although it is typically associated with genuineness, truth, and reality (Thompson, Rindfleisch, and Arsel 2006), authenticity is a controversial construct, as it can assume different meanings and open companies up to new challenges. Authenticity, if conceived as 'pure reality' (Postrel 2003; Grayson and Martinec 2004), exists in something that is believed to be 'the original' or 'the real thing'. But as Beverland (2005) highlights, authenticity can also reside in objects connoted by attributes that are not real but stylized; it follows that there can be 'authenticity as an aura' (Beverland 2006) that is built around evocative elements which may be places, historical periods or myths created by the company. Authenticity is even recognized in the iconic reproductions of the real (Grayson and Martinec 2004) as based on individuals' perception of similarity between the reproduced icon and the real thing. However, it also stems from self-negotiating acts (Rose and Wood 2005): authenticity can exist in a blended reality consisting of a mix of real and fantasy elements as a genuine expression of inner personal truth. This leads to authenticity as self-expression. Aside from the nuances in the concept, businesses that seek a source of market value in authenticity (Penaloza 2000) are organizations which pursue this by striving to remain true to an authentic core, while also trying to be relevant and attractive for the market. Beverland (2005) points out how this inner consistency could be expressed by telling about the company in 'a story that balances industrial (production, distribution, and marketing) and rhetorical attributes to project sincerity through the avowal of commitments to traditions (including production methods, product styling, firm values, and/or location), passion for craft and production excellence, and the public disavowal of the role of modern industrial attributes and commercial motivations' (p. 1008). Scholars of authenticity converge in considering heritage, traditional production, stylistic consistency, quality, relationship to place, and downplaying of commercial motives as the basis of a story authenticating a true self (Handler and Gable 1997; Beverland 2005, 2006; Arsel and Thompson 2011). The search for *consistency with a true self* is a key dimension of the authentic company. Just as those leaders are authentic who act in accordance with their true self, expressing themselves in ways that are consistent with their inner thoughts and feelings (Avolio and Gardner 2005), likewise, those organizations are authentic which act truthfully, are consistent, meaning congruent with their values, beliefs and rhetoric, and transparent (Walumbwa et al. 2008). In other words, they reveal themselves for what they are, acknowledging the consequences of their self-behaviour, irrespective of whether positive or negative. But authenticity is *more* than just *being true to oneself*.

Authenticity involves values, self, integrity, but also ethics and morals in relationships (Bishop 2013). Authentic leaders are individuals whose actions are motivated by their values and their ethical beliefs which they integrate in both their personal and professional lives (May et al. 2003), producing what is defined as 'psychological capital' (Clapp-Smith, Vogelgesang, and Avey 2009), that is, an

invisible energy capable of influencing others, of triggering their inspirational motivations and activating intellectual stimulations in them. By acting coherently with their principles, they put in motion a self-knowledge process aimed at understanding who they are or what they are becoming and therefore, at keeping track of how their true self evolves (Painter-Morland 2008). However, to do this, as Freeman and Auster (2011) explain, 'we can start with our values, but we must be willing to engage in a dialogue with our past, our relationships with others, and our aspirations for the future' (p. 19). Authentic individuals, as well as authentic businesses, act in response to a purpose of being. However, using the words of Heidegger (1962), one of the greatest scholars of authenticity, they are not only 'das Ein', that is, beings which relate to their ethical values, but also 'das-Ein-in-der-Welt'. This is because they immerse themselves in the environment, inhabit it, project themselves into it carrying their own past with them. In other words, they try to give meaning to their self by interacting with the environment and with their own history (Gardiner 2011). An authentic self is therefore a self which combines with others and with time (Marsh 2013). *Time* and *connections* are two dimensions of the authentic being that punctuate the dimension of coherence with a true self. By exploring the past, an authentic being understands why he thinks and behaves the way he does; and his past associations emerge as enmeshed in connection with others. It is thanks to this set of connections that he understands how he evolves, what his aspirations are and how these can influence others. He reveals himself as a 'poetic self' (Bloom 1997): he sees the world in a different way to others, which he, however, embeds in his beliefs and actions. This self is found in businesses that are aware and proud of their history and that integrate with the environment and networks of stakeholder relationships (Freeman and Auster 2011) activating processes of self-understanding that help their identity evolve, while still remaining anchored to their authentic core (Cording et al. 2014). In doing so, the relationships they develop with others are circular: they give to others in order to receive in terms of self-definition. As Atwijuka and Caldwell (2017) point out, these businesses follow a typical ethic of an authentic self that is the ethic of 'take care of': it can be seen as moral reasoning that derives from the desire to maintain mutual relationships with those affected by one's actions. It is expressed in relationships based on a reciprocal take and sense of responsibility. This ethic can be found in the connections between people, but also in connections between people and goods, the care of which generates effects that are conducive to cultivating an authentic growth.

2.2. Family firm and its territory: an authenticity-based perspective

The unique nature of the family firm is characterized by a strong identity built around specific features such as the importance given to kinship, traditions, values, and history (Berrone, Cruz, and Gomez-Mejia 2012). This identity-based nature is considered particularly important for a family firm's growth and survival (Wielsma and Brunninge 2019). Family businesses seem to be acquainted with the act of preserving their authentic self over time. Indeed, it is by their continuous activity of successfully overcoming internal conflicting interactions, such as family-related conflicts (Basco 2015; Shepherd and Haynie 2009), bivalent attributes (Tagiuri and Davis 1996) and trade-offs (Zellweger and Nason 2008), that family businesses shape, nourish and strengthen their self-identity, foster the continuity of the family values, enhance their uniqueness and, at the very end, feed their authenticity (Wielsma and Brunninge 2019; Blombäck and Brunninge 2013).

However, this identity-based self-authentication process that takes place over time also implies the connection that the family business has with its local environment. Previous studies have demonstrated that family firms are economically, emotionally, and socially linked to their surrounding contexts such as their territory (De Massis et al. 2016; Gómez-Mejía et al. 2007). Moreover, this link has been considered even stronger than that of their non-family counterparts (Bird and Wennberg 2014, 424). Over the last decades, scholars, especially in the regional development domain, have investigated the relationship between the family business and its territory. In those studies (Bird and Wennberg 2014) it has been shown that some characteristics of the territory the company operates in – for example, the presence of strong social ties and locally linked external actors – may be

possible enablers of a family firm's development and growth. Other studies (Simon 2009; Memili et al. 2015; Basco 2015; Block 2010) have suggested that the degree, quality, and density of social and economic connections between a family firm and its territory produces wealth for the territory. However, despite its recognized importance, family business scholars claim that the debate on the relationship between the family firm and its territory is still scant (Stough et al. 2015; Hinndle, 2010) and family business studies are mainly concerned with the internal dimensions and dynamics of family firms. Recently, Baù et al. (2019) demonstrated that a family firm's local embeddedness – defined as 'the involvement of economic actors in a geographically bound social structure' (Baù et al. 2019, 360) – is a predictor of the firm's growth. In the same vein, it has recently been proven that the territory may affect a family firm's development through different dimensions of embeddedness that are cultural, political, structural, and cognitive (Martínez-Sanchis, Aragón-Amonarriz, and Iturrioz-Landart 2020).

Hence, the link between the family firm and its territory translates into a series of exchanges between the two entities. On the one hand, family firms acquire important resources from the territory, such as a local stock of knowledge, skilled labour force, and material assets (De Massis et al. 2016). In addition, the past and the local traditions of the area (Petruzzelli, Rotolo, and Albino 2012; Lansberg 1983) also have a relevant influence on the values and beliefs of the founders who grew up in the territory and contribute to shaping the identity of the family business (Astrachan 1988; Block 2010; Block and Spiegel 2013). On the other hand, family firms demonstrate they are entities able to exploit externally available resources through their internal systems of capabilities, thus actuating a virtuous circle that positively affects the territory (De Massis et al. 2016; Casprini et al. 2017). This ongoing 'dialogue' between the family firm and the territory is characterized by the mutual exchange in which the territory contributes to shape the firm's identity and reinforce it in terms of self-definition and self-understanding; conversely, the territory is shaped by the family firm's knowledge and values (Basco 2015; Stough et al. 2015). This continuous interplay between the family firm and the territory contributes to the authentication process of the former. This rationale is particularly relevant in consideration of the major need in the domain of family business studies to 'capture the essence and nature of family firms within the territory' through investigating 'how family firms interact economically and socially with the environment' (Basco 2015, 260).

Furthermore, it has been demonstrated that the firm's link with its territory becomes even stronger and the perception of its authenticity even higher (Beverland 2005; Koontz 2010) when the product – or business – carried out by the family firm is directly connected to the local traditions, history, and cultural heritage of the territory. The strong link to local traditions represents a highly idiosyncratic resource hard to replicate by others (Kanter 1995), fostering the family firm's uniqueness and competitive advantage. At the same time, and this is a crucial step, the company's connection with the territory and local traditions remains an advantage for the family firm and makes its survival and success possible overtime only, and only if its authenticity is preserved and regenerated over the years.

Authenticity is pursued through an authentication process that involves repetition, interpretation, sedimentation, and integration of meanings, by many actors and at different levels (Hibbert and Huxham 2010). Because of the stock of the affect-related value that characterizes the family firm, the process of sedimentation of the values and meanings is reinforced (Gómez-Mejía et al. 2007) so that the firm's relationship with its territory flows into a real social and emotional attachment to the local area. This may lead family firms to have a strong sense of belonging to their community and encourage them to establish different roles and actions aimed at 'taking care of' their territories and local traditions. In this sense, family firms may play the role of preservator – moving specific values and meanings from the private to the collective spheres – by promoting a process of museification (Chaney, Pulh, and Mencarelli 2018) which allows for preserving themselves, the product and the territory as a collective memory to be passed on to future generations (Nissley and Casey 2002). Moreover, it is feasible to expect family firms to act as ambassadors of the traditions

of their territories (Bird and Wennberg 2014) in the scope of those specific territorial traditions connected to local productions at the core of the family business. Thus, the family firm's interest may be oriented to protect and maintain its authenticity, by preserving and revitalizing its territorial traditions linked to the product. Indeed, since the latter is an integral part of the firm's own identity, the preservation of territorial traditions represents a *condition sine qua non* for the safeguarding of the firm's authenticity and uniqueness.

2.3. Family firm internationalization and territory: beyond the trade-off through authenticity

It is a well-established fact that the international development of family firms has been the subject of a rising debate over recent decades (Kontinen and Ojala 2010; Pukall and Calabrò 2014; Arregle et al. 2017), despite it having recently been recognized that the discussion on internationalization of family firms is still quite scarce compared to the literature on internationalization in general (Casprini et al. 2020) with a call for more research (De Massis et al. 2018).

Some limitations to the internationalization of family businesses have been identified (Fernández and Nieto 2006; Arregle et al. 2017): including lack of resources (Fernández and Nieto 2005), shortage of managerial skills (Fernández and Nieto 2006), fear of losing control of the business (Gomez-Mejia, Makri, and Kintana 2010), and the founders' reluctance to decentralize their decision-making in favour of experts from outside the family (Kraus et al. 2016; Tabor et al. 2018). Liabilities that the family firm can incur may result in inhibiting internationalization or moving towards a gradual approach to foreign markets (Vahlne and Johanson 2017). Conversely, some studies suggest that the peculiar characteristics of the family firm might favour selling abroad and overcome '*the myth of a stay-at-home family firm*' (Hennart, Majocchi, and Forlani 2019, 758). For example, the educational background and characteristics of the entrepreneur (Zahra, Korri, and Yu 2005), the presence in the company of second or subsequent family generations, strong family identity and values (Zahra, 2003) and the company's long-term vision appear to be elements that enhance internationalization (Fernández and Nieto 2005). Authors also suggest that a general feeling of trust on the part of people of other nations towards family firms is conducive to internationalization processes (Arregle et al. 2017). Moreover, it has been pointed out that selling high-quality goods in global niches (Hennart, Majocchi, and Forlani 2019, 358) may favour family firms' international sales due to the minor requests in terms of specialized international competences as well as marketing strategy adaptations (Hennart, Majocchi, and Forlani 2019). Additionally, it has been observed how the 'country-of-origin pro-market development' (Eddleston, Sarathy, and Banalieva 2019, 783), conceived as the degree of country development, for this kind of family firm may play a role in favouring the expansion abroad.

But how have the linkages between the territory and the family firms been considered in the debate on the international expansion of the family firms?

Despite the fact that linkages with the territory of origin may favour the company's growth (De Massis et al. 2016; Calabrò et al. 2019; Baù et al. 2019) and fulfil the international expansion of family firms (Eddleston, Sarathy, and Banalieva 2019), the topic of how family firms rooted in the territory can implement international strategies seems to have received less attention in literature. Previous research on internationalization has called for further studies aimed at understanding how the context where family firms are embedded can influence the company's foreign development (Arregle et al. 2017, 822). However, although the territory may offer resources to be exploited on international markets (Ranfagni, Runfola, and Sarti 2018), remaining linked with the territory and going abroad have been substantially considered as alternatives rather than jointly achievable (Graves and Thomas 2008; De Massis et al. 2018). As stated, for example, by De Massis et al. (2018), in the case of family firms rooted in a territory, a trade-off can emerge because the 'home territory's tradition … may lead them to be inclined to focus on the local context rather than pursue internationalization' (p. 11). Hence, it seems that the decision to internationalize could be perceived

as detrimental to the family firm's links with the traditions that have nurtured its development and offer. Compared to domestic growth, internationalization may pose some specific trade-offs for those family firms that are rooted in a territory, since it can imply both physical distancing from the territory, tightening the ties with it, and the need to manage cultural adaptations to foreign market habits (Hennart, Majocchi, and Forlani 2019) that may be in contrast with those of the territory of origin. This could be a barrier to expanding sales abroad for this type of family business.

In this debate, as far as we know, no study has specifically analysed the role of the incorporation of territorial traditions in the family firm's own identity, expressed through a genuine feeling of authenticity, as a determinant of the expansion of international sales. Indeed, this aspect is important, and in our opinion, the construct of authenticity can serve as a bridge between the family firm that is strongly linked with the territorial traditions and the sale of its products outside the *natural loci* of its territory on international markets.

The issue of how family firms, by leveraging shared territorial traditions, their family, and firm values, are able to overcome the inevitable barriers to internationalization (Kontinen and Ojala 2010) is interpreted here through the lens of authenticity. As stated earlier, locally rooted firms may fear losing their link with the territory of origin by going international (Graves and Thomas 2008; Mitter et al. 2014). We can argue that losing the link means abandoning their original self, that is, their authentic self, and also becoming less legitimated in their territory as a relevant part of the same. In addition, we believe that firms cannot grow and thus internationalize without maintaining a sound relationship with their local traditions – which are directly related to their core business- Therefore, preserving authenticity may represent the means via which liabilities and perceived trade-offs can be overcome and break down cultural barriers so that through being authentic to their own selves firms can continue to survive and successfully manage territorial links while selling abroad.

So, RQ) *How does a family business maintain a territorial-based identity by going international*?

3. Methodology

Exploratory research employing multiple case studies was undertaken on family firms operating in Italy (Eisenhardt 1989; Yin 2003; Eisenhardt and Graebner 2007). An interpretative approach was adopted to 'give voice to the informants [...] and [...] represent their voices prominently' (Gioia, Corley, and Hamilton 2013, 17). The insider point of view – that is, the view of those who experienced the events – constitutes the foundation for the analysis and interpretation. Moreover, as researchers, we assume the task of formulating interpretations, taking the theoretical realm, and reporting the informants' interpretations to develop an emergent theory (Clark et al. 2010). Six cases were selected based on the following prerequisites: (a) the business is a family firm – that is, the family is markedly present in both the governance and ownership of the company (Chua, Chrisman, and Sharma 1999); (b) the company is clearly and closely rooted in the territory of provenance; (c) the product is itself an expression of a strong, local tradition; and (d) the company has expanded sales internationally. These aspects represent the boundary conditions of this study as well (Busse, Kach, and Wagner 2017; Whetten 1989). To select the case studies, initial desk research was carried out based on available secondary data (e.g., the firm's website and newspaper articles). Subsequently, specific questions were asked during the first contact with the company to ensure that all the prerequisites were respected. The questions concerned the company as a family firm, the company's links with its territory, and the company's presence on foreign markets. Table 1 illustrates the six cases. The company names are fictitious to maintain confidentiality. The firms considered in this study all market products strongly rooted in the Italian context, including pasta, liquorice, grappa, liqueur, wine and perfumes.

Table 1. Companies and informants in the empirical investigation.

Company	Geographical location	Main Product	Code of the informant, position, number of interviews
Alpha	Southern Italy	Herbal liqueur	*A1.CEO (family member) – [1 interview]* *A2. Marketing Manager (non-family manager) – [1 interview]* *A3. Chief Commercial Officer for Italy (non-family manager) – [1 interview]* *A4. Chief Commercial Officer for foreign markets (non-family manager)- [1 interview]*
Beta	Southern Italy	Pasta	*B1. Chief Commercial and Marketing Officer (family member) – [3 interviews]* *B2. Chief Commercial Officer for foreign markets and HR Manager (family member) – [1 interview]*
Gamma	Northern Italy	Grappa	*G1. President (family member) – [2 interviews]* *G2. Chief Commercial Officer (non-family manager) – [1 interview]*
Delta	Southern Italy	Liquorice	*D1. President (family member) [3 interviews]* *D2. Chief Commercial and Marketing Officer (family member)- [2 interviews]* *D3. CEO (family member) – [1 interview]* *D4. Company museum spokesperson (non-family member) – [1 interview]*
Epsilon	Central Italy	Wine	*E1. President (family member) – [3 interviews]* *E2 Chief Commercial Officer (family member) – [1 interview]*
Zeta	Central Italy	Perfumes	*Z1. President (family member) – [4 interviews]* *Z2. Chief Commercial Officer (non-family member) – [1 interview]* *Z3. Head of Logistic Operations (non-family member) – [3 interviews]*

3.1. Data collection

Data were collected using semi-structured interviews conducted between January 2017 and July 2020. These interviews were the primary source of data (Eisenhardt and Graebner 2007). A semi-structured personal interview was first conducted with the senior manager in each of the six cases selected (De Massis, Frattini, and Lichtenthaler 2013). Initially, we chose one informant for each case – the most prominent member of the firm. Indeed, senior managers are key players and 'knowledgeable agents' (Gioia, Corley, and Hamilton 2013, 17) of the process under investigation whose interpretation and cognition was of great value to us. Other research on family firms has also identified senior managers as knowledgeable informants (see for example De Massis and Kotlar 2014; Zahra, Hayton, and Salvato 2004). To include different and well-informed interviewees who might give us a different perspective on the phenomenon (De Massis and Kotlar 2014), we also asked each key informant for a recommendation as to who could best explain the phenomenon we were investigating (Corley and Gioia 2004). We asked the informants to consider family membership as well as different organizational roles and functional responsibilities held in the firm in order to benefit from a range of organizational members – CEOs, family members with top executive roles, professional (non-family) top executives, and employees, as shown in Table 1. Sometimes, due to the small dimensions of the organizations, some of the top executives held more than one organizational responsibility; they were interviewed accordingly, considering the different functional perspectives they might convey to us. This variegated group of informants allowed us to gain different 'windows' on the issue under investigation (De Massis and Kotlar 2014). We interviewed 17 informants for a total of 30 interviews. Table 1 presents the six cases: Alpha, Beta, Gamma, Delta, Epsilon and Zeta. The table indicates the geographical areas in which the firms are located, the product, and the informants interviewed in each case along with the number of interviews. To simplify the presentation of the analysis of the results, each informant was given a code (see Table 1).

For the first round of interviews, an initial interview protocol was used to ensure that the same topics were covered in all six cases, including: (1) the relationship between the territory and the family company's local product; (2) the main levers and channels employed to reach international markets through their product and transmit the product's inner value, and (3) the role of different actors in the firm (family and non-family members). The basic interview protocol was adjusted as needed to fit the specifics of each interview. In addition, the subsequent interviews, in accordance with our empirical research, were more structured since the procedure involved in the data

collection entailed an iterative process of collecting and analysing the data, and redesigning the protocol. In this way, the subsequent interviews maintained flexibility through the adjustment of the interview protocols in accordance with the informants' responses (Gioia, Corley, and Hamilton 2013).

The interviews lasted between 45 and 90 minutes and were all recorded and transcribed by the researchers for use in the data analysis process. To further ensure internal validity in the data analysis process, member checks were performed during the normal course of conversation with the informants to make sure that the interpretations and emergent findings made sense to them, with the researchers subsequently incorporating their suggestions in the theoretical insights.

We then supplemented the information gathered through the qualitative interviews with available secondary data pertaining to the explored cases, as suggested in literature (De Massis and Kotlar 2014). We first searched for all available information that appeared in the companies' documents (annual reports, company websites, reports, and newsletters). We then searched for newspaper articles published at local, national, and international levels to find referrals and narratives about the companies. We also included comments by individuals regarding their perceptions of the companies' links with their territory, mainly retrieved from social networks and referral sites (such as Facebook and TripAdvisor's pages about the companies' museums). Following, we looked at positions that the family members covered within the territory (e.g., president of industrial organizations at a local level) to further demonstrate the link between the company and the territory. We used this material to triangulate the data collected through the qualitative interviews, in order to strengthen the rigour and reliability of the research.

3.2. Data Analysis

As data were collected through the interviews, they were inductively analysed by resorting to a circular and recursive procedure (Locke 1996) in which the research questions were refined throughout the research process as new understandings were acquired from the interviews. The researchers then read the transcripts and identified themes and categories separately, after which they compared notes. As suggested by the methodological literature (Gioia, Corley, and Hamilton 2013), a first-order analysis was initially performed through a systematic coding of the interview transcripts. The codes that emerged from each interview were expressed in the informant's language using short, descriptive phrases (informant-centric). During this process, the data were repeatedly compared among the informants to discern the major concepts of interest. In this initial stage, *concepts* arising from the data were identified and grouped into *categories* (open coding). First-order concepts, which revealed key elements of the informant's meaning system, were further investigated to grasp deeper patterns in the data. This was done through a second-order analysis involving a search for relationships among categories (axial coding). To ensure the trustworthiness of our analytical procedure and deal with the issue of different authors interpreting informant terms and passages differently (Gioia, Corley, and Hamilton 2013), inter-coder agreement checks were constantly performed during the data collection and analysis. Convergence of key aspects of the authors' coding schemes was constantly verified through regular meetings and discussions to develop mutual understanding and arrive at consensual interpretations. Consensual decision rules were also applied to the way in which various terms were to be coded.

Finally, the data were further reduced by assembling similar themes into *aggregate dimensions*, thus consolidating the more general analysis dimensions that captured the overarching concepts relevant to this article's theoretical framework. As illustrated in Figure 1, which presents the final data structure, four main aggregate dimensions emerged from the case studies: (1) integration, (2) retention, (3) evangelization, and (4) reinforcement.
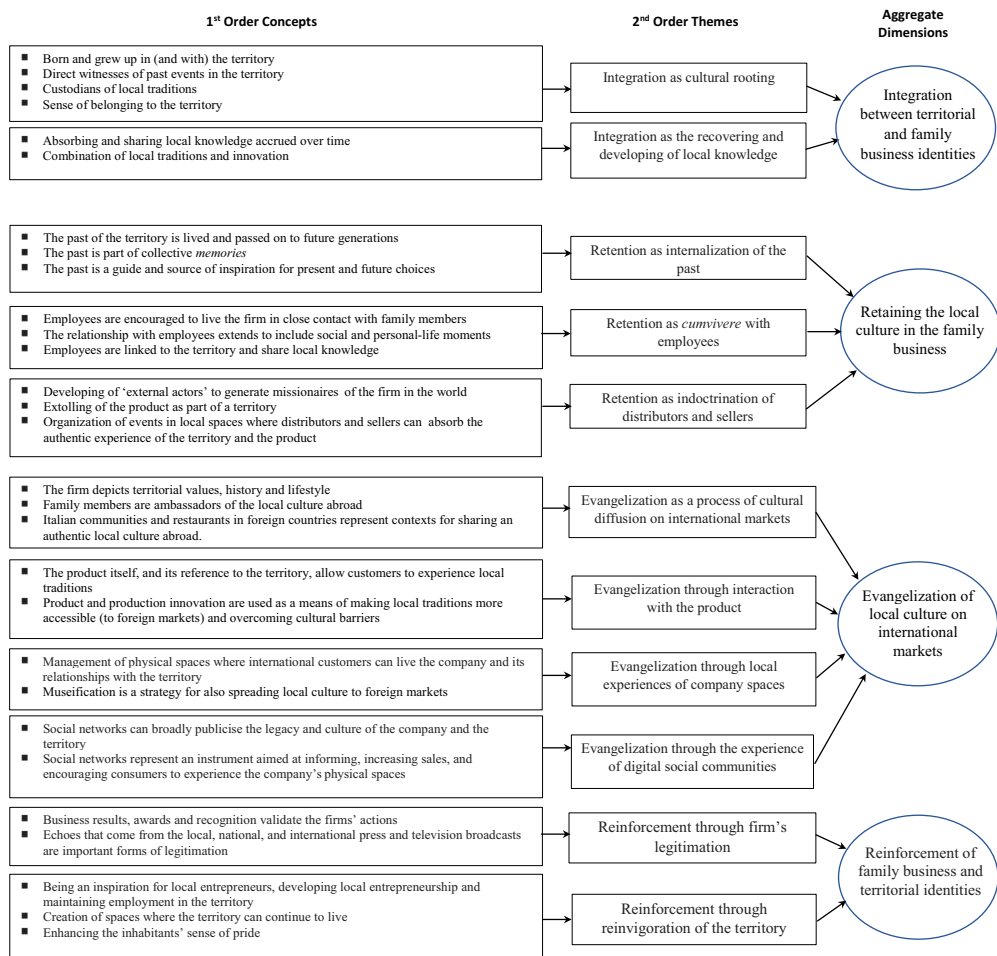
1st Order Concepts | **2nd Order Themes** | **Aggregate Dimensions**

- Born and grew up in (and with) the territory
- Direct witnesses of past events in the territory
- Custodians of local traditions
- Sense of belonging to the territory

→ Integration as cultural rooting

- Absorbing and sharing local knowledge accrued over time
- Combination of local traditions and innovation

→ Integration as the recovering and developing of local knowledge

⟹ **Integration between territorial and family business identities**

- The past of the territory is lived and passed on to future generations
- The past is part of collective *memories*
- The past is a guide and source of inspiration for present and future choices

→ Retention as internalization of the past

- Employees are encouraged to live the firm in close contact with family members
- The relationship with employees extends to include social and personal-life moments
- Employees are linked to the territory and share local knowledge

→ Retention as *cumvivere* with employees

- Developing of 'external actors' to generate missionaries of the firm in the world
- Extolling of the product as part of a territory
- Organization of events in local spaces where distributors and sellers can absorb the authentic experience of the territory and the product

→ Retention as indoctrination of distributors and sellers

⟹ **Retaining the local culture in the family business**

- The firm depicts territorial values, history and lifestyle
- Family members are ambassadors of the local culture abroad
- Italian communities and restaurants in foreign countries represent contexts for sharing an authentic local culture abroad.

→ Evangelization as a process of cultural diffusion on international markets

- The product itself, and its reference to the territory, allow customers to experience local traditions
- Product and production innovation are used as a means of making local traditions more accessible (to foreign markets) and overcoming cultural barriers

→ Evangelization through interaction with the product

- Management of physical spaces where international customers can live the company and its relationships with the territory
- Museification is a strategy for also spreading local culture to foreign markets

→ Evangelization through local experiences of company spaces

- Social networks can broadly publicise the legacy and culture of the company and the territory
- Social networks represent an instrument aimed at informing, increasing sales, and encouraging consumers to experience the company's physical spaces

→ Evangelization through the experience of digital social communities

⟹ **Evangelization of local culture on international markets**

- Business results, awards and recognition validate the firms' actions
- Echoes that come from the local, national, and international press and television broadcasts are important forms of legitimation

→ Reinforcement through firm's legitimation

- Being an inspiration for local entrepreneurs, developing local entrepreneurship and maintaining local employment in the territory
- Creation of spaces where the territory can continue to live
- Enhancing the inhabitants' sense of pride

→ Reinforcement through reinvigoration of the territory

⟹ **Reinforcement of family business and territorial identities**

Figure 1. Data structure.

3.3. The business cases

Each case is briefly described in the following section.

3.3.1. Case Alpha: the herb liqueur producer

Alpha is a family-owned business active in the production of herb-based liqueurs, typical of a southern Italian region. It has roughly 50 employees and a turnover of around 50 million euro. The company, located in southern Italy, was founded at the beginning of the 1900s and has now arrived at the fourth generation of entrepreneurs. Over the last 10 years, the domestic business has grown significantly, surpassing most of its international competitors, and the company has begun international development based on a mix of local traditions and innovation. Alpha achieves roughly 20% of its sales on international markets, in North and South America, Asia, and Europe. The two main international markets for the company are the USA and Germany, where it operates through a branch that manages imports and distribution.

3.3.2. Case Beta: the pasta producer

Beta is a family business active in the production of artisan pasta. It has roughly 70 employees and a turnover of around 8 million euro, with factories located in a very small village in Italy, where craftsmanship traditions and a pasta-related cultural heritage are strongly rooted. The company was founded in the 1970s and preserves its local values and traditions in a museum where the heritage of the territory and company are on view to visitors. It has now reached its second generation of entrepreneurs and since 2008, has progressively increased its turnover. The business has been able to successfully penetrate a significant number of very mature international markets such as those in Western Europe, Japan, and the USA, and also emerging markets, like Brazil, South Korea, and the Middle East. It has significantly increased its sales and number of employees in recent years, achieving roughly 35% of sales on international markets.

3.3.3. Case Gamma: the grappa producer

Gamma is a family-run business with a historical distillery that has produced grappa and other spirits since the late 1700s. This medium-sized seventh-generation entrepreneurial company located in Northern Italy has roughly 70 people employees and a turnover of about 25 million euro. Its main product is a grappa, the label and bottle of which have remained the same since the foundation of the company. Its location in a specific geographical area, a crossroads of important events over the 200 years of the company's life, has allowed the distillery to witness several important historical events in the area. It holds a significant position on the Italian market due to its heritage and the quality of its products, and has also has expanded abroad. In some countries, such as the UK, it has been present since the 1950s, while in others, its expansion is more recent. Austria, Germany, and Switzerland have been the main targets for expansion and account for roughly 70% of the company's international sales. Other international markets include the USA, Japan, and South America. International sales account for roughly 15% of the total.

3.3.4. Case Delta: the liquorice producer

Delta, a small-sized family firm dating back to the 18th century which produces liquorice, has roughly 40 employees and a turnover of about 5 million euro. The family began to extract liquorice juice in 1500 and for more than 250 years has been processing the liquorice plant's roots, constantly improving the quality of the product. Moreover, in 2001, the firm opened a museum exhibiting historical evidence of the industrial activity of the family and the region where the firm is located. The main foreign markets to which the company exports its product include Brazil, Australia, Chile, Uruguay, Northern Europe, and North America. International sales account for roughly 30% of the total.

3.3.5. Case Epsilon: the wine producer

Epsilon, a family winegrowing firm founded at the beginning of the 2000s, is located in a well-known wine district in Central Italy. The region is highly acclaimed worldwide for its remarkable wines and traditions that have made it famous both with wine experts and consumers. The company's wine is among the most prized of the region. Currently with 7 employees and less than 1 million euro turnover, it exports most of its production abroad, accounting for approximately 80% of the total sales. Its main markets are Northern Europe, the USA and Russia.

3.3.6. Case Zeta: the perfume producer

The origins of this family firm that produces perfumes, fragrances, and other cosmetics date back four hundred years ago. Located in a well-known city in Central Italy, its recipes and methods for essences and fragrances have been developed and transmitted over the centuries. It has roughly 80 employees and has a turnover of about 30 million euro. The company's

productions combine innovative technologies with artisan methods. Its product lines are sold in stores all over the world, with the USA, Europe, and Japan its main markets. The company sales abroad account for 70% of the total sales.

4. Main results

4.1 Integration between territorial and family business identities

A basic feature that is found in all the cases investigated is the integration between the territorial and the family business identities. The former permeates the latter, which, in turn, becomes a bearer of territorial traditions.

4.1.1. Integration as cultural rooting

This integration derives from the relationship that a business has with the territory: the family firm born in a certain territory undergoes the effects of the local culture. Thus, it becomes an *expression* of that culture and *evolves* with it. In this regard, Gamma's president notes: 'Our great fortune is that of having our roots in a territory that has been witness to historical events stretching from young Napoleon fighting the Austrians . . . to the First World War', and adds, 'We took part in some of these events, offering a product, grappa, that gave comfort to those poor boys in the trenches' (G1). Grappa, at Gamma, is therefore an expression of the territory and its history. The same is true of Epsilon's wine and Zeta's products. The former stem from the connection with the *terroir*, the latter from that with the city where it is located. At Epsilon one informant explains: 'My firm has always been part of the local wine cluster . . . the vine is rooted here, and I continue to write its history with my wine' (E1). On the same wavelength, one informant at Zeta states, 'We are here, and growing up with this city, we continue to create our products, inspired by the historical recipes of the Dominican friars of the basilica of [name mentioned]' (Z1). Even at Alpha a certain culture finds expression in the production of its bitter liqueur. One of the informants says, 'We have always been in [the name of the Region mentioned], land of conviviality and being together; our bitter liqueur was born here and it embodies those values together with the tradition of certain plants that contain the ingredients that go into it' (A2). However, from all the cases it emerges that if, on the one hand, the territory contaminates the firm, on the other, the firm, as a bearer of local traditions, is a living actor of the territory. It keeps alive and fosters its culture, and makes it *evolve* while strengthening its territorial-based family identity. Delta's president says, 'Our business exists thanks to this territory as the liquorice plant is here, but we do not exploit it . . . we create interactions and dialogues with its natural traditions' (D1). As Beta's marketing director explains, 'We belong to a historical community of pasta producers, our products mark the unfolding of its history over time' (B1).

4.1.2. Integration as the recovering and developing of local knowledge

The integration of a territorial-based family identity with a business identity through cultural rooting involves the *recovery* of *local knowledge* which certain entrepreneurial communities have preserved over time. 'Our territory is not so extensive but it produces 15% of Italy's pasta . . . Living here [name of the town mentioned] you absorb a productive culture, and certain local skills are in the DNA of each of us', states the chief commercial and marketing officer of Beta (B1). He adds, 'For those who don't know our territory, I always say that besides water, people's blood here also contains a little semolina' (B1). As Gamma chief commercial officer explains, an ingrained productive culture that continues to live in a local community of entrepreneurs facilitates 'the sharing of knowledge . . . together with the scouting for opportunities and perspectives' (G2). But the rooting in a local culture may imply not so much the *use* of a community knowledge which exists locally, as the *development* of new knowledge by using resources that mark the history of the territory. At Delta, as the president explains, 'We used an innate resource and through experimentation, we gave birth to certain techniques' (D1).

Similarly, Alpha's chief commercial officer says, 'The company was founded by my great-grandfather, who originally had a distillery in a village in Sicily ... Then he moved here, bought a distillery and applied some of his technical skills to local resources' (A3). Epsilon is an interesting case in which rooted knowledge prevails over emergent, locally widespread knowledge. The president tells us, 'I continue to produce the wine in cement according to the oldest traditions even though local winemakers urge me and other producers in the area to use barrels to create a more technical wine' (E1). At Zeta, on the other hand, as the chief commercial office affirms, 'Products are created by adapting production traditions to modern technologies, thereby increasing the quality of our products' (Z2). New technologies, therefore, can coexist with traditional knowledge as they can be fuelled by it.

4.2. Retaining the local culture in the family business

A crucial aspect of the firms investigated concerns how the territorial identity permeates the family business, that is, more specifically, how a local culture is internalized. As our research reveals, retention takes place on three levels, which we will now explore.

4.2.1. Retention as internalization of the past

The first level involves how family members experience *the past* in connection with the present and the future. The past is a past of indelible memories of people who have contributed to the firm's fortunes. As one Gamma interlocutor recounts, 'The past leads me to think that today I am sitting in the office where grandparents, great-grandparents, great-great-grandparents sat for seven generations ... this is perhaps the great weight of the family business' (G1). But the past is not just a chronological past made up of the history of personal events. The chief commercial and marketing officer and a family member of Beta states, 'We founded this firm a second time in honour of my father, who passed away in 1989 and had an important pasta factory' (B1). He adds, 'This was inevitable because today we feel that our father is still here with us ... with his skills, his way of experiencing the enterprise, and his bond with the productive traditions of the territory' (B1). The past is therefore made up of *memories* that still live in the *present* and through which *values*, like respect for the territory, are *recovered*. Personal memories carry with them values from the past and bring them up to date in the present. A local culture is therefore embedded recognizing, by experiencing an inner time, the *territory as a value*. The president of Epsilon observes, 'What moves me today and inspires my choices is reliving the history of great local entrepreneurs of the past who worked to make a wine that embodies our territory' (E1). The time behind retention is a time where the past in addition to living in the present, guides future choices. This emerges, in fact, from the accounts of the Alpha marketing manager, 'I think of when the current owner recalls his childhood in the company, when he took miniature bottles and tried to distil liqueurs with his grandfather' (A2). He adds, 'He lives today with these memories, and by continuing to live his past as a distiller he is guided today in making productive choices' (A2). According to the president of Zeta, 'It is important to continue to live a time when the past and the future, and with them tradition and innovation, are intertwined' (Z1). He adds, 'In this, in the end, we are able to maintain our bond with the territory over time'. A concept of time based on a past, which, by living in the present influences the future and conserves memories and value for the territory, filtering the selection of family members. In this regard Gamma's president states, 'From the time they [our children] are very young, we have to try to get them into the world of the family, the world of this fable, which has survived for centuries' (G1). In doing this, he adds, 'We try to get them to understand that I am here because someone before me worked together with this territory ... .and, I hope, there will be those who will do the same after me. So, it's not what the company can do for us, but what we can continue to do for the company and for the territory' (G1). It is not easy to internalize all this, which is why, as Delta' president explains, 'My son is a professor of criminal law, I have a daughter who is a judge ... and the one we have chosen as an

administrator is a nephew who did ad hoc studies . . . and decided that this was his vocation' (D1). Furthermore, Delta's president stresses that 'More than [aiming for] immediate results, we need to maintain our positioning on the market . . . always aware that we have values to transmit, namely, the business culture, the uniqueness of a product and the responsibility towards the territory where one operates' (D1).

4.2.2. Retention as *cumvivere* with employees

Retention also involves employees. They internalize a local culture through '*living with*' the business environment. As Alpha's marketing manager explains, 'The current CEO, who is also a fourth-generation member of the family, devotes time to following the workers step by step, at all the production stages, in the blending of herbs, the dosage, and the recipe itself' (A2). The effect of this participatory behaviour emerges from the words of one of Beta's informants, 'The fact that our employees live in contact with family members acts as an invisible bridge for our values and our principles, so that they can make them their own, along with the challenges in which we engage them' (B1). The president of Delta adds, 'We involve our workers . . . and as they are immersed with us in our environment, they understand our roots, the value we ascribe to the territory and who we are essentially' (D1). Living with those who make strategic decisions about the governance of the company, says the chief commercial officer of Zeta, 'Creates engagement and leads me to repay management for the trust they have given me' (Z2). But *cumvivere* presupposes an attitude of openness, which we find in Gamma's family members, 'Everybody has my mobile number, whether they are white-collar or blue-collar workers. My door is always open' (G1), says the president. He also highlights that 'It is only in this way that a firm like ours can influence people, even those who initially have strong personalities and a high level of professionalism' (G1). However, family members and employees 'live together' not only in a business environment, but also in *social-life environments*. The president of Gamma tells us that 'Sometimes on a Friday evening, at the end of our workday, we all have an aperitif together at the bar. These moments are intriguing because on this occasion we also talk about work, we air ideas, doubts, thoughts, in this way we informally reveal who we really are, what our values are, how important the bond with the territory is, and how it moves us to do business' (G1). The social-life moments that are shared can also encompass *moments of personal life*. In this connection, the informant at Epsilon relates, 'I often participate in convivial moments that employees organize with their friends where we enjoy ourselves and taste wine' (E1); and the president of Gamma states, 'We never miss a baptism, a wedding, or a funeral involving our employees, so it's sort of like a big family' (G1). Speaking of 'big families', the head of operations of Zeta says, 'When I joined the company, I felt guided by the owner as if he were a father who follows you, teaches you and enlightens you in your choices' (Z3). Gamma's chief commercial officer (G2) remarks, 'Since you become part of a kind of company-family, you take on its values day by day'. The feeling of being part of a large family is facilitated by the *continuity* of local employees across *generations*. Alpha's marketing manager says, 'Some of our employees have been here for two or three generations; maybe they are sons or daughters of workers or grandchildren of workers, and, just as Alpha grew up gradually, the families grew up too' (A2). A Gamma informant recounts surprisingly, 'We have a family of employees that has worked with us for 210 years. We have always had this family with us, so this is an integrating part of our microcosm' (G1). Being local contributes to feeling tied to the territory. Delta's museum spokesperson puts it this way, 'In the company we are almost all from [name of the town mentioned], so there is an attachment to the traditions of our land' (D4). Traditions can, however, create this attachment even when people do not have local roots. One informant at Zeta makes this clear, 'Some employees come from different countries . . . we need this to deal with international markets . . . but sharing our history with them, also through the history of our city, helps them to incorporate the value of the tradition and to feel themselves part of our territory' (Z3).

4.2.3. Retention as indoctrination of distributors and sellers

Finally, retention involves actors that are external to firms. These actors are distributors and sellers who embed the local culture through a *process of indoctrination*. Central to this process is the territory together with the products that originate there. Beta usually starts this at the fair where, as the chief commercial and marketing officer says, 'We meet our importers and explain the differences between industrial and artisanal pasta, pointing out that ours is more than just an artisanal product, as it is the fruit of a particular territory . . . and that is what gives it added value' (B1). Gamma's chief commercial officer's remarks are in the same vein, 'Once we have made contact with clients at the fair . . . . introducing Gamma, we extol the authenticity of its products along with its being non-conformist and firmly grounded in a territory rich in traditions . . . ' (G2). Beta's chief commercial and marketing officer also adds, 'I take part personally in all the meetings with my importers . . . I leave nothing to chance, since, in the end, they are the ones who then transmit our values to potential customers abroad' (B1). One family member at Epsilon does the same. In fact, he says, 'I have crossed half the United States, from New York, to Texas and Colorado, and met my importers in important restaurants . . . and I have tried to explain the essence of my grape cultivating techniques, which are those of my *terroir*' (E1). The process of indoctrination, then, is a strategic process that *cannot be delegated* to persons outside the company, as it implies a relationship between master and pupil aimed at generating missionaries of the firm in the world. This process can also take place locally and, in addition to distributors, it also involves sellers. Sellers recognize the territory where the firm is rooted as a value, *immersing* themselves in it. As one informant at Beta explains, 'When our sellers come to us, in addition to coming into contact with our firm and the fragrance of our pasta, they are met by a spectacular, pristine environment . . . . We are situated in a green, mountainous setting overlooking the sea . . . sellers discover this territory, experiencing unique moments' (B1). Sellers may also have special experiences in artificial spaces created in natural settings. Gamma's president tells us, 'We have built an auditorium that seats 110 people dedicated to spreading the culture of grappa, here we show videos in various languages that explain our production processes and the kind of work we do . . . . and then we also have tastings' (G1).

4.3. Evangelization of local culture on international markets

Territory as the basis of family business identity plays a role in internationalization. This, more specifically, translates into a process of evangelization aimed at *conveying* a local *culture* to *international markets*.

4.3.1. Evangelization as a process of cultural diffusion on international markets

Evangelization lays its foundations in the *creed* of the *local culture* in which the family businesses are immersed. Thus, the businesses evangelize markets by shedding light on the essence of their products. At Gamma, the chief commercial officer states, 'Our firm represents Italian grappa . . . Grappa is a typical Italian distillate . . . When we go abroad with our products, for example to Japan, we present a part of Italy, a story, but also an Italian approach to life' (G2). At Zeta, the chief commercial office remarks that, 'Even before we penetrate a market, we educate our clients, not so much with regard to the product as to the culture it embodies' (Z2). The firms make use of ambassadors in spreading local culture. These ambassadors may be *family members, internal sales force and sellers/distributors*. At Delta, an ambassador is the president who recounts, 'The Mediterranean diet consists not only of what you eat but also of emotions, and my moral imperative is to relate these emotions to the origins and intrinsic traditions of our products' (D1). Other ambassadors are the *Italian restaurants* scattered all over the world. 'Our goal is to create a culture of a certain pasta abroad, and in doing so, we resort to Italian restaurants, which act as drivers of the values and traditions of our territory' (B1), says Beta's chief commercial and marketing officer. Restauranteurs as ambassadors are also crucial for Alpha, where the marketing manager reports, 'In Germany, people regard the Italian bitter liqueur as a family product, which they look for in Italian

restaurants and pizzerias; we turn to them since it can be advantageous for Italians who open restaurants there to have Italian liqueurs to offer their customers' (A2). The chief commercial officer of Epsilon points out that 'together with our importers, we select restaurants which more than others represent our territorial nature in the world' (E2). Moreover, the role of cultural ambassador is also performed by *Italians* who, moving abroad, carry with them the products expressing their culture of origin. In this regard, Beta's chief commercial and marketing officer claims, 'In the 20th century, all immigrants had a package of pasta in their suitcase together with cheese and salami . . . together with the pasta they carried a lifestyle . . . .' (B1). He goes on to say, 'Today, it is easier to sell pasta on markets such as Germany, France, the United States, and Canada, where there is a strong presence of our compatriots'. For the CEO of Alpha as well, the role of Italians abroad as promoters has been important, 'Many people also moved from [the southern region where Alpha is located] to the north, and it happened that over the years many left . . . and often they had a bottle of Alpha in their suitcase and they kept it in the freezer in the various places where they stayed, and then they had a friend or a relative taste it' (A1).

4.3.2. Evangelization through interaction with the product

Evangelization may materially take place in the interaction between international customers and the *product* as the most visible and vivid expression of the bond with the territory. The firm takes care of the culture through the product and preserves it in the product over time. The product can also *recall* the territory. 'There is not a single Delta candy box that does not evoke the territory . . . so the view of the label allows you to imagine it' (D2), says Delta's chief commercial and marketing officer. In a similar vein, the president of Epsilon claims, 'You recognize the territory when you taste my products . . . if you listen to them, you feel that they are from here' (E1). Certain products continue to 'contain' the territory and its culture even if are *innovative* products. At Alpha, for example, the chief commercial officer notes, 'What is special about us is that we select the materials, discover them, and by drawing inspiration from our local history, we use them in fresh and innovative ways . . . we are trailblazers in the production of ice-cold bitter liqueurs' (A4). Certain innovations may concern not so much the product as the *production technologies*. At Zeta, the head of operations points out, 'We create historic products but with new production facilities that enhance the quality of our being craftsmen' (Z3). In any case, the 'new' embedding of a local past can be useful for *facilitating access* to traditional products. 'In 2008 we made a new high-quality artisan pasta . . . a set of 100-gram pasta portions. with the result that our local craftsmanship finds its expression in a new product that helped to make our pasta known around the world' (B1), remarks the chief commercial and marketing officer of Beta. It can also open up *new segments* of consumers. As Gamma's president relates, 'The historic line of aperitifs and grappa has been proposed again in a dedicated line . . . for Horeca, that is, high-end restaurants and wine bars; we are starting to repackage products which we have been making for 120 to 130 years anyway' (G1). Moreover, connecting the novel with local traditions can pave the way to new markets, making it possible to *overcome* certain *cultural barriers*. As Alpha's marketing manager says, 'In the United States people are not used to drinking a bitter liqueur, a digestif, after a meal, and the Americans are, let's say, very into the classic Mediterranean liqueur, so we work a lot with limoncello, bergamot, orange liqueur, and fennel liqueur to sell our ice-cold bitter liqueur there. We work hard on what is perceived as Italian, that is, what evokes the sea, the Mediterranean lifestyle' (A2).

4.3.3. Evangelization through local experiences of company spaces

Evangelization may also take place by allowing a *local culture* to be *experienced* in special spaces that firms open up to their international customers. In doing so, firms take care of a local culture, trying to keep it alive through evocative settings of the territory and its past. The setting that Beta uses is the company *museum*. 'When people from all over the world come to us, and visit our museum, the philosophy of this place enters their blood . . . this place [name of place] is a medieval town . . . here, history is felt directly, with the 16th-century mills where the wheat was ground and the beautiful

springs' (B1). The local culture that the museum transmits is experienced in its connection with the *history of the firm*. As Delta's museum spokesperson (D4) says, 'The museum is something truly experiential, it's something that immerses visitors in our land', and adds, 'Thanks to it, we can talk about evolution, about the air we breathe today at Delta, about how we have managed to keep going for the 300 years of our business activity'. Aside from the museum, there are other company *experiential spaces* where customers may be evangelized. For example, at Zeta, the president remarks that 'our customers are invited to visit our laboratories, where they discover our original recipes, entering into contact with our cultural traditions, which, despite our productive modernity, mark our continuity in time' (Z1). At Epsilon, the president says, 'We open our wine cellar, which more than any other place tells the story of our wines in their relationship with the *terroir*' (E1). Other experiential spaces include *purpose-built structures* which, due to being locally situated but architecturally innovative, represent a synthesis of the intermingling of tradition and modernity. The president of Gamma points out clearly, 'Our auditorium is a specially built and innovative structure designed by the architect [name of a famous architect] . . . who developed an idea of the grandparents in which the grapperia was a crossroads of people; we recreated a place where we could train importers and distributors but also meet different visitors to share with them the culture of grappa together with the history it embraces' (G1).

4.3.4. *Evangelization through the experience of digital social communities*
Finally, *social network sites* also become a place for spreading the cultural heritage that the firm preserves. Their role is essentially *operative*. The president of Gamma, in fact, observes, 'The social networks have to get customers to buy a bottle of Gamma, go to our wine shop or participate in our events . . . so they have to inform about the product and transmit the underlying cultural heritage' (G1). There is widespread awareness that social networks play an important role in increasing *sales*. As the chief commercial officer of Zeta says, 'They allow access to our e-commerce, which in our company is destined to integrate in-store sales' (Z2). Social networks are also spaces that provide an *opportunity* for firms to talk about themselves and their history directly but also indirectly through consumers who, by animating virtual spaces, share ideas, opinions, and purchase experiences. This perspective emerges from the words of Delta's CEO, 'The propensity for innovation is very strong: as early as '96, the firm could count on its website where we inform about our origins and our activities, and where we interact with 400 food bloggers . . . Since 2014, the site has also had e-commerce activity; all this has also enabled the creation of a community surrounding the product . . . which is useful for getting to know customers and understanding to what extent our activities work . . . and what consumers are saying about us . . . ' (D3). The aim is to use social networks as a tool to bring the consumer closer, although, as emerges in the case of Beta, 'social networks tend to homologate and instead of exalting certain authentic features of the business and the product . . . the risk is that people do not perceive that we have something extra that a computer cannot give' (B1). The Epsilon informant is of the same opinion, claiming, 'I use social media as a channel to talk about my days spent in the vineyard, but I prefer for customers to come here and live real and non-virtual worlds so I can show them what my business is' (E1).

4.4. *Reinforcement of family business and territorial identities*

To remain attractive over time the territorial-based family firm must *reinforce* the *bond* between the family business and the territory. The firm should enhance the recognition of its territorial-based identity ('taking care of' effects for the business identity) which, in turn, should continue to have a positive impact on the territory ('taking care of' effects for the territory).

4.4.1. *Reinforcement through firm's legitimation*
Family firm's identity reinforcement is favoured by the process of legitimation. This reinforcement finds expression in *personal gratifications*, as is evident from the words of the owners of Beta and

Zeta. The former declares, 'In 2008, I won an award as one of the best Italian managers engaged in preserving a territorial dimension in doing business' (B1). The latter remarks, 'I was appointed president of the organization that includes the oldest family firms in Italy which have not forgotten the value of the past in their business activities' (Z1). A similar position is held by Delta's president, who has presided over an international association for several years, thus serving as a world ambassador for the values of historic companies. Recognition of the undertaken actions also emerges from the *echo* of the firm in the *international press* and *television broadcasts*, as is proudly illustrated by the chief commercial officer of Delta, 'We heard that our product was recommended in a cooking show abroad' (D2). At Epsilon an informant pointed out, 'I find my wines cited in important wine magazines, including Wine Spectator' (E1). However, the most direct and concrete form of legitimation is the level of *performance* achieved on foreign markets. This is shared by all the cases under investigation, where the performance is the result of taking care of the territory through the maintenance and development of the product matching local traditions, the settings of local experiences, and the specific use of digital environments.

4.4.2. Reinforcement through reinvigoration of the territory
Family firm's expansion into foreign markets have an impact on the territory and its traditions, thereby reinforcing them. International growth turns out to be a kind of nourishment for the economy of the territory. It fosters *local entrepreneurship*, as the chief commercial and marketing officer of Beta explains, 'Our development on international markets allowed us to take a leading position in artisanal pasta . . . and in doing so, we have increased the value of pasta in the sense that the other local pasta artisans have raised their prices . . . until recently they were selling at prices 30% lower than ours' (B1). International growth also strengthens *local employment*. At Zeta, 'we've gone from 3 to 80 employees here in [name of the city is mentioned], and from 130 sqm to 15,000 sqm for our laboratories . . . doing everything here, including the cultivation of our medicinal herbs' (Z1). In this regard, one of the Delta's informants also points out, 'When we opened the museum, we hired three people with a degree in cultural heritage who were thus able to find work in this region, which is not easy' (D1). The following extract shows how reinforcement implies local investment for creating company experiential spaces. Delta's CEO stresses that 'our auditorium is a free space that attracts our clients, and which was built to promote the firm through the territorial culture' (D3). Gamma makes the same point, 'We cultivate the territory with our *grapperia*, which is 250 years old . . . Hemingway sat here . . . the American poets came here . . . and it is a place where you find 80-year-olds and 20-year-olds and many tourists . . . be they English, German, Chinese or from other countries' (G1). The returns that international growth generates are also intangible. They include a growing *pride in the territory* felt by local inhabitants. For example Gamma's president says, 'I know people of this village who go abroad and say "we are from [name of the village mentioned], the hometown of grappa" . . . the inhabitants are very honoured to come from this world . . . where the oldest distillery is located . . . they are very proud of this coat of arms [he shows us] . . . very often, many of them send us photos or messages from where they find our grappa' (G1). It is the pride in their roots that leads businesses to remain *anchored* to the territory, despite the difficulties, as is clear from the words of the Chief Commercial Officer of Alpha regarding the possibility of moving to locations other than the current ones, locations where, he says, 'Many problems would not exist, also logistic in nature . . . where life would be better. But we never did it. We have kept the plant . . . in fact, it has expanded where the embryo was . . . where the company was born . . . we did it to maintain that tradition' (A3).

5. Discussion and implications

Our research question concerns how family companies can preserve their territorial-based identity when going international. The answer lies in the fact that family businesses may experience internationalization mainly as a *process of sharing a local culture* by remaining coherent with themselves

and with the local context over time, evolving, but maintaining their original character of genuineness and honesty. In the light of the findings from the empirical investigation, we propose a tentative model to explain how a family business can maintain a territorial-based identity while expanding its sales abroad. This model is based on four building blocks that emerge from the empirical analysis: **integration, retention, evangelization**, and **reinforcement**. These building blocks serve to blend family businesses and territorial identities according to an authenticity-based perspective. This perspective can let the company to achieve both international sales expansion and strengthening the ties with the local context (Figure 2).

In our opinion, it is by experiencing business in this way, that it is possible to overcome the trade-off between remaining coherent to territorial traditions and growing on international markets (Graves and Thomas 2008; De Massis et al. 2018; Calabrò et al. 2019).

In this perspective, the local culture – that finds expression in the territory and its traditions – represents a critical asset that shapes the identity of the family business and allows for entering foreign markets where it makes the products offered as a source of attraction. The local culture in authentic firms is not external to the company (Hibbert and Huxham 2010) or something that is opportunistically evoked (Beverland 2006), but rather, it is part of the company, defining it over time and animating its business. The firms investigated are born as an effect of the local culture, and they evolve with it, thus carrying on territorial traditions and historical memory over time. In this process, called *integration* here, firms are not only an expression of their territorial traditions but they also feed them through their business activity. Business and territory co-evolve, and the integration process is achieved through the firm's assimilation of territorial cultural roots and local knowledge.

By being authentic, companies embed the local culture (Gardiner 2011; March, 2013). This takes place via recognition of the territory as a value (*retention*). Retention works at three levels, namely, in family members, employees, and distributors/importers/sellers on international markets. Retention in *family members* implies living a time where the past coexists in the present, dragging with it, memories, ethics and values, and guiding future choices. Time is not a descriptive characteristic of the company-life or its products, but it is a lived time that acts through the process of self-understanding that an authentic company undertakes and in which the value for the territory is the founding value of its true self (Freeman and Auster 2011). The past lives in the present, leaving its mark on the aspirations of the family members. In other words, it contributes towards nurturing their future: 'what we want to become' unquestionably embraces 'what we have been'. The recognition of
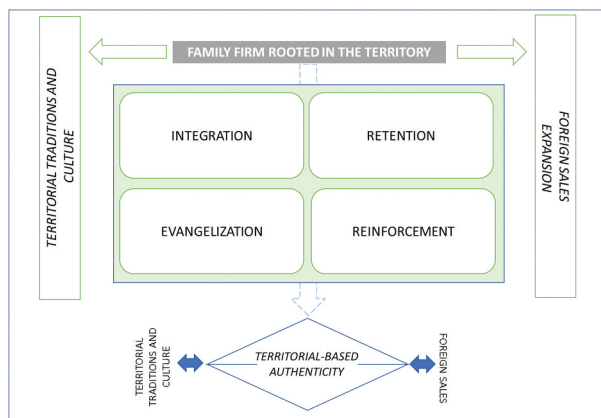

Figure 2. Family business and internationalization: four building blocks for territorial-based authenticity.

this dialectic between past and future as a means of conveying a local culture over time is what is sought after in the selection of the new generations of the family members. In *employees*, retention resides in the 'inhabiting' of the company, i.e. perceiving it as a natural extension of their private environment. Professional spaces of the company intersect with the private spaces of the employees so that 'the family business' enters into 'the family-person' (May et al. 2003). The effect is that of creating the feeling of 'being part of a big family', not in the sense, however, of 'being in the company as in the family', but as 'living the business as a family'. They recognize the value of the territory by incorporating the local culture through *cumvivere*: indeed, together with family members, employees share a professional space (the company) as well as social spaces (at personal events). It follows that the relationships they maintain with family members tend towards mutual understanding, tacitly and unconsciously managing to transfer ways of being, thinking, and acting. Retention in *distributors/importers/sellers* implies the accruing of experience of the territory. They get to know the connotations of the products they sell through the culture these incorporate. In this way, even foreign actors with distant cultures may fully understand the local culture behind the family business productions and consciously transmit it to others on their respective international markets. A positivist approach to the product aimed at describing the objective connotations is integrated with an interpretative approach, aimed at forming the basis for understanding these connotations (Postrel 2003; Grayson and Martinec 2004). They absorb the local culture underlying the teachings (indoctrination) that the company provides them with and where the product narratives are central in its link with the territory. But that is not all. The moments are also central in which they are invited to live the territory by experiencing local culture. The immersion allows for tracing back to the *essence*, or rather, to the culture of the product. Through it, one understands the value of the territory. The product is thus seen as a 'being of the territory' and not only as a 'set of mere attributes'; and some objective connotations of the product acquire value in the light of certain meanings attributed to it.

Evangelization concerns the process through which the local culture – characterizing a territory and its product-related traditions – is conveyed to the foreign markets *(evangelization)*. What is retained internally is what is communicated externally. By evangelizing the markets, in its relations with foreign customers, the company sheds light on the culture from which it was born and in which it lives. It does so by choosing its ambassadors which can be individuals (family members or sellers), related social spaces (Italian restaurants), and local communities (immigrant citizens). To do this, an authentic company does not limit itself to communicating culture through different channels and media, instead it accompanies communication with 'take care of' actions (Atwijuka and Caldwell 2017) involving the product, company spaces, and social network sites. The *product* – which becomes a 'meeting ground' between customers and local culture – is cultivated by modifying and innovating it over time. Some of its innovations act as the gateway for capturing the underlying traditions and reaching new markets. Evangelization is also carried out through the organization of *experiences in company spaces*, locally situated which allow for interpreting the history of the company in its interweaving with the history of the territory. The experiences are carried out in company spaces, both traditional and modern environments, for capturing the added value inherent in the product. Local culture is conveyed to foreign markets also through the management of *social network sites*: these are environments for the exchange of all kinds of information, opinions, and experiences and not just related to the product. Social network sites are managed in such a way as to foster sharing but also to facilitate the customers' access to the product portfolio combining in-store sales and e-commerce.

'Take care of' actions are circular, so that culture is taken care of to generate the effect of recognizing a territorial-based identity as a company's distinctive factor, which in turn produces economic benefits for the territory through *reinforcement*. This process is related to the strengthening of the link between the family business and its territory. It translates, on the one hand, into a growing recognition of the territorial-based business identity, and on the other, into a strengthening (also economic) of the territory because of the evangelization actions pursued. In

nourishing the relationship between business identity and territory, the firm must continue to be legitimized for its evangelization actions and the territory evolves through them. The growing legitimacy emerges from personal and public awards as well as from the performances achieved on the various international markets. The territory feeds on this legitimacy and evolves without distorting itself: local entrepreneurship grows inside it, as well as employment, the pride of its inhabitants, and with this, also the attachment to its culture. By aiming to strengthen the link between family identity and territory, companies can remain competitive over time. The legitimization of a territorial-based identity having an impact on the territory serves a) to trigger new 'take care of' actions as a means of continuing to make the culture attractive, and b) to reinforce in the company recognition of the territory as a value preserving cultural ties.

In our view, the practice of living an inner time, of inhabiting and cultivating the essence at the basis of retention together with the 'taking care of' actions implemented, are connotations of authenticity that contribute towards making territorial-based family firms capable of preserving their territorial identity by doing business on international markets. The territorial-based authenticity proposed here is strictly linked with the family's humanity, rigour, and ethicality. This represents the strength of the family business but may imply some limitations in international development. In fact, from the empirical investigation, it seems that these kinds of family firms are less linked to routinized processes in internationalization and this makes them highly dependent on the human variable. In our opinion, this represents a relevant weakness of family businesses which are strong in making territorial-based authenticity the engine of their internationalization. Moreover, using a territorial-based authenticity as the driver for sales expansion abroad may take time and this could imply slower growth on international markets compared to other family firms.

To summarize, compared to existing literature, this paper contributes to the debate on the linkages between the family business and its territory by emphasizing the possibility of overcoming the alleged trade-off between local ties and internationalization (Graves and Thomas 2008; De Massis et al. 2018). It interprets the relationships that the family business has with its territory, not in the sense of a relationship between the company and the environment as an external surrounding context, but rather, by considering the territory as a part of the company. Moreover, our research allows us to depict several distinctive features capable of distinguishing some family firms from others in the process of internationalization, thus feeding the current active debate (Casprini et al. 2020) on the differences that could be found in family firms. From a managerial point of view, our contribution is twofold. It proposes a useful guide for companies that are rooted in the territory, highlighting the areas to be managed to avoid losing the link with the territory while taking advantage of sales opportunities abroad. At the same time, the model proposed could also represent a useful suggestion for family firms which are not – but could be – integrated with their territory of origin, in implementing this dimension in order to achieve foreign sales growth through efforts to foster their authenticity.

6. Limitations and avenues for future research

This study is not exempt from limitations that point to directions for future research. The first limitation is the fact that the empirical investigation only considered cases from one country, Italy. Therefore, future research should include a comparison with cases of other countries to further investigate the aspects of the model presented here. The second limitation concerns the historicity of the companies considered in our empirical investigation. Our analysis included business cases with more or less marked historicity. Future research should consider how territorial-based authenticity may act in international sales expansion by studying cases of companies recently present on the market. The analysis in this case could help identify further elements aimed at favouring the development of new entrepreneurship that exploits the combination of territorial resources in growth paths on foreign markets. Moreover, our research stresses the positive aspects of being and remaining authentic, based on local traditions. Future research should aim to

determine potential challenges and negative aspects that could jeopardize authenticity. In addition, upcoming research could investigate the issue of authenticity and its relevance for the family firm by including the standpoint of external actors in the territory. Finally, the boundary conditions of this study lead us to define the limits of its generalizability (Busse, Kach, and Wagner 2017; Whetten 1989). Indeed, the specificities of the family firms investigated draw attention to the study of the issue of authenticity in international sales expansion from the perspective of family firms with a strong link to their territory of origin thanks to production firmly related to the local products and traditions.

To conclude, this paper contributes to the growing debate on the internationalization of family firms by emphasizing the need to rethink the relationships between the family firm and its territory.

Disclosure statement

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