Exploring the effects of socio-emotional wealth and family social capital on family firm growth and innovation – a comparative study.

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Exploring the effects of socio-emotional wealth and family social capital on family firm growth and innovation – a comparative study.

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Abstract

The concepts of socio-emotional wealth (SEW) and family social capital (FSC) have been extensively used by previous researchers to understand how family firms operate and how this affects their business or innovation performance. However, the overall findings of previous research on the influence of SEW and FSC on family firms are mixed, and little research has been done that examines this influence in the context of different cultures and business environments. It was evident from the study of literature that the existing research, although very promising, is still in its infancy. Existing theory was deemed to be inadequate to answer the questions we have because it holds diverging views on many of the subjects of this study. It was thus decided that this exploratory study would further research existing theories, in order to produce new ideas and hypotheses. It is imperative to fill this gap since family firms of all sizes play a crucial role in the economies of most countries, providing many jobs and contributing to their GDP. Research into the role of SEW and FSC in contributing to or hindering family firm performance is important in providing an enhanced understanding of how to improve business growth in individual firms and in the family firms sector, taken as a whole. This qualitative study investigates the influence of socio-emotional wealth and family social capital on business growth and innovation, based on interviews with samples of Pakistani-owned family firms in Pakistan and in the United Kingdom. The purpose is twofold: first to provide an enhanced qualitative understanding of how national culture and business setting may influence the ways in which socio-emotional wealth and family social capital contribute to or hinder business growth and innovation in family firms, and second to investigate how these overlapping concepts might be used in a complementary way in future research. The interviews of respondents, both in Pakistan and the United Kingdom, gave insights not only into how these family businesses operated and performed, but also about the participants' understanding of FSC and SEW. The findings demonstrate a number of routes socio-emotional wealth and family social capital have taken to influence business growth and innovation activity in these family firms, and confirm the importance of acknowledging national culture, as well as the business environment in which family firms operate, when investigating their behaviour and performance. They also reveal many overlaps between the concepts of

socio-emotional wealth and family social capital when investigating this sample of Pakistani-owned family firms. It is concluded that these concepts can be refined and modified for use as complementary research tools in future studies of family firms, emerging from different national cultures. By building on the theoretical and practical findings of the current study, such future studies might help generate an expanded body of evidence about family firms that will help overcome some of the historically mixed research findings and provide clearer guidance to help family firms improve their business and innovation performance.

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Chapter 1: Introduction

1.1 Chapter introduction

Family businesses are a time-honoured contributor to GDP, job creation and economic growth (Astrachan and Shanker, 2003; Blackford, 2003; Welsh and Raven, 2006). To understand these types of business and how they achieve success, researchers have documented the ways in which family firms tend to differ from non-family firms and have examined how these characteristics influence their strategic decision-making, performance and innovation activity (Miller and Le Breton-Miller, 2006; Chrisman, Sharma, Steier, and Chua, 2013). Family businesses tend to have unique features that contribute to their success, such as strong entrepreneurial tendencies (Zahra, 2005), loyalty and long-term commitment of family members to the business (Tagiuri and Davis, 1996; Sirmon and Hitt, 2003), and a sense of pride in or personal identification with the firm (Koiranen, 2002). Some characteristics are less desirable, such as risk-averse behaviour, distributing profits to non-contributing family members, and lacking professional management (Redding, 1990; Bauweraerts and Vandernoot, 2013).

The concepts of socio-emotional wealth (SEW) which has generally been defined in the literature as the non-financial or non-economic values that are often important to family firms (Gomez-Mejia et al., 2012) and family social capital (FSC) broadly defined as an asset that exists in social relations and networks within a family firm have been extensively used by previous researchers to understand how family firms operate and how this affects their business or innovation performance (Huybrechts et al., 2011; Carr et al., 2011). However, the overall findings of previous research on the influence of socio-emotional wealth and family social capital on growth and innovation activity of family firms has focused on specific case studies, with little research carried out in this area in the context of specific countries or national cultures, in which the family firm sector is especially prominent, such as Pakistan. There has also been very little previous research that has investigated the role and influence of SEW and FSC in family firms from the same national culture, which are operating multi-nationally. As such, this study observes that the current literature in this area does not generalise well across cultures and would benefit from a more in-depth qualitative analysis of case studies which this study would seek to investigate.

The purpose of this research is to conduct an exploratory study of Pakistani owned family firms that operate in both Pakistan and the U.K., which have been responsible for providing many jobs and contributing to GDP. Research into the role of socio-emotional wealth and family social capital in contributing to or hindering the performance of family firms in terms of growth and innovation is important in providing an enhanced understanding of how these firms affect business growth and operate in the context of SEW and FSC. It is important to understand the ways in which national culture as well as country setting appear to affect these experiences and attitudes, to enhance understanding of the influence of SEW and FSC on growth and innovation in family firms.

The data generated by such research will be important, as an exploratory measure, to better understand the concepts of SEW and FSC in the context of family firms from the same national culture operating between Pakistan and the U.K.; both to document the experience of individual family firms in maximising business growth and innovation, and to improve the overall body of knowledge on best practices in the family firm sector, in order to help strengthen this sector and enhance its economic contributions. Investigating the role of SEW and FSC in the context of a specific national culture – albeit in two different settings – will help refine the theoretical and empirical understanding of how SEW and FSC influence business growth in a specific category of family firms – in this case Pakistani-owned firms operating either in Pakistan or in the UK. The investigation will include the role of contextual factors.

The aim of the present study is therefore to fill the information gaps regarding the influence of socio-emotional wealth and family social capital on business growth and innovation in selected Pakistani-owned family firms in Pakistan and the United Kingdom, and to explore the influence of national culture and country setting. The study has two main objectives: (1) to ascertain the roles played by SEW and FSC in family firm growth and innovation, and (2) to learn whether family firms from the same national cultural background, functioning in a distinct national culture, behave differently in terms of SEW and FSC. The specific research questions used to guide the study were:

1. How does socio-emotional wealth (SEW) influence business growth in family firms?
2. How does socio-emotional wealth (SEW) influence innovation activity in family firms?
3. How does family social capital (FSC) influence business growth in family firms?
4. How does family social capital (FSC) influence innovation activity in family firms?
5. How does national culture and business setting influence socio-emotional wealth and family social capital in family firms?

The following section provides a brief background to the study and summarises the key findings of previous literature on the economic importance of family businesses; the ways in which the concepts of SEW and FSC have been used by previous researchers to explore business growth and innovation in family firms, and the information gaps and mixed findings in this area of research, which demonstrate the need for the present study.

1.2 Background to the study

According to the Institute for Family Business (2019), in 2017 family businesses accounted for 85% of all private sector firms in the UK, employed 13.4 million people, and generated £1.7 trillion in revenue, or 42% of all private sector turnover for the year (Institute for Family Business, 2019). There are more than 14 million family businesses across the European Union, accounting for around 50% of all GDP and providing more than 60 million jobs (EFB, 2019). Likewise, family firms contribute greatly to the

Pakistani economy (Yasser 2011). Research on family firms in South Asia is scarce yet, according to Nasir and Wiqar (2007); approximately 80% of employment within Pakistan is generated by family businesses. Many researchers in other regions of the world have successfully used the concepts of socio-emotional wealth (SEW) and family social capital (FSC) to explore and understand the ways in which family firms differ from non-family firms and to investigate the growth and innovation performance of family firms, but there is an outstanding need to explore whether these concepts are also valuable in research into family firms from South Asian countries, including Pakistan.

SEW has been defined in the literature in terms of the non-financial or non-economic values that are often important to family firms. In contrast with non-family firms, these mean that family firms may make business decisions based on factors other than profitability, to preserve, strengthen or perpetuate the socio-emotional wealth of the firm (Berrone et al., 2012; Gomez-Mejia et al., 2007; Prencipe et al., 2014). Various researchers have proposed models of socio-emotional wealth, such as Berrone et al. (2012) who identified five specific behavioural aspects of socio-emotional wealth, defined as family control and influence; identification of family members with the firm; binding social ties; emotional attachment; and renewal of family bonds to the firm through dynastic succession.

Socio-emotional wealth has been associated in the literature with competitive advantages for family firms according to the findings of some studies (e.g. Huybrechts et al., 2011; Sagedar et al., 2018). For example, the level of trust that exists between family members can contribute to the ability to avoid conflict and achieve consensus when making business decisions, reducing the potential costs of conflict management, and allowing the firm to focus its resources on business growth (Lester, Maheshwari, and McLain, 2013). Some researchers have also reported that the long-term strategic approach that is concerned with preserving socio-emotional wealth may be associated with strong innovation performance (Huybrechts et al., 2011; Debicki et al., 2017; Zellweger, 2007; Arndt et al., 2018). The identification of family members with the firm and their emotional bonds towards it can also increase their willingness and commitment to pursue opportunities likely to benefit both the firm and the family, according to researchers including De Massis et al. (2013) and Craig and Dibrell (2006).

According to other researchers, however, the focus in family firms on preserving socio-emotional wealth rather than financial gains, and the costs associated with issues such as nepotism, inter-generational conflict, and free riders, can have detrimental effects on performance (Gómez-Mejía et al., 2007; Laforet, 2013). For example, the family typically strives to preserve, strengthen, or perpetuate the socio-emotional wealth of the firm (Berrone et al., 2012; Gomez-Mejia et al., 2007; Prencipe et al., 2014), while acting conservatively to avoid any business opportunities that present potential negative effects (Gomez-Mejia et al., 2007; Zahra, 2010). Business decisions may therefore sometimes be taken that benefit family stakeholders but are not guided by financial logic and have a negative impact on business performance or financial outcomes (Mensching et al., 2014; Debicki et al., 2017). Researchers have also reported that the emotional and non-financial factors associated with socio-emotional wealth such as status, reputation and control often influence decision-making in family firms, in ways that can hinder innovation (Cennamo et al., 2012; Classen et al., 2014). These can result, for example, in inadequate investment in innovation, with more emphasis placed on risk avoidance and conservative business strategies, which are concerned with preserving socio-emotional wealth over time (Kontinen and Ojala, 2011; Kellermanns et al., 2012).

Another key concept that has been used extensively in family firm research is FSC or family social capital (e.g. Chang et al., 2009; Kellermanns et al., 2010). Family social capital is generated in family firms from the family relationships themselves, as are the benefits derived from the firm's relationships with other individuals and firms (Sirmon and Hitt, 2003; Danes et al., 2009; Dyer and Dyer, 2009; Nahapiet and Ghoshal, 1998). Researchers have argued that the unique forms of social capital available to family firms can represent an important competitive advantage if utilised effectively (Zahra, 2010). The related concept of "familiness" (Habbershon and Williams, 1999) was developed to refer to the close interaction of the family and the business in ways that shape the business in a variety of ways that are unique to family firms (Chua, Chrisman, and Sharma, 1999; Pearson et al., 2008). This concept appears to overlap with both socio-emotional wealth and family social capital, as will be examined in the study, as it attempts to refine and understand the role and nature of socio-emotional wealth and family social capital in this family of Pakistani-owned family firms.

Most previous researchers who have examined family social capital or “familiness” have focused on their benefits for positive firm outcomes (Carr et al., 2011). For example, Neff (2015) explained that family members often have strong enduring ties, goals and shared responsibility, and can capitalise on these, building on existing relationships to benefit the business. The interactions among members of the family facilitate the creation of a favourable environment, which naturally creates social capital and a competitive advantage for the firm (Arregle et al., 2012; Irava and Moores, 2010; Zahra, 2010). The social capital that exists within family firm relationships has also been shown in previous research to be associated strongly with the ability to transform knowledge into innovation (Anderson et al., 2003; Zahra and George, 2002). Researchers have found that factors often found in family firms such as mutual respect and a shared vision help promote organisational learning and innovation (Martinez-Cañas et al., 2012; Sanchez-Famoso et al., 2014; Wu et al., 2008).

However, it has also been claimed that an excess of family social capital can result in negative effects on family firm performance (Arregle et al., 2007; Herrero and Hughes, 2019). The potential benefits provided by strong family social capital can be reduced, for example, if a family firm is too inward-looking and fails to develop the external or non-family relationships necessary to provide important knowledge and skills (Herrero and Hughes, 2019). Previous researchers have also found that two common characteristics of family firms can hinder effective innovation performance: negative attitudes towards capturing and using external knowledge, and an inability to identify useful external sources of knowledge (Cesinger et al., 2016; Casprini et al., 2017).

Most previous research in this area has used quantitative methods, and the overall body of results is mixed and unclear (Molina-Morales and Martínez-Fernández, 2009; Carr et al., 2011; Mani and Lakhal, 2015). There is a pressing need for qualitative research to generate in-depth insights and understanding of how socio-emotional wealth and family social capital may influence business growth and innovation activity in family firms, and to clarify these concepts, which currently overlap to a considerable extent in the family firms' literature. In this way, insights can be generated into the potential value of socio-emotional wealth and family social capital, as complementary rather than competing concepts for investigating and understanding the behaviour, growth and innovation in family firms.

Additionally, very little research has been conducted in this area which has taken cultural and other contextual factors into account when exploring the influences of socio-emotional wealth and family social capital. More generally, there has been relatively little previous research on migrant family businesses, which Fakoussa and Collins (2012) is due at least in part to cultural and language barriers, as well as the challenges of establishing the levels of trust required to engage family firms in research.

It is especially important to conduct research to address these information gaps, since it is not currently clear whether the findings of previous research using the concepts of socio-emotional wealth and family social capital are relevant to different cultural settings, or whether different business environments have an influence on the ways that they operate or are used within family firms. Since few existing studies have explored this, qualitative rather than quantitative research is especially important at this stage to provide in-depth understanding of the first-hand experiences of family firms from the same national culture, although they are operating in different national settings. In this way, the concepts of socio-emotional wealth and family social capital can be refined as necessary to reflect the findings, thereby contributing to the theoretical understanding of these concepts and their value and relevance to future empirical research.

1.3 Significance of the study

The study is highly significant in addressing the research gaps identified above, providing an enhanced theoretical understanding of the concepts of SEW and FSC, and generating empirical evidence through qualitative analysis on how these concepts influence business growth and innovation, within a sample of Pakistani-owned family firms, operating either in Pakistan or in the UK. This contributes to the development of a typology of behavioural traits in family firms that define attitudes towards these firms' contribution to business growth and innovation performance; and enables exploration of the contextual influence of national culture and geographical settings.

Such insights would contribute to the current understanding of how such firms adapt to the changing business environment, in which all types of firms must continually respond to external factors such as market competition, technological change and rapidly evolving consumer preferences, in order that they may survive. It was recently reported that less than 30% of family businesses survive into the third generation of family ownership (Family Business Alliance, 2020), demonstrating the importance of research findings that family firms can draw on to improve their growth and innovation and avoid business failure. Given the documented economic importance of family firms, there is also a need for this type of research to help ensure that the potential economic value of these firms to national economies can be realised. Many previous studies in this area have been theoretical rather than empirical in their approach (e.g. Hoffman et al., 2006; Arregle et al., 2007), and there is a need for primary research to generate empirical information on how socio-emotional wealth and family social capital operate in practice in family firms. Qualitative empirical findings relating to both socio-emotional wealth and family social capital can be used to develop practical recommendations for the family firms' sector, suggesting ways in which business growth and innovation performance might be enhanced. Previous researchers found evidence of a lack of strategic thinking in the decision-making of Pakistani family firms based in the UK (Fakoussa and Collins, 2012), and the research-based information generated by the current study may be helpful in encouraging firms immersed in Pakistani and other cultural backgrounds to improve their decision-making and use of SEW and FSC in ways that ultimately improve business growth and innovation performance.

The study also has significance for understanding the concepts of SEW and FSC, as well as contextual factors of national and cultural identity, and their relation to perceptions of innovation, business growth and firm and level decision-making in general. The discussion of these issues would contribute to the theoretical development of concepts relevant to research into family firms. Previous researchers have observed that despite an increase in such research, there remains a lack of sufficient theoretical integration in this area (Mensching, Kraus and Bouncken, 2014). This is the first study known to explore the influence of both socio-emotional wealth and family social capital on family firm growth and innovation and is valuable, therefore, in helping to clarify and improve understanding of the concepts of SEW and FSC, particularly in the context of Pakistani family firms. Although SEW is a concept which has received considerable attention in the family firm literature (e.g. Arregle et al., 2007; Athanassiou et al., 2002; Casson, 1999; Kepner, 1983; Schulze et al., 2003) very little previous research has been conducted in this area, which examines SEW in the context of family firms from Pakistan.

In the case of FSC, several scholars have highlighted the need for empirical research to explore theoretical assumptions and provide evidence of the role played by family social capital in family firms (Arregle et al., 2007; Pearson et al., 2008; Zamudio et al., 2014); research which will also contribute to ongoing refinement of the concept of FSC.

The study is also significant in extending the research on SEW and FSC within Pakistani-owned family firms. Only a few previous studies have revealed the ways in which cultural factors have an influence on such firms, either in Pakistan or in other national settings. Curran (2000) warns that Western business theories may not be applicable to an understanding of business in non-Western settings or immigrant businesses where cultural influences are strong, while a continuing gap in research on decision-making processes in non-Western family firms was also identified by Hughes et al. (2019). Since the family firms' sector is so important in South Asian settings such as Pakistan (Nasir and Wiqar, 2007; Yasser 2011) it is essential to generate more research-based theories on the ways in which socio-emotional wealth and family social capital appear to be associated with business growth and innovation performance in these settings.

Furthermore, the comparative nature of the present study, in which SEW and FSC are explored in samples of Pakistan-owned firms based in Pakistan and the UK, provides an important opportunity to examine the influence of national culture on firms from the same country of origin; now operating in different business and cultural environments. In this way, a better understanding can be developed of the behavioural traits associated with enhanced business growth and innovation performance; itself tailored to specific cultural environments and national business cultures. This has greater practical relevance and value for the family firms' sector in such settings. Previous researchers have highlighted the importance of investigating the influence of context, including country setting, on the operations and performance of family firms (Seaman, 2012, 2013; Seaman, Bent and Unis, 2016). Overall, the dissemination of the findings of this study through the research into family firms literature may ultimately help contribute to a better practical understanding, overall, of how family firms can improve their business and innovation performance, taking into account the influence of their cultural and business settings, and may help maximise the universal contributions of this sector to national economies.

Structure of the thesis

This introductory chapter has provided an overview of the study, set out its purpose, objectives and research questions; it has suggested a rationale for the study and supporting background information; and has highlighted its potential theoretical and practical significance. Chapter 2 sets out the findings of a comprehensive review of literature that was conducted to provide background for the current study. This includes consideration of literature on definitions of family firms and how they differ from non-family firms. It also examines previous literature relating to socio-emotional wealth and family social capital, and their potential influence on business growth and innovation in family firms; identifying gaps in research that the current study has been designed to address. Previous literature is also discussed in the second Chapter, relating to the influence of the business environment and cultural setting on family firms. Chapter 3 discusses the methodology used in the study. This includes consideration of the research paradigm and overall methodological approach, as well as discussion of the sampling, data-collection and methods of analysis used. This chapter also discusses the ways in which research quality was maximised in the study. Chapter 4 presents the findings of the study, organised by key themes and sub-themes corresponding to the research questions and identified in the analysis, and illustrated throughout with verbatim quotes from the interviewees. Chapter 5 discusses these findings and their implications, exploring them in the context of previous literature. Finally, Chapter 6 summarises the main conclusions and contributions of the study and makes recommendations for further research.

Chapter 2: Literature review

2.1 Chapter overview

The purpose of this chapter is to provide a comprehensive review of literature relevant to the current study. The chapter starts by introducing prior literature on family firms and explains how family firms have been defined in previous literature. As the chapter highlights, to date there is no agreed definition of a family firm, despite substantial debate in this area. This chapter discusses in detail the difficulty in defining the family firm and examines how previous researchers have established the differences between family and non-family businesses.

The review of literature reported in this chapter is also intended to examine previous research which relates to socio-emotional wealth and family social capital, and to identify gaps in research that the current study has been designed to address. Socio-emotional wealth and family social capital are two conditions that are unique to family firms, and they have been documented in previous literature as influencing growth and innovation in family firms. The review of literature reveals diverging views on what the effects are; some scholars claim that these factors positively affect the business growth and innovation of family firms, whereas others claim that they negatively affect family firms' growth and innovation.

The comparative design of the present study makes it possible not only to explore the influence of these concepts but also the ways in which cultural background and setting affects that influence. Therefore, also discussed in this chapter is the previous literature which relates to the influence of business environment and cultural setting on family firms.

2.2 The economic importance of family firms

Until relatively recently, family firms were treated like any other business, both by academics as well as the business world. Now the study of family firms is becoming an area of more specific interest, thanks to the recognised potential and documented contributions of these firms to economies around the world. As highlighted in Chapter 1, the family firms' sector is known to have great economic importance to national and global economies, generating jobs and making important contributions to GDP (Astrachan and Shanker, 2003; Blackford, 2003; Welsh and Raven, 2006). They also typically account for a considerable percentage of all commercial organisations: In the United States, for example, 60% of all public and private partnerships and corporations are reported to be family businesses (Astrachan and Shanker, 2003; Blackford, 2003), and over 95% of all businesses in the Middle East are also reportedly family firms (Welsh and Raven, 2006). According to the Institute for Family Business (2019), in 2017 family businesses accounted for 85% of all private sector firms in the UK, employed 13.4 million people, and generated £1.7 trillion in revenue or 42% of all private sector turnover for the year (Institute for Family Business, 2019). There are more than 14 million family businesses across the European Union, accounting for around 50% of all GDP and providing more than 60 million jobs (EFB, 2019).

Likewise, family businesses contribute greatly to the Pakistani economy (Yasser 2011). Research on family firms in South Asia, taken as a whole, is scarce yet. According to Nasir and Wiqar (2007), approximately 80% of employment within Pakistan is generated by family businesses. These are not necessarily small firms: globally, there are many examples of major national or multinational corporations that are family owned, such as Walmart, Mars, Samsung and BMW. These family businesses are known for their innovation and creativity and are among the top performers in their business areas (The Economist, 2014). There is considerable evidence to indicate that family firms achieve better standards of business performance overall than non-family firms (Wagner et al., 2015).

Many researchers have documented features of family firms, which contribute to their success. According to Zahra (2005), for example, family businesses are often characterised by strong entrepreneurial tendencies. Tagiuri and Davis (1996) highlight the importance of the loyalty of the family to the business, while Sirmon and Hitt (2003) similarly refer to the long-term commitment on the part of the family to the business.

Koiranen (2002) suggests that the family often takes pride in its traditions, community service and independent corporate spirit. Conversely, other researchers have noted that family firms can suffer from a lack of professionalism (García and Duréndez 2007), nepotism (Carney, 2005; Bertrand and Schoar 2006), rigidity (Zahra et al., 2004), flamboyant lifestyles and family feuds (Fritz, 1997; Schwass, 2005), characteristics that can be detrimental to the business growth of family firms and can also undermine their ability to be innovative.

2.2.1 Defining the family firm

There is no agreed or formal definition of a family firm. The terms 'family firm' (Dyer, 1986; Schulze et al., 2001; Sirmon and Hitt, 2003; Burkart et al., 2003), 'family business' (Litz, 1995; Morris et al., 1997; Chua et al., 1999; Astrachan et al., 2003; Sharma, 2004), 'family corporation' (Weidenbaum, 1996), 'family-owned enterprise' (Basco and Rodríguez, 2009; ; Mulholland, 1997; Stavrou and Swiercz, 1998; Sharma et al., 2013), 'family-owned business' (Beckhard and Dyer, 1983; Hollander and Elman, 1988; Harris et al., 1994; Kelly et al., 2000), and 'family-managed company' (Lubatkin et al., 2005; Hillier and McColgan, 2009) are used interchangeably in the literature to refer to family firms. Various definitions of family firm definitions include those displaying family ownership as well as family management (Tagiuri and Davis, 1982; Arregle et al., 2007; Miller et al., 2007; Deephouse and Jaskiewicz, 2013), while some others include family ownership but not family management (Barry, 1975; Gallo, 1995; Lee and Tan, 2001; Zahra et al., 2004), and others still include family management without family ownership (Donnelly, 1964; Alcorn, 1982; Dreux, 1990). However they may be constituted, the heterogeneity of family firms makes it difficult to formulate a standard definition of the family firm for research purposes. Many scholars have attempted to develop a satisfactory definition of family firm, but no universally accepted definition currently exists (Le Breton-Miller and Miller, 2009).

Appendix 3 captures the variety of definitions used by scholars over time to refer to family firms. Of the numerous definitions used by different scholars, some are very inclusive, in that a firm only qualifies as a family business if it fulfils most of the multiple conditions identified by various scholars. For example, some classify a business as a family firm only if it is family-owned, family-managed, employs family members in the firm, has legal control over voting stock and has multiple generations of the family working in it. Other definitions are more limited in that a firm is classified as a family firm if it meets any one of these conditions.

The application of various definitions poses significant problems in family firm research. One of the major challenges in formulating a general definition of family firms is the heterogeneity of these businesses (Cennamo et al., 2012). Despite being a unique group of organisations, especially with respect to the involvement of family, family firms also differ significantly within this broad group. Each family business is different in its structure and governance, and family businesses work in almost all sectors of the economy in numerous industries. Furthermore, the use of multiple definitions creates problems when comparing the findings of these studies with one other, to enable a cumulative and coherent body of knowledge to develop.

Some scholars appear to have used a definition which suited the specific needs of their research (Floren, 2002). For example, Van de Loo and Schuit (1991), Goldberg (1996) and Deephouse and Jaskiewicz (2013) decided to define firms as family firms if the CEOs and/or board members had the same name as that of the firm, while Dannhacuser (1993) defined family firms as having less than 50 employees. These types of exclusive definitions may be appropriate for meeting the objectives of specific studies but appear to discriminate against family businesses which fulfil most criteria often used to define a family firm, but which are excluded because they do not meet one specific requirement of the working definitions. Because family firms are heterogeneous, it can be argued that any research into family firms, in general, should not exclude firms based on factors such as their size, earnings or business name. Exclusive definitions risk overlooking legitimate family firms that meet most criteria defined by many scholars. Exacerbating the problem of definition, however, some researchers have identified family firms based on self-reporting (e.g. Westhead and Cowling, 1998), but some businesses prefer to be considered as family firms because of the family's involvement, while others do not want to be put in this category. These firms can have specific reasons for placing themselves either in a family firm or a non-family firm category, perhaps, for example, to bypass inheritance laws or to take advantage of tax benefits, depending on local laws in the regions in which they operate. As a result, though, this method does not seem to be an accurate or consistent way of categorising family businesses, especially in heterogeneous organisations, where ownership, governance, management, and succession are often intertwined and where all these factors play an important role in defining and classifying the firm.

Other researchers have used methods based on multiple classification criteria for defining the family firm. For example, Donnelley (1964); Pratt and Davis (1985); Davis and Tagiuri (1989); Handler (1989) and Shanker and Astrachan (1996) define family firms based on the family's level of control over the strategic management of the business. Litz (1995) has suggested using a family's intentions for continuing and passing down control of the business to future generations, suggesting that this be the main factor determining whether a firm is a family business or not. Chua et al. (1999) suggested that family firms should be defined as such, based on family majority behavioural control over the business's shareholders. As a result, firms with complete, part or controlling ownership could all be defined as family businesses. As a minimum, it seems that criteria based on ownership and decision control belong in any definition of family firm. A very important aspect of family firm governance is a firm's ability to control its management and ownership. In family firms this is distinguishable by the unification of ownership and control within the family (Carney, 2005), which enables family firms to make major decisions without referring to any third party. However, family firm ownership and governance structures also vary considerably between family firms. Drawing on previous literature, Carney (2005) identifies three governance structures prevalent in family firms in capitalist economies. These include managerial governance, which segregates ownership from management control (Fama and Jensen, 1983); alliance governance where cross-ownership enables managers in each firm to monitor each other's actions (Hagen and Choe, 1998); and family governance, which is characterised by the unification of ownership and control where a family alone makes important decisions for the firm (Carney, 2005).

Succession of business activity (Donnelly, 1964; Sharma et al., 1997; Chua et al., 1999; Zahra et al., 2004) is another important factor often used to define family businesses, essentially because the vision of the family to transfer the business to future generations is an important aspect of family businesses. Cross-generational sustainability is very important to some family firms and helps shape the firm’s strategy and vision (Chua et al., 1999). However, there are considerable differences in the extent to which firms survive over time. On the one hand, some family firms have endured throughout centuries (O'Hara, 2004), while on the other hand it has been reported that only 15% to 20% of family businesses survive until the third generation (Beckhard and Dyer, 1983; Ward, 1987; Davis and Harveston, 1999).

In the relevant literature, definitions of a family firm therefore reflect many different factors, but from this in-depth study of the literature, taken with an analysis of previous definitions used (Appendix 3) it may be concluded that the most important or frequently-used factors in defining a business as a family firm include the level of a family’s involvement in the business; any ownership and management factors; and the vision of sustainability of the business for future generations of the family. The present study classifies firms as family firms according to the definition formulated by Chua, Chrisman and Sharma (1999). The elements of family ownership and family management, as well as the vision of the family to make the business sustainable for inter-generational transfer, allow this definition to include the most important factors for defining family firms, used by most researchers, as discussed above and in Appendix 3.

> *“The family business is a business governed and/or managed with the intention to shape and pursue the vision of the business held by a dominant coalition controlled by members of the same family or a small number of families in a manner that is potentially sustainable across generations of the family or families.”* (Chua et al., 1999, p. 25)

2.2.2 Differences between family and non-family firms

When studying family firms, it is important to understand how far they differ from non-family firms, and the ways in which the two groups demonstrate distinctive strategic behaviour. The study of family firms has evolved significantly in the last 20 years, since Wortman commented, in a thorough review of family firms' literature conducted in 1994: "No one really knows what the entire field is like or what its boundaries are or should be" (p.4). Research into the differences between family and non-family firms, especially with respect to their organisational composition, has progressed rapidly (Habbershon, et al., 1999), and it is now well established that factors such as patterns of ownership and management, as well as governance systems, and their influence on business decisions in family firms, make such firms different to non-family firms.

According to Habbershon et al. (2003), for example, the family business is a business social system in which the interaction of the family unit, the business entity and individual family members creates unique conditions and situations, which then result in different strategic behavioural traits in family firms, whenever they are compared to non-family firms. Some researchers have argued that these differences result from contradictions between the family and the business systems. Ward (1987) states, for example, "The very nature of business often seems to contradict the nature of the family. Families tend to be emotional; businesses are objective. Families are protective of their members, businesses, much less so. Families grant acceptance unconditionally. Businesses grant it according to one's contribution" (p. 54). It has also been argued that the inward strategic orientation of family firms affects the family members' views of the business environment, and that anything contrary to these perceptions is resisted or ignored, resulting in a lack of responsiveness to external changes (Davis, 1983). For example, Gallo and Sveen (1991) suggested that family firms generally follow strategies that are narrowly focused on local markets, and as a result are less likely to internationalise, compared to non-family firms which have broader strategic orientations. (Gudmundson et al., 1999). Gudmundson et al. (1999) suggest on the other hand that "The differences between family and non-family firms are not necessarily positive or negative for family businesses but .... they can have a significant impact on the strategic decision-making processes and outcomes of these organisations." (p. 27).

Many scholars (e.g. Davis and Stern, 1980; Lansberg, 1983; Whiteside and Brown, 1991) have made notable contributions to an understanding of the nature of family firm behaviour and how this differs from that of non-family firms. These contributions include describing the psychological and process aspects of systems interactions (Ackoff, 1994), delineating the dual characteristics of family and business as a source of both benefit and disadvantage (Kets de Vries, 1993; Tagiuri and Davis, 1996), and noting the distinctive operational and outcome capabilities of family firms (Moscetello, 1990). These studies have helped to improve an understanding of family firms (Sharma, 2004) and the ways that family members are involved in the business (Sharma et al., 1997).

For example, comparative studies of family and non-family firms (Lee and Rogoff, 1996; Coleman and Carsky, 1999; Gudmundson et al., 1999; Faccio et al., 2001; Westhead et al., 2001; Anderson and Reeb, 2003; Littunen, 2003) have examined the distinguishing factors of family firms and have generated a mixed range of findings. Some studies have suggested, for example, that family and non-family firms differ in certain aspects such as entrepreneurial activities, performance, opportunity recognition, but not in strategic orientation or sources of debt financing (Sharma, 2004). Anderson and Reeb (2003) found that family firms perform better in general than non-family firms, especially if they are headed by family CEOs, while Faccio et al. (2001), on the other hand, reported that family ownership and governance issues often lead to conflicts among family members and potential successors and adversely affect a firm's growth and innovation. Carney (2005) argued that the family is a resource that has governance advantages for family firms in terms of its propensity for value creation, while Schulze et al. (2001) conversely suggested that family governance complexities can lead to personal rivalries and control issues which have negative impacts on performance.

Despite the mixed findings, family firms tend to differ from non-family firms in a number of specific areas including governance and ownership structures. These aspects of the family firm also influence their financial and strategic decisions, as well their performance (Miller and Le Breton-Miller, 2006; Chrisman, Sharma, Steier, and Chua, 2013). Since they usually hold a large share of ownership of the firm, the founders of family businesses reap the advantages of good corporate decisions, whilst also suffering the consequences of poor choices (Chrisman et al., 2005). Although specific ownership structures and styles of governance and management vary considerably within the diverse category of family firms, in general family owners and family managers have a strong level of influence over the business compared with non-family members. This does not always result in positive impact on growth and innovation. Some researchers have found, for example, that a high level of family involvement in governance raises the probability of opportunistic behaviour and inappropriate diversion of resources (Redding, 1990). It has also been noted that the lack of professional management skills in some family firms increases the subjective discretionary powers of family firm decision-makers, which can have a negative influence on performance (Bauweraerts and Vandernoot, 2013).

2.2.3 Heterogeneity among family firms

Although much of the family business literature has focused on highlighting and exploring the ways in which family firms differ from non-family firms, researchers have also increasingly highlighted the heterogeneity of the family firms' sector, and the ways in which the differences between family firms have an influence on their behaviour and performance. Hu and Hughes (2020) argue that, until recently, research into family firms has largely overlooked the extent of heterogeneity in this sector, and that family firms differ immensely from one another, in terms of factors influencing performance and innovation, such as size, resources, knowledge and risk-aversion. They examined the ways in which this heterogeneity can be used to understand innovation activity in family firms, as discussed later in this chapter. Seaman (2017) also points out the difficulty of generalising about family businesses since the differences between them are so extensive. A mixed-methods study of knowledge sharing in a sample of small firms, conducted by Cunningham, Seaman, and McGuire (2016) revealed the extent to which leadership styles differed within the sample, and had an influence on knowledge-sharing, a form of behaviour which is important in contributing to innovation performance. Similarly, Pongelli, Caroli and Cucculelli (2016), in their study of Italian family firms, found evidence of a wide range of family ownership structures which were affecting decisions about foreign investment and entry into foreign markets. Nordqvist, Sharma and Chirico (2014) also discovered that differences in the mode of family involvement in the ownership and management of family firms wield an influence on governance and decision-making, and in turn on the ability of family firms to meet their performance goals. They argued for further research which takes account of the heterogeneity of family firms (Nordqvist et al., 2014).

Numerous researchers have previously established, through research, that family businesses are very heterogeneous, and that there is a possibility of variance in SEW in these businesses (Gómez-Mejía and Herrero, 2021). Other than economic outcomes, SEW motivates many family firms (J. Daspit et al. 2021). SEW describes the non-financial benefits taken by the family from their involvement in the business (Gómez-Mejía et al., 2007). The “stocks” of SEW, as articulated by Chua et al. (2015), are the result of the family pursuing their business for family-centred, non-economic goals, which positions SEW as an outcome of these goals.

Holding two distinct forms of social relationships is a unique aspect of family businesses: these are family and non-family (Herrero, I., Hughes, M. and Larrañeta, B., 2022). Social relationships among family members causes the origin of family social capital (Arregle et al., 2007). Non-family social capital (also described as organisational social capital) is a resource reflecting the character of social relations in the wider organisational context (Leana and Van Buren, 1999). While non-family social capital addresses relationships within different firms and between individuals in them, family social capital, at least in the family firm literature, is implicitly considered as family relationships within this type of firm and this business group’s boundaries (Herrero, 2018; Herrero and Hughes, 2019). Indeed, it might be argued that heterogeneity among family firms is a function of the differences they display in their SEW priorities and goals, as much as the composition and use of family social capital.

The concepts of socio-emotional wealth and family social capital, as well as the related concept of "familiness", have been extensively used by previous researchers to understand how family firms' mode of operation, and how this affects their business or innovation performance. The following sections discuss this literature to provide background and context for the current study, which examines the influence of socio-emotional wealth and social capital on a sample of Pakistani-owned firms based in Pakistan and the UK.

2.3 Socio-emotional wealth

The concept of socio-emotional wealth has been used by a number of previous researchers to explore the differences in behaviour between family and non-family firms (Pukall and Calabrò, 2013; Cesinger et al., 2016). It has generally been defined in the literature as the non-financial or non-economic values that are often important to family firms (Gomez-Mejia et al., 2012).

Using the findings of a range of family firm studies, Gomez-Mejia et al. (2007) defined ''socio-emotional wealth'' as a construct covering a range of "affective endowments'' in the form of emotional or psychological benefits gained by family members, because of their membership of the firm and identification with it. These include, for example, a sense of self-identity, of prestige in the community, of social support and of pride in the family and its achievements. The benefits accrued from socio-emotional wealth preserve family control and dynasty and enhance the social ties among members of the owning family, as well as stakeholders forming part of the extended family (Cennamo et al., 2012). From the perspective of socio-emotional wealth, family firms tend to make strategic decisions based on the desire to increase the firm's stock of affective endowments or non-financial emotional value (Martin, Campbell, and Gomez-Mejia, 2014).

One of the most widely used conceptualisations of socio-emotional wealth was originally defined by Berrone et al. (2012) as comprising five specific behavioural aspects: family control and influence; identification of family members with the firm; binding social ties;

emotional attachment; and renewal of family bonds to the firm through dynastic succession. The value that a family obtains from the control it has over the firm is one of the most important components of social-emotional wealth (Berrone et al., 2010). The unlimited application of personal authority is conferred in members of the controlling family, who enjoy influence over the operations of the firm, as well as close identification with the business which bears the name of the family. However, further discussion has supported the re-specification of SEW, since its parent theory, the behavioural agency model, may not align well with recent iterations of SEW (Schulze and Kellermanns 2015). Schulze and Kellermanns (2015) proposed the development of a positive theory of SEW based on stewardship perspectives, which may yield better insight into family firms. This suggests that additional research is needed before one can safely conclude that SEW directly influences decision-making in each population of firms. This should also help clarify underlying theoretical assumptions and develop appropriate measures to test the presence of an endowment (Schulze and Kellermanns 2015).

Another important component of socio-emotional wealth as defined by Berrone et al. (2010) is organisational identity, which refers to the distinct ways in which family employees identify themselves with and achieve their own social status from their membership of the family firm (Chrisman et al., 2010; Kalm, Westhead et al., 2001). This creates strong psychological bonds or binding social ties among members of the owning family, whose individual identities are tightly attached to the organisation and the family itself (Berrone et al., 2010). It also contributes to a strong sense of emotional attachment to the firm, which is often held by family members. The final and main component of socio-emotional wealth, identified by Berrone et al. (2010), is the emphasis on dynastic succession of the firm to younger generations of the family. Debicki, Randolph and Sobczak (2017) note that this continuity of family ownership creates a business environment conducive to shared goals and effective team-working. Nonetheless, socio-emotional wealth may be derived from many potential sources including patriarchal duty, altruism, pride, desire for family harmony, political power, status, and control over wealth; and may vary depending on the stage of the firm (Martin and le Breton-Martin, 2014). There is also a diversity of outcomes which makes SEW a complex concept to link to family firms as they do not specifically address the notion of family firms and may be applicable to others as well (Martin and le Breton-Martin 2014). This would compromise the precision of current measures and probes in SEW literature, which would warrant a deeper qualitative investigation into specific case studies in SEW to refine the variables and provide more distinct measures for future quantitative studies. Though other studies would propose other perspectives to be incorporated for finer measurement, this study would argue that a qualitative study of specific case studies in SEW would provide better insight into the nuances and perspectives of business owners for richer implications (Arregle et al. 2007, Miller et al. 2008).

Debicki et al. (2017) also developed a different socio-emotional wealth model consisting of family prominence, family continuity and family enrichment which, unlike the socio-emotional wealth model espoused by Berrone et al., was based on an empirically validated scale. The model suggested by Debicki et al. (2017) overlapped closely with the socio-emotional wealth model developed by Berrone et al. (2010), especially in terms of family control, influence, and succession, but was designed to provide a more detailed and richer picture of the importance of continuity and sustainability of the family firm and the family values contributing to it. Through inclusion of the additional "family enrichment" variable, Debicki et al. acknowledge, in their model, the ways in which family firms are focused on meeting the needs of the wider community of family members, building on the findings of other researchers such as Chrisman et al. (2012), and Zellweger and Nason (2008).

Other researchers have explained socio-emotional wealth in terms of factors including the ability of the family owners to exercise authority (Schulze et al., 2003); gratification of psychological needs to belong (Kepner, 1983); continuity of family values through the business (Handler, 1990); protection of the family dynasty (Casson, 1999); enhancement of the firm's family social capital (Arregle et al., 2007); preference for family ties over competence (Athanassiou et al., 2002), the opportunity to provide benefits to family members (Schulze et al., 2003), and an emotional value relating to identification with the family business (Zellweger and Astrachan, 2008).

There are theoretical origins of SEW in behavioural agency theory. It is a theory of managerial risk taking and how much risk managers will bear - for family businesses, this is shaped by SEW and not just financial considerations. Through BAM, family firm research has examined the effect of risk bearing created by “the nonfinancial aspects of the firm” or SEW (Gómez-Mejía, Haynes, Núñez-Nickel, Jacobson, and Moyano-Fuentes, 2007: 106). In family firms the primary reference point of family owner-managers, when framing major strategic decisions, is the avoidance of losses in the family’s SEW (Zellweger, Kellermanns, Chrisman, and Chua, 2012). Gómez-Mejía et al. (2007) find that family decision makers are loss averse about the threats to their SEW, even if this means accepting a greater performance hazard. Using similar arguments, Gómez-Mejía, Makri, and Larraza-Kintana (2010) and Gómez-Mejía, Patel, and Zellweger (2015) show that family decision-makers’ diversify and acquire less than those of non-family firms yet are more likely to engage in unrelated acquisitions. Relatedly, Boellis, Mariotti, Minichilli, and Piscitello (2016) find that family decision makers have a higher propensity towards foreign entry greenfield initiatives versus acquisitions; yet such a propensity decreases with international experience. Berrone, Cruz, Gómez-Mejía, and Larraza-Kintana (2010) find that family decision-makers tend to protect their SEW (e.g. reputation) by improving environmental performance.

Considering the decision-making in context of gains and/or losses in family firms, “socio-emotional wealth model” as a BAM extension by Gomez-Mejia and colleagues (2007; Gomez-Mejia, Cruz, Berrone, and DeCastro, 2011; Gomez-Mejia, Makri, et al., 2010), explained that the family owners normally deal with twofold reference points. As the firm’s economic viability and SEW are inter-related, family owners are keener to balance and safeguard the family’s economic sustainability and SEW’s accumulated value of stock. For example, during financial constraints, family firms may consider out-of-family-circle expertise, that may demand more research and development investment (Gomez-Mejia, Chirico, Nordqvist, and Hellerstedt, 2017); it may weaken the family control and influence (Gomez-Mejia, Makri, et al., 2010); to some extent losing power against the externals by joining a co-op (Gomez-Mejia et al., 2007); or ultimately handing over the CEO’s rights to non-family outsider (Gomez-Mejia et al., 2001).

During financial breakdowns, even though family firm attachment is hardly evident, the inter-dependence between the SEW and any economic objectives cannot be ignored (Chua, Chrisman, and De Massis, 2015; Martin and Gomez-Mejia, 2016; D. Miller and Le Breton-Miller, 2014; Schulze and Kellermanns, 2015). The firm's reputation is a particularly important aspect of socio-emotional wealth, that has been emphasised by many researchers and which is seen as a critical resource which can convey a competitive advantage (Debicki et al., 2010; Huybrechts, Voordeckers, Lybaert and Vandemaele, 2011; Motok, 2019). It is in relation to this aspect of socio-emotional wealth that the overlaps between these concepts of family social capital and "familiness" emerge, suggesting a need for greater refinement and clarification of the respective notions. This is a point which is revisited at several moments in the thesis. For the sake of brevity, it may be argued that while family social capital has been seen in the literature as the structural aspect of "familiness" that contributes to reputation-building through the use of social networks and connections, as discussed later in the chapter, reputation is an important aspect of socio-emotional wealth, given the family members' awareness of the value of their reputation and the desire to preserve a good reputation over time (Pearson, Carr and Shaw, 2008).

Fombrun (1996) defined a firm's reputation as a "perceptual representation of a company's past actions and future prospects, that describes the firm's overall appeal to all its key constituents, when compared with other leading rivals" (p. 72), while Craig, Dibrell, and Davis (2008) referred to reputation as ''a rare, valuable, imperfectly imitable, non-substitutable resource'' (p. 354). In the case of family firms, the reputation of the firm is generally closely intertwined with that of the family (Sagedar, Mitter and Feldbauer-Durstmüller, 2018), and from the socio-emotional wealth perspective it is essential to develop and sustain a good reputation as a future investment (Le Breton-Miller and Miller 2006). As Sagedar et al. (2018) point out, in most cultures, family firms have positive connotations which help contribute to a good reputation. This is not everywhere the case: in some emerging economies such as Russia and China, family firms are associated with corrupt or unethical practices (Sagedar et al., 2018). This makes it even more important in these settings actively to build a positive reputation for the family firm. Some researchers have described the ways in which some family firms have a strong focus on philanthropy, corporate social responsibility, or community engagement, for reasons which include building a strong and positive reputation among stakeholders and within the community (Binz et al., 2013; Dyer and Whetten, 2006; Sagedar et al., 2018). Indeed, it has been observed (Seaman, 2017) that family businesses are more likely than non-family businesses to engage in such activities, largely because family and businesses goals are often closely intertwined in family firms.

2.3.1 Socio-emotional wealth approach

Initial research in family business was plagued with severe methodological shortcomings, tending to be more descriptive and lacking theoretical grounding. However, the discipline has advanced, collectively addressing persistent demands for academic rigidity (Chrisman, Chua, & Sharma, 2005; Chrisman, Steier, & Chua, 2008). Frameworks from different sectors, particularly financial economics and strategic management, were adopted. These sectors predominantly focused on large, publicly held companies with extensive dispersed ownership. Fundamental theories incorporated from these areas included agency theory (Morck & Yeung, 2003; Schulze, Lubatkin, Dino, & Buchholz, 2001), stewardship theory (Miller & Le Breton-Miller, 2006a), and the resource-based perspective of the business (Habbershon & Williams, 1999; Habbershon, Williams, & MacMillan, 2003).

While the extension and adaptation of these transposed theories have furnished pivotal insights into the conduct of family-dominated entities, a substantial scholarly void remains. Notably, the core, idiosyncratic quandaries inherent to family enterprises—predominantly non-monetary—remain peripherally addressed in existing frameworks. Thus, an absence of paradigmatic cohesion exists within this field, with the extant corpus of family business literature perpetuating a robust phenomenological disposition.

Recognising this academic lacuna, Gomez-Mejia, Haynes, Nuñez-Nickel, Jacobson, and Moyano-Fuentes (2007); Gomez-Mejia, Makri, and Larraza Kintana (2010);

Berrone, Cruz, Gomez-Mejia, and Larraza-Kintana (2010); and Gomez-Mejia, Cruz, Berrone, and De Castro (2011) promulgated a novel, indigenously conceived theoretical construct within the ambit of the family business discipline, christened as the socioemotional wealth (SEW) model. This paradigm incorporates tenets from antecedent family enterprise investigations and establishes a steadfast foundation in the behavioural tradition pervading the management discipline. Succinctly, the SEW model posits that family enterprises are predominantly impelled by and ardently devoted to safeguarding their SEW, alluding to non-financial dimensions or "affective endowments" of family owners.

A consensus has been reached within the discipline that family enterprises offer a unique phenomenological context and demonstrate substantial differences when compared to non-family firms (for a contemporary literature review, refer to Gomez-Mejia, Cruz, et al., 2011). A voluminous body of empirical data supports this proposition across multiple geographies, such as Ireland (e.g., Reid & Adams, 2001), Israel (e.g., Lauterbach & Vaninsky, 1999), the United States (e.g., Chrisman, Chua, & Litz, 2004), Germany and Switzerland (e.g., Zellweger, Kellermanns, Chrisman, & Chua, 2011), and Spain (e.g., Gomez-Mejia, Nuñez-Nickel, & Gutierrez, 2001), to name but a few.

Gomez-Mejia et al. (2007) crafted an all-encompassing "socioemotional wealth" model to shed light on a wide array of these disparate findings. This model was conceived as a broadened extension of the behavioural agency theory, previously set forth by Wiseman and Gomez-Mejia (1998) and Gomez-Mejia, Welbourne, and Wiseman (2000). Behavioural agency theory amalgamates elements of prospect theory, the behavioural theory of the firm, and agency theory. At the heart of this theory is the notion that business decisions are contingent upon the reference point of the enterprise's prevailing principles. These principals will align their decision-making to protect the built-up endowment within the firm. Specifically for family principals, the conservation of SEW becomes crucial. Hence, family owners frame challenges by evaluating how actions will influence their socioemotional endowment. When faced with a threat to this endowment, the family is ready to make decisions not governed by standard economic logic: they would be willing to jeopardise the firm if such a step is considered essential to safeguard their endowment.

The socioemotional endowment is envisaged in wide-ranging terms, encompassing the accumulation of affect-related worth that a family obtains from its dominant role in a specific firm. This endowment is inclusive of the unimpeded exercise of personal authority held by family members, the gratification associated with the family's control over the business, and a close identification with the firm, which typically adopts the family's name (Gomez-Mejia et al., 2007). While non-family principals and managers may partake in aspects of this experience, it is acknowledged that “the value of socioemotional wealth to the family is more intrinsic, its preservation becomes an end in itself, and it is anchored at a deep psychological level among family owners whose identity is inextricably tied to the organization” (Berrone et al., 2010, p. 87).

2.3.2 Advantages of the Socio-Emotional Wealth Model

Owing to its expansive and profound nature, the SEW construct has demonstrated its efficacy as an analytical tool for interpreting a broad spectrum of family firm phenomena. Despite being in its early stages, the SEW model, as it evolves, presents substantial potential for fostering future research within the family business domain. Several interconnected rationales underpin this proposition. As mentioned, the SEW approach has a robust foundation in behavioural agency theory, providing it with a compelling conceptual grounding. Secondly, the notion of SEW preservation does not negate the primary assertion of the agency perspective, which suggests that family members may occasionally display opportunistic behaviour. However, SEW postulates that they engage in such behaviour to shield their socioemotional endowment, even at a financial cost. As cited earlier, the study conducted by Gomez-Mejia et al. (2007) discovered that family-controlled mills were thrice less inclined to participate in a cooperative (an ostensibly profitable option) in comparison to non-family-controlled mills, as such a step would imply a depletion of the family's SEW.

The SEW model further aids in elucidating incongruous findings that contradict the predictions of agency theory by attributing varying risk preferences to family members. For example, diverging from the traditional agency-based perspective (see Anderson & Reeb, 2003b), Gomez-Mejia et al. (2010), utilising the SEW approach, contend that family firms display a willingness to undertake substantial business risks if deemed necessary, by limiting diversification to safeguard their SEW.

The SEW model also rectifies a primary shortcoming of the agency theory by accommodating the collaborative behaviours (Sundaramurthy & Lewis, 2003) and the emotional dimensions (Baron, 2008) present within family firms. In this respect, the SEW model resonates with some fundamental principles of stewardship theory (Donaldson & Davis, 1991). Contrarily to stewardship theory, the SEW model dismisses the simplistic supposition that family members eschew self-serving goals. As Berrone et al. (2010) cautioned, the SEW perspective does not insinuate that family firms practice self-sacrifice and/or neglect financial considerations. The critical aspect of SEW is that firms with high family involvement are more prone to endure the cost and uncertainty linked to specific actions, propelled by the conviction that the risks associated with these actions are offset by non-economic benefits rather than potential financial profits. This aligns with recent studies that advocate the application of both (agency and stewardship) perspectives within the family business context, albeit under varying conditions, depending on the extent of family actors' immersion within the family and the business (Le Breton-Miller, Miller, & Lester, 2011).

Given that the SEW model elucidates behaviours within the decision-making process, it clarifies the seemingly conflicting propositions that "familiness" may positively and negatively affect firm outcomes (Habbershon & Williams, 1999). Most significantly, for scholars engaged in family business research, is the observation that the SEW model is primarily predicated upon and evolved from the corpus of family business research. This is pertinent as, unlike other approaches that strain to adapt their reasoning to the family firm context, the SEW model inherently emanates from the realities of family businesses, which propose the existence of diverse prominent goals informed by family values that evolve over time (e.g., Chua, Chrisman, & Sharma, 1999; Sorenson, Goodpaster, Hedberg, & Yu, 2009; Zellweger, Nason, Nordqvist, & Brush, 2011). The SEW model also synthesises insights and understanding from the considerable volume of research produced over the preceding three decades within the family business sphere. From a disciplinary standpoint, a homegrown theoretical framework bestows legitimacy and establishes family business studies as a rigorous, distinctive, and robust discipline. These advantages nominate the SEW approach as a potentially dominant paradigm.

2.3.3 Five Dimensions of Socio-emotional Wealth

Berrone et al. (2012) proposed that five principal dimensions of Socio-emotional Wealth (SEW) can be extrapolated from previous research. These five dimensions are collectively termed FIBER. This acronym stands for Family control and influence, Family members' identification with the firm, Binding social ties, Emotional attachment, and Renewal of family bonds to the firm through dynastic succession.
A brief outline of the five dimensions, as per Berrone et al., is delineated below:

The sphere of family business is permeated by a unique system of control and influence that is born out of familial ties and connections. Integral to this dynamic is the presence of exclusive resources, abilities, and routines that emerge from the intricate interactions and dependencies within the family unit. These elements, often elusive in their physical form, imbue the family firm with a distinct identity and potentially confer a competitive edge. These elements are manifest in shared value systems, implicit knowledge among members, and a robust network of relationships that thread through the familial structure.

A significant facet in this context is the degree to which family members identify with the enterprise. This notion encapsulates the family's collective sense of belonging and their ambition to uphold a legacy via commercial endeavours. Historical narratives, family traditions, and inherent values coalesce into a shared identity that exerts considerable influence over strategic decision-making processes. This shared identification engenders a focus on the longevity and viability of the business.

The complexity of the family business model also encompasses binding social ties, indicative of the family's realm of control and sway over the strategic direction and decision-making mechanisms of the firm. The ambition to retain such influence often has ripple effects into the realm of business governance, affecting structural aspects, succession planning, and numerous key business elements.

Within the parameters of the family firm, emotional attachment operates as a potent determinant of behaviour. This concept envelops the affective bonds that the family members share with the business. Instead of being solely driven by monetary gains, family members are often spurred by a deep-seated commitment to securing the success of the enterprise. This commitment stems from the emotional heritage the business symbolises and a collective desire to preserve it.

Finally, family businesses often operate within the remit of socio-emotional objectives, surpassing the boundaries of simple financial gain. These objectives arise from the emotional needs of the family and often take shape as goals such as preserving familial unity, creating employment opportunities for family members, and effecting a positive societal impact through corporate social responsibility initiatives. These pursuits aim to fulfil the emotional requirements of the family, thus adding another layer to the multifaceted nature of family enterprises.

Berrone's socio-emotional wealth model imparts a critical understanding of the dynamics operating within family businesses. Family-run firms can exploit their unique strengths whilst concurrently steering through potential difficulties by comprehending and managing the diverse dimensions of SEW. Maintaining an equilibrium between emotional engagement and commercial insight is indispensable for the enduring success and growth of family enterprises. As this model undergoes further refinement and application, it is sure to constitute a valuable paradigm for unravelling the intricacies of socio-emotional wealth within the administration of family businesses.

An in-depth understanding of the dynamics of decision-making within family enterprises necessitates a careful consideration of Socioemotional Wealth (SEW). SEW exerts a profound influence on the decision-making mechanics, compelling these firms to strike a delicate balance between emotional investment and commercial pragmatism. Decisions steered by SEW variables can effectively maintain the distinctive familial identity while concurrently bolstering the long-term resilience of the firm.

The lens of SEW also illuminates the nuanced role of emotional ties and familial influences in succession planning. Family firms are faced with the critical task of dispassionately evaluating the capabilities of potential successors, whilst also recognising their emotional ties to the business. The formulation and implementation of transparent succession strategies can potentially mitigate familial discord and amplify the probability of identifying the most fitting successor.

Power and influence, as components of the SEW model, underscore the imperative for robust governance mechanisms to regulate the extent of family involvement in the business. The establishment of clear norms and regulatory measures may temper the risk of conflicting interests and ensure equitable decision-making practices.

Further, the inculcation and reinforcement of a vibrant organisational culture, embodying the family's intrinsic values and identity, can effectively perpetuate socio-emotional wealth across generations. This cultural framework serves as the fulcrum around which family members unite, fostering agreement on shared objectives.

In summation, the SEW model, introduced by Berrone et al. in 2012, has significantly enriched the field of family business research. By illuminating the role of socio-emotional wealth in these enterprises, it facilitates a more encompassing understanding of how the unique characteristics of family firms influence their growth trajectories and innovative processes.

2.3.4 Socio-emotional wealth and business growth

There is evidence that family firms often grow better than non-family firms in both the short and longer-term (Wagner et al., 2015), which suggests that the behavioural dimensions associated with socio-emotional wealth may be beneficial for business performance and growth (Anderson and Reeb, 2003). The objective of preserving the socio-emotional wealth of the owning family often becomes the main goal guiding the behaviour of the family firm, which influences the governance of the business, its management strategies, and attitudes towards business risks (Berrone et al., 2010). However, the focus on socio-emotional wealth in the decision-making of family firms can have an important influence on overall business growth, which can be positive or negative.

First, socio-emotional wealth has been associated in the literature with competitive advantages for family firms (Huybrechts et al., 2011). As Sageder, Mitter and Feldbauer-Durstmüller (2018) note, the strong identification of family members with the firm helps create a unique image for it, which can generate customer loyalty and boost performance. Based on a systematic review of previous literature, Sagedar et al. (2018) found evidence that awareness of the family-owned nature of the firm often increases customer loyalty to it. Data from a survey of Swiss consumers conducted by Binz et al. (2013) also revealed a strong preference for buying products and services from family firms, due to the positive qualities associated with them.

To grow the reputation of the family business over time and forge a dynasty, a long-term investment approach is often taken, which can positively impact performance as well as growth in the long run. The level of trust that exists between family members can contribute to the ability to avoid conflict and achieve consensus when making business decisions, reducing the potential costs of conflict management, and allowing the firm to focus its resources on business growth (Lester, Maheshwari, and McLain, 2013). Carney (2005) argued that the control of the family over a firm generates the propensities of parsimony, personalism and particularism, which combine to produce competitive advantages for such firms. This is explained in terms of using the family's personal wealth in strategic decision-making (parsimony), the lack of bureaucratic constraints on decision-making due to unification of ownership and control (personalism) and the ability to use the firm's own particularistic criteria in strategic decision-making. Socio-emotional wealth is only likely to contribute to business growth, though, if all family members share the same values and goals (Lester, Maheshwari, and McLain, 2013).

According to other researchers, however, the focus in family firms on preserving socio-emotional wealth rather than financial gains, and the costs associated with issues such as nepotism, inter-generational conflict and free riders can have detrimental effects on performance (Gómez-Mejía et al., 2007; Laforet, 2013). For example, the family typically strives to preserve, strengthen, or perpetuate the socio-emotional wealth of the firm (Gomez-Mejia et al., 2007; Berrone et al., 2012; Prencipe et al., 2014), while acting conservatively to avoid any business opportunities that present potential negative effects (Gomez-Mejia et al., 2007; Zahra, 2010). Business decisions may therefore sometimes be taken that benefit family stakeholders but are not guided by financial logic and have a negative impact on business performance or financial outcomes (Mensching et al., 2014; Debicki et al., 2017). The desire to preserve socio-emotional wealth in the longer-term can thus be detrimental to the more immediate financial performance and growth of the business (Gottardo and Moisello, 2015). Prioritising family needs over commercial ones is a common characteristic of family firms in general (Takyi-Asiedu, 1993; Harvey and Evans, 1994; Athanassiou et al., 2002; Kiggundu, 2002; Sharma, 2008).

From the socio-emotional wealth perspective, family firms also place more emphasis on maintaining control, even if this means an increased risk of poor performance in the shorter term (Gottardo and Moisello, 2015). The family must strive to keep the firms from failing and may therefore act conservatively to avoid decisions which increase the instability of the firm's performance (Gottardo and Moisello, 2015). Previous researchers have found evidence that many family firms are risk-averse, and conservative. This may include, for example, avoiding business opportunities or strategies that could potentially boost performance but may also threaten the socio-emotional wealth of the firm, such as diversifying products or markets, innovation of product or service, or recruiting highly qualified non-family members to senior management positions (Gomez-Mejia et al., 2007; Zahra, 2010; Heibl, 2014). Researchers have also observed that socio-emotional wealth can affect a firm's growth and innovation because of the tendency to focus on generating benefits for the family, sometimes at the expense of other shareholders or stakeholders (Gómez-Mejía et al., 2007; Gómez-Mejía et al., 2011), or because of the influence on decision-making of a key group of stakeholders from the family whose interests are not purely economic (Chrisman et al., 2012; Kotlar and De Massis, 2013).

The overall findings of previous research on this issue are mixed, however: a meta-analysis of 78 studies generated no clear evidence that family involvement per se has an influence on the financial performance of family firms (O'Boyle, Pollack, and Rutherford, 2010). Several studies have revealed more complex relationships between socio-emotional wealth and performance than some of the earlier studies suggested. For example, using multivariate analyses of survey data from a sample of family firms in Poland, Debicki et al. (2017) found that a focus on goals which prioritise family prominence and continuity were found to be associated with positive performance outcomes, but a focus on family enrichment goals was found to be beneficial only for family members; rather than for financial performance. Other researchers have found that business performance tends to be stronger in firms managed by their founders, than in those managed by successive generations of the family (Sharma and Chua, 2013). Kellermans et al. (2012) similarly found evidence that "family influence is a complex and multi-faceted phenomenon that can have both positive and negative effects on family firms" (p.95). Research in the field of socio-emotional wealth in family firms is an emerging field and further research is necessary to explore the effects of socio-emotional wealth, on both the business performance and growth of family firms.

Demonstrating the complexity of this area of research, several recent studies have investigated the role of socio-emotional wealth, or its components, as mediators of relationships between other family firm characteristics and business performance; or explored ways in which the components of socio-emotional wealth act as mediators of one another or are mediated by other factors in relation to firm performance. For example, a recent study by (Hernández-Perlines, Ariza-Montes, and Araya-Castillo, 2019) examined the impact of entrepreneurial orientation in the international performance of family firms and found that including the concept of socio-emotional wealth in the model increased the explained variance between entrepreneurial orientation and international performance, from 34.2% to 42.6%. In research with a sample of 357 medium and large family firms in Bangladesh, Razzak and Jassem (2019) found that family commitment was a partial mediator of the relationships between the components of the SEW model of Berrone et al. and firm performance. Similar findings were reported in Ng, Dayan, and Di Benedetto's (2019) study of 150 small and medium sized family firms in the United Arab Emirates, but with managerial capabilities identified as the factor mediating the influence of SEW on performance.

2.3.5 Socio-emotional wealth and innovation

According to the Resource Based View (RBV), the capacity of any firm to innovate is influenced by its underlying resources and capabilities. This means that various resource capabilities have different effects on a firm's innovation and consequent performance (Zahra, 2010). From the perspective of RBV, there are intangible resources relating to socio-emotional wealth which foster, but may also hinder, innovation in family businesses (Gómez-Mejía et al., 2007). Some researchers have reported, for example, that a long-term strategic approach concerned with preserving socio-emotional wealth may be associated with strong innovation performance (Huybrechts et al., 2011; Debicki et al., 2017). A study by Zellweger (2007) found that family firms were more prepared to invest in innovative projects and expected to maximise business growth and profits because of the typically long tenure of their CEO and the focus on long-term independence and survival of the firm. Similarly, the 2018 longitudinal study of 1.870 SMEs in Germany by Arndt et al. found evidence of a positive relationship between a long-term strategic perspective and innovation performance in small family firms.

The identification of family members with the firm and their emotional bonds to it can also increase their willingness and commitment to pursue opportunities likely to benefit the firm and the family, according to researchers such as De Massis et al. (2013). Craig and Dibrell (2006) contend that there are likely to be more open communication channels and greater informal decision-making in family firms compared to non-family firms, which provides the flexibility needed to promote innovation activity. Gómez-Mejía et al. (2007) also argue that family firms have the flexibility, often found lacking in non-family firms, to adapt rapidly to new opportunities or emerging technologies. Conversely, the emotional and non-financial factors associated with socio-emotional wealth such as status, reputation and control frequently influence decision-making in family firms in ways that can hinder innovation (Cennamo et al., 2012; Classen et al., 2014). These can result, for example, in inadequate investment in innovation, with more emphasis placed on risk avoidance and conservative business strategies concerned with preserving socio-emotional wealth over time (Kontinen and Ojala, 2011; Kellermanns et al., 2012). The focus on long-term stability and control of the firm rather than financial profits (Berrone et al., 2012; Gottardo and Moisello, 2015; Mensching et al., 2014) may mean that family firms are not prepared to invest in innovative activities which are perceived to be high risk, and that innovation in family firms tends to be more reactive than proactive. Wang and Poutziouris (2010) found evidence that family firms tend to invest fewer resources inR and D projects than non-family firms, resulting in lower levels of innovation. Indeed, research with a sample of Spanish biotechnology firms conducted by Prado et al. (2017) found evidence of a negative association between family ownership and innovation activity.

Arnt, Schröder and Chlosta (2018) noted that overall, research findings comparing the innovation performance of family and non-family SMEs have been inconclusive. There is some evidence of an “ability-willingness paradox”, as referred to by De Massis et al.

(2014), in which family firms may have a greater ability than non-family firms to be innovative but are often unwilling to take the associated risks. Previous researchers have found that family businesses are more likely to pursue reactive rather than proactive innovation strategies (De Massis et al., 2013) and prefer incremental innovation rather than sudden radical changes (Chrisman et al., 2007). Hu and Hughes (2020) observe that family firms often place a higher priority on preserving socio-emotional wealth than on generating immediate financial profits. This has three key implications that affect innovation behaviour. First, there is a reluctance to pursue radical innovation rather than incremental innovation, due to concerns about the potential risk to socio-emotional wealth which doing so entails. Second, the approach to risk-taking and the willingness to pursue innovation often increase when business performance declines. There are concerns that this may adversely affect socio-emotional wealth. Third, even in these necessary situations of renewal strategy, incremental rather than radical innovation is more likely to be adopted due to the concurrent desire to protect family firm identity and reputation. Nevertheless, reinforcing the earlier discussion about the heterogeneity of family firms, Hu and Hughes (2020) also note that both risk-aversion and risk-willingness can be associated with the desire to protect socio-emotional wealth.

Also demonstrating this heterogeneity, Heibl (2013) noted that a firm's life-cycle stage influences its approach to innovation, explaining this in terms of socio-emotional wealth. While the founders of the firm are likely to have been innovative and prepared to take risks, once the firm is established, the importance of socio-emotional wealth often means that younger generations of successors are more interested in preserving the firm's existing wealth over time than in investing resources into risky innovations (Kellermanns et al., 2010; Gomez-Mejia et al., 2011). As more family members become involved in management, conflicts may also arise between them, which can present barriers to innovation, based on a shared vision and goals (Sanchez-Famoso, Maseda and Iturralde, 2013). However, there is little evidence of a straightforward association in this respect: Kellermans et al. (2012) found that innovation performance was strongest when a single generation had concentrated control over the firm, indicating a possible “founder effect” (p.95), but that innovation was also important in firms in their sample which demonstrated multi-generational ownership. Laforet (2013) argues that young family firms need to innovate to remain competitive in dynamic environments, while older ones innovate for the purpose of long-term survival and dealing with environmental uncertainty. Both approaches can be interpreted as strategies for preserving socio-emotional wealth through innovation. Hughes, Kraus, and Harms (2018) highlighted the need to acknowledge the “complex interdependencies” that exist between entrepreneurial, innovation and family influence conditions, including the distinction between exploration and exploitation as innovation strategies. Using data from a sample of 129 family firms in Finland, and fuzzy set qualitative comparative analysis methodology, they confirmed that different configurations come into play within different family firms, and that family involvement per se can have either a positive or negative effect on innovation, depending on the context (Hughes et al., 2018). Using the same distinction between explorative and exploitative innovation, Scholes and Hughes (2018) found that governance arrangements in family firms have an influence on explorative innovation. Firms are more likely to pursue this if they have a family council, a limited number of generations involved in management, and when the younger generations of the family are involved in innovation. However, these factors were not found to have a positive influence on exploitative innovation.

As Laforet (2013) observes, however, relatively few previous studies have examined innovation in very small firms and family firms, so there are significant knowledge gaps in understanding how socio-emotional wealth influences this activity. Moreover, previous research in this field has been largely quantitative in nature. In-depth qualitative research is expected to generate a better understanding of socio-emotional wealth and its effects on innovation in family firms.

2.4 Family social capital

This study aims to consider the concepts of SEW with FSC and discuss intersections between the two concepts. They have not been comprehensively discussed in tandem in the literature, although there have been attempts at integrating the two disparate perspectives (Cruz et al., 2012). As these two concepts come from different foundations, there remains a lack of studies that have integrated them successfully. However, a survey conducted in Chile did demonstrate an indirect influence of FSC and socio-emotional wealth importance on organisational social capital, which would indicate a transfer of such social capital from the family to the business system (Llanos-Contreras et al., 2021). This study aims to dive further into the concept of FSC in relation to growth and innovation for the selected firms.

2.4.1 Social capital theory

The general term ‘social capital’ has been discussed by scholars in a range of fields and has been broadly defined as an asset that exists in social relations and networks (Leana and Van Buren, 1999). It is often associated with the work of Putnam (2000), who discussed social capital in terms of the norms of reciprocity that exist within the connections between individuals. Other researchers have described social capital in similar ways, as a quality embedded in the relationships of individuals, communities, networks, or societies (Coleman, 1990; Burt, 1997; Walker et al., 1997; Nahapiet and Ghoshal, 1998), and as the “the sum of the actual and potential resources embedded within, available through, and derived from the network of relationships possessed by an individual or social unit” (Nahapiet and Ghoshal, 1998, p. 243). It has been described as a quality of individuals who realise advantages owing to their relative status (Useem and Karabel, 1986) or location (Burt, 1997) in a group. On a macro level, scholars have described social capital as an attribute of communities (Putnam, 1993), nations (Fukuyama, 1995) and industry networks (Walker et al., 1997). Social capital can provide access to business opportunities, information and knowledge that can be used for innovation, as well as favours or privileges that can help contribute to business growth in various ways (Carrasco-Hernández and Jiménez-Jiménez, 2013). Like other types of capital, social capital can be regarded as an asset that must be managed properly if its full potential is to be realised. However, social capital cannot be traded on an open market, unlike other kinds of capital. It is a form of capital that can alter over time as relationships and rewards change, and it disappears when relationships stop existing. It has also been thought of as a moral resource (Hirschman, 1984), the supply of which increases (rather than decreases) with use. Social capital theory focuses on determining the individuals, the frequency of social interaction between individuals and the effect of this contact on the nature of relationships.

Social capital theory has been widely used in family firm research (e.g. Chang et al., 2009; Hughes et al., 2014; Herrero and Hughes, 2019; Kellermanns et al., 2010). In this field, social capital was defined by Berrone et al. (2010) as the sum of the potential resources that are related to the possession of a long-lasting network of institutionalised relationships that are mutually recognised (Berrone et al., 2010). Social capital is generated in family firms from the family relationships themselves, as well as the benefits that are derived from the firm's relationships with other individuals and firms (Nahapiet and Ghoshal, 1998; Sirmon and Hitt, 2003; Danes et al., 2009; Dyer and Dyer, 2009).

Granovetter (1973) distinguished between weak and strong ties within networks, both of which are important in generating different forms of social capital. Typically, family connections within family firms represent strong ties, which provide reliable emotional and social support and are characterised by frequent interactions and endurance over time (Hoffman et al., 2006). Strong ties of this type are associated with long-term trusted relationships, and with the sharing of information and tacit knowledge. In contrast, weak ties are usually in the form of external, more distant connections and characterised by infrequent contact. These might include, for example, relationships between members of a family firm and their customers, suppliers, government officials and other businesses (Granovetter, 1983; Anderson, Jack, and Dodd, 2005). Weak ties play an important role in providing access to new information, opportunities or contacts that are not available through the network of strong ties (Kozan and Akdeniz, 2014; Agbim, 2019). Family firms' social capital is therefore embedded both within the family and with external stakeholders (Chrisman et al, 2010).

Recent research has suggested the likelihood that powerful family bonds can also exist outside the boundaries of the family firm and family business group, and their presence can have valuable implications for the family firm itself (Herrero, I., Hughes, M., and

Larrañeta, B. 2022). Research studying family bonds outside the boundaries of the family firm has not in fact gone far beyond the family business group, exploring for the most part family bonds in board interlocks (Cannella, Jones, and Withers, 2015; Lester and Cannella, 2006). However, as a part of evolution of the firm, family firms often split and divide over time, either among descendants upon the death of founders or owners, or as family members spin out to form independent business ventures. This results in several independent firms from the same family operating in the same area and industry, with no shared ownership. Because of their familial links, some family owners among these firms naturally can engage in formal or informal relationships to obtain benefits and resources, perhaps developing a new external form of family social capital which could be mutually beneficial for these family businesses (Herrero, I., Hughes, M., and Larrañeta, B. 2022).

Researchers have argued that the unique forms of social capital available to family firms may represent an important competitive advantage if utilised effectively (Zahra, 2010). For example, the superior ability of many family firms to create and share tacit knowledge, due to the strong ties between their members, may represent an important competitive advantage for these firms (Daspit et al., 2017). Access to socially embedded resources through weak ties can also help overcome the limitations often faced by an entrepreneurial firm, especially when attracting new resources and increasing intellectual capital (Cai et al., 2014). Thus family firms not only have organisational social capital, defined as 'a resource reflecting the character of social relations within the firm' (Leana and Van Buren, 1999, p. 538), but also family social capital (Arregle et al., 2007), as discussed further in the next section.

2.4.2 Importance of Family Social Capital for Family Firm research

In the domain of family-owned businesses, familial social capital assumes a pivotal role, affecting factors such as organisational performance, continuity, and holistic welfare. Conceptually, social capital encompasses the intrinsic worth that is embedded within personal or institutional relationships, networks, and social affiliations. When applied to family firms, the term takes on a unique connotation, encapsulating shared trust, norms, and resources within the familial circle and its relationships with external entities. Familial social capital has diverse and far-reaching impacts on family businesses.

Familial social capital invariably engenders a profound sense of trust and solidarity within family businesses. Trust forms the fundamental underpinning for effective communication, collaboration, and decision-making within the family entity. The existence of robust trust bonds enables a synergistic operation of the family workforce, fostering the resolution of disputes in a constructive fashion, and culminating in decisions that align with the company's long-term aspirations.

Communication effectiveness is crucial within any commercial context, but it takes on an elevated significance within family businesses where personal and professional affiliations intertwine. Familial social capital facilitates open and forthright communication, thereby enhancing the flow of knowledge, skills, and innovative notions within the family nucleus. Such an environment nurtures the dissemination of tacit knowledge and pivotal insights across generations, strengthening the resilience and adaptability of the business.

Family businesses are often distinguished by a long-term strategic outlook, a characteristic reinforced by familial social capital. Guided by this capital, family members tend to prioritise the sustainability and legacy of the enterprise over multigenerational timelines. This forward-looking stance promotes prudent decision-making that prioritises the enduring vitality of the business over transitory successes, thereby fostering stability and continuity.

Familial social capital also equips family businesses with the capacity to harness resources that may be beyond the reach of non-family enterprises. Leveraging their social networking channels, family members can engage with potential business partners, clients, suppliers, and a range of other stakeholders. These relational ties can offer strategic advantages such as preferential conditions, transaction cost efficiencies, and exclusive market insights.

The reputation of a family business is often deeply entwined with the family's social capital. A commendable reputation, underpinned by trust and reliability, can amplify the brand stature and credibility of the business. This can engender heightened customer loyalty, improved employee retention, and foster beneficial relationships with other commercial entities.

During periods of economic volatility, familial social capital becomes an invaluable bulwark for family businesses. Robust social relationships and support networks serve as a safeguard, empowering the family firm to navigate effectively through turbulent conditions. Moreover, the propensity of family members to support one another during trying times can instil a sense of resolve and determination in confronting challenges.

2.4.3 Challenges of Family Social Capital for Family businesses

In parallel to the considerable benefits, familial social capital may present its own unique set of difficulties. An overemphasis on familial rapport could circumscribe the exposure to multifarious perspectives and external acumen. Practices such as nepotism and favouritism may deleteriously influence talent stewardship and induce decision-making inefficiencies. To navigate these challenges, family corporations are advised to intentionally cultivate their social capital, while simultaneously incorporating professional managerial techniques and governance frameworks.

Although family social capital grants considerable advantages to family businesses, it concurrently manifests a range of complications that necessitate recognition and efficient management. Such complications can potentially affect the enterprise's performance, decision-making mechanisms, and endurance within the market: there are many considerable challenges that further problematise family businesses.

One of the salient challenges embedded within family businesses is the tendency towards nepotism and favouritism. Opportunities concerning recruitment, promotion, and other key aspects may often be dictated by familial bonds rather than merit or proficiency. This can engender a workplace culture bereft of meritocracy, with consequential risk of crucial roles being delegated to less capable individuals, potentially diminishing the firm's overall efficiency.

The existence of familial social capital can also give rise to emotional intricacies that complicate the resolution of conflicts within the business. Personal disagreements and familial disputes may bleed into professional domains, compromising objective and impartial conflict resolution. Consequently, emotional dynamics could obstruct effective decision-making processes, hindering essential organisational transformations.

Familial social capital tends to circulate within a closely-knit group, frequently characterised by analogous experiences. This homogeneity risks limiting the diversity of thought within the firm, thereby curtailing innovative potential and problem-solving capacity. A lack of varied perspectives could stifle the firm's adaptability to evolving market landscapes.

There may also be a discernible resistance within family businesses to seek external professional advice, favouring familial counsel instead. This reticence could result in overlooked growth opportunities and limit the integration of industry practices that might otherwise enhance growth potential.

The infusion of familial social capital can inadvertently provoke leadership succession issues within family-owned businesses. The notion of entitlement, based on familial ties rather than professional merit, may be prevalent among family members. Such attitudes can trigger disagreements about the transition of authority, potentially leading to vacant leadership roles, despite the reinforcing role of familial social capital in preserving business identity and continuity.

In certain instances, familial social capital may lead to a dilution of accountability. Subpar performance may not be held to account due to the strength of emotional bonds, fostering a culture deficient in rigorous responsibility.

The task of balancing familial responsibilities with professional obligations can pose a significant challenge, particularly within cross-generational family firms. Participants may struggle to effectively separate the intertwined dynamics of personal relationships and professional commitments, leading to conflicts of interest and a blurred delineation between the personal and the professional.

Family-owned ventures undeniably gain significant sustenance from familial social capital. However, the contingent difficulties that arise should not be overlooked. Through the adoption of proactive strategies to confront these issues and the espousal of superior managerial and governance norms, family enterprises can adeptly utilise the inherent positives of familial social capital and concurrently minimise the corresponding adversities. Achieving an equilibrium between familial solidarity and structured professional conduct becomes essential to ensure the long-standing viability and success of such enterprises.

2.4.4 Family social capital and “familiness”

Although both strong and weak ties are important to family firms, the family relationships associated with family firms, which have been widely discussed in the literature in terms of family social capital or the related concept of “familiness”, are of special importance.

Researchers have explained this by observing that although access to both organisational and family social capital can provide family firms with an important competitive advantage over non-family firms, family social capital is the more valuable of the two (Hoffman et al., 2006; Sorenson and Bierman, 2009). Scholars believe that while a family firm may hire human resources and acquire financial resources from extraneous sources, family social capital is unique, costly, difficult to imitate and without substitute (Arregle et al., 2007), and therefore provides a competitive advantage (Barney, 1991; Soreson and Bierman, 2009). The family members of a family-owned business can be regarded as a unique social network consisting of social relationships that are grounded in trust, a shared history and common values and obligations (Arregle et al., 2012).

In recognition of the potential benefits that family social capital reportedly provides for family firms, as a concept it has gained importance in management and entrepreneurship literature (e.g. Hoffman et al., 2006; Arregle et al., 2007; Salvato and Melin, 2008). However, many studies in this area have been theoretical rather than empirical in their approach (e.g. Hoffman et al., 2006; Arregle et al., 2007). Scholars have highlighted the gaps in knowledge about the role of family social capital and called for further research into the concept of family social capital, including empirical research to test theoretical assumptions and to provide evidence of the role played by family social capital in family firms (Arregle et al., 2007; Herrero and Hughes, 2019; Pearson et al., 2008; Zamudio et al., 2014). Hoffman et al. (2006) and Carr et al. (2011) explicitly underscored the need for empirical research to examine whether family social capital has a direct positive impact on performance, for example, while others have argued that research is needed to explore and analyse the potential effects for family firms of combining information from internal and external networks (Chirico and Salvato, 2008; Zamudio et al., 2014). As discussed later in the chapter, Herrero and Hughes (2019) conducted quantitative research to investigate whether too much family social capital might have negative effects on the performance of family firms, concluding that the type and combination of family social capital is more important than the overall amount of it, which affects performance.

Closely related to the idea of family social capital is “familiness”; a concept widely used in the literature to refer to the unique characteristics of family firms that contribute to their performance (Sageder et al., 2018). It overlaps with family social capital as well as with certain aspects of socio-emotional wealth, and the key themes and findings of literature relating to “familiness” are therefore included in this section. The concept of “familiness” (Habbershon and Williams, 1999) was developed to refer to the close interaction of the family and the business in ways that shape the latter in a variety of ways, which are unique to family firms (Chua, Chrisman, and Sharma, 1999; Pearson et al., 2008).

There is no formally agreed definition of “familiness” in the literature, and Monroy et al. (2015) comment that it remains an ambiguous concept. Rutherford et al. (2008)

explained it in terms of the question “how family is a family firm?” (p.1091), but the most cited definition of “familiness” in the literature is that of Habbershon and Williams (1999), who referred to “familiness” as the “unique bundle of resources a particular firm has because of the systems-interaction between the family, its individual members, and the business” (p.11). This definition was developed from the theoretical perspective of the Resource-Based View (RBV) (Barney, 1991) in which firms are seen to use their various resources to develop competitive strengths. Similarly, Bromily and Rau (2015) and Hermann et al. (2010) discussed “familiness” in terms of the unique resources and capabilities that are distinct to family firms (Bromiley and Rau, 2015; Hermann et al., 2010). Also from this perspective, Irava and Moores (2010) developed a “familiness” Resource Model, consisting of the dimensions of reputation, human resource (experience and skills), organisational resources (learning and decision-making) and process resources (relationships and networks), and Pearson et al. (2008) identified three main dimensions of “familiness”: structural, cognitive and relational, which were based on the framework used by Nahapiet and Ghoshal (1998) to describe the internal social capital of family firms. In this framework, the structural dimension refers to the pattern of relationships or ties between members of the family that support interaction and communications; the cognitive dimension relates to the shared vision and goals held by family members, and the relational dimension refers to the resources that are generated because of the ties between members, such as trust, norms and obligations (Mani and Lakhal, 2015; Monroy et al., 2015).

Recent findings shed light on promising new insights for family managers in developing and managing their social relations outside the family firm that can assist them in increasing performance (Herrero, I., Hughes, M., and Larrañeta, B. 2022). Family businesses are full of opportunities to build and benefit from relationships within the family. This recent and important study suggests that family members in the firm should go outside its borders and connect with family members in other businesses to take advantage of the benefits of family relationships. In this case, the danger of family relationships is the tendency to rely solely on those existing outside the firm’s boundaries, neglecting another crucial pool of relations: non-family ones. These relations offer novel, non-redundant knowledge (Herrero, I., Hughes, M., and Larrañeta, B. 2022). Family managers should increase both types of relationships, ties with other family members located outside the family business and with non-family actors to improve the firm's performance. Family managers should not neglect non-family relationships despite the ease and convenience by which they may connect with family members located in other businesses. By doing so, family business managers gain access to a larger pool of knowledge and resources. A combination of different types of relationships can give important impulses if the owner's family is also aware of them. Only then can the family and its managers use them effectively. Just as social relations can be embedded in strong and weak ties, that need to be optimally combined, family businesses have different types of relationships that need to be combined and taken advantage of (Herrero, I., Hughes, M., and Larrañeta, B. 2022).

In contrast, integrating socio-emotional wealth, social capital and resource-based perspectives, Chrisman, Chua and Litz (2003) identified the main components of "familiness" as "a) an intention to maintain family control of the dominant coalition; b) a unique, inseparable, and synergistic [set of] resources and capabilities arising from family involvement and interactions; c) a vision held by the family for trans-generational value creation; and d) pursuance of such a vision" (pp. 470-471). Their description of "familiness" again highlights the often-confused ways in which socio-emotional wealth, family social capital and "familiness" have been used almost interchangeably in the literature, and the need for clarification and refinement of these concepts based on empirical as well as theoretical research.

Andersén (2015) observes that family firms have different degrees of "familiness". Much of the literature, which has used the concepts of family social capital or "familiness", has examined their influence on business growth and innovation in family firms, as discussed in the following sections.

2.4.5 Family social capital and business growth

Most researchers that have examined family social capital have focused on its benefits for positive firm outcomes (Carr et al., 2011). For example, Neff (2015) explained that family members often have strong enduring ties, goals, and shared responsibility, and can capitalise on them, building on existing relationships to benefit the business. The interactions among members of the family facilitate the creation of a favourable environment which naturally creates social capital and a competitive advantage for the firm (Irava and Moores, 2010; Zahra, 2010; Arregle et al., 2012). Arregle et al. (2015) discussed the positive and negative effects of family ties and social networks on new venture growth which rely on the type of social networks. The study investigated the effect of proportion of family ties in types of entrepreneurs' social networks on venture growth and noted varying curvilinear relationships, depending on the nature and complexity of these ties (Arregle et al. 2015).

For example, trust between family members is an important component of behaviour in a family firm which can contribute to improved business performance. This refers to the willingness of an individual in the family to be exposed to another member of the family with the expectation that their family member will not behave in ways that disadvantage them (Mayer et al., 1995). Literature suggests that emotions are linked to the psychological state of trust (Dunn and Schweitzer, 2005; Baron, 2008; Weick, 2008). A shared vision based on trust and family values plays an important role in the long-term success of the business. High levels of trust within a family firm can engender a positive impact on business growth by minimising monitoring costs as well as opportunism (Zahra, 2010), which in turn reduces the transaction costs of business (Neff, 2015). Based on multivariate analysis of quantitative data from a sample of Spanish firms, Jiménez et al. (2015) found that the variables of trust, participation, and organisational climate, all associated with family social capital, were positively associated with business performance. Similarly, in a study of 194 Mexican family micro-firms with 1 to 10 employees, Monroy et al. (2015) found that all three dimensions of "familiness" used in their model (human resources, process resources and organisational resources) were positively associated with company performance. Again, research evidence is emerging here of differences between family firms, in terms of the influence of family social capital on business growth. For example, in quantitative research with a sample of 77 family firms in Switzerland, Schmid and Sender (2019) found that those firms in which there is greater nepotism, or preferential treatment of family members, social capital is more strongly associated with business performance.

Other researchers have argued that greater levels of “familiness” or family social capital are not necessarily associated with improved business performance; it has been claimed that these can be associated with both benefits and disadvantages for family firms (Monroy et al., 2015) and some scholars have queried whether an excess of family social capital can result in negative effects on family firm performance (Arregle et al., 2007; Herrero and Hughes, 2019). For example, based on quantitative analysis of data from a sample of firms in the food manufacturing sector in Spain, Herrero and Hughes (2019) demonstrated the ways in which organisational social capital and family social capital interact. They found that the potential benefits provided by strong family social capital are reduced if a firm has low organisational social capital and fails to develop the external or non-family relationships necessary to provide important knowledge and skills. Based on their findings, the researchers highlighted the importance of “boundary-spanning family members” who can play an important role in cultivating and maintaining external relationships (Herrero and Hughes, 2019).

FSC can be a distinct resource for a family business, that cannot be imitated by non-family businesses, other than in the form of a crude facsimile. However, FSC can be problematic at high levels because it locks in the family's orientation and prevents new information from entering the business, unless counterbalanced by external non-family ties (Herrero and Hughes, 2019). As stated above, in section 2.4.2, more recent and promising research considers what happens when many external and additional ties are forged to family members working elsewhere. This element of the family social capital can add value to family businesses by utilising family social capital that is not necessarily inside the firm, but comes from family members in other family firms (Herrero, I., Hughes, M., and Larrañeta, B. 2022).

Other researchers, including Nahapiet and Ghoshal (1998), Portes (1998), Adler and Kwon (2002), and Arregle et al. (2007) have also argued that strong family social capital can cause risks or problems for family firms. It can result, for example, in a transfer of dysfunctional family characteristics into the family firm's wider network of relationships, restrict the available labour pool if family members are given priority over better-qualified recruits (Anderson et al., 2003). Leana and Van Buren (1999) also identify the potential costs of maintaining family social capital, and express concerns about actors ignoring new information sources and slowing innovation as strong organisational social capital drives actors to follow stable but dysfunctional power structures. Huybrechts et al. (2011) explained that strong bonds within the family might make family firms unwilling to trust or do business with outsiders.

However, hardly any study has demonstrated empirically that having too much external organisational social capital can hinder performance, and the few attempts to investigate this empirically (e.g. Molina-Morales and Martínez-Fernández, 2009; Carr et al., 2011) have not generated clear findings. For example, a meta-analysis of 23 previous studies found mixed findings regarding the influence of "familiness" on performance. Nine of the studies found a positive association between level of family involvement in the firm and performance, nine generated neutral findings and just one reported evidence of a negative influence of family involvement on business performance (Rutherford et al., 2008). Other researchers have shown that the relationship between family social capital and the business growth of family firms is not a straightforward one. Based on a sample of 114 Tunisian family firms, Mani and Lakhal (2015) analysed the impact of the structural, relational and cognitive dimensions of social capital on various aspects of performance. Their study revealed that while the structural and relational dimensions are positively associated with both financial and non-financial performance, the cognitive dimension has a positive effect on financial performance alone, rather than on non-financial performance.

2.4.6 Family social capital and innovation

Although researchers have established a link between innovativeness and firm performance in businesses generally, little is known about how the unique characteristics of family firms affects this relationship (Hatak et al., 2016). From a Resource Based View, family social capital and the unique feature of “familiness” have the potential to affect innovation as well as performance in family firms (Habbershon and Williams, 1999; Chrisman et al., 2005; Kellermanns et al., 2012; Carnes and Ireland, 2013). Several previous researchers have identified ways in which various aspects of “familiness” are positively associated with innovation performance, based on theoretical and empirical research.

This “familiness” is reflected in high levels of involvement of family members in the business and their regular interactions in this setting. Strong social networks among members of the owning family promote unity and a sense of commitment to certain values, as well as a robust sense of duty (Zahra et al., 2004). This generates social capital which facilitates the integration of resources, helps reduces conflicts and fosters the establishment of a common vision and set of goals (Casanueva-Rocha et al., 2010; Sanchez-Famoso, Maseda and Iturralde, 2014). It also creates a ready channel for knowledge exchange, a flow and combination of resources, which can promote innovation (Arregle et al., 2012). In all types of firms, whether family-owned or not, the ability to capture, share and effectively utilise knowledge from both internal and external sources is positively associated with innovation performance (Lichtenthaler and Lichtenthaler, 2009; Chiaroni et al., 2010). Some researchers have found that family firms are more effective in retaining organisational knowledge over time due to the typically higher employee retention rates, which in turn contributes to better innovation performance (Arndt et al., 2018).

According to previous studies (e.g. Hoffman et al., 2006) family firms tend to have stronger relationships within the organisation than non-family firms. The social capital that exists within these relationships has been shown in previous research to be strongly associated with the ability to transform knowledge into innovation (Zahra and

George, 2002; Anderson et al., 2003). Researchers have found, for example, that factors often found in family firms such as mutual respect and a shared vision help promote organisational learning and innovation (Wu et al., 2008; Martinez-Cañas et al., 2012; Sanchez-Famoso et al., 2014;). Previous studies have shown that family firms tend to be better than non-family firms at integrating new knowledge and at combining this with new knowledge (Zahra et al., 2007; Patel and Fiet, 2011). Sharing of goals within networks inspires action to be taken to achieve the objectives, and innovative ideas are often generated through this process (Martinez-Cañas et al., 2012).

It has also been suggested that "familiness" facilitates innovation by enabling the development of strong tacit knowledge within the firm (Kellermanns et al., 2012). Tacit knowledge is the type of knowledge which is not formally documented but based on first-hand experience and knowledge of the firm and its sector, as well as the ability and willingness to share this knowledge effectively within the firm (Kellermanns et al., 2012). This tacit knowledge often enables family members to identify and take advantage of innovation opportunities that might otherwise be missed (Kellermanns et al., 2012). The effective sharing and use of tacit and other forms of knowledge and their use for innovation purposes, however, also depends on having a good level of trust, or strong ties, between members of the firm (Kraatz, 1998; Carrasco-Hernández and Jiménez-Jiménez, 2013). If there are conflicts or rivalries within the organisation, they can prevent it from effectively sharing and integrating knowledge (Chirico and Salvato, 2008).

The superior knowledge that family members often have of the firm's technology has also been found to be associated with an increased willingness to innovate to improve productivity (Martikainen et al., 2009). Zahra et al. (2004) also argue that family businesses often have an entrepreneurial culture, reflecting the approach and attitudes of the individuals who established the firm. This, too, can contribute to a high rate of innovation activity. The commitment of the family to the firm and the stewardship orientation that often exists within such firms, makes it possible for them to pursue new prospects, through enhanced flexibility and responsiveness (De Massis et al., 2013). Social capital in the form of strong or weak ties with individuals and organisations outside the family firm can also potentially contribute to innovation, if family firms are sufficiently externally oriented to be able to identify and capture new knowledge from these extraneous sources (Danes et al., 2009).

Conversely, family social capital and “familiness” may also have negative impacts on innovation in family firms. Previous researchers have found that two factors often hinder effective innovation performance: negative attitudes towards capturing and using external knowledge, and an inability to identify useful external sources of knowledge (Casprini et al., 2017). Drawing on the findings of a review of previous literature, Cesinger et al. (2016) argued that family firms are not usually very strategic in developing ties and tend to rely on existing, long-established connections for information, rather than seeking new ones. There are sometimes low levels of knowledge within family firms of technological developments in their sector and thus they fail to adopt these (Wang and Qualls, 2007). However, Sanchez-Famoso, Maseda and Iturralde (2017) observed, based on quantitative analysis of data from a sample of Spanish small and medium-sized family firms, that when non-family members are involved in the management of family firms, innovation performance is improved by bringing in a wider range of knowledge and perspectives. On the other hand, excessive family involvement in management was found to have a negative influence on the relationship between family social capital and innovation (Sanchez-Famoso et al., 2017). Konig et al. (2013) observed, however, that family firms are often able to implement innovation decisions more quickly and sustain their investments over longer time periods, if they recognise and overcome the potential barriers to innovation that relate to family involvement.

Some previous researchers have argued that older members of the family tend to be more entrepreneurial and innovative, while younger generations are more risk averse and keen to preserve the firm’s legacy rather than undertaking innovation (Arndt et al., 2018). Investigating a sample of family firms in the UK, using quantitative research, Laforet (2013) also found that innovation tended to decline over time in these firms as their market niche became more established. In contrast, other studies have found that innovation is more likely in family firms which have multiple generations involved in the business, where younger family members often bring in new ideas and expertise (Zahra, 2005; Wang and Poutziouris, 2010).

Highlighting the heterogeneity of family firms and the ways in which it influences innovation performance, Hu and Hughes (2020) distinguished between incremental innovation, which is the type of innovation much more common in family firms, consisting largely of making small changes and improvements to existing product or services lines, and radical innovation, which is much riskier and requires a much bigger investment, but is essential for longer-term competitiveness. Overall, small family firms are often less able to pursue radical innovation, which requires more resources and investment in R and D. Radical innovations also have higher rates of failure and only long-term payoff, and there are risks that once innovations are launched, these may be copied or used by rival firms. However, Hu and Hughes (2020) also note that strong family social capital can hinder radical innovation by larger family firms, since they are more likely to rely on existing strong ties for knowledge rather than broadening their networks to capture the new forms of knowledge required for these activities. They also often have more bureaucratic internal decision-making processes, which can further hinder their responsiveness to innovation opportunities, compared with small or medium-sized family firms which often have greater flexibility to take suitable advantage. Hu and Hughes (2020) also point out, however, that it is the unique bundle of resources available to each family firm that often influences their approach to innovation, and especially the attitude of the firm towards risk-taking, again highlighting the heterogeneity of the family firm sector and its influence on innovation activity.

Overall, research in the field of family social capital and innovation is an emerging area of study, and when regarding what type of effect family social capital has on innovation in family firms, scholars' views vary from positive (Naldi et al., 2007) to negative (Eddleston et al., 2008). Although preliminary theoretical research has tried to study the effect of family social capital on family firm innovation, sound research based on empirical data is lacking and leaves much room for further research in this area.

2.5 Influence of national culture on family firms

National culture often has a distinct influence on family businesses and helps to shape factors such as the business ownership model and the leadership vision. This is in line with the national culture theory of Hofstede (1984), who stated that people build organisations according to their values, and that societies are composed of institutions and organisations that reflect the dominant values of their national culture. Hofstede (2001) defined culture as “the collective programming of the mind that distinguishes the members of one group or category of people from another” (p.9). He suggested that organisations function according to culturally determined implicit models in the minds of their members (Hofstede, 2001).

In some societies, national cultural traits have a strong influence on business and on family firms, in areas including the patriarchal role of the firm founder or owner (De Vires, 1994; Tagiuri and Davis, 1996; Lubatkin et al., 2005; Haberman and Danes, 2007; Tata and Prasad 2015), the role of females in the firm (Cole, 1997; Harveston et al., 1997; Vera and Dean, 2005), succession strategies (Astrachan and Kolenko, 1994; Miller et al., 2003; Mehrotra et al., 2011) and the importance of family needs over those of the business (Takyi-Asiedu, 1993; Harvey and Evans, 1994; Kiggundu, 2002; Sharma, 2008). As a result, Curran (2000) warns that Western business theories may not be applicable to an understanding of business in non-Western settings or immigrant businesses where cultural influences are strong. A review of 251 articles on family firms published in leading journals between 1996 and 2010 revealed that around three quarters of these were based on research with American or European family firms, reinforcing the argument that there is likely to be a Western bias in our knowledge of family firms (De Massis, Sharma, Chua, and Chrisman, 2012). To an extent, more recent research is starting to explore family firm decision-making in emerging economies (e.g. Hughes and Mustafa, 2017), but considerable gaps remain in this area.

However, a few studies have identified ways in which cultural factors in non-Western countries are used in family firm decision-making and operations: for example, Sharma and Chua (2013) draw on findings from previous research in Thailand and Japan

(Bunkanwanicha, Fan, and Wiwattanakantang, 2008; Mehrotra et al., 2011) to demonstrate how business networks are developed in these settings through cultural practices such as arranged marriages or adoption of adult sons. A study by Sauerwald and Peng (2013) also highlighted the ways in which cultural factors interact in ways that influence family firm behaviour. In collectivist societies such as Japan, they reported, family firms tend to be less likely to recruit and train non-family members, for fear that these employees will subsequently leave their firm and divulge sensitive business information to competitor firms. In contrast, in individualist societies such as the U.S. family firms are more prepared to hire and invest in non-family employees. They attributed this difference to lower levels of out-group trust in collectivist societies. Lester, Maheshwari and McLain (2013) demonstrated how cultural factors such as traditional property rights can affect family firm performance and stressed that in collectivist cultures these are typically defined by kinship. As a result, family firms often face pressure to distribute their profits widely throughout the extended family, placing a strain on resources and often having an adverse impact on business performance.

Regarding the influence of national culture of origin on firms operating in a different national setting, there are information gaps and the available research findings are mixed. A range of other previous studies cited by McPherson (2010) have documented ways in which cultural values have contributed to the success of South Asian businesses in the UK, many of which are family owned. However, when Basu (2004) examined the business aspirations of immigrant entrepreneurs from five different ethnic minority communities in the UK, the findings revealed the complexity of the interactions between ethnicity, culture, class, and entrepreneurship. Basu (2004) found that, despite the importance of the family in their businesses, ethnic minority entrepreneurs have diverse aspirations, and he developed a typology distinguishing between business-first, family-first, money-first and lifestyle-first aspirations among immigrant family businesses.

The available literature reveals evidence of the strength of cultural factors within Pakistan, that are likely to have an influence on Pakistani-owned family firms. These include the importance of the extended family, close kinship ties and obligations, patriarchy, respect for elders, and a strong work ethic. These cultural factors might be expected to influence the ways in which Pakistani-owned businesses operate, at least within Pakistan and possibly when based in other country settings. For example, Pakistani culture has a strongly knit social system. Most people in Pakistan live in an extended family arrangement common to many Asian countries and often referred to as the “joint family”, in which all the members can expect their relatives and extended family network to look after them in exchange for loyalty. Their households are characterised by a high level of inter-generational-shared residence of relatives and exchange of knowledge and practice (Avan et al., 2007). Collectivism in Pakistani society is the primary form of social organisation and is based on a web of kinship networks, or *“biradiri”* as they are called in the local language. According to Kochanek (1983) everyone in Pakistan is tightly integrated into a well-structured kinship network, and this determines his or her status, mobility and success. Cross-cousin marriages within the biradiri strengthen family ties and reinforce the financial foundations which enable land, property and businesses to be retained within the family (Kochanek, 1983). Another important factor that strengthens and unifies the biradiri is a sense of loyalty and respect for the norms of that group; the members have expectations of each other including in some cases the expectation of reward for their loyalty to the biradiri. One manifestation of this norm is the need to provide for the economic well-being of members of the biradiri.

Another factor relevant to family firms is that Pakistan has a high power-distance culture, which means that the structure of organisations tends to be strongly hierarchical. Power is typically centralised within families, where the father is the head of the family, and the eldest son has more say in decision-making than younger siblings. Children are expected to respect and obey their parents and refrain from questioning their authority. The elders in the families (*buzurg)*, such as paternal or maternal grandparents or great-grandparents, are also considered wise and experienced and can expect to be treated with respect and reverence (Nasir and Wiqar, 2007). Gulzar and Wang (2010) have observed that historically, shares in Pakistani family firms are held by a small group of people, with limits on transferability. As a result, when conflicts arise within the family, the lack of objectivity among directors can have negative impacts on the firm.

Only a few previous studies have revealed the ways in which cultural factors have an influence on Pakistani-owned family firms, either in Pakistan or in other national settings. For example, qualitative research into the Pakistani clothing business community in the UK (Werbner, 1984, 1990) found that entrepreneurs in this community largely attributed their business success to their Pakistani cultural background, in which values such as industriousness, thrift and self-sacrifice are important. In contrast, research based on in-depth semi-structured interviews with members of small UK-based Pakistani-owned family firms conducted by Fakoussa and Collins (2010) highlighted the negative impact of cultural factors. These took the form, for example, of an extreme work-life imbalance resulting from cultural pressures to be highly industrious and successful in entrepreneurship. In case study research with small Pakistani-owned firm in the UK, Fakoussa and Collins (2012) found that in contrast with many UK family firms, the family wanted their children to be proud of the firm but not directly involved in it, wanting them instead to gain an education and go into other fields of employment.

The comparative nature of the present study, in which socio-emotional wealth and family social capital are explored in samples of Pakistan-owned firms based in Pakistan and the UK, provides an important opportunity to examine further the influence of national culture on firms from the same country of origin but now operating in different business and cultural environments.

2.5.1 Influence of environment on family firms

Various scholars have identified the need to account for context when conducting research (Welter, 2011; Zahra and Wright, 2011), and to link context to theory building and testing (Zahra, 2007). Specifically, the importance of context for understanding entrepreneurial actions and outcomes has been highlighted (Ucbasaran et al., 2001; Sarasvathy and Venkataraman, 2011; Bjørnskov and Foss, 2013; Cabral et al., 2013; Foss et al., 2013). As Zahra et al. (2014) observed, the actions of entrepreneurs “cross multiple levels and are shaped by different sets of contexts. Although there is no agreement on these contextual influences, they are believed to pervade and influence the micro processes that give entrepreneurial actions their substance and potency" (p. 480).

From the initial stages of recognition of an opportunity to establish the organisation, to its growth and development, a business operates within internal and external environments that form an integrated system to support or hinder organisational growth. Firms are affected by two environmental contexts. By managing both environments, the entrepreneur can help maximise the success (or failure) of the business (Boeker, 1988; Baum et al., 2001). The first is the internal micro-environment that exists within the organisation, and which can be influenced by the firm or its owners. A family firm's internal environment is extremely important since the ability of the family to make decisions, especially with respect to governance, has an impact on the performance of the firm. The micro or internal environment also tends to influence the way that owners and managers conduct their business and helps shape the entrepreneurial orientation of the business. Researchers have shown that family firm performance is affected by internal environment features such as the firm's age, culture of the organisation, degree of owner involvement in the organisation's daily management, family social capital and socio-emotional wealth. Preliminary studies have focused on examining the ways in which family firms accumulate and utilise their resources (Habbershon and Williams, 1999; Sirmon and Hitt, 2003). To this end, a firm's governance system has organisational value in creating (and sometimes destroying) attributes embedded in it (Carney and Gedajlovic, 2003). These systems of corporate governance include distinct incentives, authority structures and accountability methods that generate specific organisational tendencies (Carney, 2005). Carney (2005) suggests that these tendencies encourage some types of competitive advantage but discourage others.

Along with internal factors, the establishment and success of a business is dependent on external factors including the market, economic conditions, and financial and regulatory policies (Pettit and Singer, 1985; Berger and Udell, 1998; Acs and Szerb, 2007; Kellermanns et al., 2008; Dragnic, 2014), which cannot be controlled in the same way as can factors in the internal environment. Previous studies suggest that the external business environment and external institutions often have strong control over small businesses and family firms' growth, development, and performance (Wyer, 1997; Peng, 2000; Andersson, 2003; Welter and Smallbone, 2003; Zahra et al., 2004; Wiklund and Sheperd, 2005; Sirmon et al., 2007; Kellermanns et al., 2008; Miller, Minichilli and Corbetta, 2013; Le Breton-Miller and Miller, 2015). For example, in a study of medium and large family-run Italian firms, Miller et al. (2013) found evidence that the influence of the organisational leader's own characteristics on business performance vary according to the socio-political context in which the firm operates. Other researchers have also identified ways in which the macro environment and the organisations forming it shape the entrepreneurial orientation of owners/managers and their family businesses (Goedhuys and Sleuwaegen, 1999; Smallbone and Wyer, 2000; Dobbs and Hamilton, 2007).

Some researchers (Pelham and Wilson, 1995; Hawawini et al., 2003) have observed the ways in which industry structure has an impact on a firm's performance. Breton-Miller and Miller (2015) highlighted in their research, for example, the influence of industry structure on performance of family firms, since the ability to compete in this environment will depend on the specific resources available to the family firm. Miller and Toulouse (1986) highlighted the effect of factors such as stagnation and industry dynamism on the performance of a business.

The influence of the external environment on family firms extends beyond financial performance to other aspects of performance. For example, Labelle et al. (2018) discuss the ways in which the national institutional setting, including legal regimes and dominant governance models, influence the relationship between ownership structures of family firms and their corporate social responsibility performance. Family firms were shown to perform better in this respect in settings where legislation provides for the concerns of all stakeholders rather than just shareholders (Labelle et al., 2018). Previous research therefore demonstrates that both external and internal factors shape business owners' management styles, and the way family businesses are administered (Davidsson, 1991; Wiklund, 1999; Dobbs and Hamilton, 2007). However, there are gaps in this literature and a need for a better understanding of the internal and external factors that affect family businesses and have an impact on the growth and innovation inherent in them.

Andersén (2015) explained that the influence of “familiness” on innovation performance largely depends on characteristics of the industry and business environment in which a family firm is operating. In a theoretical paper drawing on previous literature, he explained that in more stable business environments, any negative effects of “familiness” are often reduced as there is more time available to identify and incorporate new knowledge. In contrast, in dynamic, rapidly changing business environments, “familiness” can hinder the ability of family firms to expedite their acquisition and use of the new knowledge necessary for successful innovation. Using regression analysis of data from a postal survey of 500 small family firms in the UK, Laforet (2013) also found evidence that innovation performance is affected by external factors, including market conditions and industry sector. A survey conducted by Deng et al. (2013) of 43,728 small and medium family firms across China identified the strong influence of local labour market conditions on business and human resource strategies in these firms. For example, the difficulties of recruiting and retaining non-family employees made many firms reluctant to invest in the training and development of this group for fear they would subsequently leave and convey valuable company information to competitors. This led to an over-reliance on family members of the firm.

2.6 Need for an exploratory study

Exploratory research can be defined in many ways, but in essence it is meant to discover something new, although it may not be possible to know in advance if something novel will come of it. Family firm research, more than other fields of study, due to its recent and fast-paced innovative nature, has brought many findings to light. As is evident from the study of literature above - which formed a major part of research for this thesis - the reason for this being an exploratory study was to try to understand the various views related to family firm growth and innovation in a comparative study of Pakistani-owned businesses in both Pakistan and the United Kingdom. The aim was to see what the existing literature was saying about family firms, and the effect of SEW and FSC on family firm growth and innovation in two different national cultures. It was evident from the study of literature that the existing research, although very promising, is still in its infancy and holds diverging views on many of the subjects of this study. Existing theory was deemed to be inadequate to answer our questions and thus it was decided that this exploratory study would research further into existing theories, to produce new ideas and hypotheses. To deal with the lack of adequate theory on the subject matter, in-depth qualitative research was undertaken to understand the complexities involved (Melin and Nordqvist 2007; Nordqvist et al., 2009). This is particularly important since the purpose of the study was to explore participants' understanding and experiences of abstract factors that have not been extensively studied in the family firm literature, such as socio-emotional wealth and family social capital.

2.7 Chapter conclusion

Family social capital and socio-emotional wealth have only recently started to receive attention in the field of family firm research, mainly within the last ten years. Several studies have shown that social interactions and ties within the owning family have significant impacts on the management, governance, and performance of family-owned firms (Kontinen and Ojala, 2011), but studies have also highlighted the importance of managing these inter-relationships carefully to stimulate growth and innovation of family firms (Gottardo and Moisello, 2015). Essentially, family social capital can be seen as a resource, which may be used to advance the firm, or alternatively may result in a competitive disadvantage if not well-managed. In a similar manner, socio-emotional wealth significantly affects the business decisions taken by family-owned firms and may bring about either positive or negative effects (Neff, 2015). These decisions are often driven by the desire to preserve socio-emotional wealth through maintenance of control, influence, status, and preservation of the family dynasty. However, excessive adherence to socio-emotional wealth can result in negative business outcomes. The desire to control and maintain influence over the firm can sometimes be stronger than the will to maximise financial growth and innovation.

Socio-emotional wealth and family social capital were selected for exploring the experiences of these firms, because both constructs have been used extensively in previous literature, when examining the business performance and innovation of family firms. However, the overall findings of this literature have been mixed and there are overlaps between discussions of socio-emotional wealth and family social capital as well as the inter-related concept of "familiness". The present study is therefore also intended to help clarify the nature of socio-emotional wealth and family social capital, how they can be seen as complementary or overlapping, and how their influence on performance is influenced by cultural and environmental factors. It will thus make a significant contribution to literature by being the first study of its kind to consider both socio-emotional wealth and family social capital, to understand better how these concepts can be used to comprehend the behaviour of family firms, compared to their non-family counterparts, and how both SEW and FSC may simultaneously play a role in family firm growth and innovation.

Further, although effects of national culture on the business activities of family firms have been studied by earlier researchers, there has been no analysis undertaken of firms which have the same national cultural background, and which are working in different national culture settings. The study will contribute to the family firms' literature in this respect. The comparative nature of the study will be an important opportunity to deliver insights into whether the respective influence of family social capital and socio-emotional wealth differ between the family firms established in their national home country, compared with those operating as an immigrant firm. The next chapter sets out the methodology used in the current study.

Chapter 3: Methodology

3.1 Overview

The study is aimed at exploring the ways in which socio-emotional wealth and family social capital are associated with business growth and innovation in Pakistani-owned family firms in Pakistan and the United Kingdom. Earlier chapters have supplied the background to the study, its aims and objectives, and presented the findings of a review of literature relevant to the issue of socio-emotional wealth and social capital in family firms. In this chapter, the research design and methods used in the study are discussed.

As Denscombe (2003) pointed out, the approach taken in research should be chosen because it is suitable for achieving the purpose of the study and answering the research questions. The specific research questions of this study are: (1) How does socio-emotional wealth (SEW) influence business growth in family firms?; (2) How does family social capital (FSC) influence business growth in family firms?; (3) How does socio-emotional wealth (SEW) influence innovation activity in family firms?; (4) How does family social capital (FSC) influence innovation activity in family firms?, and (5) How does national culture influence attitudes to and management of socio-emotional wealth and family social capital in family firms with the same national background but operating in different cultural environments?

The chapter first discusses the research paradigm for the study and explains why it was adopted. Next, it describes the methods considered to be proper for achieving the study's aims, including the sampling strategy, and the methods of data-collection and analysis. Consideration of the ways in which research quality was maximised in the study are then considered, and the chapter concludes with a summary of the main points.

3.2 Research paradigm

A research paradigm has been defined as the "conceptual lens through which the researcher examines the methodological aspects of their research project to determine the research methods that will be used and how the data will be analysed" (Kivunja and Kuyini 2017, p.26). It consists of the ontological and epistemological approach that underpins the study as well as consideration of the type of information that is needed to answer the research questions of the study (Newell and Burnard 2011; Richards and Morse, 2007. This can also be regarded as the research strategy, which Collins et al. (2003) observe is important to give direction to any research study. For this study, an interview-based qualitative methodological approach was used within a constructivist ontological perspective and an interpretivist epistemological perspective.

3.2.1 Ontology and epistemology

Ontology relates to assumptions or beliefs about the basic nature of reality. There are two main ontological perspectives. In brief, these consist of positivism or objectivism, in which it is believed that everything exists independently outside human understanding and perceptions. Everything can therefore be investigated and measured quantitatively, in similar ways to those used when studying phenomena in the physical world. Researchers who work from this perspective consider themselves as detached observers of reality. The second ontological perspective is interpretivism or constructivism, in which it is assumed that social phenomena have no objective reality, and that they are created and given meaning only by those who experience them. This perspective does not accept that there is an objective reality existing outside human experience; instead, it is seen to be socially constructed, purely based on people's own experiences and the ways in which they interpret them. This perspective is thereby associated with qualitative research methods, in which researchers explore and interpret such social realities (Neuman, 2003; Tuli, 2010; Burr, 2015)

In contrast with ontology, epistemology refers not to the fundamental nature of reality but to beliefs about the ways in which knowledge about phenomena can be acquired.

There are two main epistemological approaches, positivism and interpretivism, which correspond broadly with the two main ontological approaches (Bryman, 2001). According to the positivist epistemological approach, social phenomena can be investigated in a similar way to natural phenomena, using quantitative scientific measurement and hypothesis testing (Newell and Burnard, 2011). In contrast, interpretivist epistemology, aligned with a constructivist ontological approach, assumes that social phenomena can be investigated only by exploring the perceptions and experiences of individuals or groups who have personal experience of them. As Myers (2008) explains, "interpretive researchers assume that access to reality (given or socially constructed) is only through social constructions such as language, consciousness, shared meanings, and instruments". This perspective is usually associated with the use of qualitative research methods such as interviews, participant observation and focus groups. The epistemological approach also acknowledges that researchers cannot be completely detached and objective when conducting research, since they inevitably interpret and place meaning on research data based on their own knowledge, experiences and understanding (Bryman, 2001; Newell and Burnard, 2011).

The current study adopted a constructivist ontological approach and an interpretivist epistemological approach, recognising that family firms have specific experiences relating to the settings in which they operate, including the national cultural setting and business environment, and that their characteristics and the experiences of their members can best be investigated using rigorous, in-depth qualitative research to understand the complexities involved (Melin and Nordqvist 2007; Nordqvist et al., 2009). This is particularly important since the purpose of the study is to explore participants' understanding and experiences of abstract factors that have not been extensively studied in the family firm literature, such as socio-emotional wealth and family social capital.

Based on these perspectives, knowledge and understanding are formed from subjective experience and particular phenomena. In this case the impacts of socio-emotional wealth and family social capital on growth and innovation in family firms may be understood in a multiplicity of perspectives by different subjects (Creswell, 2013). By adopting a constructivist ontological stance and an interpretivist epistemological approach, it was also possible to explore these factors from the personal perspective of the research participants, in order to develop a better understanding of the phenomena of socio-emotional wealth and social capital, and the influence of these factors on business growth and innovation in the firms studied, and to identify differences in any such influence between firms (Stake, 2006; Saunders et al., 2012).

3.2.2 Methodological approach

Since the interpretivist approach adopted in the study assumes that social phenomena can be understood only in terms of the meaning attributed to them by the individuals who have experienced them (Giroux, 1992), it is best aligned with a qualitative research method. Qualitative methods such as in-depth interviews and focus groups provide opportunities for research participants to describe their own experiences of the phenomena of interest, in their own words (Starks and Trinidad, 2007; Whitehead, 2002), and offer the interviewer or group facilitator the flexibility to probe and seek additional information in order to gain a full understanding of these experiences and the meanings attributed to them by the participants (Miller and Glassner, 1997; Wood, 2006). Qualitative methods are particularly well suited to exploring social concepts or factors that are not well understood, or which have not been extensively researched in the context of certain groups.

This study used qualitative data-collection methods in the form of in-depth interviews, since such methods were thought to be particularly well-suited to the exploration of the concepts of socio-emotional wealth and family social capital, as they are experienced and as they affect business growth and innovation activity in Pakistani-owned family firms. In contrast, quantitative research methodologies, such as structured surveys, require that the variables investigated be clearly defined and operationalised in advance, and allow little scope for exploring what these mean to individuals who are drawing on their own family firm experience. Quantitative methods are more appropriate when the objective of a study is to measure statistically the prevalence of different types of view or experience among a sample of participants; or to determine whether there are associations between variables, such as size of firm and revenue, and to generalise from the findings to the wider population from which the sample was drawn.

Due to the need to collect detailed information generating in-depth insights, sample sizes in qualitative research are usually relatively small and research participants are selected using non-probability sampling methods, such as purposive or snowball sampling, to ensure that individuals are included who have sufficient experience of the issues relevant to the study. Sample size is also often determined using a process of saturation in which additional research participants are continually added to the study until no significantly new insights are being generated from their interviews. Since relatively small non-probability samples are used, it is not possible to generalise from the findings to wider populations. This is not a weakness, however, as the purpose is not to generalise from the results but to obtain a detailed, in-depth understanding of the phenomenon of interest based on individuals who have experience of it. Moreover, as Gioia et al. (2013) pointed out, many concepts and processes identified from a qualitative study have relevance to other domains (Gioia et al., 2013) and the findings are therefore transferable in this sense. In the case of the present study, for example, the findings contribute to the wider body of research-based literature on family firms in general, on family firms operating in different national cultures, and more specifically to Pakistani-owned family firms.

The next sections present a detailed discussion of how data for this study was generated and analysed. First, there is an explanation of the sampling and recruitment strategy, followed by discussion of data-collection and the analysis process.

3.3 Sampling and recruitment

The population of interest in this study was Pakistani-owned family firms in both Pakistan and the United Kingdom. Firms were selected for the study using snowball network sampling (Erickson, 1979). and maximum variation sampling (Patton, 1990; Morse, 1994). These are both forms of purposive, non-random sampling methods often used in qualitative research, which are intended to identify individuals or organisations with sufficiently relevant characteristics to enable transferability of the findings, but not to generate data that can be directly generalised to a wider population (Wilmot, 2005). In purposive sampling, individuals or organisations are selected using pre-defined inclusion criteria based on the characteristics and experience that are relevant to the research questions (Lopez and Whitehead, 2013). In this study, the main inclusion criteria were being a Pakistani-owned family firm operating either in Pakistan or in the UK. For the study, a family firm was defined as a firm owned and/or managed by a dominant coalition of a family with the intention and vision for sustainability and inter-generational transfer (Chua et al., 1999). The use of maximum variation sampling also ensured the choice of firms which represent a wide range of sectors, firm sizes and geographic locations within the two country settings.

As in many other countries around the world, family firms in Pakistan form most businesses in that country. Pakistan is also one of the most populous countries in the world, with a large population that has migrated to the United Kingdom in the last 70 years. There are estimated to be up to 2 million British Pakistanis and numerous second and third generation Pakistanis living and working in the UK. There were two reasons to decide on Pakistani-owned businesses for this research: first the investigator's roots, and knowledge of the business and cultural environment in Pakistan; second, and believed to be more important, was the severe lack of high-quality research into Pakistani-owned businesses, particularly comparative studies, set in the context of a given national culture. The sites chosen are especially helpful for the theoretical research gap at the heart of this investigation because the study of Pakistani businesses in the context of national culture has the potential to yield substantial research, due to the unique and diverse cultural, geographical, and political environment in which these businesses are operating. This exploratory study has the potential not only to acquire new insights into how such family firms operate but also how the national culture in which they are immersed affects their performance, growth and innovation.The case of Pakistani family businesses both in Pakistan and the UK is especially important due to the lack on research on these firms, and the complex cultural issues that affect the family and family firm behaviour due to the unique and complex national and cultural attributes of patriarchy, involvement of females, and support from government among other factors. This exploratory research aims to delve deeper into these issues by interacting directly through open-ended, in-depth interviews with the participants of this study and trying to understand how these factors affect them, their family, and their family businesses.

The target sample size for this study was 30 Pakistani-owned family firms, including 15 based in Pakistan and 15 in the UK. This was a minimum target; the researcher was prepared to add additional firms to the sample, if necessary, to achieve theoretical saturation, or the point at which no significant new information is emerging from the data analysis. In the event, this did not prove necessary as it was felt that theoretical saturation was achieved within the data generated by the sample of 30 firms.

Snowball sampling involves generating a sample through the initial identification of key contacts who are asked to provide contact details for those meeting the inclusion criteria of the study, and in turn asking individuals or organisations identified as such to provide contact details of others known to them, who also meet the inclusion criteria. Gaining access to potential research participants is often one of the most challenging aspects of qualitative research (Flick, 2006); in this study the use of snowball network sampling was intended to help ensure that Pakistani-owned family firms were identified for the purpose of research, and to help the researcher gain the participants' agreement to take part, by providing a deeper understanding of the study and referrals to potential participants from organisational leaders and other family firms. Family firms for potential inclusion in the sample were identified using social networks and known regional and religious organisations in the two selected countries. To gain access to the family firms, initial informal contacts and discussions were made with established and respected members of the business community in Pakistan, who were able to encourage family firms to take part, because of their esteemed positions in the Pakistani business community. Participants were also asked to refer other family firms to the researcher for possible inclusion in the study.

Maximum variation sampling is a technique whereby research participants are identified who vary from each other as much as possible, within the scope of the shared inclusion criteria. As Patton (1990) explains, maximum variation sampling not only allows for the generation of detailed descriptions of each case and its uniqueness, but also the identification of shared patterns of experience which are meaningful because of their emergence from the very heterogeneity of the sample. This form of sampling is particularly well-suited to finding those who might be hard to locate or reach using other methods (Lobiondo-Wood and Haber, 2002; (Erickson, 1979).

To allow the use of maximum variation sampling, an initial list or sampling frame of potential participants was compiled, using information collected during first contact with the firms. This list included information on several basic attributes such as industry, length of time the firm had existed, number of family generations within the firm, and number of employees. Samples were then drawn from this in a way intended to maximise variety in terms of these basic attributes. These processes enabled the researcher intentionally to select a diverse sample of firms, which allowed exploration of their unique experiences in depth while also allowing comparison of them across the sample (Danes et al., 2005).

In the case of all firms identified and selected in this stage of sampling, the family owners or directors were approached first by telephone, making reference to the individuals who had recommended them to the researcher, and those who expressed interest received an email message providing more information about the study and what would be required of them, and a formal invitation to participate. If any firms refused to participate, a comparable firm based on the attributes recorded in the initial sampling frame was substituted, until the target sample size of 30 family firms (15 in each location) was achieved. This sampling and recruitment strategy was used first in the United Kingdom. Sampling in Pakistan looked to mirror the composition of the UK sample in terms of types of industries, number of generations and size; otherwise, the sampling strategy used was identical to that used in the UK. Information on the basic characteristics of the research participants and their family firms is included in table 1, table 2 and table 3.

3.3.1 Characteristics of the research participants and their firms

Fifteen research participants were selected from family firms operating in Pakistan and fifteen from family firms operating in the United Kingdom, representing thirty Pakistani-owned family firms in total (in a small number of firms, more than one individual took part in the interview). To ensure anonymity, participants are referred to in the chapter by codes, with the UK-based participants referred to by codes UK01 to UK15 and the Pakistan-based participants referred to by codes PK01 to PK15. Demographic and firm-related information on each of the participants is shown in Table 1.

Table 1: Demographic details of participants

Participant Code	Age	Qualification	Time in Firm	Respondent Role	Respondent Generation
UK01	42	Bachelor's	9 Years	Share Holder	2nd
UK02	70	Master's	48 Years	Owner	1st
UK03	50	N/A	20 Years	Owner	1st
UK04	66	High School	35 Years	Owner	1st
UK05	60	High School	6 Years	Owner	1st
UK06	65	Engineering	30 Years	Owner	1st
UK07	60	N/A	15 Years	Owner	1st
UK08	28	Bachelor's	4 Years	Owner	1st
UK09	70	High School	43 Years	Owner	1st
UK10	40	Bachelor's	6 Years	Owner	1st
UK11	25	Bachelor's	5 Years	Owner	1st
UK12	71	N/A	47 Years	Owner	1st
UK13	38	Bachelor's	8 Years	Owner	1st
UK14	39	Bachelor's	2 Years	Owner	1st
UK15	35	Accountancy	7 Years	Owner	1st
PK01	74	N/A	52 Years	Owner	1st
PK02	64	N/A	46 Years	Owner	2nd
PK03	70	High School	32 Years	JV Partner	1st
PK04	40	Medical Doctor	21 Years	Owner	2nd
PK05	39	Bachelor's	15 Years	Shareholder	3rd
PK06	40	Bachelor's	15 Years	Shareholder	3rd
PK07	41	High School	20 Years	Shareholder	2nd
PK08	46	Bachelor's	15 Years	Owner	2nd
PK09	47	MBA	23 Years	Owner	1st
PK10	70	NA	40 Years	Owner	2nd
PK11	54	PhD	27 Years	Shareholder	2nd
PK12	32	BBA	12 Years	Owner	2nd
PK13	23	BBA	2 Years	Owner	2nd

PK14	38	MBA	1 Year	Owner	1st
PK15	27	MS	3 Years	Owner	1st

Table 1 reveals that the sample of family firm owners or founders based in both Pakistan and the UK is diverse in terms of age, educational background, and length of time in the family firm. Among interviewees in the UK, the age range was 25 to 71, and in Pakistan 23 to 74. Time spent in the firm ranged from 2 years to 48 years in the case of the UK-based participants, and 1 year to 52 years for the Pakistan-based participants. Eight of the UK participants and ten of the Pakistan-based participants had a university degree (Bachelor or postgraduate) or professional qualification. Nearly all the UK-based participants were of the first generation running the family firm, but the Pakistan-based participants were much more diverse in this respect, with some first generation but others second or third generation. Nearly all the UK participants reported that they were the owner of the firm, but the Pakistan-based sample included a considerable number of shareholders rather than owners. It should be noted that all the interviewees were male; the issue of gender in relation to the sample of Pakistani-owned family firms will be discussed in Section 4.2.3.

Tables 2 and 3 provide information on the characteristics of the UK-based and Pakistan-based firms, respectively. Tables 2 and 3 show that most of the firms overall are private limited companies: 11 of the UK firms and 13 Pakistan-based firms are of this type. The remainder consist of partnerships or sole traders. A very wide range of firm sizes were included in the samples, with numbers of employees ranging from 4 to 200 in the case of the UK-based firms and from 12 to 10,000 in the case of the Pakistan-based firms. In general, the Pakistan-based firms in the sample were larger on average than the UK-based firms in terms of employee numbers. The tables also show that a wide range of sectors are covered by the sample of firms in each country. In the UK, these include retail, food service, travel, real estate, imports, and pharmaceuticals; in Pakistan, sectors covered by the sample of firms include manufacturing, trading, food service and retail.

Table 2: Characteristics of UK-based firms

Participant/Firm Code	Ownership	Number of Employees	Firm Age / Generation	Business Operations
UK01	Private Limited	50	21 years / 2nd gen	Construction/Project Management
UK02	Private Limited	200	48 years / 2nd gen	Real Estate
UK03	Private Limited	10	20 years / 1st gen	Food Distribution
UK04	Partnership	150	35 years / 2nd gen	Retail
UK05	Sole Owner	12	5 years / 1st gen	Retail
UK06	Private Limited	80	30 years / 2nd gen	Textile/Hospitality
UK07	Private Limited	11	15 years / 2nd gen	Travel
UK08	Private Limited	20	4 years / 1st gen	Trading Company
UK09	Private Limited	15	43 years / 2nd gen	Furniture Retail
UK10	Private Limited	12	30 years / 1st gen	Food Retail and Distribution
UK11	Private Limited	5	5 years / 1st gen	Ecommerce Trading
UK12	Partnership	8	47 years / 2nd gen	Pharmaceutical/Real Estate
UK13	Private Limited	6	8 years / 2nd gen	Import/Ecommerce Retail
UK14	Sole Owner	10	3 years / 1st gen	Restaurant
UK15	Private Limited	4	7 years / 1st gen	Trading/Ecommerce

Table 3: Characteristics of Pakistan-based firms

Firm Number	Ownership	Number of Employees	Firm Age / Generation	Business Operations
PK01	Private Limited	600	52 years / 2nd gen	Construction and Project Management
PK02	Private Limited	300	66 years / 3rd gen	Packaging and Printing
PK03	Private Limited	3500	32 years / 2nd gen	Food
PK04	Private Limited	14	37 years / 2nd gen	Industrial Machinery
PK05	Private Limited	10000	52 years / 3rd gen	Textile/Agriculture etc
PK06	Private Limited	200	67 years / 3rd gen	Food, Oil and Allied Industry
PK07	Private Limited	12	20 years / 2nd gen	Chemicals Trading and

				Import
PK08	Private Limited	700	15 years / 2nd gen	Footwear Manufacturer
PK09	Private Limited	50	23 years /1st gen	Textile Trading
PK10	Private Limited	40	40 years / 2nd gen	Trading
PK11	Private Limited	45	27 years / 2nd gen	Books Retail
PK12	Private Limited	200	12 years / 2nd gen	Restaurant
PK13	Private Limited	50	27 years / 2nd gen	Manufacturing/Wholesale
PK14	Partnership	15	8 years / 1st gen	Retail/Boutique
PK15	Partnership	12	5 Years / 1st gen	Service and Software

3.4 Data-collection and management

Qualitative data was generated in this study using semi-structured face-to-face interviews, employing open-ended questions and follow up probes to collect data on experiences, behaviours, beliefs, opinions, and knowledge (Patton, 1987). This method of data-collection enables both flexibility in adapting the interviews to each individual participant, while also providing scope for comparability of findings between them (Cozby, 2001; Finn et al., 2000; Groenewald, 2004). Open questions are those in which participants are invited to answer in their own words and to expand as much as they wish on their responses. They contrast with structured questions of the type used in quantitative research, in which participants are asked to select pre-coded responses to questions.

Semi-structured interviews based on open questions are particularly appropriate when sufficient information is known about the phenomena of interest to be able to prepare a number of questions before the interview, when not enough is known to be able to anticipate the responses of the research participants or the categories into which they might fall, and when it is important to be able to compare the experiences of participants (Richards and Morse, 2007). They are flexible enough to allow exploration and refinement of concepts, with the open nature of questions allowing new information to emerge from the study (Hand, 2003, Dearnley, 2005). In contrast, unstructured interviews are more suitable when the purpose of the research is to develop understanding of a new or very poorly defined concept (Richards and Morse, 2007). Semi-structured interviews were most appropriate for the current study, in which the key concepts of socio-emotional wealth and family social capital are already established in the research literature, but not well-defined or explored in the context of family firms in general, or of Pakistani-owned family firms.

In semi-structured interviews, an interview guide is normally used which consists of a number of pre-defined open questions, with further questions added by the interviewer to explore the relevant experiences of the participant in full. The pre-defined questions reflect the themes within which it is essential to generate data to answer the research questions. They will often be developed based on a review of the literature to find relevant issues and information gaps which the research will address.

Although several pre-defined questions are included in semi-structured data-collection, the interviewer is not required to stick rigidly to the interview guide, they are usually free to vary the questions, change the wording or add follow-up questions which ask the research participants to clarify or expand on their responses (Power et al., 2010). Encouraging participants to expand on their responses and contribute other relevant information in their own words enables the researcher to gain more in-depth and more comprehensive insights into their experiences for use in addressing the research questions (Creswell 2005; Denzin and Lincoln 2011; Groenewald 2004).

The interview is a single-respondent research design used in qualitative methods to explore the experiences of specific individuals who fit the criteria of the study or have a qualification that allows them to comment on the subject matter (Ryan et al. 2009). Single- respondent research allows for insight into personal attitudes, experience, and perspectives, allowing detailed data-gathering in qualitative research (Ryan et al. 2009). This method of data-collection fits well with the interpretivist epistemological approach, which assumes that social phenomena can only be understood from the perspective of individuals who have direct experience of them. It enables a researcher to probe research participants as necessary to obtain a full and comprehensive understanding of these experiences (Phellas et al., 2012). Using probes and follow up questions also enables the researcher to avoid any confusion or ambiguity that may arise from participants' initial responses. This is because it helps reduce the risk of researcher bias when interpreting and attributing meaning to the research data, by ensuring that the participants supply sufficient information regarding their views and experiences.

The semi-structured interviews were thus intended to generate a comprehensive understanding of the impact of family social capital and socio-emotional wealth on business growth and innovation performance within the sample of family firms, and the influence of culture on them. It was expected that by using this data-collection method, the researcher would be able to achieve a holistic view of the influence of Pakistani culture on family firms' social capital and socio-emotional wealth and in turn on business growth and innovation. The following section describes the research instrument used for data-collection.

3.4.1 Research instrument

For this study, a semi-structured interview guide was prepared, which was designed to address the research questions of the study, and was informed by a review of relevant literature, as reported in Chapter 2. An initial version of the guide was pre-tested with two Pakistani-owned family firm representatives, one in Pakistan and one in the UK. The purpose of the pre-test was to ensure that all the questions were clear and understandable to individuals with similar backgrounds and experience to those who would take part in the study, and to seek the representatives' views on whether any questions should be changed, added to or deleted from the guide. The pre-test process involved conducting interviews with these individuals using the initial draft guide, then discussing the questions with them one by one to check whether these were fully understood and if they had any suggestions for change. Minor modifications were made to the initial interview guide because of the pre-test feedback, and this was finalised for the main study.

A copy of the final version of the interview guide is included as Appendix 1. The final interview guide was divided into six thematic sections relating to the purpose and research questions of the study: (1) introduction, which enquired about the family firm structure and history; (2) socio-emotional wealth and family social capital; (3) decision-making; (4) innovation; (5) social capital; and (6) closing, which asked about culture and its impact on the family firm. Terminology such as family social capital and socio-emotional wealth was not used in the interviews since these are abstract, academic concepts and would not necessarily be understandable to the research participants. Instead, by drawing on relevant literature, questions and possible follow-up probes were included within each thematic section, exploring the types of behaviours and experiences known to be associated with these concepts in everyday, understandable terms. For example, the section designed to explore views on, and experiences of socio-emotional wealth included a range of questions related to the perceived benefits of having a family firm, reputation of the firm, and the relationships between individual members of the family within the firm. Likewise, the section designed to explore family social capital included questions relating to the external relationships of the firm with other individuals and organisations, how these relationships are used for the purpose of the firm and the perceived importance of being a family firm on the ability to build stakeholder relationships. The interview guide was also designed to explore the impact of being a family firm, as perceived by the participants, on business growth, innovation, and decision-making, as well as their views of the influence of their location (Pakistan or the UK) on the operations and experiences of the family firm. As a final question, the participants were asked if they would like to share any additional information relevant to the research topic, which had not already been covered in the interview.

In qualitative research, it is important to ensure that data-collection is flexible and that questions can be added or changed over time to reflect emerging insights and the need to enhance understanding of them (Gioia, Corley, and Hamilton, 2013). In interviews, the semi-structured interview guide was therefore used flexibly, with additional questions or probes being added as necessary to explore the specific experiences being reported by the participants, while remaining within the overall topic areas set out in the guide, to ensure that data collected would be relevant to the purpose of the study and the research questions.

3.4.2 Interview process

When owners or directors of selected family firms agreed to participate in the study, a time was scheduled for each of their interviews according to the research timeline and the convenience of the individual participants. Logistics were coordinated with the participants over the phone, times and venues were decided on and travel was organised to the various geographic locations in the UK and Pakistan. In the UK participants were interviewed in Durham, Washington, Newcastle, Glasgow, Ayr, London, Luton, and Birmingham. In Pakistan participants were interviewed in Lahore, Islamabad, Rawalpindi, Karachi, Sukkur, and Sialkot. In most cases interviews were held at the workplace or the family home of the participants; in a few cases they were held at a mutually convenient location such as a coffee shop. In most cases, interviews were carried out with one representative of the family firm, usually the owner or a senior member of the family and the firm. In a few cases, interviewees were conducted jointly with two representatives of the firm, such as a husband and wife or father and son.

Prior to the commencement of their interviews, each of the participants was asked to sign a consent form, confirming that they understood the purpose of the study and how their information would be used, and that they agreed to take part. They were also asked to confirm that they understood they were able to terminate the interview at any time and could refuse to answer any of the questions, if they did not feel comfortable or did not want to share information on a specific issue.

The researcher conducted the interviews personally with all the participants, and each took 40 to 90 minutes to complete. All interviews were conducted in English, as English is an official language in both the United Kingdom and Pakistan, and the research participants were all fluent in English. However, in some instances, terms of the Urdu language were used for convenience or to match more closely the level of education or understanding of the respondent. Similarly, although the participants responded in English for most of their interview, some included terms in the local Urdu language.

For interviews to succeed in generating high quality data, it is crucial that the interviewer puts the participants at their ease and creates a setting for the research, in which they feel comfortable sharing their views (Patton, 2002). To achieve this, the interviewees were allowed to choose the setting and time of their interview, and the researcher used both verbal and body language to create a good rapport with interviewees, to put them at their ease and secure their trust, so that they would feel comfortable sharing information. This was especially important since in many cases the researcher was looking for privileged information about the participants' family backgrounds and the internal operations of their family firms. In Pakistani business culture, status and respect are important, so the researcher sought to promote these factors by introducing himself confidently, discussing his academic and business background with the participants at the start of the interview, and demonstrating respect for the interviewees' own status and business achievements. The desired effect seemed successfully achieved in all cases and contributed significantly to the ability to gain in-depth insights into the operations and experiences of the respondents' family firms. It was considered important, in creating a safe environment for the participants to share their information, to emphasise verbally that everything would be treated in confidence and that participants would not be identifiable by name in the research findings. By using suitable verbal and body language the researcher acknowledged their views and feelings in ways which were non-judgemental.

While most interviews were conducted as scheduled, a few had to be rescheduled for unavoidable reasons. As a result, one interview each in the UK and Pakistan was conducted over the phone due to logistical problems in arranging an in-person interview. Furthermore, the data-collection in the UK went more smoothly than in Pakistan due to the timing of the Pakistan data-collection phase. As a result of unplanned delays, the Pakistan phase of data-collection unfortunately fell within the month of "Ramadan", the Islamic holy month of fasting that is observed in Pakistan and during which office hours and daily routines are shortened. It was therefore comparatively more difficult to interview the participants despite their willingness, and in some cases, interviews were even conducted after midnight following the wishes of the interviewee. This may seem odd but night-time meetings or events are a common practice during the month of Ramadan in Pakistan. Apart from these minor issues, the data-collection phase both in the UK and Pakistan went well and targets were met with regards to the quality and diversity of participants to be interviewed.

3.4.3 Data management

With the permission of each participant, all interviews were audio-recorded, which enabled the researcher to pay full attention to their responses and to tailor the interview to them, rather than taking extensive notes (Denzin and Lincoln, 2005). This also provided the researcher with an accurate record of the data for analysis purposes. However, since non-verbal impressions and body language cannot be recorded, brief written notes were also made during the interviews, which helped in keeping a record of emphases on phrases and words, unexpected themes, or responses requiring further exploration.

All the interview recordings were transcribed verbatim after removing the name of family firms to ensure they would remain anonymous. Automated transcription software was not considered suitable for use, because of the frequent use of Urdu language terms by the respondents. Instead, the transcription was outsourced and conducted manually by a professional Pakistan-based firm which was able to translate these Urdu terms. Established transcription conventions were used, taking care that no interactionally relevant features were edited out (Flick, 2005; Mautner, 2016). For example, non-verbal features such as pauses or laughter were included in brackets, so they could be considered in the analysis.

To maximise the accuracy of the transcriptions, the researcher checked them thoroughly against the audio recordings and corrected any errors. The notes taken during the interviews helped in some cases where the audio quality was compromised for any reason. A sample extract from one of the interview transcriptions is attached at Appendix 2. Two of the transcripts were further checked by the relevant interviewees to verify their accuracy, in a process known as “member checking” (Yin, 2015).

3.5 Data analysis

Thematic analysis is a method for “identifying, analysing, and reporting patterns (themes) within the data” (Braun and Clarke, 2006, p.79). It is well suited to the constructivist interpretivist approach of this study, as it focuses largely on identifying key themes and findings inductively from the data, ensuring that they reflect the real experiences of the research participants themselves. In thematic analysis, chunks of research data are extracted from the transcripts and allocated to “codes” which are labelled with the researcher’s interpreted meanings. It involves systematically working through all the research data in an iterative fashion, allocating all relevant data to codes and sub-codes and gradually revising and refining them until they most accurately reflect the overall themes and sub-themes, which are relevant to the research questions. Although this is mainly an inductive approach, an initial deductive or a priori phase of coding is often included in which high level codes are defined which relate to the separate research questions or to the main questions covered in the interviews (Ryan and Bernard, 2003). This initial stage also helps provide structure to the coding process. The thematic analysis approach used in this study therefore involved a combination of deductive and inductive coding methods. This approach to thematic analysis is broadly aligned with the recommendations of Gioia et al. (2013) that analysis should involve two separate stages, one in which “informant-centric terms and codes” are used and the other which uses “researcher-centric concepts, themes and dimensions” (p.18).

In the present study, the main top-level themes were discovered deductively, based on the interview schedule, which had been designed to collect data relevant to these questions. Within these broad themes or top-level codes, several main sub-themes were found inductively from the transcribed interview data. A manual approach was then used to code all the relevant interview data. This involved reading all the transcripts through once to re-familiarise the researcher with the content of all the interviews. Following this, the researcher worked through each transcript systematically, identifying patterns or sub-themes within the data which related to each of the top-level themes. Descriptive labels or headings were allocated to these sub-themes or “codes” and relevant content from the transcripts was extracted and organised by the emerging codes. This was an iterative, ongoing process, as described above, in which the distribution of transcript content against codes was continually reviewed and revised, with codes being renamed, grouped or deleted until the final definition of sub-themes was felt to reflect most accurately the overall body of interview data, as it related to the research questions of the study.

The final distribution of themes and sub-themes was then used to structure the findings chapter, and this structuring broadly reflected the specific research questions of the study. When drafting the findings chapter, which presented the findings by each main theme and sub-theme, paradigmatic verbatim quotes were used throughout each section to illustrate the points being made. This helped ensure that the narrative effectively conveyed the “voices” of the research participants, which is important in research using a constructivist interpretivist approach.

3.6 Standards of research quality

In any effective research it is essential to be able to show that the study achieves exacting standards of research quality, and that the findings may be trusted. Conventionally, the concepts of validity and reliability have been used to decide whether research measures what the researchers intended it to measure, and if the study generates consistent findings when conducted multiple times (Denscombe, 2003). However, in recognition that these concepts are better suited to quantitative rather than qualitative methods, Lincoln and Guba (1985) proposed that qualitative studies should be assessed against the different criteria of credibility, dependability, transferability and confirmability.

Credibility was defined by Lincoln and Guba (1985) as being used to assess whether the findings of a study appear to be credible and true. Dependability is used to assess whether the same or similar findings or conclusions of a study would be reached if the study were repeated or conducted by another researcher. These aspects of research quality can be achieved by ensuring that systematic and appropriate processes of data-collection and analysis are used, which are well aligned with the selected research paradigm and methodological approach, and that the study is well grounded in a thorough review of relevant literature which is used in the design of the study and in interpretation of the findings. These measures were taken by the researcher in the current study, which used a qualitative methodology within a constructivist interpretivist research paradigm. The detailed methods discussed in this chapter, including the development of a research instrument grounded in a review of literature, objective processes of data-collection, and the use of thematic analysis methods which were inductive in nature, all helped to ensure that high standards of credibility and dependability were achieved.

Transferability, the third of Lincoln and Guba's criteria of qualitative research quality, relates to the relevance of the findings to other groups or settings. This is not the same as representativeness, a concept relevant to quantitative research in which the results can be directly generalised to a wider population. Although the purpose of qualitative research is not to achieve generalisability in this sense, a worthwhile study will have findings that are of broader relevance and value for understanding other groups or contexts.

Finally, the fourth criteria of confirmability described by Lincoln and Guba (1985) is a means of showing that the findings of a study were generated objectively by the research using a systematic approach and are not subject to any researcher bias. To achieve high standards of confirmability, it is important not only to conduct research using best practice research and analysis methods, which avoid any sources of bias, but also that these are thoroughly documented so that others can evaluate or replicate the processes used. This was achieved in the present study by documenting the data-collection and analysis methods, and by ensuring that best practices in social research were followed at all stages of the study.

The researcher was also guided by the systematic approach to qualitative data-collection and analysis developed by Gioia et al. (2013). Although this was primarily directed at researchers using grounded theory rather than thematic analysis methods, the general principles of applying “systematic conceptual and analytical discipline” (p.15) are important in relation to qualitative research generally, helping to ensure that the findings are reasonable and defensible, and that the research reaches high standards of quality.

3.7 Research ethics

An ethical approach to conducting research is crucial to ensure that the privacy and confidentiality of participants’ personal information is secured, and that no one is put at risk of harm because of their participation in the study. In the present study, every effort was made to ensure that high standards of research ethics were observed at each stage.

None of the participants were knowingly put at risk of harm because of taking part in the study, which they all did willingly in full understanding and acknowledgement of the requirements and how the information they provided would be used. All the participants were adults, and all signed a consent form agreeing to take part. The anonymity of participants and confidentiality of their information was assured by removing any identifiable names of individuals or their firms from the transcripts, and by ensuring that none could be identified when presenting the results. Access to the research data was only granted to individuals working on the project, such as the transcriptionists, who were required to sign a Non-Disclosure Agreement. The research data and transcripts have been stored in password-protected folders on the researcher’s personal computer and on the cloud.

One potential issue arising from the snowball sampling approach used in the study is that individuals asked to refer potential sample members to the researcher were aware of their involvement in the study. However, during the data-collection stage, the researcher observed that although the participants knew the person referring them, they were not concerned about the issue of privacy because of the assurances given by the researcher about the measures taken to protect anonymity and confidentiality when presenting the findings. In some cases, it was even observed that the referred interviewee was more than happy and comfortable to participate as they felt honoured to have been referred by established and respected individuals of their communities.

3.8 Limitations

Nonetheless, maximum variability was hampered by the lack of diversity in the sample collected, particularly as most Pakistani-owned family firms were based on patriarchal family structures that favoured male dominance, as well as participation in specific industries. Variability was also narrowed further by the age-group of the interviewees, as respondents tend to defer to the most senior member as the spokesperson, which would typically be the patriarch of the family. This meant that there was a lack of women interviewees and tended to favour a more senior perspective of the current situation.

3.9 Chapter summary

This chapter has discussed the research design and methodology used in this study, which has investigated the influence of socio-emotional wealth and family social capital on business growth and innovation within Pakistani-owned family firms in the United Kingdom and Pakistan. The chapter presented the rationale behind the study design by highlighting key points from the literature regarding the importance of family firms and explaining the importance of a comparative study design in enabling the researcher to explore the influence of national culture, as well as cultural setting, on the operations of family firms. This also highlighted the scarcity of previous literature on the impact of socio-emotional wealth and family social capital on family firms in general, and on Pakistani-owned family firms, to demonstrate the need for the study. Key aspects of Pakistani culture were highlighted and discussed, to show how these influenced the design and objectives of the study.

Next, the selected research paradigm for the study was discussed. It was explained that the study adopted a constructivist ontological approach and an interpretivist epistemological approach, as well as a qualitative methodology in recognition that all family firms are unique and that their characteristics and the experiences of their members can only be fully understood using rigorous, in-depth qualitative research. The sampling and recruitment and data-collection procedures have also been discussed in the chapter. It was explained that purposive sampling methods, consisting of snowball sampling and maximum variation sampling, were used to select a diverse selection of 30 Pakistani-owned family firms, located either in Pakistan or the UK. Face to face, semi-structured interviews were personally conducted by the researcher with one or two of the family owners or representatives of these firms. This method of data-collection was used to explore the unique experiences of each firm, while also facilitating comparison of the findings across the sample. Thematic analysis was used to code and interpret the results, facilitated by use of the NVivo qualitative analysis software. A combination of deductive and inductive coding methods was used to identify key themes and sub-themes relevant to the research questions, and these were used to structure the presentation of findings, illustrated by verbatim quotes from the interviews. The measures taken to ensure high standards of research quality and ethics were discussed. The following chapter sets out the findings of the study.

Chapter 4: Findings

4.1 Overview

This chapter presents the findings of this comparative study, which aimed to explore and understand the impact of socio-emotional wealth and family social capital on business growth and innovation in Pakistani-owned family firms in Pakistan and the United Kingdom. Data was collected through semi-structured interviews with thirty participants and thematic analysis methods were used, as discussed in the previous chapter. The study had the following research questions: (1) How does socio-emotional wealth affect business growth in family firms?; (2) How does family social capital affect business growth in family firms?; (3) How does socio-emotional wealth affect innovation activity in family firms?; (4) How does family social capital affect innovation activity in family firms?, and (5) How does national culture influence attitudes to and management of socio-emotional wealth and family social capital in family firms with the same national background but operating in different cultural environments?

The findings were generated from the qualitative interview data using the thematic analysis methods described in Chapter 3. The themes and sub-themes identified from this process are used to structure the presentation of findings in this chapter. Example quotations are used throughout the presentation of findings to illustrate points being made within each sub-theme, and to ensure that the narrative effectively conveys the "voices" of the research participants.

4.1.1 Summary of respondents' interviews

The interviews of respondents both in Pakistan and the United Kingdom gave insights not only into how these family businesses operated and performed, but also about the participants' understanding of FSC and SEW. As stated in section 3.4.1, the research instrument or the interview guide had six thematic sections relating to the purpose and research questions of the study: (1) introduction, which enquired about the family firm structure and history; (2) socio-emotional wealth and family social capital; (3) decision-making; (4) innovation; (5) social capital; and (6) closing. The semi-structured interview guide was therefore used flexibly, with additional questions or probes being added as necessary to explore the specific experiences being reported by the participants. The interview guide was also designed to explore the impact of being a family firm on business growth, innovation and decision-making, as perceived by the participants, as well as their perceptions of the influence of their location (Pakistan or the UK) on the operations and experiences of the family firm. While section 4.2 above has covered important information about the participants, their businesses and history, a summary of the rest of the findings from the interviews is summarised below.

It was observed that even though participants were not explicitly asked about FSC and SEW, almost all participants had a decent understanding of the concepts of FSC and SEW as presented in literature. The respondents seemed to understand the importance and benefits of FSC and SEW, indeed some of them explicitly mentioned how they used FSC for the benefits of their family businesses.

In terms of SEW most of the participants - almost 80% in Pakistan and 87% in the UK - believed that the family firm was the most important aspect of the family. In terms of importance of the family for the business 53% of the participants in Pakistan and 87% in the UK believed that the family was particularly important for the success and growth of the business. The firms in the UK rely more on the family for the business but, as discussed below, also believed that the future family members may not join the family business.

33% of the respondents in Pakistan said they expected a change in the ownership structure of the family business, whilst 93% of the UK respondents believed the ownership structure would stay the same with future generations. It was suggested that inheritance laws in Pakistan are the cause of these responses and of the division and distribution of Pakistani family businesses. 93% of the Pakistani respondents believed that their businesses would grow despite of the changes in the ownership structures, whereas surprisingly 93% of the UK respondents believed their businesses would not grow because their future generations had more freedom to choose and more opportunity to leave the family business and find employment of their choice.

Most (67% in Pakistan and 100% in UK) of the participants both in Pakistan and UK believed in the importance of family ownership of the business, whilst 93% in Pakistan and 100% of the UK participants were of the opinion that the family benefited from the ownership of the business. Most of the participants in both locations also suggested that the family businesses provided them with financial independence, job security, increase in social connections and increase in experience for family members.

87% of Pakistani participants and 73% of UK participants believed that the family members gained benefits from the family business, while 53% in Pakistan and 93% in the UK believed that the family members put in the same amount of effort into the business. Most participants in both locations said that they did not see any problems in the benefits that the different family members gained from the business. Surprisingly 93% of Pakistani participants said that the relationship of family members did not impact the business, whilst 73% of UK participants said that it did.

In terms of management structures of family business in both locations many responses were vague, and several questions were avoided, but most Pakistan participants believed that managerial decisions were centralised while a majority in the UK said they were decentralised. Most respondents in both locations agreed that the elders of the family played a patriarchal role, while most Pakistani participants did not respond, but only 20% of the Pakistani participants said that consultation on short-term decision-making was carried out with other family members. 53% in the UK reported that other family members were consulted. In terms of long-term decision-making, however, 73% of participants both in Pakistan and the UK believed that members of the wider family were consulted. It appears that there is a minimal role of non-family managers in Pakistani-owned businesses both in Pakistan and the UK, and non-family employees do not have a sizeable role in short-term or long-term decision-making.

In terms of guiding values for decision-making, profitability was a secondary consideration among Pakistani participants (80%), whilst it was claimed as an important consideration by UK participants (47%). Growth of the business and family good was an important consideration for participants both in Pakistan (67%) and the UK (80%). It appears firms in Pakistan and the UK both lend more importance to business growth and the benefits that business provides to the family over profitability, when considering guiding values for decision-making.

Participants both in Pakistan and the UK seemed to understand the concept of innovation, innovation activity and the importance of innovation for family businesses. However, 47% of Pakistani participants said that general concepts of innovation were promoted in their businesses, whilst 27% said that innovation was not an important factor in their businesses. In the UK, while 53% of the participants said that general concepts of innovation were promoted in their businesses, a much higher percentage of participants (47%) compared to Pakistan said that innovation was not an important factor in their businesses. In both locations, however, 80% of the participants were of the view that family involvement and willingness were important for innovation in the business.

In response to questions about external social networks, businesses both in Pakistan and the UK strongly believed that social relationships with outsiders were particularly important for the success of their businesses. 87% of Pakistan and 100% of UK respondents said that relationships with outsiders were important and encouraged. 53% of the Pakistani participants and 73% of the UK participants were of the view that relationships and social networks were beneficial for their businesses.

Most participants, in both Pakistan and the UK, believed that trust was an important factor in family businesses and family social networks. Nevertheless, in Pakistan the percentage of respondents who believed in trust towards other stakeholders was 40%, while in the UK it was 80%. Responses on this theme of trust were limited in Pakistan-based participants and some questions or probes were avoided or did not get any response. 13% of Pakistani participants said that trust in general was very important, while 80% did not respond. In the UK, most participants said trust was an especially important factor for their businesses. On questions related to trust towards non-family employees or business partners, responses were insignificant, most probably on account of very limited involvement of non-family employees and lack of business partnerships.

In terms of Pakistani culture and its impact on family businesses both in Pakistan and the UK, most participants believed that the Pakistani culture had an impact on their business: 93% in Pakistan and 87% of UK-based Pakistani businesses believed that their culture played a role and impacted the functionality of the firm. Although limited responses were gathered on the impact of culture on leadership and direction, most participants in both locations believed that culture did play an important role in leadership and direction of the family business. Responses on the effects of culture on decision-making were also very low, but 20% of UK participants believed that culture did play a role in decision-making for their businesses.

Participants in both locations were asked how they felt their family business would function if they were in the other location. Most of the participants in both locations said that it would be more difficult for individual family members to operate in the other location, due to lack of knowledge of that environment. They also said that it would be more difficult for them to capture the market in a new environment and decision-making would be difficult. 27% of Pakistani participants said their business priorities would be different, while 20% said they would remain the same. Merely 27% of UK participants said their business priorities would be different, whilst 40% said they would remain the same. Participant response to their approach to innovation in the other location was insignificant.

Participants both in Pakistan and the UK were asked at the end of the interview if they wanted to add a comment or mention something that had not been discussed. Most of the participants from Pakistan spoke about the national culture and social evils in the business environment that they had to navigate to survive in the business. 67% of the Pakistani participants believed that this aspect of their national culture affected their businesses and had an impact on them, yet surprisingly participants in the UK raised the same concerns regarding the business environment in Pakistani culture, believing that because they operated in the UK, it did not affect them. Participants discussed the serious issues of corruption, bribery and nepotism in Pakistan encountered by businesses based in or dealing with that country. Local words like “Wasta”, “Rishwat”, “Sifarish” and “Baimani” were openly used by participants both in Pakistan and the UK to explain this situation.

It was observed that although participants both in Pakistan and the UK acknowledged the prevalence of issues of corruption as stated above, they felt that it was difficult to operate their family businesses in the Pakistani national context without participating in these issues. Almost everyone in the sample said that he or she took no part in these social evils. In fact, some suggested that they used their FSC to get around them. It was observed that these businesses were able to get advantage over their counterparts because of their connections and links to people in influential quarters of the civil bureaucracy and politicians. Further research is necessary to establish how and why these links are created and nurtured, as some respondents suggested these problematic links had been created by giving favours in lieu of monetary compensation. This would certainly be considered as set against agreed international business ethics and norms, but it appears to be normal business practice in Pakistan. This observation begs further research into these issues: do participants confuse FSC with unethical business practices or knowingly participate in them because they have become a norm in the country's business environment?

Now that a summary of the participant data has been given above, the themes generated from the interviews are presented in Data structure Table 4 below, Followed by the findings, all finding are followed by a table of that theme, its subthemes and representative quotes. Appendix 4 presents a detailed table of the Analytical Coding Protocol which includes descriptions and keywords from the relevant themes.

Table 4: Data Structure from the interviews

Subordinate Theme	Emerged Themes
	Firms Structure and History
Origins and history of the firms.	
Firm structure and involvement of family members.	
.	**Socio-Emotional Wealth**
Commitment to the success of the firm	
Ease of Conflict Resolution.	
Independence and Autonomy.	
Distribution of Benefits.	
Employment of Family Members.	
Reputation and Status.	
.	**Family Social Capital**
External Networks and Relationships.	
Role of the Family in Relationship Building.	

	Business Growth in Family Firms
Hierarchy and Management.	
Strategy and Business Development.	
Guiding Values for Decision Making.	
	Innovation in Family Firms.
Attitudes to Innovation.	
Innovation versus Consolidation.	
	Socio-Cultural Influences on Family-firms
Leadership and Decision Making	
Business Practices	
Ease of Operations.	

4.2 Firm structure and history

4.2.1 Overview

This section presents the findings regarding the structure and history of respondents' family firms. Participants were asked for general information about their family firm and its overall structure, including ownership, number of employees, nature of business operations, involvement of family members in business, segregation of duties, etc. Participants also shared information regarding the origins of the firm, such as the founder, start-up history and early forms of business, changes in business operations, involvement of family members in business, and current position of the firm. This section is intended to help provide background and contextual information for the interpretation of the findings relating to socio-emotional wealth and family social capital. The findings incorporate both qualitative interview data and information about the firms as presented in Tables 2 and 3 above in the methods chapter.

This theme was found to be important because the participants were very passionate about their firm's origins and histories and felt that these contributed to what they have achieved over time and the future directions they plan to take in their family businesses. All the participants were unanimously of the view that their firms have grown and expanded since inception, whether operating in Pakistan or in the United Kingdom.

It should be noted that due to the qualitative nature of this study and the non-random sampling methods, the firms may not be representative of other Pakistani-owned family businesses in either country. Nonetheless, the findings provide important insights into a diverse sample of Pakistani family businesses located in two different national settings and provide an opportunity to compare and contrast their experiences in these two settings.

4.2.2 Origins and history of the firms

According to the participants, most family businesses were established with little investment, and some were home-based at the outset. Most of the businesses covered by this study had initially been founded by the grandfathers or fathers of the participants and eventually taken over by the current generation. The study is therefore mainly based on the perspective of non-founders of family firms. There were exceptions where some participants were running a business that had been acquired rather than established by the current owners. For instance, after retiring from employment five years ago, UK05 acquired an existing business and modified this to his own requirements, but the business itself is 30 years old. The sample also therefore included firms that were not established as family firms by the interviewees or their own relatives but are now run as such.

In large multi-generational family firms operating in Pakistan, such as PK05, the firm structure typically involved the first generation of grandfathers as original founders, followed by fathers and uncles as the second generation who inherited the family business, and now the third generation consisting of the children of each of the brothers, who are now the managing directors. Some firms in the study even have four or five generations working in the family business.

The interviews revealed that, over time, many of the businesses, both in the UK and Pakistan, have diversified and expanded in new directions. For instance, UK13 moved from simple trading to online trading; UK7 had diversified from tangible items to intangible items and services; PK15 had diversified from hardware to software, and UK 9 had expanded from door-to-door marketing to multiple retail outlets. Most of the firms who had acquired existing businesses had also expanded their product lines/services to compete in the market and remain updated with overall industry developments.

One of the Pakistan-based participants (PK04), a man of 40 years who had spent 21 years in the family business as a second-generation participant, described his firm’s growth as follows:

> *“We started very small. We were working with only one principal. Now we have a portfolio of about 15 different companies that we've worked with ... The earnings were inconsequential in the beginning. We were working with a staff of 3 and after 5-6 years, when we started getting in more agencies, we grew, and the business has been growing ever since.” PK04*

Some of the participants reported that they had faced difficulties when first establishing their businesses, such as financial problems or opposition from family members, but claimed to have worked hard to overcome them and bring the business or firm to its current level of performance. Participant UK11 explained:

> *“The first year basically, it was total loss. There was not a single penny made, in fact we had to pay out of our own pockets and that's where you think whether to stick to it or just leave it and change profession and then my Dad advised me that you have to stick to it because you have spent a year experiencing. So second year, we stuck to it, kept going, halfway through we were still going in loss but then gradually it started to break*

even ... So it started to grow and now MashAllah (by God's grace) it's getting there." UK11

Some failed business ventures were reported by participants, especially in the UK, where there are high levels of competition and survival of the business is more challenging compared with Pakistan. It was also reported by several Pakistani participants that several operational issues have been faced by Pakistani family firms in the past few decades which have affected the operational capacity, growth, expansion, innovation, and decision-making process of family businesses in Pakistan. Due to the geopolitical situation of Pakistan, these have included issues related to the nationalisation of their companies in the past, and their subsequent privatisation again. The related business uncertainty has also affected subsidy policies, import and export legislations, tax schemes and labour laws, which have in turn affected the growth, expansion and evolution of the businesses in Pakistan. It appeared from the interviews that it was primarily the pressures of these external factors, rather than any reported weaknesses on the part of the companies themselves, that had affected their growth. However, there was some variance observed: those families which have strong social and political connections found fewer barriers against their businesses progressing and flourishing in Pakistan. This did not always translate across to the UK context.

Overall, participants in both locations expressed the view that family ownership makes their firm stronger. Some explained that the commitment of family employees to continuing the legacy of ancestors had played a major role in contributing to business growth, while others reported that the dependence of the family on the survival and growth of the family firm played a role in its expansion, since everyone worked especially hard to help ensure that their family firm would succeed. This alluded to a desire among members of the family to build on the family social capital to further enhance the prospects of future generations in the mid to long-term. All the participants claimed to have the intention to pass on their businesses to their children in order that they will have established businesses and a secure future. It is important to recognise, however, that these perceptions do not necessarily translate to a stronger performance than might have been achieved by a non-family firm, since the methods of the study did not enable this to be explored.

4.2.3 Firm structure and involvement of family members

It is notable from Tables 2 and 3 that the family firms operating in Pakistan have a larger number of employees compared to family firms operating in the United Kingdom. Pakistan-based family firms are larger in size compared to UK-based firms, so even with the family's involvement many managerial staff and employees are non-family members, whereas in the UK most of the firms are primarily managed and operated by the family.

When starting in business, many of the participants noted, the first- or second-generation family members were comparatively less well-educated than the current generation and in some cases were illiterate. But all the participants had completed their educational qualifications as well as acquiring family businesses. As stated by participant UK02, for example:

> *"I came here to get my higher education. Me and my sister, we both came here, and I graduated from the University of Westminster and my sister graduated from the London School of Economics. After that my father decided that he wants to have some business outside of Pakistan so that's the time we decided we should have something over here (in the UK)."*

The findings regarding educational qualifications reflect the changes in the business environment during the shift from one generation to the next, with an increased need for professional qualifications for the operation of expanding modern businesses. Although some of the businesses were started by the older generation who were comparatively less well-educated and had fewer resources, the interviews indicated that with the passage of time, subsequent generations acquired academic qualifications and brought innovative ideas and expansion strategies to the firms which have benefited business as well as the family's reputation. According to most of the participants, even if the first generation of their family firm members were not educated, emphasis was given to educating the children who would later be involved in the business, resulting in a professionalisation over time of the participating family firms. Professionally educated business personnel are arguably in a better position to understand the ever-changing needs of the market, technological advancements, innovative ideas, international demand and supply cycles, and cost minimisation techniques, for example. In the case of the family firms operating in Pakistan, the younger generation had mostly obtained their professional qualifications abroad.

Firms founded by forefathers have therefore now been passed on to the third and fourth generations who have acquired educational qualifications from reputable universities and have brought innovative changes in the firms. For example, UK2 stated that his son, a lawyer, is restructuring their sprawling business to be more tax-effective, thus saving the firm millions of pounds, while PK05 explained that third generation family members had mechanised their farming and feed industries to be more productive as well as starting their own brands in food processing. Many participants were of the view that the elder generation was less familiar with technological advancements, an issue which sometimes causes difficulties in the competitive business environment.

The responses of the participants indicated that most of the family firms are inherited and run by the younger generation but that senior family members retain involvement and authority. Since decision-making related to managerial issues as well as long-term investments generally remains in the hands of the most senior executives (CEO, Managing Director, etc.), and these positions are generally held by the older family members, of the family, the decision-making and control over the business thus remains within the family. However, the participants reported changes in responsibility and liability over time. Previously the older generations were often solely in control of the decision-making process for the family businesses. Nowadays, educated and professionally qualified family members are making business decisions jointly, in a delegation of duties and responsibilities which results in greater participation from family members towards the overall amelioration of the firm.

In the family firms operating in Pakistan, the involvement of family members is comparatively high, with almost every member of the next generation participating in business operations to some extent. In many cases, all family members constitute the board of directors and decisions are made jointly by them in accordance with the overall interests of the business. This is argued by participants to be good for family firms in Pakistan because the family members who are dependent on the business work together towards long-term sustainability and continuity of the firm. In comparison, fewer family members are typically involved in UK-based family firms.

In general, Pakistan-based participants who reported that their adult children engage in the business, had separated their respective roles and responsibilities. For instance, participant PK02 has two sons, one of whom is technically strong and the other has stronger expertise in sales and marketing. It was therefore decided by the father, who is also the CEO of the firm, that the production domain should be given to the son who is technically stronger, and the sales and marketing department should be supervised by the other son. Similarly, according to PK05,

> *"Everybody has a different job here. From financial decisions to daily running. Each director has to run his company individually and then has to report to the board at least after every 6 months as to what their output is and how they're seeing the future of their company and then deciding which company to expand." PK05*

One of the participants expressed the view that the younger generation of his family is unwilling or uninterested in being involved in the family businesses due to their own choices and reasoning. According to this participant, there are multiple reasons for this lack of interest in the family firm, which include different career choices, temperament, lifestyle, educational qualifications, professional credentials, and evolution of business models.

> *"When we were running the pharmacy, our daughter, she was offered admission in the school of pharmacy but, she said no, she wanted to*

study the pharmacology. ... None of the children were interested in the business." UK12

In the situation above, since the participant's children were not interested in joining the family business, it was decided that the firm would be sold and that income from the sale would be invested in a family-operated trust to manage properties for the benefit of the successors. Although rare, other participants also suggested that this was happening more frequently in the case of Pakistani family businesses, and that in such situations, businesses were either liquidated to divide assets or trusts were formed.

It is notable that most family firms in this study are operated by the male members of the family and there are only a few exceptions where females are financial partners and have managerial involvement. Among the UK-based businesses, female family members appear more likely to participate actively in the operational dealings of the family firm; this is less commonly the case in Pakistan-based firms. Just one of the Pakistan-based firms, PK14, was started by a female member of the family with the male joining the business later as a partner. In this clothing firm, the female is fully involved in running business operations and the family members have segregated their departmental duties and roles. Specifically, design and customer care are reportedly handled by the female, while production and financial aspects are looked after by the male.

> *My wife xxxx* [name removed for anonymity] *started this business in 2009 .... The business was growing, it was doing very well. So we thought doing this business full-time would benefit us in the long run. So that's why I decided to leave the job and come into the business."*

In a contrasting situation, it was highlighted that females in the family in Pakistan may receive an inheritance from the business but are not actively involved in it. One of the participants referred to the influence of Pakistani culture and tradition on this situation.

> *So in Pakistan traditionally, only the male members of the family are supposed to work and bring in bread for the family. Therefore, I think that*

the female members, say my Mum, my sister, my wife, my other female relatives, they're not as much a part of the workings of this company as much as I am or as much as my other male, uh, family members are.

However, other cases were cited by Pakistan-based participants of female family members being actively involved in the family businesses, and PK06 argued that whether they are involved depends on individual preferences rather than culture or tradition.

"I think it has nothing to do with culture nor with family. Everyone has their own system ... There's a history which has led to doing this." PK06

This indicates that involvement of female family members in family businesses in Pakistan does not necessarily follow any cultural pressure or conventional patriarchal family roles, and that families differ in their mindset and operational protocol. This has implications not only for who is involved with the business but also for who gets control over it. Although it is sometimes assumed by those living overseas that female family members are not allowed to be involved in family businesses in this country, the findings reveal that this is a misconception. There were several cases in this study in which family businesses are operated by female family members and in which their capabilities are fully utilised for the good of the family business.

Table 5: Representative Quotes for Sub Themes of Firm Structure and History

Theme: Firm structure and history	Representative Quotes

Origins and history of the firms	*"We started very small. We were working with only one principal. Now we have a portfolio of about 15 different companies that we've worked with ... The earnings were inconsequential in the beginning. We were working with a staff of 3 and after 5-6 years, when we started getting in more agencies, we grew, and the business has been growing ever since." PK04* *"The first year basically, it was total loss. There was not a single penny made, in fact we had to pay out of our own pockets and that's where you think whether to stick to it or just leave it and change profession and then my Dad advised me that you have to stick to it because you have spent a year experiencing. So second year, we stuck to it, kept going, halfway through we were still going in loss but then gradually it started to break even ... So it started to grow and now MashAllah (by God's grace) it's getting there." UK11* *"Earlier it was a very small business, we've expanded it step-by- step. At that time, there were more limits and fewer categories (Small pause). We started at a really small scale but now there are big jobs; 01:08, we've worked on Gwadar. 10-20. we do not actually have employees, it's all on contract. If it's a bigger contract then we hire more. Children got involved in, I think around 2000." PK01* *"Uh, the circumstances, in the way we started, it was not our own wish to start a business. I used to work for a foreign bank. My wife, she was a pharmacist. I hold a Master's degree in Economics from Government College Lahore and there were no intention of starting our own business. The way we then started, uh, by circumstances. So I was working London then I was transferred to Glasgow, uh by the bank and then after sometime an opportunity came and, uh, we took up that opportunity, uh, because that was an attractive proposition without any, uh, funds on our behalf. Everything was arranged for us. So we then decided to take up that opportunity and this is how we started the business." UK08*
Firm structure and involvement of family members	*"I came here to get my higher education. Me and my sister, we both came here, and I graduated from the University of Westminster and my sister graduated from the London School of Economics. After that my father decided that he wants to have some business outside of Pakistan so that's the time we decided we should have something over here (in*

	the UK).” UK02 *“Everybody has a different job here. From financial decisions to daily running. Each director has to run his company individually and then has to report to the board at least after every 6 months as to what their output is and how they're seeing the future of their company and then deciding which company to expand.” PK05* *“Our field is mainly construction. Apart from that, we have a workshop for furniture too but the main is construction. Yeah exactly, from zero to the top. It was me totally who looked after all of it until the last 3-4 years. Now children are doing it. I handle finance and a little bit on the rest too.”PK01* *“Everybody has a different job here. From financial decisions to daily running. Each director has to run his company individually and then has to report to the board at least after every 6 months as to what their output is and how they're seeing the future of their company and then deciding which company to expand.” PK05* *“It’s only, uh, myself and my father. Uh, I have three sisters. They are, you know, because this is a private limited so we have directors and they have their shares. They’re not actively involved in the business. He’s the CEO. I’m the director. His role is, uh, as what he pleases to do. He does not have a fix schedule. He comes everyday but his, uh, time spent in the office is, uh, not fixed. He might come one day for 4 hours, 6 hours or maybe one he does not want to come for some reason but he’s involved actively.” PK06*

4.3 Themes related to socio-emotional wealth

4.3.1 Overview

According to the literature, socio-emotional wealth of family firms is variously linked to the importance of family for business, to the importance of business for family, and to other benefits gained by the family members from the family firm. This concept has generally been defined in the literature in terms of the non-economic values or "affective endowments'' that are often important to family firms, such as a sense of self-identity, prestige in the community, social support, a sense of pride in the family and its achievements (Gomez-Mejia et al., 2007; Gomez-Mejia et al., 2012). As discussed in Chapter 2, Berrone et al. (2012) defined socio-emotional wealth in terms of five specific behavioural aspects: family control and influence; identification of family members with the firm; binding social ties; emotional attachment; and renewal of family bonds to the firm through dynastic succession. Other researchers have included dimensions such as "family enrichment" (Debicki et al., 2017), relating to the ways in which family firms are focused on meeting the needs of the wider community of family members, and continuity of family values through the business (Handler, 1990).

It is notable that family firms were considered the most important and crucial aspect of the family by all of the participants, whether they were from the UK or from Pakistan. Their narratives and comments indicated that family firms are considered as socio-emotional wealth for the family, in which decisions are made by those family members with the most authority, and which in turn determine the growth, expansion, management, operations, and innovation of the firm. The responses of the participants indicated that family firms and family members are closely interconnected. The majority were of the view that in private firms, private limited or sole proprietorships, the businesses and family members are equally important for each other. All of the participants, whether from family firms operating in the United Kingdom or in Pakistan, were of the unanimous view that the family firm is of great importance for the family, and it is considered an important part of family life. Moreover, the research findings reveal that this is very much a reciprocal situation in which families benefit from their firms, but the firms also benefit from being family-run.

Several themes emerged from this sample of Pakistani-owned firms that are important for understanding the role of socio-emotional wealth, and how the dimensions of socio-emotional wealth might contribute to business growth or innovation. The findings thus also help contribute to the mainly theoretical literature on socio-emotional wealth by providing relevant empirical evidence. These themes are discussed in the following sub-sections.

4.3.2 Commitment to the success of the firm

Most of the participants in the present study explained that when making long-term decisions every family member is consulted, because it is believed that they are all committed to the success of the firm and will contribute effectively to decision-making in ways that reflect this commitment. It was also clear, however, that the emotional attachment of the older generation to the firm is often higher than that of the younger generation because of the struggles which the elders went through during the earlier time of setting up the business establishment. It was generally recognised that the firm founders and older family members had often contributed considerably greater efforts overall than the younger generations; now that the business was more established and less risky. According to PK15, for example:

> *"People who created it in the beginning are definitely putting in more effort and they risked more than people who are joining it now because essentially the risk element that this might fail is no longer there." PK15*

Despite these perceived differences in levels of commitment and contribution to the firm, most participants noted that everyone's opinion is valued because everyone owns the business. This is a form of equality among members which is rarely found in non-family businesses. Indeed, one of the factors unique to family firms is the high level of dependence on the firm not only of the family employees but also often a range of member of the extended family.

One of the Pakistan-based participants argued that the level of dedication and commitment found in family businesses is often unmatched elsewhere, and that this is what attracts stakeholders to work with such firms:

> *"Because stakeholders understand that it's a family business and the family is doing everything to earn their bread through this family business*

and that they are putting in everything that they had; so the level of dedication and hard work that they can put in the business…"

The family was also regarded as being in an ideal position to look after the family business because of its emotional attachment to it, another important aspect of socio-emotional wealth discussed in the literature (Berrone et al., 2012). Participants in both Pakistan and the UK emphasised that because of the importance of the business to the family there is a sense of obligation; members of family firms consider their firm as their second home in which all family members do their part and make their best efforts and decisions for the good of the firm. The interviews conveyed a general sense that there is little or no negativity among any family members towards the firm and that everyone works collaboratively and cooperatively to ensure its stability and contribute to the improvement of the business.

Some participants also expressed the view that non-family employees were unable to commit the same level of emotional attachment and effort to the business, highlighting the importance to the business of its family members and the competitive advantage that they offer. This emotional attachment to the family business is an important aspect of socio-emotional wealth in family firms, and has been identified in previous studies (e.g., Zellweger and Astrachan, 2008). The following UK-based participants explained, for example, that although they have non-family employees, they are unable to contribute to the business in the same way as family members.

"Only the family can look after. Like, this is our family business. The way that family can look after it, no one else can do it as good. So that's why family is very important." UK05

"I go abroad a lot and ... when I come back, if my family, if they don't take interest in the business, a lot of things are left over. I mean my staff, they do their best but you know your family. Staff don't work like you do it yourself or like your family takes interest." UK03

High levels of trust within family firms have been shown in previous studies to contribute to their ability to avoid or manage conflicts, so that efforts can be focused on business growth (Lester, Maheshwari, and McLain, 2013). In this study many participants indeed stressed the importance of the trust and mutual understanding which often exists between family members but cannot be achieved in the same way with non-family employees.

> *"There's a trust factor in it. Especially, if you're working with your father or your brothers or very close ones, so there's a trust factor which you cannot have with employees whether they are with you maybe for the last two decades. You cannot have the same trust with them." PK08*

It was also explained that, in the expansion of business, family plays a great part because of their greater stability in being connected with the firm. Randolph and Sobczak (2017) observed that the continuity of family ownership in family firms often creates a business environment conducive to shared goals and effective team-working (Randolph and Sobczak, 2017). In the present study, some participants expressed the view that non-family employees may have a lower level of loyalty to the firm and may leave it at any time. In contrast, a family firm is perceived to enjoy greater loyalty from its family members, which in turn translates to various business benefits through their commitment and contributions to the firm.

> *"It's quite important because we change our staff after every few months, you can say. If we have like a family member involved, we can trust (them) more and they ... work harder than if you get somebody from outside." UK10*

> *"First of all it's the loyalty that you get. The reason for loyalty is because if we have management, you cannot always trust ... management but if you have a good family, of course, they have something to do with the business. So they'll be loyal to the business. If they're not loyal to the family, they're at least loyal to the business. So I believe if the family is*

working together for the business, it's much better, you get more expertise, you get more ideas and you get more sense of ownership." UK08

4.3.3 Ease of conflict resolution

There are also potential drawbacks to having a high level of family control over the firm. Some of the participants in this study, particularly in the UK, stressed that that a lack of family cohesion or poor management can result in conflict, and that it is important to manage these effectively to avoid negative repercussions for the business.

"It all depends on how you're set up is and how everybody's understanding is. The day you start the understanding, what will happen and how everybody has a respect for each other and, uh, those things. Otherwise, obviously, there are times and places and people and have seen that it didn't do very well because everybody wanted more for themselves." UK06

However, it was also reported by many of these Pakistani family firm participants that although disputes do sometimes arise, ultimately family members look after each other in their extended family systems. In the words of PK15,

"Differences, yes, we have a lot of, uh, differences. It's not necessary that we always agree on one thing. We do have fights, we do have disagreements but obviously we come out for what is better for the organisation, uh, because the organisation has to move on, not the individuals. So yes, we do have differences, but we sort them out for the betterment of the organisation." PK14

This ability to manage family conflicts in the best interest of the firm, especially among the Pakistan-based participants, seems to relate at least in part to the characteristics of Pakistani culture and may reveal ways in which the ethnic and cultural background of family firms has an important influence on their socio-emotional wealth. In Pakistan the strong family culture and connection between family members is believed to be something that helps family businesses do well.

> *"I think it's very important because if you look at our culture, we are ... socially very connected with our siblings and with our families. So I think it's very important. We have ... our share of disagreements and agreements but at the end of the day we all know that we are working for the betterment of our business. So I think it's very important." PK12*

The greatest number of participants indicated that due to the patriarchal system in most Pakistani family businesses, the head of the family provided strength and unity. Disputes or disagreements between family members were generally resolved due to the clear hierarchy and role of this patriarch, avoiding the type of bureaucratic conflict resolution processes that might be required in non-family firms. However, some respondents provided insights into complications in family relationships and their adverse effects on the business. Although all the firms in this sample were Pakistani-owned, there was more evidence of this among those based in Pakistan, perhaps because of the stronger influence of these cultural factors in this setting.

4.3.4 Independence and autonomy

One of the main themes in the socio-emotional wealth literature concerns the priority, often afforded in family firms, to preserving the business in the long-term to provide the whole family with financial independence or benefits. As a result, decisions are made which may be at the at the expensive of short-term financial gains (Gómez-Mejía et al., 2007). The perceived importance of the financial independence and stability associated with having a family firm and the ways in which family members were benefiting from this was mentioned by many of the participants in the present study. For example, the following UK-based participants described how this provides a better income and stability than working as an employee:

> *"With the business, you get better income, you can invest in properties, you can invest on your kid's studies, you can live a better life. Basically*

it's a good income, good money coming from the business. Everybody likes that." UK10

"They (children) don't have this problem of ... you know, how to raise the money. If the family business is established and, father is there for the children and ... if they learn how to make the perfect arrangements then the money will be automatically created. They just need a push or guidance and if they pay attention, they're better off than other people who do not have these opportunities." UK12

Similarly, participants from the family firms based in Pakistan mentioned the important benefits of financial independence in family businesses and emphasised the financial as well as other benefits available to themselves and their immediate family members.

"We are earning good money, we are living a good life, my kids are going to good schools and things like that. It's all because of this business." PK07

"I think they've gained tremendously. One, financially. They've been able to go to good schools. They've been able to live well. They've been able to get into society, with something behind them. They've been able to meet, interact with people that they couldn't have thought of doing. My son is well set up. My daughter is well set up. They couldn't have been like this without this. I had resources to do it and the resources have come to me that I've developed from business." PK03

Most of the UK-based and Pakistan-based participants were of the view that their family members dislike being employed by others and emphasised the benefits, autonomy and control that having a family business provide.

"That's the .... importance of having a family business. It gives you autonomy, gives you that power to make decisions and take more control of your life." UK01

Participants PK08 and PK10 also talked about the flexibility and autonomy offered by a family firm and explained that this can encourage more creativity and innovation and thus benefit the business in turn.

> *"You can be creative; you can do your own things" PK08*

> *"I'm not answerable to anybody else ... I don't have to go through red tape or paperwork if I want to try something new. I don't have to beg people to give me some funding for a pet project that I want to work on. So I have a lot of freedom when it comes to experimenting with new things and looking into possibilities for new products and improving things." PK10*

One UK-based participant also highlighted the fact that the autonomy and relative freedom of having a family business enabled his family to pursue their religious beliefs more effectively, by providing them with the time needed for prayer and charity.

> *The most important one is being a Muslim. That plays a really good part and the main reason for our business was so that we can take time out for our religion. So, we can spend more time as a family and help the community, help the religion and just worship our Lord and thank Him; that gives you the flexibility." UK11*

These findings help demonstrate the range of benefits that the participants perceive that they and their relatives receive from the family firm. It is notable that non-financial benefits such as autonomy, flexibility and freedom from the constraints of being an employee, as well as long-term financial independence, appear to be regarded as just as important as immediate financial gains, if not more so. This provides empirical evidence for aspects of perceived socio-emotional wealth from family firms that may help explain why decision-making in these firms may not necessarily be focused on maximising short-term business growth.

4.3.5 Distribution of benefits

One of the issues that was discussed quite extensively in the interviews, and which is very relevant to understanding the role of socio-emotional wealth in these firms, is the question of how financial or other benefits are distributed between or experienced by various family members. It was mentioned, for example, that some family members do not get involved in any business operations but still enjoy the benefits offered by the family businesses. The ability to gain benefits from a business in ways that are not related to input is an important aspect of socio-emotional wealth that is unique to family firms and can be interpreted in terms of the concept of “family enrichment” adumbrated by Debicki et al. (2017). This describes the ways in which family firms are often focused on meeting the needs of the wider community of family members, regardless of their input to the business.

Overall, it appeared from the findings that, in the in UK-based firms, the distribution of benefits to family members from the firm is based on their relative efforts and contributions. In the case of those firms based in Pakistan, in contrast, benefits are often distributed more equally. Many of the UK-based participants expressed the view that financial and other benefits gained by family members from the family firm depend in general upon their interest, effort and time spent in business operations. Some indicated that the position an individual holds in the family business is a major factor in determining the compensations and benefits they receive. If an expert with appropriate academic qualifications and experiences is also investing time and effort in the business, then the compensation and remuneration are expected to be proportionate to the expertise and to reflect the prevailing market rates for the profession. As stated by UK01:

> *“It cannot be uniform because it all comes down to the nature of work. If you are running an operation and the position that you have achieved is the position of either site manager or contracts manager, then your compensation will obviously have to be reflected in the market value of remuneration for that role. Similarly in an office role, the compensation*

has to reflect the remuneration of a similar role in the marketplace. So .... this is a policy that we have that we do not operate a uniform compensation or remuneration for each individual member. No, it's done on the basis of contribution, time and effort put in and obviously some reflection of what the market rate is, but I say some reflection, not a complete reflection. It can be problematic if the remuneration is not reflective of the market rate." UK01

In some cases, family members in UK-based firms take salaries from these firms, which depend on the role performed and time spent in business operations. According to UK14, for example:

"The salaries would depend on the role. How many hours will somebody put in, they'll get according to that. If I'm putting more hours, I'll get more salary and if she's putting in more hours, she'll get more salary." UK14

Alternatively, a sharing ratio is sometimes decided among family members, which is dependent upon the efforts invested by each member in the business. For example, older family members who have more experience and expertise in running the business may receive greater rewards, with the profit-sharing ratio being mutually decided.

Conversely, other participants believed the younger generation can bring advancements and good business opportunities to family firms and stressed that they should therefore be rewarded appropriately. UK07 pointed out, for example, that because of their daughters' involvement in the firm, younger female customers felt more comfortable doing business with them.

"Yeah, they (daughters) bring the business as well, because ... friends of their age, they won't talk to me freely like they talk to them and also my daughters, their, uh, involvement is more. When the ladies come, they come happily because they can sit separate, and they can feel like they're not in an office. They can feel themselves in a family." UK07

Many of the Pakistan-based participants, in contrast to their counterparts based in the UK, claimed that it is normal in Pakistani culture for the revenues and profits of family firms to be divided equally among family members regardless of their extent of active involvement in business operations. Although the participants acknowledged that some family members invest more time and effort in the business than others, even-non active family members receive compensation and benefits from the family businesses.

> *"Well, some family members definitely offer more. However, in the Pakistani family system it is not considered a burden or pain because, uh, the male members - when they grow up, they're accustomed to be the leaders of the family and take care of it as much and as well as they can." PK15*

Most of the other Pakistan-based participants were similarly of the view that all family members should gain the same number of benefits from the family business regardless of their level of involvement and efforts. These participants believed that if an individual needs more benefits, then there is no harm in this. It has also been asserted by the participants that in family firms, family members cover for the other members at the time of need for instance, for example, if one member is having health issues then another family member covers the work of that member.

Contrarily, an interesting development highlighted by the Pakistan-based participants was the shift in generational attitudes regarding the distribution of benefits. Whereas the older generations are more likely to accept an equal distribution of benefits to family members, the younger generation is exhibiting a different mindset in which this is being questioned, perhaps because of their education or more westernised outlook. According to PK05, for example:

> *"The generation before me, they were okay with the system but now the generation that is coming after me, they're going to be a lot more volatile, they won't just accept that if somebody is working harder and somebody is working less hard, he should get more, and the other person shouldn't*

get the same amount. So that conflict is going to be created in the younger generation eventually." PK05

Although distribution of business benefits to family members regardless of their level of input to the firm was thus found to be commonplace among the Pakistan-based and some of the UK-based firms, the findings also revealed that this issue can be a source of contention, especially when some family members are felt to be taking advantage of the firm. Some participants in both UK-based and Pakistan-based firms suggested that, when some family members are more actively involved in business than others, disagreements can arise in relation to the distribution of benefits which can affect business operations. UK12 emphasised that, for example, although opportunities are equal for all family participants, not everyone is inclined to put in the same effort to gain the same benefits as others:

"Well, each individual has got different effort which they put in and .... obviously, a person who has shown more effort, more response will get more benefit, automatically they'll you know, take over whole areas. They've got personal interest and those who do not want to take the interest, in all the fields then they will limit themselves, but the opportunities from the family business are open to almost everybody." UK12

Another UK-based participant also reported that that some members of the family may "indulge" more than others, suggesting that liberties could be taken by certain members of the family because of their level of involvement level, while others who do not take such liberties might perhaps contribute proportionately more to the business and receive less in return.

"Some people may indulge more, and they benefit more. Some people may not indulge as much, may not benefit as much and so likewise, the business may indulge and may benefit from them." UK15

Again, these findings provide important empirical contributions to the theoretical literature on socio-emotional wealth by demonstrating that many of these Pakistani-owned firms do indeed distribute financial benefits to non-productive members of the family, but that this practice is more common in Pakistan than in the UK. This demonstrates the influence of both cultural background and national culture setting on attitudes to and management of socio-emotional wealth in these firms, in ways which may influence business profits and growth. Although the research methods did not enable a direct relationship to be identified between the distribution of benefits and firm performance, it might be expected that the distribution of benefits to family members regardless of their contribution to the business may potentially have a negative influence at least on short-term business growth.

4.3.6 Employment of family members

One of the identified aspects of socio-emotional wealth in previous literature relates to a preference for family ties over competence when recruiting staff (Athanassiou et al., 2002). The findings of the present study indeed revealed a widespread preference for employing family rather than non-family members among the sample of Pakistani-owned firms both in Pakistan and the UK. This is one of the main areas in which there is a significant overlap between the use of socio-emotional wealth and family social capital to examine family firm behaviour in previous literature, and there is a need to disentangle the ways in which each of these concepts contributes to this.

In the present study, the widespread preference for recruitment of family over non-family members was generally seen to benefit individuals by providing employment opportunities, especially in Pakistan where these were scarcer than in the UK. Participants from both the UK and Pakistan, however, highlighted the benefits of family firms in providing employment opportunities for family members, and in this sense appear to be describing an important aspect of socio-emotional wealth, or a form of value offered by the firm to the family.

“The family firm is good in terms of employment for different family members.” UK13

Many of the participants emphasised that this practice benefited the business since well-educated and qualified family members often chose to work in the family firm rather than pursuing careers in other organisations, demonstrating that employment of family members also offers a source of value or wealth for the firm. Most of the UK-based participants expressed a preference for working in their family business for both financial and personal reasons and many stated that they preferred the position of being a boss rather than being an employee and enjoying the flexibility which cannot be found when employed by someone else. In the UK, participants also referred to examples of professionally qualified family members who could get jobs elsewhere but preferred working in the family business in the UK for various reasons. However, some of the UK participants indicated that some of the younger, professionally qualified members of their families prefer to secure jobs in the open labour market in line with their qualifications, such as engineering, healthcare or academic roles.

In case of Pakistan-based firms, the data indicate that the younger generation is strongly encouraged to be part of the family business rather than taking other jobs, and that the cultural mindset in Pakistan thus promotes family business involvement rather than job seeking. This mindset appears to be present irrespective of age or educational qualifications. The cited reasons included the difficulties of finding jobs elsewhere and the lower earning opportunities in Pakistan where pay levels are often very low for unskilled as well as skilled professionals.

“I think it would have been quite difficult. I don't know but it would've been difficult. Of course, if there's no opportunity, nowhere to go, it would've happened, but it would've been quite difficult.” PK08

Even well-qualified participants who could have secured good jobs elsewhere expressed a preference to work in the family business in Pakistan:

“Because we have good education, we can do any kind of business. Jobs would've been available, but business is a better option, of course.” PK07

Some participants reported that younger members of the family are acquiring professional qualifications in business management, intending to have a better insight into the business and to bring about modifications and improvements in operations. Despite the widely reported benefits of working in a family business, however, there was also some evidence of older generation persuasion, in which participants in both the UK and Pakistan had joined the family business on the wishes or enforcement of their elders, in some cases forgoing other significant career opportunities or preferences, such as being a doctor, engineer or pilot. Such participants claimed to have made a sacrifice for the respect of their elders or under pressure of their authority.

“So the uncle’s son is a doctor. He was pursuing his medical career. So he was busy in medicine. My brother was a telecom engineer and wanted to pursue his career. So was in the US working for a company … So, for 4-5 years, he enjoyed his career and then he was implored by father and younger uncle to come and join them here. So he came back …. I also started off as an engineer but as soon as I graduated, uh, a few circumstances occurred, and I got a call from the office, and I was asked to come. I was in the middle of interviews; I was on the management journey program” PK08

The employment of family members by the sample of Pakistani firms is explored further from the perspective of the family social capital concept later in the chapter, and the overlaps between this and the socio-emotional wealth concept in this area are highlighted. The findings reported in the current section have revealed the ways in which this practice not only reflects the preference for family ties over competence, which was identified in previous literature as a component of socio-emotional wealth (Athanassiou et al., 2002), but also demonstrates how this creates perceived value for both the firm and the family and can help contribute to business growth, especially in a labour market where skills and expertise are scarce. The following section discusses the findings relating to another aspect of socio-emotional wealth which overlaps significantly with the family social capital literature: that of reputation and status of the family firm.

4.3.7 Reputation and status

Many of the findings were aligned with the literature on socio-emotional wealth that underscores the important role of reputation, as a family firm asset which often represents a competitive advantage (Debicki et al., 2010; Huybrechts, Voordeckers, Lybaert and Vandemaele, 2011). Researchers have discussed the ways in which family employees identify themselves by membership of the family firm and achieve their own social status from it (Chrisman et al., 2010; Kalm, Westhead et al., 2001), highlighting this as an important aspect of socio-emotional wealth.

Demonstrating the perceived socio-emotional wealth aspect of reputation and status, most of the participants from Pakistan-based family firms were of the view that the family name is of great importance for the business, due to the culture of business in Pakistan. Here, not only does family reputation help to generate business, but having a well-respected family name provides social and political connections and other benefits to the business which are difficult for newcomers to achieve. These participants explained that their family name has enabled them to borrow and sell both domestically and internationally. In Pakistan, this is largely achieved through financial success as well as social connections: for example, PK06 explained the importance and place of money in this society as follows:

> *“One form of respect is culturally - whoever has the money, you've got to respect them.” PK06*

PK03, whose family business is a large joint venture company, stressed the importance of social connections in Pakistan and described his emphasis on them as follows:

“I have always kept very good relations with civil servants, diplomats. They've been staying with me at Sukkur ... I have a house that is here, meant for entertainment. It has entertained a lot of people, entertained them lavishly. Uh, I've entertained ambassadors at Sukkur, including the US .... (PK03)”

Among UK-based participants, there was also evidence of the important role of family name and business reputation in contributing to the success of family businesses over time. For example, as UK07 explained:

“I used to have a hardware business in the same premises. That business died down because this area was demolished and the people moved out ..., when I was running that business, I started this for fun and then start moving because, uh, to tell you the truth, I was known in the community and people knew, they trusted me” UK07

The earned trust of buyers provided this participant with the courage and platform to start a new venture which has expanded into a family business, which the participant’s son has joined after completion of his professional qualifications.

UK02 also explained that the business is what gives the family a good reputation and recognition in society and expressed the view that he hoped his sons would continue it, even though it is not his own main source of income.

“It’s important. It’s very important ... I’ve made more money in real estate ... but I can’t leave my kids that because if they can get the money without doing anything then they’ll never have a business ... This gives us a name in market. People know us due to this and not due to my earnings that I made in real estate. UK02

The findings of the present study therefore revealed the ways in which reputation and status are a key aspect of socio-emotional wealth in terms of specific types of value that are built by and can be passed on through generations of family firms. However, as will be discussed in the following sections, however, reputation also features extensively in the family social capital literature as a factor used to explain how the types of social capital unique to family firms contribute to business growth and innovation. This again demonstrates the need for refinement of the concepts of socio-emotional wealth and family social capital in ways that clarify how they might be used as complementary concepts for understanding factors such as reputation and status and how these contribute to business growth and innovation in family firms.

Table 6: Representative Quotes for Sub Themes of Socio-Emotional Wealth

Theme: Socio Emotional Wealth	Representative Quotes
Commitment to the success of the firm	*"People who created it in the beginning are definitely putting in more effort and they risked more than people who are joining it now because essentially the risk element that this might fail is no longer there." PK15* *"Only the family can look after. Like, this is our family business. The way that family can look after it, no one else can do it as good. So that's why family is very important." UK05* *"I go abroad a lot and ... when I come back, if my family, if they don't take interest in the business, a lot of things are left over. I mean my staff, they do their best but you know your family. Staff don't work like you do it yourself or like your family takes interest." UK03* *"There's a trust factor in it. Especially, if you're working with your father or your brothers or very close ones, so there's a trust factor which you cannot have with employees whether they are with you maybe for the last two decades. You cannot have the same trust with them." PK08* *"It's quite important because we change our staff after every few months, you can say. If we have like a family member involved, we can trust (them) more and they ... work harder than if you get somebody from outside." UK10*
Ease of conflict resolution	*"It all depends on how you're set up is and how everybody's understanding is. The day you start the understanding, what will happen and how everybody has a respect for each other and, uh, those things. Otherwise, obviously, there are times and places and people and have seen that it didn't do very well because everybody wanted more for themselves." UK06* *"Differences, yes, we have a lot of, uh, differences. It's not necessary that we always agree on one thing. We do have fights, we do have disagreements but obviously we come out for what is better for the organisation, uh, because the organisation has to move on, not the individuals. So yes, we do have differences, but we sort them out for the betterment of the organisation." PK14*

	"I think it's very important because if you look at our culture, we are ... socially very connected with our siblings and with our families. So I think it's very important. We have ... our share of disagreements and agreements but at the end of the day we all know that we are working for the betterment of our business. So I think it's very important." PK12 *"Within my family, within us 6 members because we're at a certain age, we're at a certain period that nobody would have a problem because everything is dealt by my father but when we had the big family business, when my uncle was involved into this, that was the time we had issues."UK02* *"It does. Everybody has their own point of view. Everybody is an individual and, Oh yes. Hell yes. We fight like anything. Oh yes. Obviously with a certain."PK08*
Independence and autonomy	*"With the business, you get better income, you can invest in properties, you can invest on your kid's studies, you can live a better life. Basically it's a good income, good money coming from the business. Everybody likes that." UK10* *"They (children) don't have this problem of ... you know, how to raise the money. If the family business is established and, father is there for the children and ... if they learn how to make the perfect arrangements then the money will be automatically created. They just need a push or guidance and if they pay attention, they're better off than other people who do not have these opportunities." UK12* *"We are earning good money, we are living a good life, my kids are going to good schools and things like that. It's all because of this business." PK07* *"I think they've gained tremendously. One, financially. They've been able to go to good schools. They've been able to live well. They've been able to get into society, with something behind them. They've been able to meet, interact with people that they couldn't have thought of doing. My son is well set up. My daughter is well set up. They couldn't have been like this without this. I had resources to do it and the resources have come to me that I've developed from business." PK03* *"That's the .... importance of having a family business. It gives you autonomy, gives you that power to make decisions and take more control of your life." UK01*
Distribution of benefits	*"It cannot be uniform because it all comes down to the nature of work. If you are running an operation and the position that you have achieved is the position of either site manager or contracts manager, then your compensation will obviously have to be reflected in the market value of remuneration for that role. UK01* *"The salaries would depend on the role. How many hours will somebody put in, they'll get according to that. If I'm putting more hours, I'll get more salary and if she's putting in more hours, she'll get more salary." UK14* *"Yeah, they (daughters) bring the business as well, because ... friends of their age, they won't talk to me freely like they talk to them and also my daughters, their, uh, involvement is more. When the ladies come, they come happily because they can sit separate, and they can feel like they're not in an office. They can feel themselves in a family." UK07*

	"Well, some family members definitely offer more. However, in the Pakistani family system it is not considered a burden or pain because, uh, the male members - when they grow up, they're accustomed to be the leaders of the family and take care of it as much and as well as they can." PK15 *"The generation before me, they were okay with the system but now the generation that is coming after me, they're going to be a lot more volatile, they won't just accept that if somebody is working harder and somebody is working less hard, he should get more, and the other person shouldn't get the same amount. So that conflict is going to be created in the younger generation eventually." PK05*
Employment of family members	*"I never wanted to come into the business. It was always my dream to be a pilot but again it's something that my family wanted me to do. So I couldn't make my dad sad about something he wanted me to do and I didn't do. So that's the reason I valued his opinion and I thought his decision was the best decision." UK02* *"The family firm is good in terms of employment for different family members." UK13* *"I think it would have been quite difficult. I don't know but it would've been difficult. Of course, if there's no opportunity, nowhere to go, it would've happened, but it would've been quite difficult." PK08* *"Because we have good education, we can do any kind of business. Jobs would've been available, but business is a better option, of course." PK07* *"he enjoyed his career and then he was implored by father and younger uncle to come and join them here. So he came back …. I also started off as an engineer but as soon as I graduated, uh, a few circumstances occurred, and I got a call from the office, and I was asked to come. I was in the middle of interviews; I was on the management journey program" PK08*
Reputation and status	*"Our reputation is indeed very important to us and it helps us in procuring contracts. So this is something that we are very conscious of." UK01* *"One form of respect is culturally - whoever has the money, you've got to respect them." PK06* *"I have always kept very good relations with civil servants, diplomats. They've been staying with me at Sukkur ... I have a house that is here, meant for entertainment. It has entertained a lot of people, entertained them lavishly. Uh, I've entertained ambassadors at Sukkur, including the US ." PK03* *"I used to have a hardware business in the same premises. That business died down because this area was demolished and the people moved out ..., when I was running that business, I started this for fun and then start moving because, uh, to tell you the truth, I was known in the community and people knew, they trusted me" UK07* *"It's important. It's very important ... I've made more money in real estate ... but I can't leave my kids that because if they can get the money without doing anything then they'll never have a business ... This gives us a name in market. People know us due to this and not due to my earnings that I made in real estate. UK02*

4.4 Themes related to family social capital

4.4.1 Overview

Previous researchers discussed family social capital in terms of the resources generated in family firms from the family relationships themselves, as well as the benefits that are derived from the firm's relationships with other individuals and firms (Sirmon and Hitt, 2003; Nahapiet and Ghoshal, 1998; Danes et al., 2009; Dyer and Dyer, 2009) The related concept of "familiness" (Habbershon and Williams, 1999) was developed to refer to the close interaction of the family and the business in ways that shape the business in a variety of ways that are unique to family firms (Chua, Chrisman, and Sharma, 1999; Pearson et al., 2008).

The themes covered in this section of the findings chapter therefore relate to the ways in which family firms generate and use their social relationships, including those that exist between the members of the firm and those that are formed with external individuals and organisations. To examine the effects of family social capital, participants were questioned about their opinions regarding social connections, networking and external relationships and how they might influence growth and innovation in family firms. A distinction can be made between the family capital approach, which examines the actual processes involved in using family social capital, and the socio-emotional wealth perspective, which relates to the perceived value of any benefits generated through these processes. In this section, main two sub-themes were identified and are discussed: networks and relationships, and the role of the family firm in relationship building.

4.4.2 External networks and relationships

Apart from the relationships of family members with each other and with the firm's operations, an important aspect of family social capital, highlighted by participants, consists of the social networks formed by members of the firm over time. Every participant was of the view that social networks and social connections are of the utmost importance for the family firm. Every business needs to make connections and arrangements with buyers, manufacturers, suppliers, professionals, government agencies, customers etc., and the responses of participants indicated that social networking is therefore an essential element in business. In some cultural settings, even financial support from banks requires connections and favours. Additionally, banks consider the reputation of the firm and reputation of the family as two of the indicators for loan options and for good investment terms, and their business and social connections with others can be an important indicator as well. The use of social networks by family firms can therefore have a significant impact on growth and innovative activities in the firm, and these are an important source of family social capital. Examples of the ways in which social contacts and networks have benefited the business were cited by participants from both the UK and Pakistan.

The importance of good relationships with contacts outside the family firm was found to be especially important in Pakistan, where it was strongly stressed by the participants that the national business culture needs these social connections and relationships for the smooth operations of the business. Sometimes they are used as leverage to gain favours, and without them, even simple tasks of approval can face issues of red tape. Indeed, the utilisation of social connections for benefits was considered normal by all Pakistan-based participants. One of the participants from a Pakistan-based family firm mentioned two options for doing business in Pakistani culture: money and connections:

> *"Pakistan is such a country where there are two ways you could do business; either you pay, or you have contacts, and you have relationships. We are not international, we don't pay. We only have*

relationships. I manage personal relationships and that I have found quite useful in business." PK03

Other participants echoed that sentiment and emphasised that business directors and owners must make connections with government agencies, politicians, and even white-collar professionals. A minority of participants indirectly indicated that sometimes these connections are used in an arguably unethical or negative way, for example securing government contracts, but in less common cases, positive initiatives and innovative ideas are generated through collaborative efforts between social connections and within networks.

"I think all business directors have to socialise with non-business entities, with politicians, with bureaucrats, other multinational companies to get some new ideas on innovation." PK05

It is therefore clear that the utilisation of such networks is not necessarily negative or positive per se, in the view of participants, but that this depends on the intention underlying the use of the connections. Reciprocity is also often very important in these networks, with favours being granted and returned at another time. Having a well-established family business is helpful for full and effective participation in such reciprocal relationships:

"There are people in the social circle who have a well-established name, well-established businesses ... and those can benefit not only myself but anyone who has an affiliation with that. But .... to be able to benefit from that ... they would require some sort of benefit for themselves as well. So it's not like, you know, that I'd just ask for favours without expecting to return the favour." UK15

However, participants also advised of the importance of not exceeding the receipt of favours and taking advantage of social contacts, as this can damage relationships and adversely affect the business.

> *"It could possibly hinder it in terms of overriding the relationships that you have built." UK01*

Positive use of family social capital is helpful for the growth of family firms especially when firms are ready to expand or experiment with new ventures. Family social capital can provide trust, support, and cooperation from family, extended family, friends, and business partners. Participants claimed that family social capital, social networking and word of mouth can be helpful in the promotion of business, especially when new entities and establishments are formed.

Among the UK-based participants, relationship building and the development of trust with people outside the family firm, including in some cases international connections, were also seen as important for business success:

> *"Whenever you start a business, it takes time to develop and build relationships. For that, you have to keep your reputation intact and things like bills, etc. Relationships are made this way. You have to be clean and honest." UK05*

> *"Definitely for import side ... Import is like having blind faith; somebody is selling you stuff that you don't know whether it will be in the shipment, but I have relations and I trust them; so that's quite useful for me." UK10*

It was explained by several participants that personal contact with potential customers, as well as recommendations and referrals by word of mouth were generally more effective than advertisements and marketing campaigns. This is because these appear to provide a greater sense of security and trust among customers and potential customers which helps generate more business for the firm:

> *"Definitely relationships help us in that also, especially friends and family. Uh, friends, you know the word of mouth plays a huge role. So friends, they have families, they have relatives abroad, they have people abroad.*

So it's a whole cycle, you know. You know, if one person likes a cloth, the word moves on." PK14

"I remember that after becoming a member of the Rotary Club, a lot of Rotary members and their families were coming to my pharmacy. They were not coming before." UK12

"As a company, we're always looking to partner with companies with whom we've already had business or with people that we already know because there's a level of trust that is already there. So if I ... start doing business with a company whose managers already know me and already respect me, it's easier to find business ... In Pakistan, people are more closely linked to each other. So your family, your extended family and even your friends, they treat you very warmly when you meet them, and it helps in promoting your business." PK15

The role of social connections relating to the Pakistani caste system and inter-marriages were also mentioned by a few of the participants in both locations. Participants explained how similar castes – such as the Chiniot community which makes up 60% to 70% of the business community in Karachi and which has a presence in other cities – often benefit from one another in the Pakistani business community. It was also observed in several interviews that arranged inter-marriages between family members are commonly used among Pakistani families mostly in Pakistan but also in the UK. These are generally seen a culturally acceptable approach which is often encouraged as a way of retaining wealth within the family.

4.4.3 Role of the family firm in relationship building

Most participants agreed that being a family firm helped in generating family social capital, through building relationships in social networks, and in growing their business. It was assumed by participants that their family firm founders might have faced difficulties in making social connections without the wider range of contacts available through other family members. These will reflect the individual members' own background and area of expertise, and the role they hold in the firm. For example, a family member working in sales will often have good networking connections with marketing agencies, suppliers, and individual clients, whereas one involved in purchasing may have better relationships with suppliers, production houses, manufacturers and distributors etc.

Participants also held the view that being a family firm helps in building new relationships because other parties feel secure in doing business with a firm that has a good reputation and a trusted family name. The reputation of the firm and the goodwill that has been generated by the family in social networks can open important business opportunities, which for some participants had included contracts with major clients or brands:

> *“Our second project which we did in Bahria Town; we were actually called by Bahria Town, themselves. That was going to be our second venture but because of our tremendous success in our first, they actually called us. The owner of Bahria Town called me to his home. I went there. He told me that he's interested in leasing out a space to us and it's probably one of the best locations in Bahria Town. So it was done because of our social standing.” PK12*

> *“Stake holders understand that it’s a family business and the family is doing to earn their bread through this family business and that they are putting in everything that they had. So the level of dedication and hard work that they can put in the business is unparalleled and unmatched by different businesses.” PK15*

Trust plays an important role in these relationships. Many of the interviewees reported that stakeholders had been more willing to provide credit to family firms because they knew the owners of the business personally. Similarly, when working with a family firm, suppliers often personally know the owners, employees, managers, buyers, and even other suppliers, providing greater transparency and confidence in working relationships.

If participants in a social network trusts the reputation and commitment level of family members, this helps provide opportunities that otherwise may have been more difficult to secure.

> *"It gives (them) more sense of security and then again, it reduces the amount of risk involved. So if I was to go to somebody today, without telling my family name, they'd have never entertained me and they would have asked me for securities and everything; but when I told them that I was from this family, he didn't ask for any security or anything." UK08*

> *"Because of our family name and our business, I think people have more trust, uh, be it managers or employees or our vendors who are giving, uh, our daily stock to us. So they have a lot of trust with our family name." PK10*

In most cases, trust of the supplier in a family firm was assumed to be enhanced to an even greater extent if family members are personal contacts or relatives of the suppliers. In general, however, it is felt that suppliers feel more connected with and welcomed by family firms, when compared to large public limited organisations. UK14 provided a personal example of this:

> *"Yeah, a few suppliers are feeling better dealing with a family firm and a small firm. They do engage with other, bigger businesses as well, but they do mention that being here as a family shop, we feel better in this place when we interact with you or do businesses with you." UK14*

It was also argued that many customers and suppliers prefer the more personal and direct approach that is often involved when dealing with family firms, compared with big non-family-owned organisations:

> *"They'll be easier to approach, much nicer to communicate with rather than big firms, who'll keep transferring you from one department to another department. It's an easier and quicker process, so it's good for*

customers ... The suppliers feel the same way because when you pick up the stuff, the payment is there, and they don't have to chase you around and go from department to department. You're directly speaking to the main person who's dealing with you, in a straightforward manner.” UK11

However, there is some variance as some of the participants were of the view that suppliers prefer timely payments over the involvement of family members in a business. If a firm has a reputation that it provides payments to suppliers on time, then suppliers allegedly prefer that firm, whether it is family-owned or not. Trust takes time to build with suppliers, and firms have to be committed, professionally competent and organised in order to gain it. Trust cannot be taken for granted. Important and influential aspects of relationship-building therefore include the professional dealings of the family firm, its past practices, and its reputation in the market.

The following section discusses another theme that emerged from the analysis of the interview data, and which is relevant to understanding how socio-emotional wealth and family social capital influence business growth and innovation in these Pakistani-owned family firms. This theme comprises decision-making systems and processes.

Table 7: Representative Quotes for Sub Themes of Family Social Capital

Theme: Family Social Capital	Representative Quotes
External networks and relationships	*“there are two ways you could do business; either you pay, or you have contacts, and you have relationships. … we don't pay. We only have relationships. I manage personal relationships and that I have found quite useful in business.” PK03* *“I think all business directors have to socialise with non-business entities, with politicians, with bureaucrats, other multinational companies to get some new ideas on innovation.” PK05* *“to be able to benefit from that ... they would require some sort of benefit for themselves as well. So it’s not like, you know, that I’d*

	just ask for favours without expecting to return the favour." UK15 *"It could possibly hinder it in terms of overriding the relationships that you have built." UK01* *"Whenever you start a business, it takes time to develop and build relationships. For that, you have to keep your reputation intact and things like bills, etc. Relationships are made this way. You have to be clean and honest." UK05*
Role of the family firm in relationship building	*The owner of Bahria Town called me to his home. I went there. He told me that he's interested in leasing out a space to us and it's probably one of the best locations in Bahria Town. So it was done because of our social standing." PK12* *"Stake holders understand that it's a family business and the family is doing to earn their bread through this family business and that they are putting in everything that they had. So the level of dedication and hard work that they can put in the business is unparalleled and unmatched by different businesses." PK15* *So if I was to go to somebody today, without telling my family name, they'd have never entertained me and they would have asked me for securities and everything; but when I told them that I was from this family, he didn't ask for any security or anything." UK08* *"Because of our family name and our business, I think people have more trust, uh, be it managers or employees or our vendors" PK10* *"but they do mention that being here as a family shop, we feel better in this place when we interact with you or do businesses with you." UK14*

4.5 Business growth in family firms

4.5.1 Overview

This section presents the findings of the study regarding decision-making systems and processes affecting business growth within the sample of family firms. It is intended to provide further insights into the ways in which these Pakistani-owned firms operate and make decisions, to provide understanding of how business growth might be influenced by socio-emotional wealth or family social capital. For example, it explores how and why particular types of decisions are made about the business, and the input of various forms of knowledge and expertise into decision-making. A distinction is made, reflecting the research data, between managerial or day-to-day operational decisions, and long-term strategic decisions, which comprise the first two sub-themes, and findings are also included on the values that guide decision-making in this sample of family firms.

4.5.2 Hierarchy and management

Every participant, either from the UK-based family firms or the Pakistan-based family firms, mentioned that managerial staff are hired in their family firms because all tasks cannot be performed by family members, and because professional experts are often needed to conduct business operations. Almost all participants in Pakistan as well as in the UK indicated that most Pakistani-owned family businesses depend on family members to make managerial decisions where there are no non-family managers, but when they are present, the opinions of non-family managers are highly encouraged and valued, especially in case of managerial decisions or production decisions, in which they are seen to have greater knowledge or expertise. The limited decision-making authority of non-family members usually has clearly defined boundaries or parameters, however, and is supported by a decision-making structure and rules which are strictly followed by both family members and employees of the firm:

“Management structure is there. When there’s bulk buying, I do that. The boy, who’s the manager, has a limit - whatever you buy, you can only buy to a limit only. If you want to buy more than that, you’ll need an approval.” UK05

“We allow employees to take decisions so that they can work properly. I cannot do all things by myself. Yes, basically they can do small things, not big decisions. Small buying, sales, recovery, things like that; but most of the decisions are taken by me.” PK07

UK14 also explained how the limits of managerial authority reflect the abilities and expertise of each non-family employee:

“We’ve got staff there, fully trained. They know, within the limits what they are allowed and what they are not. If they come across something which they are not aware of or if they haven't been trained, then they obviously ask me or the other person and then we have the final say.” UK14

Participants from Pakistan-based family firms mentioned the existence of a management structure having managers, assistants, directors, trained professionals, and untrained staff. Participants were of the view that day to day managerial decisions are normally taken by the professional managers but in case of major financial decisions, owners or directors get involved. In some firms there is evidence of a more patriarchal approach, in which all managerial as well as long-term decisions are taken by the owner of the family firm, who may be the father or elder brother of the participant or the participant himself:

“Generally the tasks are delegated, so mundane decisions are taken by the field staff themselves. Any major financial decision or any decision that requires my involvement, uh, these tasks, they come to me, and I have to take care of them. In the Pakistani environment, the businesses are done between the two personalities of between the two

organisations. So, if the counterpart is a personality, then I'd have to get involved. If the counterpart is an organisation, then I'd meet the people." PK09

Another reason a decision-making structure and rules are often used in these firms is to ensure that relevant stakeholders, whether family or non-family members of the firm, are consulted. Communication and consultation, especially with other family members, is considered important by the participants in family businesses because each is a stakeholder in the family firm and there is a need to avoid differences, disagreements and conflicts:

"I think there's certain rules because obviously communication is very important in family businesses; in any business, communication is very important. So every, every stakeholder understands it all and he understands that he needs to communicate with others." UK13

There is often segregation of departments in the family firms, with heads of departments (HODs) responsible for these in larger, well-established business. Guidelines and policies are usually formulated which must be followed by decision-making by HODS. Participants reported cases, for example, where the founder of a family firm is the managing director or chief executive and other family members (brothers, sisters, cousins, children, etc.) are given positions as HODs and must follow the guidelines for managerial and long-term-decisions. PK02 explained the processes for agreeing policies with other family members:

"I do have guidelines. I do make policies and those policies have to be rationalised. When we discuss the policy, it's in a meeting and everyone has one vote, including myself. So when they all agree to one policy, then that's it. I never try, I've never used a veto. I don't remember." PK02

The findings therefore demonstrate the importance to participants of a management structure, rules and guidelines for decision-making, whether this confined to family members or extends to non-family employees. The structure and rules help facilitate involvement in decision-making while often setting boundaries and parameters to levels of decision-making authority based on the positions and roles of individuals.

4.5.3 Strategy and business development

In the case of long-term strategy, it was claimed by the participants that such decisions are not taken without the consideration and consultation of all family members. Consultation with family members is believed to promote and enhance trust and respect among them and to draw on each member's understanding, experiences and expertise for the benefit of the business. All participants reported that family members generally consult each other about long-term strategy:

> *"Final decision is mine but it's a mutual decision. It's not like I override everything. It's a mutual decision." UK05*

> *"Neither of us will take any decision without consulting or without sitting down together. We're not only husband and wife, we are colleagues as well, we're friends as well, we're partners as well. So we'll sit down, we'll talk; whether we're home or office, we will. It's only the management and the owners who take the decision." UK14*

> *"If we are making a bigger decision, then we do discuss with each other and the ultimate decision sometimes is made by my dad because if it's a very big decision, we can make it on our own, but as a family, we aim to discuss it with the big boss." UK11*

Some reported also consulting the non-family managers of family firms, who provide input based on their own expertise. For example, in some of the Pakistan-based family firms, participants reported that experienced managers and employees are given the opportunity to provide their input into long-term decision-making. Decisions are also sometimes initiated by experienced employees after research and the consensus of all family members, but with the final say remaining with the senior members of family firms. The benefits of consulting with experienced employees as well as family members were highlighted by PK10:

> *“We find that you should have people who look at things from different angles. He has a certain perspective, I have a certain perspective, my technical manager has a certain perspective, and my business manager has a certain perspective. So when it comes to decisions, main decisions, it's 4 people. The business manager is the recent addition but so far compared to the rest, so far, he's doing well. He's a smart person, he's a civilized man. We look at the ideas on merit and on paper and we do the math. Whatever outcome we get, so the decision 90% of the time, it's a joint decision. No one person makes a major decision. The final say obviously would be through the CEO, but we try to take everyone's opinion into account.” PK10*

Other participants in both the UK and Pakistan also described the reasons why the views of non-family managers are valued and considered in the context of long-term strategic decision-making, focusing on their particular expertise as well as their personal stake, as employees, in the future of the company:

> *“We listen to them of course. They are part of that. If a production manager is there, I always think that he knows better than me because he is there all the time; so I actually give more preference to his opinion than mine. If it's a policy decision, then of course he doesn't have the whole picture. If it's a managerial or production decision, then he knows better than me.” PK08*

> *“Even though we’re the ones who decide ... obviously we do take their opinions in mind and we think about it and obviously we value their opinions because ... it’s their living as well and normally they give us the right opinion and we always take the opinion and in any big project or anything like day-to-day that’s fine; everybody does their jobs and they*

have to decide but if there's any big project, it's something we all are in together and we take each other opinion." UK06

However, some participants explained they don't generally rely on the input of employees when making long-term strategic decisions because these will primarily affect the firm and the family and not the employee. Employees can switch jobs at any time, they argued, and the consequences of bad decisions will be borne by family members. UK12 also explained that this type of strategic decision-making also requires an in-depth understanding and analysis of the business, which can only be provided by a family member or professional consultant, rather than an employee:

"I think the employees can't do this type of thing. You need to have a special eye for the location, and we are to see that what is appropriate for the required business and you need to have some basic information about the area and you have to do some study, some observation, have some information before you start the venture. So obviously the basic work, some responsible person has to do, either you have some professional to do that or you have got to have the ability to do it yourself." UK12

It was also reported by one participant that some non-family managers lack interest in strategic decision-making:

"Most of the directors are not really bothered about what the company is getting into" PK04

One of the UK-based participants explained how conflicts had arisen between him and his managers because of their lack of understanding of the Pakistan business context relative to the participant. This point was used to explain why he retains decision-making authority in the business:

"I used to tell them let's do this because I've lived all my life in Pakistan. The main conflict with them ... is that they say that your style of business

> *is still towards Pakistan, you can't do that in England; when in fact at a later stage, they did realise what I told them was right and they should have done that." UK08*

Overall, it was reported by most participants that long-term decisions are usually taken by the higher management of the firm using a systematic procedure or process. In well established businesses, the board of directors meets and discusses the long-term decisions and subsequent scenarios, after which the decision is made following the mutual consent and consensus of all board members. PK09 described this:

> *"Those decisions are obviously initiated by the top management, which is myself only and then they are discussed with the team leaders, team heads or the divisional heads or the head of the department and then through consensus, we pick one course of action and then follow it." PK09*

Other participants elaborated on their long-term decision-making processes, in which consideration is given to different scenarios and consequences through proper research, and which inevitably take some time to arrive at the best decisions and opportunities for the family firm business. PK05 explained:

> *"I mean if all the directors decide and there's an issue, I mean, obviously they compare it to some other company who has done the same thing and what problems he had and why won't we have that problem and obviously we have to come up with a solution for it." PK05*

Long-term decisions are therefore almost exclusively taken by family members in the firms covered by this study, often using well-established systematic procedures. As noted in the preceding section, the managers normally take managerial level day-to-day decisions, whether they be family members or non-family members. However, in the case of long-term decisions, almost all the participants, from both Pakistan-based family firms and UK-based family firms, reported that non-family managers are consulted but are not given the authority to make these long-term strategic decisions.

These findings highlight, however, that there is scope either to promote or to hinder effective decision-making, that may lead to business growth or effective innovation: for example, the practice of consulting all family members may either help ensure that decisions are made that are in the best interests of the firm or alternatively make the firm less adaptable and responsive to immediate issues, due to the time taken to consult members. Restricting the decision-making authority to non-family managers may reduce the firm's access to valuable knowledge and expertise held by these employees, though in general the firms were using these attributes effectively, at least in the case of everyday decision-making, and to an extent in strategic decision-making. The following section explores decision-making further by examining the types of values that appear to be considered in these processes by the family firms.

4.5.4 Guiding Values for decision-making

Participants were questioned about the guiding values used in decision-making, regarding the growth of the family firm, and the dominant values identified were profitability and family reputation. Very many participants indicated that they lent an equal level of importance to each of these values when making decisions, especially long-term decisions. Much of the previous literature on socio-emotional wealth reported that non-financial considerations are often dominant in the decision-making of family firms, so these findings provide new insights into this issue and to some extent conflict with the findings of previous research.

In the case of the family firm, family and business are not two separate things. Anything happening in the business subsequently affects family members and vice versa. Therefore, in making long-term decisions, profitability as well as the family name is considered so that family members may obtain benefits, in terms of financial independence, and the reputation of the family is also enhanced in the market and in social circles. According to UK10, *“The profit and the future, like I want a bigger setup, a bigger income, a bigger name of my company in the future - all of these things motivate me.” UK10*

Some participants gave priority to profitability as a value in decision-making, because a profitable and stable business also results in a good reputation for the family. It is believed that every organisation or business needs to earn income and that family members depend upon revenues from the business for their financial needs. Hence, long-term decisions must be made with the goal of bringing about reasonable or large amounts of profits to stabilise the business as a whole. As stated by UK01, profitability combined with financial stability has been the focus of decision-making in his family firm:

“The guiding values are obviously based primarily on profitability. However I’d also add that it’s based on a more cautionary brick by brick building of the firm itself; so what do I mean by that is, we as a firm have very little debt. Now that’s a strength because we are able to obtain credit from the bank at any time we want.” UK01

A few of the participants mentioned that guiding values depend upon the nature of the business, but many stressed the importance of factors such as quality and service before profitability, as these are essential in building up the firm’s reputation:

“We don't really look at profits and budgets, first of all. We look at the quality and the service we can provide because first of all, in this field, in this business, you have to look at the rating; how good you're doing. The profit comes later.” UK11

In case of Pakistan-based family firms, profitability, quality, respect, ethical values, family harmony, and reputation were all mentioned as guiding values in long-term decision-making. According to PK01,

“Quality and respect is more important than profit for us.” PK01

Similarly, ethical and moral values are considered more important than profits and income by these family firms. Some families tend to avoid profits generated through unethical and immoral means because of their religious views. The interviews indicated that in Pakistani culture, religious values have an important influence on business, and that UK-based as well as Pakistani-based family firms draw on religious guidelines for their business operations.

> *"We're basically a very religious family ... and for us the religious beliefs are really importants ... On some occasions, yes, we overlook things, but usually, religious is above everything for us ... So obviously the CSR aspect is directly linked with it because being a Muslim, it's our duty."*

The importance of ethical values over profits was also stressed by participant PK02 as follows:

> *"Ethics are first. Profits are also important, very important, otherwise for any commercial organisation, there's no reason that you should run it if we don't make profits; but profit, you can't make out of ethics, unethical things, no we can't do it." PK02*

Long-term decisions are made by considering all these aspects so that the family firm can achieve honour and reputation in the competitive market. One of the participants from a Pakistan-based family firm pointed out the importance of satisfied employees to retain satisfied customers, as a factor considered when devising guiding principles for this family firm.

> *"I think integrity, honour and team building are the guiding principles of our company. We believe that if our employees are happy people then our clients are going to be happy people as well. So we pay, uh, particular care and attention to making policies which help us in improving the quality of life for our employees." PK15*

Overall, these findings demonstrate that a range of values underpin decision-making in these Pakistani-owned family firms, but that profitability as well as the reputation of the family are most influential. Where other values such as ethics, honour and quality of service are mentioned as guiding values, these can be interpreted as contributing to the good reputation of the family. In turn reputation is expected to result in profitability, demonstrating the interconnectedness of these values in decision-making.

The following section presents the findings pertaining to the main theme of innovation in family firms, in relation to several sub-themes which emerged from the data as being relevant to this main theme. This is closely inter-linked with the issue of decision-making since strategic decision-making in particular often involves considerations about the extent to which the firm should focus on innovation or on consolidation of the existing business.

Table 8: Representative Quotes for Sub Themes of Growth in Family Firms

Theme: Business Growth in Family Firms	Representative Quotes
Hierarchy and management	*"I do have guidelines. I do make policies and those policies have to be rationalised. When we discuss the policy, it's in a meeting and everyone has one vote, including myself. So when they all agree to one policy, then that's it. I never try, I've never used a veto. I don't remember." PK02* *"We've got staff there, fully trained. They know, within the limits what they are allowed and what they are not. If they come across something which they are not aware of or if they haven't been trained, then they obviously ask me or the other person and then we have the final say." UK14* *"We allow employees to take decisions so that they can work properly. I cannot do all things by myself. Yes, basically they can do small things, not big decisions. Small buying, sales, recovery, things like that; but most of the decisions are taken by me." PK07*

	"Generally the tasks are delegated, so mundane decisions are taken by the field staff themselves. Any major financial decision or any decision that requires my involvement, uh, these tasks, they come to me, and I have to take care of them."PK09 *"I think there's certain rules because obviously communication is very important in family businesses; in any business, communication is very important. So every, every stakeholder understands it all and he understands that he needs to communicate with others." UK13*
Strategy and business development	*"We look at the ideas on merit and on paper and we do the math. Whatever outcome we get, so the decision 90% of the time, it's a joint decision." PK10* *"everybody does their jobs and they have to decide but if there's any big project, it's something we all are in together and we take each other opinion." UK06* *"We listen to them of course. They are part of that. If a production manager is there, I always think that he knows better than me because he is there all the time; so I actually give more preference to his opinion than mine. If it's a policy decision, then of course he doesn't have the whole picture. If it's a managerial or production decision, then he knows better than me." PK08* *"I think the employees can't do this type of thing. You need to have a special eye for the location, and we are to see that what is appropriate for the required business and you need to have some basic information about the area and you have to do some study, some observation, have some information before you start the venture. So obviously the basic work, some responsible person has to do, either you have some professional to do that or you have got to have the ability to do it yourself." UK12* *"Those decisions are obviously initiated by the top management, which is myself only and then they are discussed with the team leaders, team heads or the divisional heads or the head of the department and then through consensus, we pick one course of action and then follow it." PK09*

Guiding Values for decision-making	*"The guiding values are obviously based primarily on profitability. However I'd also add that it's based on a more cautionary brick by brick building of the firm itself; so what do I mean by that is, we as a firm have very little debt. Now that's a strength because we are able to obtain credit from the bank at any time we want." UK01* *"Quality and respect is more important than profit for us." PK01* *"Ethics are first. Profits are also important, very important, otherwise for any commercial organisation, there's no reason that you should run it if we don't make profits; but profit, you can't make out of ethics, unethical things, no we can't do it." PK02* *"The profit and the future, like I want a bigger setup, a bigger income, a bigger name of my company in the future - all of these things motivate me." UK10* *"We don't really look at profits and budgets, first of all. We look at the quality and the service we can provide because first of all, in this field, in this business, you have to look at the rating; how good you're doing. The profit comes later." UK11*

4.6 Innovation in family firms

4.6.1 Overview

Participants from UK-based family firms and Pakistan-based family firms were questioned about innovation in their family businesses and on the perceived effects of family involvement on the innovative activities of business. Overall, they indicated that in this era of technological advancements and competition, it is important to be stable as well as innovative in business ideas and operations. All the participants, either from Pakistan-operated firms or UK-operated firms, were aware of the role of innovation in business and its importance for competition in the global market, but there were many differences in their opinions towards and practical uses of innovation. Two main sub-themes were identified and are discussed in turn below: attitudes to innovation in family firms, and consolidation versus innovation.

4.6.2 Attitudes to innovation

All the participants were aware of the importance of innovation in family firms. However, there were mixed views among them about whether being a family firm improved innovation or hindered innovative activities in business operations. Participants also highlighted different approaches to innovation on the part of different members of the family businesses.

> *"Innovation is an important element in any business. Uh, so if you don't apply that element then your growth, sort of gets restricted and if we bring family into this, there are some family members which have more innovative ideas than others; some don't like to change things." UK15*

Some participants claimed that the founders or older generations tend to operate the business on traditional principles and were reluctant to innovate. In the case of family firms, elders have an authoritative and patriarchal role in decision-making, which can sometimes become a hurdle in advancing innovative ideas.

> *"I'd say, innovation is held back on because as a family firm, with a family hierarchy, ultimately it relies on very traditional methods of operations and therefore innovation would be something that is not pursued as vigorously as it could be." UK01*

Participants claimed conversely that the younger generation was more inclined towards innovation, compared to the older generation. Others were of the view, however, that innovation is valued even by senior members of the business, and that any options to innovate or diversify are considered on practical grounds.

“Innovations is what we are following. Thanks to God, one my father was like me, and we’ve always tried to start the new innovations; not in the country, anywhere in the world.” PK12

“We have to adapt according to the demands of the time. Earlier we had work in construction, certain plants were not there but now it’s required.” PK02

“Having your family there, it helps your chances to become innovative as well and it’s all about innovation these days, online. So, you have to bring in newer ideas, basically bring in your own stuff rather than, you know, being a sheep and then following everyone else.” UK07

In terms of innovation, a notable difference emerged between the UK-based and Pakistan-based family firms. The responses of the two groups indicated that the competitive market in the UK is seen to be more innovative than the Pakistan market. Hence, it can be said that businesses, whether family firms or non-family firms, are more innovative in the context of UK, as compared to Pakistan. The Pakistan-based family firm participants in the study indicated that they were aware of innovation and its importance but nevertheless Pakistani-owned businesses in Pakistan were not as innovative as their counterparts in the UK. Participant UK08 explained his own experiences of running a business in Pakistan and the UK to illustrate this point:

“In Pakistan, anything which you want to present as samples or anything, that’s very old school. We don’t have any innovation or electronic displays for us. When it comes to England, all our catalogue is 100% on iPads. All the orders we receive are done electronically. It doesn’t involve any kind of paperwork. That’s what I believe is a good innovation that we’ve done. We’ve reduced the use of paper and we’ve brought everything to an electronic platform.” UK08

Among the main factors that account for the less innovative culture of Pakistan, according to the participants, are the relative lack of professional management and the authoritative role of family members in long-term decision-making, and whether they are suitably qualified for this.

> *“We take initiatives, try new things, give new articles to new customers. Sometimes we get it right and sometimes we don’t. Sometimes it would've been better with professional management.” PK07*

> *“There are some key positions which are held by family members. That family member is not competent enough for that key position and because of his lack of competency, the people who are under him remain undeveloped ... I know for a fact that we are way behind.” PK06*

Conversely, a few participants were of the view that being a family firm impacts innovation positively, because family members understand each other better and are easier to manage than employees from more diverse backgrounds. Furthermore, some argued that small-scale organisations can provide better opportunities for innovation, compared to large organisations, where it takes a lot of time and effort to translate an innovative idea into practical reality. In larger organisations, especially public limited firms, there is sometimes a lack of trust among the top management which may affect innovation adversely:

> *“The only advantage ... is that people get on the board easily. They come around in a quicker way than in a larger organisation. If you have an idea, you can execute it quickly, in a smaller-run organisation. You can take advantage of the trends and the current market environment. In a large organisation that might take a longer time.” PK09*

4.6.3 Innovation versus consolidation

There were contrary views with regard to how family businesses should be focused on consolidating their existing position, or how far they were more innovative in the face of new ideas. The responses of the participants indicated that the majority of family firm businesses were more inclined towards consolidation, because a strong and stable business can take risks in innovation. The participants' responses indicated that, without stability and a strong position in the market, it would be highly risky and non-practical for a business to opt for a focus on innovation. A strong business provides numerous resources which can be subsequently utilised for innovative activities, as illustrated by the following quotes from the interviews of UK-based participants:

> *"Well to start with you have to focus on what's already in place, especially when you're a small business and you don't have deep pockets then you have to start with what there is. But then you can slowly make changes to it and, as you grow, you can start to bring in your own innovation, as we did." UK11*

> *"Basically I think you focus on the things which you're already doing because that's the heart which brings you the money and gives you the money to invest. You can only invest if you have the money or even if you have to get it from the bank, you know that you have to give that back. So, the ultimate is that whichever thing will improve your business ..." UK06*

Although innovation and consolidation are both seen as important for a family business, therefore, the participants indicated that each must be focused on proportionately as per the demands of the market and requirements of the business. Participant UK15 elaborated on the importance of both innovation and strength as follows:

> *"I mean both are important because you can't be changing your business plans every day. So, you have to have some sort of rigidity, or structure in place but at the same time, you know, you have to kind of keep up with the market ... be ahead of the market in some regards as well ... So .... innovation in terms of growth, in terms of how other ideas can be implemented in the business." UK15*

Participants from the Pakistan-based family firms were also more focused on the consolidation of business, again explaining that without capital and resources it would be difficult to be innovative and creative. Strong businesses are seen as earning profits for the family, which can then be utilised for diversification or innovative ideas.

> *“Right now there's not much innovation in our restaurants. So we plan to strengthen whatever we have, we try to better it and once we do, then yes, if we have multiple locations then we'll be thinking about innovations.” PK09*

One of the Pakistan-based participants explained, however, that consolidation and innovation are carried out in parallel in his family firm in a gradual improvement approach, because both elements are seen as essential for the business. This participant also emphasised that innovation is not necessarily planned for but occurs periodically as a result of new ideas being generated and put into practice.

> *“Gradual improvement is something that we're always working on when it comes to the stuff we're doing. As far as innovation is concerned, innovation isn't linear. Innovation, it comes in quantum. It's quantized. You have something that changes the game every now and then, every couple of months. Suddenly you have an idea, 'why don't we do this?' So, whilst strengthening the existing business is something that you do, as something at the back of your mind on a daily basis, the innovation aspect of it, one turns systematically once it's been approved but before that, it's something unpredictable. You can't force inspiration, it'll come to you when it comes to you.” PK10*

It was also noted that innovation can be promoted more in family firms where the procedural requirements are often more limited. If a family member presents an innovative idea, that idea can be quickly implemented, without delays incurred by the meetings and procedures that large non-family organisations often have to undergo to bring an innovation to fruition.

Table 9: Representative Quotes for Sub Themes of Innovation in Family Firms

Theme: Innovation in Family Firm	Representative Quotes
Attitudes towards Innovation	*"…innovation is held back on because as a family firm, with a family hierarchy, ultimately it relies on very traditional methods of operations and therefore innovation would be something that is not pursued as vigorously as it could be." UK01* *"We have to adapt according to the demands of the time. Earlier we had work in construction, certain plants were not there but now it's required." PK02* *"if you don't apply that element then your growth, sort of gets restricted and if we bring family into this, there are some family members which have more innovative ideas than others; some don't like to change things." UK15* *"Innovations is what we are following. Thanks to God, one my father was like me, and we've always tried to start the new innovations; not in the country, anywhere in the world." PK12* *"…in a smaller-run organization. You can take advantage of the trends and the current market environment. In a large organization that might take a longer time." PK09*
Innovation Vs Consolidation	*"Right now there's not much innovation in our restaurants. So we plan to strengthen whatever we have, we try to better it and once we do, then yes, if we have multiple locations then we'll be thinking about innovations." PK09* *"Basically I think you focus on the things which you're already doing because that's the heart which brings you the money and gives you the money to invest. You can only invest if you have the money or even if you have to get it from the bank, you know that you have to give that back. So, the ultimate is that whichever thing will improve your business ..." UK06* *"…whilst strengthening the existing business is something that you do, as something at the back of your mind on a daily basis, the innovation aspect of it, one turns systematically once it's been approved but before that, it's something unpredictable. You can't force inspiration, it'll come to you when it comes to you." PK10* *"I mean both are important because you can't be changing your business plans every day. So, you have to have some sort of rigidity, or structure in place but at the same time, you know, you have to kind of keep up with the market ... be ahead of the market in some regards as well ... So ....*

	innovation in terms of growth, in terms of how other ideas can be implemented in the business." UK15 *"Well to start with you have to focus on what's already in place, especially when you're a small business and you don't have deep pockets then you have to start with what there is. But then you can slowly make changes to it and, as you grow, you can start to bring in your own innovation, as we did." UK11*

4.7 Socio-cultural influences on family firms

4.7.1 Overview

In the last section of the findings, it is examined whether socio-cultural differences between Pakistan and the UK have any impact on the operations of the business. Participants were questioned about their opinions regarding the influence of Pakistani culture upon their family firm businesses and whether there would be likely to be any differences in functionality of the firm if it were to locate in a different cultural setting (i.e. Pakistan or the UK). The family firms in the sample that were operating in the UK were all owned by Pakistani personnel; hence it was assumed that the Pakistani cultural influence on the business operations might be evident regardless of the locality and country in which the firm is based, but that this might also vary between locations. The main sub-themes, concerning cultural influences, were the impact of Pakistani culture on family business, and differences in the functionality of family firms which relate to the geographical and cultural location.

The majority of the participants from UK-based family firms were of the view that being a Pakistani has impacted their mindset. There are many differences in the culture of the UK as compared to that of Pakistan. The UK is a multi-cultural society where immigrants from different nationalities and different cultures work together and adapt according to the needs of the time. Review of the literature and study of the market has indicated that there are several Pakistani people in the UK whose businesses have flourished and who have successfully managed living in the UK for several decades.

Some positive influences of Pakistani culture on family businesses were highlighted by certain participants, whilst negative elements were also discussed in comparison with UK culture. The main impacts of Pakistani culture on the functionality of family firms identified in the research related to leadership and direction and business practices, as discussed in turn below.

4.7.2 Leadership and decision-making

Most of the participants either from UK-based family firms or Pakistan-based family firms were of the opinion that decision-making would not be different if the firm were located in a different country, because the decision-making process in Pakistani-owned family firms is very similar in Pakistan and the UK. However, a few of the UK-based participants were of the view that decision-making would be more influenced by the patriarchal role of the elder family members if the firm were in Pakistan. In the UK, there are some standards of professionalism which must be observed by every business whether it is family-owned or not, and which influence decision-making. As this is not the case in Pakistan, it is expected that this difference would affect the decision-making process. In the words of UK03,

> *"If ... you've been bought up in this country (UK), you have this ability to take a decision even though you speak to your elderly, your parents or whatever, you are still able to take a decision which may go against what they suggested and you can explain to them that this is why you have done that. Perhaps back home you may not have that leisure, you might have to just go by - because your dad said so - even though you could see that it might not be viable." UK03*

It was also stressed by the participants that the cultural emphasis in Pakistan, on respect for elders and the requirement for obedience, has had an impact on styles of leadership and management, which extend to Pakistani-owned business firms in the UK. It seems that emphasis on obedience and respect for elders in Pakistani-owned family firms can sometimes override the disagreements and differences that can occur among younger members, thus contributing to stability of the firm:

> *“Obedience, I'd say obedience, respect for each other you know, for the elders ... Even the Pakistani kids who have been born here and the western society, they don't have as much respect for the elders as Pakistanis do. This is where we benefit ... If we're told to do this, we look at it as if there's something good to come if we act upon it. So, we take it in, and we obey. We listen and we obey, basically ... As a Pakistani born and brought up in the UK and doing this business, I'd say obedience, respect and good relations.” UK11*

Nonetheless, it was also pointed out by some of the Pakistan-based participants that the autonomy and individuality of firm owners can be negatively affected in the UK because of the strict rules, regulations and professionalism in UK business environment and culture.

Some of the UK-based participants observed that the typically patriarchal role of Pakistani elders can sometimes have a negative influence on leadership and direction in family firms. Their comments indicate that this authoritative approach may detract from the types of leadership that encourage employee empowerment and involvement in decision-making, and inhibit innovation:

> *“The way it would’ve affected is in terms of leadership and direction. Now what tends to happen in Pakistani-run family busine ss is, even when a full attempt has been made to run it a s professionally as possible ... the leadership and direction would tend to follow a traditional stance; a reflection of a traditional background whereby decisions would be centralised and ultimately led by the leader. So, the direct impact of that is that there is less devolution. I’d say that in a non-Pakistani environment, it would’ve been more devolution, more freedom to operate*

your own turf, less centralised decision-making. That is the main effect." UK01

"It's hard because … our elders, my grandad and my father, they have a very old school thought with them. We have a very, I'd say young generation or the existing era thoughts. I mean the technology, and everything has changed, and everything is changing by a very good pace … When you need to cope up with that pace, you come up with more professionalism, more advanced things and that's the time when your elders deny them because they still think the old school way." UK02

4.7.3 Business practices

An analysis of the interviews of both Pakistan-based and UK-based participants suggested that there are serious issues of corruption, bribery, and nepotism in Pakistan which businesses based in or dealing with Pakistan encounter. Local words like "Rishwat", "Sifarish" and "Baimani" were openly used by participants both in Pakistan and the UK to explain this situation. Most participants were aware of the issue and a few even stated that survival of a business in Pakistan was difficult without getting involved in this type of sharp practice. Although most participants emphasised that they did not encourage their use, some clearly pointed to grey areas which are generally practised and accepted as the norm:

"So, there are some leakages in our system. Call it corruption, you call it ... helping someone. So, there are a lot of issues, especially in the government sector but because of our family name and the business being that old and everyone knowing about our business, so we do not encourage any type of under-the-table deals but ... in Pakistan, people tend to give you, uh, shortcuts and ask for favours. So, the culture exists. It will take time before it finishes." PK12

"I'd say that corruption and rishwat (bribery), for the last 30 years, it has been a norm here. I mean, uh, officially nobody will talk about it but 90%

of things you want to get done here, one way or another there's some sort of rishwat (bribery) there, whether financial or in the form of a gift or something like that. People have tried to do it by not being part of the culture but one way or another, they're dragged into it, and I mean, it should be the responsibility of the government to make sure such things don't happen but they're still happening, and people have accepted that. That's the biggest problem." PK05

The UK-based participants also indicated that the high levels of corruption make it difficult for them to carry out business in Pakistan, especially when used to the more tightly controlled business environment of the UK.

"Well, government support is not there, government being excessively stringent, corruption, bribery, no guidance, the people who are required to guide, ask for bribe, all of these obviously cause trouble." UK04

Over there, the attitude is that you have to pay at every step to every person who is going to help you .... I mean, over here ... the law is applied equally to everybody, and the opportunities are not restricted to certain groups. It's open competition and then, the authorities are more helpful here, but the opposite is the case in Pakistan ... It's a corrupt society. So, you can't move forward, you know, without bribing people." UK12

It is to be noted that all the participants from Pakistan accepted the existence of corruption, bribery, gender disparity, and other negative aspects of the Pakistani culture, but it was unanimously mentioned that businesses have adjusted to them. One of the alarming findings is that many of the family firms have accepted such malpractices and consider them part of normal everyday business. According to PK13,

"Yes, we have to do it, or else survival is very difficult. For example, people from the labour union, people from social welfare come and obviously if we give them full money then you can't run the business

properly and you even won't be able to fulfil your cost of production, let alone profit. So yes, bribery is there." PK13

Several of the UK-based participants cited ways in which specific aspects of their Pakistani culture, language and Islamic religion have a direct impact on their business in the UK. For example, participant UK13, an importer of goods from Pakistan, explained that many of their UK-based customers deal with them rather than buying direct from suppliers in Pakistan. This is explained in terms of the ease with which they as Pakistanis can readily contact and communicate with suppliers in Pakistan.

"Language is key, for example, I've got a lot of my customers who can directly buy from Pakistan, but they don't, they just buy from us ... my family being Pakistani just helps a lot in that side of things. So, it has probably helped us grow, 95% of the total where 5% is the local businesses and things and mostly it's just from me being a Pakistani because we, being Pakistani, we can go and just pick up the phone and speak to anyone." UK13

Another UK-based participant explained that a high proportion of their profits come from the sale of shoes, clothing and household goods bought by Pakistani families for religious and cultural festivals.

"Impact of Pakistani culture - yes there is. It's Pakistani and religious, both. Suppose, if Eid was not there then we'd have had very little sale. People buy new items, clothes and shoes on Eid so obviously we have good sales."

"This business is purely Asian-based products business. 99% of our products are Asian-based. Halal meat, things, rice etc."

4.7.4 Ease of operations

It was claimed by all participants from both countries that their ease of operations would be more challenging if the business were in Pakistan rather than the UK, or vice versa. Each family business was clearly adapted to the culture in which it was operating and participants from UK-based family businesses considered that operations in Pakistan would be more difficult, while similarly, Pakistan-based participants believed that operating a business in the UK would be more difficult. As an example of the perception of a UK-based participant:

> *"Opening a business is quite easy in Pakistan but running a business is quite hard, in the sense of customers. I mean, my friend is running a business in Pakistan. His business is running on credit, people do credit, which is quite hard to recover and here it's not like that. We buy the stuff on credit sometimes but we're not selling the stuff on credit because everything is in cash in business." UK10*

The environment of the UK is seen as more supportive towards business as compared to Pakistan, especially as government agencies help, and no financial or monetary benefits are asked for by UK government officials. Furthermore, the local authorities and banking system also provide a supportive environment and financial help to businesses. However, some of the Pakistan-based participants considered that working in the UK would be difficult because of the strict rules and regulations. Furthermore, the elements of profitability are seen as limited in the UK context because the UK market is a competitive market and the tax ratio in the UK is comparatively higher than in Pakistan.

Moreover, there are rules, standards, SOPs and regulations in developed countries like the UK, which provide guidelines to businesses for their operations, whereas the regulatory authorities in developing countries like Pakistan are struggling to implement standardised SOPs, which affect business operations in such countries. Participants from the firms operating in the UK have different business priorities, in accordance with their regulations, and there are different concepts implemented in the UK for business professionalism, taxation, labour laws, customer laws etc. The difference in the business priorities might affect the functionality of the family firm if it were in Pakistan, according to the participants. Specifically, in the UK the firm is run as a business in accordance with professional standards and business regulations, while in Pakistan the demands and preferences of the family take precedence.

> *"In the UK I think there's a much more established concept of the company having its own persona and this, to an extent, we have been successful in establishing that. Establishing the fact that the company has a persona. You operate in the interest of the company. However, if it was probably based in Pakistan, that persona would have no significance whatsoever. It's a family turf. It's a family business ... which means, effectively it's the family." UK01*

This quotation is very insightful in demonstrating a key finding relating to Research Question 5, which is that the overall identity of the firm as a family firm may sometimes be stronger in an environment where there are fewer external constraints or influences that affect the operations of the business. This may in turn have implications for the ways in which the family uses socio-emotional wealth and family social capital: in ways that contribute to or hinder business growth or innovation performance. Although both samples of participants shared a national culture, it may also be true that the influence of this culture on the use of socio-emotional wealth and family social capital is reduced in the UK business environment, where external factors and constraints play a more important role. As Participant UK01 indicated in the quotation above, there seems to be a de-personalisation, or perhaps a "de-familisation" influence in this setting.

This is not necessarily a negative development, however, since some of the responses indicated that difficulties of conducting business in Pakistan, due to the lack of a supportive business environment, may explain why there is such a high reliance on members of the extended family. For example, some of the participants from the UK were of the view that the government of Pakistan is not supportive towards foreign investors and businesses. According to them, there should be policies by the Pakistan government encouraging foreign firms to invest in Pakistan, especially targeting Pakistani businesses operating in the UK, so that the surplus earning of UK-based family firms can be invested in the Pakistani market.

Pakistan-based family firms highlighted several other issues prevailing in Pakistani society which negatively affect business operations and functionality of family firms. One of the participants discussed the challenges that can be presented when dealing with large numbers of employees daily in a labour-intensive business, when the labour market is less tightly regulated than in the UK:

> *"Our culture in Pakistan, especially towards the labour, is pretty carefree ... And since we are taking less help of technology and more of labour, so we have to deal with labour on a daily basis which sometimes gives us a lot of problems" PK14*

In contrast, some participants from Pakistan-based family firms provided the opinion that several resources can easily be made available in Pakistan at a very low cost, as compared to the UK market, especially since labour laws and employees' rights are not well-defined in Pakistan. There is no implementation of a legal minimum wage, and cheap labour can be used to get the operations of the business done on time at low cost. Although the challenge of managing large numbers of workers is sometimes seen as a burden on the family firms, as noted above, this situation also provides greater flexibility, in which businesses can adapt their use of labour and resources over time in accordance with their demands and priorities. In the words of PK09,

> *"The most fascinating thing in the business is the access to more hands at less cost. That might be the case, uh, in India, Pakistani subcontinent. You get access to labour at a lesser cost initially. PK09*

Some participants from the Pakistan-based family firms also felt that the UK market may not have access to the business opportunities and priorities which are currently available in Pakistan, such as expected opportunities for trade with other Asian countries.

"I don't think I can find as much opportunities for business in UK than I can find here in Pakistan. I mean, China's coming here. It's full of opportunities." PK05

Several UK-based participants also mentioned the expected difference in the performance and professionalism of family members if their firm were operating in Pakistan rather than in the UK. The culture of the UK encourages professionalism, hard work and responsibility. Hence, immigrant Pakistanis moulded in the UK culture believe in a sense of responsibility, professionalism, and compliance with the rules of the country.

"There would be less emphasis on performing at a market value professional standard and more emphasis on just getting the job done ... by whatever means. Here, operating in the UK it's completely different. It would be that you do this job, as if somebody from outside was appointed and he'd be doing that job so that you'd be there at 7.30, finish the same time as somebody else and that's how you would do it. You put in that same effort. In Pakistan it would be different. It would definitely be different. It would be more of 'there's more ways'; it doesn't matter how you do it, just get it done." UK01

In this context, each family member acts professionally and responsibly according to the best of his or her expertise. In contrast, the participants expected that in Pakistan family members would not necessarily perform to expected professional standards but would focus on conducting their business in ways that might appear less professional or less ethical.

Table 10: Representative Quotes for Sub Themes of Socio-cultural Influence

Theme: Socio-cultural influences on family firms	Representative Quotes

Leadership and decision-making	*"The way it would've affected is in terms of leadership and direction. Now what tends to happen in Pakistani-run family busine ss is, even when a full attempt has been made to run it a s professionally as possible ... the leadership and direction would tend to follow a traditional stance; a reflection of a traditional background whereby decisions would be centralized and ultimately led by the leader. So, the direct impact of that is that there is less devolution. I'd say that in a non-Pakistani environment, it would've been more devolution, more freedom to operate your own turf, less centralized decision-making. That is the main effect." UK01* *"I am not in favor of anyone, any outsider being involved in this family business - my brother is. So we have a difference of opinion and once we do, we go to our elders, my parents. So they have the final say." PK03* *"If ... you've been bought up in this country (UK), you have this ability to take a decision even though you speak to your elderly, your parents or whatever, you are still able to take a decision which may go against what they suggested and you can explain to them that this is why you have done that. Perhaps back home you may not have that leisure, you might have to just go by - because your dad said so - even though you could see that it might not be viable." UK03* *"I ask my father because he is known by the entire shoe market since 25-30 years. So with his help, I am purchasing things. I am not making decisions regarding purchasing on my own, for now. I mean, I am purchasing with his help. I am buying all the things myself but I ask him, get an idea from him." PK11* *"Obedience, I'd say obedience, respect for each other you know, for the elders ... Even the Pakistani kids who have been born here and the western society, they don't have as much respect for the elders as Pakistanis do. This is where we benefit ... If we're told to do this, we look at it as if there's something good to come if we act upon it. So, we take it in, and we obey. We listen and we obey, basically ... As a Pakistani born and brought up in the UK and doing this business, I'd say obedience, respect and good relations." UK11*

Business practices	*"the attitude is that you have to pay at every step to every person who is going to help you .... I mean, over here ... the law is applied equally to everybody, and the opportunities are not restricted to certain groups."UK12* *"So, there are some leakages in our system. Call it corruption, you call it ... helping someone. So, there are a lot of issues, especially in the government sector but because of our family name and the business being that old and everyone knowing about our business, so we do not encourage any type of under-the-table deals but ... in Pakistan, people tend to give you, uh, shortcuts and ask for favours. So, the culture exists. It will take time before it finishes." PK12* *"I mean, uh, officially nobody will talk about it but 90% of things you want to get done here, one way or another there's some sort of rishwat (bribery) there, whether financial or in the form of a gift or something like that. People have tried to do it by not being part of the culture but one way or another, they're dragged into it, and I mean, it should be the responsibility of the government to make sure such things don't happen but they're still happening, and people have accepted that. That's the biggest problem." PK05* *"Well, government support is not there, government being excessively stringent, corruption, bribery, no guidance, the people who are required to guide, ask for bribe, all of these obviously cause trouble." UK04* *"people from social welfare come and obviously if we give them full money then you can't run the business properly and you even won't be able to fulfil your cost of production, let alone profit. So yes, bribery is there." PK13*
Ease of operations	*"…His business is running on credit, people do credit, which is quite hard to recover and here it's not like that. We buy the stuff on credit sometimes but we're not selling the stuff on credit because everything is in cash in business." UK10* *"The most fascinating thing in the business is the access to more hands at less cost. That might be the case, uh, in India, Pakistani*

	subcontinent. You get access to labour at a lesser cost initially. PK09 *“I don't think I can find as much opportunities for business in UK than I can find here in Pakistan. I mean, China's coming here. It's full of opportunities.” PK05* *“There would be less emphasis on performing at a market value professional standard and more emphasis on just getting the job done ... by whatever means. Here, operating in the UK it’s completely different. It would be that you do this job, as if somebody from outside was appointed and he’d be doing that job so that you’d be there at 7.30, finish the same time as somebody else and that’s how you would do it. You put in that same effort. In Pakistan it would be different. It would definitely be different. It would be more of ‘there’s more ways’; it doesn’t matter how you do it, just get it done.” UK01* *“... And since we are taking less help of technology and more of labour, so we have to deal with labour on a daily basis which sometimes gives us a lot of problems” PK14*

4.9 Chapter summary

This chapter has presented thematic findings from the participants’ interviews about various aspects of family businesses, and the effects of family social capital and socio-emotional wealth on those businesses, especially regarding growth and innovation. The chapter has also considered the perceived impact of Pakistani culture on both Pakistan-based and UK-based firms, and the expected differences in the functionality of firms due to their geographical location. The findings are discussed further in the following chapter.

Chapter 5: Discussion

5.1 Introduction

This chapter discusses the findings of this comparative study, which aimed to explore and understand the impact of socio-emotional wealth and family social capital on business growth and innovation in Pakistani-owned family firms in Pakistan and the United Kingdom. A total of thirty (30) family firms were selected for participation in this study, fifteen (15) in each of the two selected countries. Criteria for inclusion were being a family firm, and being Pakistani-owned. For the purposes of this study, a family firm was defined as a *firm owned and/or managed by a dominant coalition of a family with the intention and vision for sustainability and intergenerational transfer (Chua et al., 1999).*

Firms were selected for this study using maximum variety sampling (Patton, 1990; Morse, 1994) along with snowball network sampling (Erickson, 1979). These combined sampling processes enabled the researcher to select a wide variety of firms, intending to observe common themes in the experiences of the interviewees (Danes et al., 2005), while also opening the possibility for comparison and transferability of the findings to similar groups or settings. Potential family firms to be included in the study were identified using social networks and known regional and religious organisations. Participants were interviewed in a variety of locations in the UK and in Pakistan, and the interviews were transcribed verbatim for data coding and analysis using thematic analysis, as described in detail in Chapter 3.

The findings were presented in Chapter 4 and are discussed further in this chapter, in the context of relevant literature, and structured by the five research questions of the study.

In terms of the influence of SEW and FSC on business growth and innovation, the aspect of independence with respect to employment for family members and time for family was more important for the family when they compared it to growth of the business. The financial benefits that the family gains from owning a business were also important for these families. The importance of family was paramount, including aspects of unity, trust, family harmony, mutual respect, and respect of elders. Pakistani-owned family firms, in both the UK and Pakistan, did not focus on innovation; instead, they concentrated on strengthening what they already did. Most of the participants were of the view that the benefits that the business gains from family members compared to non-family members, including common goals, vision, knowledge-sharing and transfer were very important to them. It was also observed that the perceived benefit of “izzat”, (reputation or prestige of the family), which flows from owning a business, was an important aspect of the business for the family.

Detailed discussion of national culture and its influence on culture is to be found in the following section 5.6, but it was observed that religious beliefs and practices, along with some aspects of the culture, affected Pakistani businesses both in Pakistan and the UK. Pakistani businesses operating in UK were also observed as being affected by these cultural and religious aspects, even though they have been conducting their business outside Pakistan for many years. Another important issue mentioned by participants was the element of “*rishwat*” and “*sifarish*” (bribery and corruption) in Pakistan, and how it affected the business environment. Surprisingly the theme came up in the UK phase of data-collection as well. It is pertinent to mention that due to cultural aspects, problematic matters concerning succession, inheritance and the role of female family members, although not explicitly mentioned by all the participants, were discussed by some.

Although detailed discussion according to the research questions is given below, it is important to understand that this exploratory study was not only beneficial for exploring our research questions, but in the process of undertaking it we were able also to gain insights into the functioning of Pakistani-owned family business, both in Pakistan and the UK. Some of these insights were outside the scope of this study, but form an important aspect of this research and give us a strong foundation for future research.

5.2 RQ1. How does SEW influence business growth in family firms?

The study explored how socio-emotional wealth has an influence on business growth, based on the perceptions of the sample of Pakistani family firm representatives based separately in Pakistan and the UK. There is an extensive existing literature relating to socio-emotional wealth and the way in which it affects the performance of family firms (e.g. Gómez-Mejía et al., 2007; Huybrechts et al., 2011; Laforet, 2013; Lester, Maheshwari, and McLain, 2013). Socio-emotional wealth has been defined in this literature in terms of the non-financial or non-economic values that are often important to family firms. In contrast with non-family firms, these mean that family firms may make business decisions based on factors other than profitability, to preserve, strengthen or perpetuate the socio-emotional wealth of the firm (Berrone et al., 2012; Gomez-Mejia et al., 2007; Prencipe et al., 2014).

A focus on these aspects of socio-emotional wealth in the decision-making of family firms may have an important influence on overall business performance and growth, which could be positive or negative. On the one hand, negative impacts on short-growth and profits might arise if decision-making is focused on preserving socio-emotional wealth in the long-run and ensuring that its various aspects are maintained over time. Researchers have also observed that socio-emotional wealth can affect firm performance because of the tendency to focus on generating benefits for the family, sometimes at the expense of other shareholders or stakeholders (Gómez-Mejía et al., 2007; Gómez-Mejía et al., 2011), or because of the influence on decision-making of a key group of stakeholders in the form of the family, whose interests are not purely economic (Chrisman et al. 2012; Kotlar and De Massis 2013). However, there is also some evidence from the literature that family firms perform better than non-family firms, which suggests that the behavioural dimensions associated with socio-emotional wealth can be beneficial for business performance and growth (Anderson and Reeb, 2003).

The current research therefore explored the ways in which aspects of socio-emotional wealth are evident among the Pakistani firms in this sample, and the research participants' perceptions of how these contribute to or hinder business performance.

The subsequent sub-sections discuss the interview findings in the context of the research questions and the theories under consideration.

5.2.1 Use of financial and non-financial criteria in SEW

As noted above, previous researchers have determined that one of the main consequences of socio-emotional wealth is an over-riding desire on the part of the family to maintain control and influence over the firm. As a result, leadership and authority are retained by family members and decisions are sometimes made which prioritise non-financial considerations, in the interest of maintaining the family's control over the firm, even if this is at the expense of profits or business growth (Berrone et al., 2012; Gottardo and Moisello, 2015; Mensching et al., 2014).

The findings of the current study revealed a more complex relationship between economic and non-economic factors in decision-making. It was found that many of the participants gave priority to profitability as a motivation for decision-making but explained this in terms of the ways in which a profitable and stable business contributes to a good reputation for the family and provides financial independence for family members. In the case of some of the larger and most successful firms, participants stressed that relationships within the firm were business-focused and professional; that family issues were not allowed to influence this and were set aside for the sake of the business. This is consistent with the concept of favouring a long-term strategy which contains the socio-emotional wealth of the family within the organisation through the management structure of the organisation to protect the interests of the family (Lester, Maheshwari, and McLain, 2013).

On the other hand, several participants in Pakistan and in the UK reported that non-financial factors such as quality and good service are given more emphasis in decision-making, because they are regarded as essential for building and maintaining the firm's reputation over time, and thus retaining family control of the business. These findings are important in demonstrating, with empirical evidence, how a focus on socio-emotional wealth, rather than strictly financial considerations, has practical impacts on strategic business growth themes in this sample of Pakistani-owned family firms, and thus how far it contributes to the largely theoretical literature on socio-emotional wealth. One interviewee reported, for example, that they used more expensive ingredients than necessary in their food takeaway business as authenticity would be good for business in the longer-term. It was also noted by some that if a firm has a good reputation, this is the most important route to profitability, in any case. As discussed earlier, this finding suggests there are considerable overlaps between the respective discussions of reputation in the socio-emotional wealth literature and in the family social capital literature. The findings of this study help to disentangle them and suggest that the concept of family social capital is helpful in explaining *how* family firms develop their reputations, while the concept of socio-emotional wealth is helpful for understanding *what* this means to them in terms of perceived value to the family firm. Granted, socio-emotional wealth in previous conceptions would focus on the assets and prestige endowed on members of the family due to their affiliation with the family, however in this study it is observed that the family acts as a collective in protecting their interests regardless of the implications on business growth and profitability (Debicki 2017; Barrone 2012).

A few of the participants in this study mentioned that, when making business decisions, the interests and welfare of the family were generally prioritised over profits. An example of this was a pharmacy firm located in the UK, in which a decision had been taken not to open late in the evenings, as this would be detrimental to family life, even though it would probably have been profitable for the firm. Similarly, the owner of a textiles and hotels business in the UK explained that the good of the family is the main priority in decision-making, since this would increase the family members' commitment to the company and preserve its longer-term control. It seems therefore that a mix of financial and non-financial factors are regarded by the research participants as being important in enabling the family to retain its control and influence over the firm and in contributing to business growth. But the importance of building a good reputation also comes into play within decision-making, since this is perceived to be so important to the long-term survival and success of the firm. In that sense, socio-emotional wealth considerations would ultimately trump business growth decisions, though there seems to be a consensus that preserving control and influence would ultimately have a positive impact on business growth.

The consultative decision-making processes used in many of the family firms in this study, which often involve consultation with all family members but exclude non-family employees even if they have valuable specialist expertise, also suggest that emotional factors may sometimes dominate over rational decision-making among some of the firms. Since the personal prosperity of family members is closely linked to the performance of the business, however, the participants perceived that such decision-making practices will generally be in the best interest of the firm as well as its family members and will therefore help contribute to business growth. It is also feasible that the focus on emotional rather than rational factors may lead to decision-making which is more likely to reinforce the family's control and authority over the business, even if these decisions are detrimental to short-term business growth. However, a few examples were given in which a lack of adequate consultation, particularly with non-family senior employees, had resulted in poor decision-making which had produced negative impacts on the business. These were mainly in firms with a patriarchal culture in which major business decisions are made by the owner alone, perhaps based on instinct or a perceived understanding of the factors influencing the decision, but with little research or consideration of actual evidence. Such findings suggest that while some characteristics of decision-making in family firms, such as consultation and consensus, can be beneficial for performance, other characteristics, such as strong patriarchal control and authority, can be detrimental, unless this is underpinned by a sound evidence base for decision-making. Nonetheless, this is consistent with the current literature surrounding socio-emotional wealth where the patriarch would have authority to make decisions, and the consequences of such decisions would be borne by all associated with the firm. This can have a negative influence should the patriarch lack the rationale or is misled to make poor decisions which would affect the socio-emotional wealth of the firm.

Relevant to this is the evidence of the growing “professionalisation” of at least some of the family firms. This is a trend reported in the literature by Dekker et al. (2013), in which there is increasing use of a professional management approach in family firms, often including the recruitment of specialist non-family employees to managerial or other senior roles. Some participants reported that younger members of the family are acquiring professional qualifications in business management, to have a better insight of the business and to bring about modifications and improvements in operations, and increasingly these younger, more educated family members are becoming closely involved in business decision-making. Although it is not known whether this development results in a more balanced consideration of emotional and rational factors in the decision-making of these firms overall, the incorporation of more knowledge and evidence in strategic decisions seems to be a positive development which will help promote business growth. This would be one strategy employed by some family firms to bridge the gap between the need for professional input, while maintaining familial control within the firm structure. However, for individual members of the family to contribute effectively to business growth, it is important they have a strong sense of identity within the firm so that their own interests and those of the firm will be aligned. The following section therefore discusses the findings of the study relating to this sense of identity with the family firm. This sub-section would propose that a potential antecedent of SEW would be Familial Influence, which in this case would be defined as the family’s influence over the concept of value within an organisation, be it financial or non-financial.

5.2.2 The role of firm identity

Based on the previous literature, and particularly Berrone et al.’s (2012) five-dimension model of socio-emotional wealth, the identification of family members with the firm includes a strong sense of belonging to the family business; identifying personally with the success or failure of the firm, and a feeling of pride in the business. The findings of the study revealed that there was indeed a strong sense of identification with the family business in both the Pakistan-based and the UK-based firms, which was perceived on the whole to contribute positively to business performance. Most of the interviewees described, at least to some extent, their own pride and emotional attachment to the family firm and indicated that other family members shared these feelings. The participants perceived that this close identification with the family firm was a great strength which contributes to business performance and growth, since family members are committed to doing whatever is in the best interests of the firm.

Most of the Pakistan-based and the UK-based participants concurred that being a family firm had been very important in contributing to their business growth, because overall everyone in the family has the same interests in the success of the business and is committed to achieving them. This situation also involves some risk to the financial security of the family, however, as pointed out by the owner of an eCommerce business based in the UK, since all are dependent on the financial success of a single business rather than being employed in a range of different jobs. There was an exception where one interviewee emphasised that being a family firm was only beneficial for business growth if all family members did indeed share the same goals and had complementary skills, otherwise they would still be required to hire employees with the required competencies to fill the gaps in expertise.

In only a few cases was it mentioned that conflicts or disagreements within the family had been detrimental to the business; in others the shared values and goals of the family members had enabled conflicts to be reconciled. There was some evidence that cultural factors played a role here, with several of the participants noting that due to the patriarchal system that exists in most Pakistani family businesses, the head of the family generally has the final say in decision-making, which enables disputes or disagreements between family members to be resolved.

The findings of this study provided additional insights into the ways in which family firm identity contributes to business growth, by revealing the perceived importance of the association between the family name and the firm’s products and services that is often held by customers. Again, they help demonstrate the ways in which both socio-emotional wealth and family social capital can be helpful as concepts for use in understanding family firms' behaviour.

In both the UK-based and Pakistan-based firms, there was evidence that customers closely identify the firm with the family itself and its reputation, and that the family name and its perceived status within their market or community helped the firm to secure customers. This was found to be particularly important in Pakistan, where business practices are often more informal than in the UK, and where family name and reputation are especially important. Indeed, one interviewee in Pakistan noted that potential customers would often ask about the family name and how long the family firm had been in business. Even in the UK, however, some participants described ways in which strong business growth had reportedly been achieved largely because of the way the family had built a reputation for excellent services. They explained, for example, that customers and suppliers perceive that a higher standard of customer service will be received from a family firm compared with a large non-family business. In that sense, firm identity would be an indicator for the market, regarding the SEW of the firm, and would translate as reputation that would confer confidence in the customers, regarding the standing of the firm in the community.

Many of the participants in the current study indeed highlighted that the success of their business was due to their family reputation and the high standards or values associated with it, which had led to a high level of trust among customers or clients. This is aligned with the findings of previous researchers, such as Poutziouris (2006), who discussed ways in which the family name itself conveys a positive reputation in successful family firms and is often associated not only with good standards of service, but with high ethical values. Although some previous literature has identified these different aspects, much of the discussion of reputation in the socio-emotional wealth literature explores this concept in a more general, abstract way or without defining its specific dimensions (e.g. Craig, Dibrell and Davis, 2008; Le Breton-Miller and Miller 2006; Sagedar, Mitter and Feldbauer-Durstmüller, 2018). Reputation has been a strong focus of much of the research, which has investigated family firms from a family social capital perspective, but the findings of the present study are important in clarifying how reputation is closely linked with the socio-emotional wealth dimension of family firm identity and how this contributes in practice to improved business performance.

A minority of research participants in both locations argued that the firm's reputation had to be earned through its practices, and being a family firm was unhelpful per se, unless all family members of the firm were contributing effectively and had shared goals. This may help explain the overall mixed findings in the literature regarding the performance of family firms and provides support for those studies which highlight the heterogeneity of family firms (e.g. Seaman et al., 2016; Seaman, 2017) or which argue that the unique features of family firms are not necessarily positive or negative, but influence patterns and outcomes of decision-making (e.g. Gudmundson et al., 1999).

Nonetheless, there are exceptions, as an owner of a Pakistan-based fashion house, for example, argued that this was perceived primarily as a business rather than specifically a family firm, while the family representative of a UK-based pharmacy also viewed this more from a strictly business perspective, and argued that the importance of being a family firm depends on the nature of the business, with this more relevant in the case of restaurants or other businesses that provide products or services unique to the family. In the case of these types of business, there is potentially value in promoting the family "brand" to capitalise on the firm's reputation and achieve unique competitive advantages over non-family firm competitors, as explained by Astrachan et al. (2018). However, the owner of a UK restaurant business made the point that the quality of products is ultimately the most important factor in building a reputation and achieving business growth, regardless of whether the firm is family-owned or not.

There were also some reports of a decline in level of identification with the family business among younger generations in several firms. This was particularly the case in UK-based firms in which younger family members were exposed to a wider range of social and lifestyle influences as well as more diverse employment opportunities, but also in some of the Pakistan-based firms. Higher levels of education and knowledge may also be contributing to a more logical assessment by these younger family members of the pros and cons of joining the family firm. This is in contrast with the more emotional identification or commitment exhibited by more senior members of the family, who may have established the business themselves or can personally remember the efforts and sacrifices made by the original firm founders. The possible implications of this development in terms of business growth are that the overall quality of decision-making may be diluted if younger family members involved in this are prioritising their own self-interest over that of the firm as a whole. On the other hand, a shift away from decision-making that is largely driven by emotional considerations to one which is more rational or pragmatic in nature, might potentially contribute to improved performance and business growth. There are allusions to SEW through firm identity that could be explored in more detail. As firm identity was an emerging theme, some firms were quick to point out the pride in the firm identity and how it resonates with their motivation. This would justify its inclusion as a potential antecedent to SEW.

5.2.3 Employee welfare and corporate social responsibility

This aspect of socio-emotional wealth was explained by Berrone et al. (2012) in terms of factors such as the community involvement of family firms, a paternalistic approach even to non-family employees; a focus on long-term relationship building rather than formal contractual arrangements with other organisations such as suppliers or government agencies, and an emphasis on factors such as trust and reciprocity in such relationships.

One of the more unexpected findings of this study was the relatively high level of involvement in Corporate Social Responsibility (CSR) and community engagement initiatives, particularly among the Pakistan based firms. Although some researchers have identified high levels of philanthropy, CSR and community engagement among family firms (Binz et al., 2013; Dyer and Whetten, 2006; Seaman, 2017; Sagedar et al., 2018) this has not been a major focus of previous research into family firms. The findings of the current study regarding these forms of behaviour appeared to be related to two main factors, as follows:

First, the emphasis in Pakistani culture is on Islamic values in which charitable work is seen as an important way of giving back to society in return for the business success the firms were enjoying. This is associated with the Islamic principle of “izzat”, which is the reputation or prestige which the family enjoys due to its business ownership.

Second, being seen to contribute to community projects or underprivileged groups is perceived as having a positive impact on the reputation and status of the family firm, and therefore helps contribute to business growth. Several of the Pakistan-based participants gave accounts of the charitable and community-related work that their firm undertakes. In some cases, they also reported a paternalistic approach within the firm, in which, for example, they sponsor the education of their non-family employees' children as well as the offspring of the family members of the firm. Others claimed that they would put the well-being of their employees and their families above profits.

This approach to the concept of the unofficial extended family of the firm was not present to such an extent among most of the UK-based firms but was apparent in a few cases in which the interviewees expressed their concern for the welfare of their non-family employees. It therefore appears to be influenced by the socio-cultural environment in which the firms are operating, with cultural pressures and expectations affecting these practices in the setting of Pakistan, and business-related factors such as competitive pressures enjoying greater influence in the UK setting. At the same time, since all the firms are Pakistani-owned, it is not surprising that Pakistani and Islamic cultural influences regarding care for the welfare of all employees would be evident to some extent in both settings.

Second, the relatively high levels of CSR and community engagement initiatives among Pakistan-based firms appear to be related to the strong emphasis within Pakistan on building relationships and connections with influential individuals and firms in the local community, such as government officials and financial institutions. Doing this enabled the firms in the Pakistan-based sample to secure favours, access to credit or business opportunities in this environment, and was not so evident among the UK-based firms in the sample, apparently because such informal business practices are less important in the more tightly regulated UK business environment. Relationship building in order to build reputation is one area in which there are considerable overlaps between the socio-emotional wealth and family social capital literature; the findings of the present study help reveal how they might be used in a complementary sense, with family social capital theory helping to explain the mechanisms and processes by which reputation is built, and socio-emotional wealth theory being focused on its perceived value, and the way that it contributes to business growth through the building of the family's reputation and the accumulation of non-financial socio-emotional wealth, thus winning the goodwill of the community and the society in which the firms operate. In that sense Community Engagement was confirmed as a classical element of SEW that was present in the firms selected for this study.

5.2.4 Distribution of benefits to family members

According to Berrone et al. (2012) and Debicki et al. (2017) the emotional attachment behavioural trait seen in socio-emotional wealth means that emotions and sentiments often influence firm operations; there are strong and positive emotional bonds between the family members of the firm, and protection of the welfare and interests of family members is paramount, whether those family members contribute actively to the firm. Based on the findings of the present study this appears to work in two ways. In some the dependence of the family on the survival and growth of the family firm had reportedly played an important role in its expansion. Family members were committed to the success of the business and interviewees noted that this had been instrumental in its growth.

However, there was also evidence that, especially in Pakistan, the commitment of the business to support all family members – even if they were not actively contributing to the work of the firm – could potentially work to reduce profits and hinder business growth. This supports the arguments of earlier researchers (e.g. Gómez-Mejía et al., 2007; Laforet, 2013) that family firm growth can be hindered by issues including what have been referred to as free-riders. This can be a particular problem in the case of certain cultures such as that of Pakistan, where it is normal for firm revenue and other business benefits to be distributed between all family members, according to participants in the present study. Most of the Pakistan-based interviewees were supportive of this practice and felt that their family firm had a responsibility to support all family members. However, a few participants did refer to conflicts that had arisen in the family relating to this practice, which were often inter-generational in nature since younger members were no longer prepared to accept the equal distribution of benefits.

A notable difference in relation to this emerged among the UK-based interviewees, who mostly reported that the financial and other benefits gained by family members from the family firm usually reflect the time and effort that they personally invest in the firm, as well as the position they hold. This difference between the UK-based and Pakistan-based firms may be a necessary adaptation to the more competitive business environment of the UK, and the need to offer incentives to younger, well-educated family members to keep them in the firm. The cases presented in this study do not present a comprehensive comparison of business growth between UK-based and Pakistan-based firms, given the qualitative nature of the study. However, opinions concur that it might be expected that rewarding members based on their contributions and expertise could help promote business growth by encouraging high standards of individual performance, while avoiding the dissipation of profits and revenue among many active and non-active family members. However, this was not a feature of all UK-based firms: some reported that they also distribute benefits more equally to family members, regardless of their level of involvement or contribution to the firm, again demonstrating the heterogeneity of family firms, even from the same national cultural background.

Giving family members priority over potential recruits who might be better qualified might restrict the available labour pool and range of competencies available to the firm (Anderson et al. 2003). It is not apparent from the research findings whether this was generally the case among the Pakistani-owned firms in the sample, though many interviewees did express a strong desire for their children to take over the business. Also, some of the participants reported that the sense of obligation to the family firm and of respect for elders in Pakistani culture had meant that some family members had sacrificed potentially better career opportunities to take up jobs in the firm. The influence is weaker in the UK context than in the Pakistani context. This was an issue mainly for the Pakistan-based firms, in which this cultural influence was often stronger than in the UK-based firms, which raises the question of whether such individuals are likely to be less committed to the goals of the family firm, though the research data did not reveal any evidence of this. There was some evidence that younger family members are often likely to enter the family firm willingly in Pakistan due to the difficulties of finding other jobs there and the less competitive salaries.

The findings also revealed a range of other benefits enjoyed by family members which can be interpreted as valuable sources of socio-emotional wealth, contributing to the effective operations of the business and helping promote business growth. As well as providing jobs as described above, the trusted relationships within the family allow individuals to manage their time freely, knowing that the business remains in good hands. Participants also mentioned other practical perks such as the ready availability of babysitters, and the emotional support that is always available within the close-knit family firm. Although some of these examples may seem trivial, they can be interpreted as reflecting very important aspects of socio-emotional wealth that provide the firms with the stability as well as flexibility needed for business growth. This element could be interpreted as an incentive to motivate family members to value the firm and promote SEW among family members as they would derive benefit, thereby tying members to the firm and would help to consolidate SEW from the extended family.

5.2.5 Focus on inter-generational succession

When identifying indicators of this behavioural aspect of socio-emotional wealth, researchers have included a high level of commitment to the goal of continuing the family legacy and tradition and transferring the business to the next generation; a focus on long-term decision-making and business growth, and a strong reluctance to sell the firm even if it makes good business sense to do so (Berrone et al., 2012; Debicki et al., 2017).

In the case of some of the firms in the present study, the responsibility of continuing the legacy of ancestors was reported to be a major factor in striving to grow the business. Some participants expressed an extreme reluctance to see the firm go to outsiders, since the family had invested so much time and effort into it. Many of the participants in both locations claimed to have the intention to pass on their businesses to their children in order that they will have established businesses and a secure future. This was in general seen as very important to these participants and a major reason for continuing the operations of the family firm. In the case of these firms, it is possible that this was having a positive impact on business performance and growth, in line with the findings of previous researchers that this approach facilitates a focus on shared family goals and team-working (Debicki et al., 2017).

However, there are contending participants in the current study who were less emotionally attached to the firm and as a result were not wedded to the idea of younger generation taking over the business if they did not want to. One of the UK participants, who owned an eCommerce firm explained that he hoped his young son would eventually want to take over the business, but in the meantime would rely on recruitment of a professional manager to help expand the firm. Another UK-based participant indicated that if his children did not want to take over the firm, he would sell off half of the shares and appoint a management team to run the company. But the same respondent also highlighted the importance to him of putting down roots in the UK for future generations, in the form of the family firm. Like one of the Pakistan-based firms, this respondent therefore seemed to perceive the value of the company not so much in its revenue or profits, or even in the overall control of the family over the firm, but in the continuing family name and reputation. This approach may also reflect, however, an underlying emphasis on continuing the firm as a family “brand” (Astrachan et al., 2018) rather than in the sense of being owned and run mainly by members of the family.

Another of the key findings relevant to this aspect of socio-emotional wealth was an increasing lack of interest on the part of younger generations in inheriting the family business, reported by several participants in both locations. In one example of a Pakistan-based firm in this study, this development had led to a decision to sell the family firm and invest the income from the sale into a family-operated trust which would manage properties for the benefit of the successors. This decision can be seen as a way of adapting the approach to family business to the new environment in which younger family members have more employment opportunities available to them, and which helps preserve at least the legacy and the revenue generated from the firm for the benefit of the family. However, it is clearly also an approach which has a negative impact on business growth of the family firm itself, with this being sacrificed for the sake of the family's welfare in the longer-term. Although an isolated case in the current study, several of the participants indicated that this scenario was becoming increasingly common in the case of Pakistani family businesses, with businesses being liquidated to divide assets or allow the formation of trusts. The lack of translation of socio-emotional wealth to future generations deviates from Berrone et al.'s (2012) concept of socio-emotional wealth because of family identity and raises the question of how socio-emotional wealth would be preserved in the family firm, when interest among members dwindles and the cultural identity of the family is influenced by foreign cultures, which propagates individuality and the pursuit of self-actualisation over the collective identity of the family.

5.2.6 Section summary

Sub-sections 5.2.1 to 5.2.6 have summarised and discussed the main findings of the study relating to Research Question 1, "how does SEW influence business growth in family firms", based on the sample of Pakistani-owned family firms in either Pakistan or the U.K. These have shown that, in contrast with previous literature, a complex relationship exists between financial and non-financial considerations in the socio-emotional wealth of family firms, which is likely to be a key determinant of business growth. Many of the firms were found to be placing a high priority on profitability in business growth, but this was explained in ways that were concerned with preserving the reputation of the firm and providing financial independence for family members, thus contributing to the preservation of socio-emotional wealth rather than conflicting with it. The research findings were also found to be helpful in providing empirical evidence of the ways in which theoretical dimensions of socio-emotional wealth were influencing business operations in practice in both positive and negative ways, including family control and influence and binding social ties. They therefore help demonstrate the continued value and relevance of the SEW concept for understanding family firm behaviour and performance. They also help demonstrate how SEW can be used in combination with the concept of FSC. It was argued, for example that FSC can be used to explain *how* family firms develop their reputations, while the concept of socio-emotional wealth can be used to help understand *what* this means to them in terms of perceived value to the family firm. The section also raises questions about the influence of SEW on the concept of business growth, as the focus on reputation and family welfare may encourage leaders to concede short-term losses or reduced profitability to protect the lifestyle and welfare of family members involved in the firm. In that sense, it can be argued that the concept of socio-emotional wealth may have a negative influence when it comes to short-term business growth, but respondents expect to see long-term benefit in business growth through their continued investment in socio-emotional wealth. Nonetheless, with regards to the succession planning of such family firms, there is an awareness that the coming generations may not be interested or involved in the family firm, which requires rethinking the concept of dynastic succession, which may no longer be relevant, based on the findings of this study. As such, this study would propose that, as opposed to dynastic succession being the end goal, it would be perpetuation of the family brand and generational wealth that would be the end goal, as opposed to the continued handing over of leadership to future generations.

5.3 RQ2. How does SEW influence innovation activity in family firms?

Socio-emotional wealth has also been reported in the literature as having an impact on innovation in family firms, which can be positive or negative (Gómez-Mejía et al., 2007). To recap, a focus on socio-emotional wealth can include placing a higher priority on retaining family control and authority over the firm than on immediate profitability, addressing the interests and welfare of the family above those of other stakeholders, building the family firm's reputation and status, and developing long-term trust-based relationships. Many of these approaches may hinder the ability to be innovative due to the risks that this entails, as well as the lack of agility and responsiveness of many family firms nand may explain why previous researchers have documented relatively low rates of innovation activity in family firms (Cennamo et al., 2012; Classen et al., 2014).

However, other researchers have argued that socio-emotional wealth can be associated with an improved ability to innovate, due to the existence of tacit knowledge and the effective knowledge-sharing practices that exist in many close-knit family firms, as well as the entrepreneurial culture that often exists in family businesses (Zellweger, 2007; Huybrechts et al., 2011; Debicki et al., 2017). The following sub-section summarises the findings regarding innovation activity in general in these samples of Pakistani-owned firms.

5.3.1 Overall findings regarding innovation

Overall, there were a mix of findings regarding innovation, with some participants indicating that they felt their innovation performance was improved because of being a family firm, while others felt it was hindered. Only a small number of the firms, including some in the UK and some based in Pakistan, indicated that they were focused on innovation and that all employees were encouraged to be always innovative. In these cases, innovation was regarded as a strength of their business, and the types of innovative activities they cited included expanding overseas or finding out about international developments in their sector to adopt new practices and technologies. In one of the Pakistan-based companies, all the directors were specifically required to network with the purpose of getting ideas for innovation, and another interviewee indicated that his employees were always encouraged to be innovative and adopt continuous improvement in their work.

In broad terms, the UK-based firms, in which fewer individuals were typically involved in business decisions and which were operating in a more competitive environment, seemed more likely to benefit from being a family firm in terms of strong innovation activity. In contrast, it seemed that innovation is hindered to a greater extent in many of the Pakistan-based firms in which there is comparatively high involvement of all family members, more traditional approaches to management, and where the level of competitive pressure is generally lower than in the UK business environment. These findings are aligned with previous studies which have found that firms in general tend to be more innovative in a more dynamic, or turbulent environment (Miller, 1987; Zahra, 1996). The following two sections discuss further the findings of the study regarding the apparent positive and the negative influences of socio-emotional wealth on innovation activity among the sample of Pakistani-owned firms in this study. These are discussed in the context of relevant previous literature to demonstrate the ways in which the study adds to existing knowledge about the influence of socio-emotional wealth on innovation in family firms.

5.3.2 Influence of socio-emotional wealth on innovation

Previous researchers have reported that the long-term strategic approach and other factors associated with socio-emotional wealth in family firms may be linked with strong innovation performance (Zellweger, 2007; Arndt et al., 2018). Indeed, a few participants in both locations in the current study put forward the view that being a family firm helps them to be more innovative. The reasons they cited included the mutual understanding between family members of the firm, which makes it easier to arrive at business decisions, and that less time and effort are needed to bring innovation ideas to fruition than in larger, non-family firms where there are more procedural requirements.

At least one Pakistan-based participant, for example, thought that innovation was easier in the family firm because of the lack of bureaucracy. He said that his ideas wouldn't have been taken seriously in a non-family firm, and they wouldn't have been able to take the risk. However, the same participant also noted that decision-making was based on proper research and logical arguments and that his father, the head of the family and the firm, had the final say on whether to implement innovative proposals, although this would consider the views of senior family members as well as specialist non-family members. Another interviewee based in Pakistan indicated that innovation is easier because he has a small family firm with higher levels of trust.

As discussed earlier in the chapter, however, one of the main aspects of socio-emotional wealth is the high priority given to maintaining family control and authority over the firm. The focus on long-term stability and control of the firm rather than financial profits (Berrone et al., 2012; Gottardo and Moisello, 2015; Mensching et al., 2014) may mean that family firms are not prepared to invest in innovative activities which are perceived to be high risk. Indeed, it seemed that the majority of these Pakistani-owned family firms in both countries were more focused on consolidating their existing areas of business than on innovation, which is in line with the findings of previous family firm research studies. But the findings regarding innovation also indicated a need to take into account the family social capital perspective in explaining them. For example, there appeared to be lower levels of innovation among the Pakistan-based firms, partly because there was not so much competition in the firms' respective business sectors in Pakistan to necessitate it, but in some cases also because of the difficulties of securing the knowledge and expertise needed for effective innovation, or because the senior members of the family were traditional in their approach to business, risk-averse and favoured consolidation of the business rather than innovation.. There was also a general recognition among most of the participants in both locations that innovation would sometimes become necessary to remain competitive or to keep up with developments in their industry, but their approach was more reactive than proactive in this respect. However, some indicated that they believed consolidation was important first, so that they could afford to take more risks in innovation or business diversification. The focus on retaining complete family control of the business may also mean that firms are unwilling to borrow money for innovation, which would be seen as diluting control by having creditors (Wang and Poutziouris, 2010). There was certainly evidence from some of the firms in the current study that they were reluctant to have external creditors, as this would reduce their independence as a family firm and authority over decision-making. The conservative desire to rely on tried and tested operational processes would mean a negative effect of SEW on innovation; nonetheless, participants have interpreted innovation as being a "fast learner" as opposed to an "early adopter", which although it might not gain them early advantage, it would mean they are not left behind for long.

There is also some evidence, in the literature, of a decline in entrepreneurial culture and mindset over time in family firms. Researchers have found that young family firms are more likely to innovate because they are operating in a dynamic business environment, while older family firms are more likely to innovate when faced by uncertainty or new competitive pressures which threaten their survival (Laforet, 2013). Heibl (2013) also noted that the stage of life cycle in which a firm finds itself influences its approach to innovation. While the founders of the firm are likely to have been innovative and prepared to take risks, once the firm is established, the importance of socio-emotional wealth often means that younger generations of successors are more interested in preserving the firm's existing wealth over time than in investing resources into risky new innovations (Gomez-Mejia et al., 2011; Kellermanns et al., 2010). However, the findings of the current study seem to conflict with this, in that at least some participants reported that it is the founders or older generation who tend to operate the business on traditional authoritative principles and are reluctant to innovate. Their patriarchal role in decision-making, it was explained, can sometimes become a hindrance to the advancement of innovative ideas. Some of the interviewees reported, for example, that their suggestions for innovation had been blocked by older members of the family firm who were more traditional or risk-averse in their approach to the business or were unfamiliar with new technologies. Some of these reportedly had a more philanthropic, rather than an innovative approach to business, or one focused on building reputation and prestige for the firm. As a result, it was explained, these family firm owners would rather provide jobs for individuals than automate work processes, even if the latter would be more profitable in the immediate term.

Adding to this mix of findings, many of the participants also noted that approaches to innovation varied between different members of the family firm regardless of generation, or by the type of business or sector in which they were operating. Some interviewees reported that being a family firm had hindered innovation because of the need to consult difficult family members and that some were inclined to be resistant, even if other shareholders favoured plans for innovation. The conservative nature of such firms and the business sector would also play a role in determining opportunities for innovation.

Nonetheless, the respondents of this study would be more inclined to remain within traditional operational practices as opposed to adopting radically new technologies or even those that have been adopted by competitors in the market. This suggests that the simple family firm/non-family firm dichotomy, used by some previous researchers when examining innovation activity, may be too simplistic.

5.3.3 Section summary

Sub-sections 5.3.1 and 5.3.2 have summarised and discussed the main findings of the study relating to Research Question 2, "how does SEW influence innovation activity in family firms", based on the sample of Pakistani-owned family firms based either in Pakistan or in the U.K. Many of the findings provided support for previous literature which has shown that innovation activity in family firms is hindered by a focus on consolidation of existing areas of the business to help preserve socio-emotional wealth. However, there were many differences within the sample in terms of approaches to innovation and it was argued that the family social capital perspective can help to explain them in combination with the concept of socio-emotional wealth. In that sense, even though there are instances where respondents would insist that their firms value innovation, their concept of innovation would typically relate to the adoption of emerging innovations as opposed to investing in radical technology that has the potential to revolutionise the firm. To that point, SEW can be detrimental to the concept of innovation. Even though there are reduced barriers to innovation activity, it would still require the approval of the patriarch, which seems to tend towards the preservation of tried and tested operational practices as well as job creation for family members in need. Indeed, in discussing the findings relating to the first two research questions in this and the preceding section, it has been noted at many points that the concepts of socio-emotional wealth and family social capital often overlap, and that the findings of this study reveal ways in which they might be used as complementary concepts in future research. The following sections, which discuss the findings relating to the third and fourth research questions, focus on the influence of family social capital on business growth and innovation in family firms, and continue to expand the argument that the two concepts can usefully be combined to understand family firm behaviour and performance.

5.4 RQ3. How does FSC influence business growth in family firms?

As discussed in Chapter 2, social capital is a concept often used to explain the values that are gained from human networks that individuals develop; values such as trust, reciprocity, knowledge flows, and cooperation (Burt, 1997; Coleman, 1990; Nahapiet and Ghoshal, 1998; Walker et al., 1997). Social capital can provide access to business opportunities, information and knowledge that can be used for innovation, and favours or privileges that can help contribute to business growth in various ways (Carrasco-Hernández and Jiménez-Jiménez, 2013). The specific types of relationships associated with family firms have been discussed in the literature in terms of family social capital (Hoffman et al., 2006; Sorenson and Bierman, 2009) and are believed to represent a unique competitive advantage for these firms, which is difficult for others to emulate. Family social capital is generated both from the relationships that exist between family members of the firm, and from the important relationships that they can develop with external parties, such as suppliers, customers, financial institutions and government officials, because of being a family firm (Nahapiet and Ghoshal, 1998; Sirmon and Hitt, 2003; Danes et al., 2009; Dyer and Dyer, 2009). The distinction between weak and strong ties, developed by Granovetter (1973) was found to be helpful in interpreting the research data in the current study, regarding the potential influence of family social capital on business growth and innovation. Typically, family connections within family firms represent strong ties, which provide emotional and social support and are characterised by frequent interaction. In contrast, weak ties are usually in the form of external, more distant connections, such as customers, suppliers, government officials and other businesses, and characterised by infrequent contact (Granovetter, 1983; Anderson, Jack and Dodd, 2005). Weak ties play an important role in providing access to new information, opportunities or contacts that are not available through the network of strong ties (Agbim, 2019; Kozan and Akdeniz, 2014).

5.4.1 Strong ties and business growth in family firms

One of the ways in which family social capital is generated because of strong ties in family firms is through the processes of consultation and decision-making, which draw on the internal family network of trust-based relationships. In almost all the firms in the sample, whether based in the UK or Pakistan, it was indeed reported that while long-term business decisions are often made initially by the Board of Directors or owner, there is a requirement to secure the consent of all family members before major decisions are implemented. The very process of consultation and need for consensus is believed to promote and enhance trust and respect among family members, while drawing on each member's understanding, experiences and expertise, thus both generating and using family social capital. It is plausible that these processes may well contribute to strong business growth in the longer-term. The level of trust that exists between family members can contribute to the ability to avoid conflict and achieve consensus when making business decisions, reducing the potential costs of conflict management and allowing the firm to focus its resources on business growth (Lester, Maheshwari, and McLain, 2013). However, family social capital is only likely to contribute to business growth if all family members share the same values and goals; if this is not the case, then family social capital can represent a negative influence (Lester, Maheshwari, and McLain, 2013). Indeed, in a few of the firms in the current study, it was reported that internal conflicts had arisen between family members, for example regarding the role of innovation, or the distribution of benefits.

However, many of the participants in both locations in the current study commented that one of the main benefits of being a family firm was that family members were all committed to the success of the firm and shared the same goals for it. It was also mentioned that when differences of opinion or conflicts between the family members did arise, the levels of trust and respect between them often enabled them to resolve such conflicts without damage to the business. This supports the findings of earlier researchers that family social capital in family firms can reduce operational costs and enable conflicts to be resolved without too much impact on business growth (Lester, Maheshwari, and McLain, 2013). There is also clarity in the hierarchy of power in family structures within the Pakistani community where seniors are generally perceived to be more authoritative in their influence and would tend to command respect and obedience from the juniors.

On the other hand, it is possible that they might also inhibit short-term business growth since the firms employing long drawn-out consultation processes may lack the agility or adaptability to respond quickly to business opportunities. Moreover, in most of the firms, non-family employees were reportedly excluded from high-level strategic decision-making: one interviewee explained for example that these would not share the same interests as family members and that the decision-making independence of the family would be diluted if other employees were involved in it.

This also seems to demonstrate that the family firms in this study tend to rely more on strong internal family ties to the exclusion of other internal or external connections that might generate equally valuable forms of social capital. While this may contribute to long-term business growth, immediate opportunities may also be missed, for example by failing to draw on the expertise of employees, especially senior-level specialists or managers, or neglecting potential opportunities for partnering with external organisations. There might be a negative impact on business performance if the family decision-makers do not have sufficient knowledge or expertise; yet are trusted by other family members to make important strategic decisions. This may hinder business growth by limiting the range of knowledge and expertise available for decision-making process, even though this knowledge and expertise might exist among the internal and external networks of connections. Some respondents expressed that some family firms are too inward-looking, and reluctant to seek external expertise. For example, Herrero and Hughes (2019) found that the potential benefits provided by strong family social capital are reduced if a firm has low organisational social capital and fails to develop the external or non-family relationships necessary to provide important knowledge and skills. It is possible that, in the case of the present study, cultural factors and the importance of the family in Pakistani culture may be exacerbating this tendency. At the same time, the Pakistan-based firms in the sample may also suffer from a lack of available professional expertise in the local labour markets, demonstrating the complex interaction of family social capital with cultural and other contextual factors. This “locked in” phenomenon may stunt business growth and mean that the firm is not as competitive as other firms that do not require such criteria to be fulfilled.

Especially important in this context, therefore, is the role of family social capital in providing access to human capital, or “the know-how and skills of both family and non-family employees” (Huybrechts et al., 2011). The current study indicated that it was often expected that family members would enter the family firm, and this provided the firm with an ongoing source of human capital representing a range of different areas of knowledge and expertise, as well as external connections in the family members’ respective fields and generational groups. In some of the larger more well-established firms, especially in Pakistan, there was segregation in terms of different family members being responsible for different areas of the business. In several cases, roles and responsibilities were divided among senior members of the family based on their areas of qualification and expertise, a strategy which appeared to be working effectively, both within the firm and in generating external connections or weak ties in their respective areas. This had helped in turn generate more family social capital for the firm because each had a wide range of contacts with external parties in their own specialist areas. Without their individual spheres of expertise and ability to make contacts in each specialist area, the family social capital available to the firm would be much more limited. This supports Herrero and Hughes’s (2019) observation of the importance of “boundary spanning family members” who can play an important role in cultivating and maintaining a family firm’s external relationships.

Family social capital can also be generated through relationships between family members and non-family employees of the firm (Laforet, 2013). Many of the larger, well-established firms in the present study were employing many non-family employees and would recruit individuals with required expertise when necessary. However, it was reported by most of the interviewees who were employing non-family employees that these generally have minimal involvement in strategic decision-making, and that even senior non-family managers are only involved in day-to-day operational decisions. To justify this, the participants argued, for example, that non-family members of the firm do not have the same level of commitment to the firm and personal interest in its future as family members. One of the UK-based participants also argued that employees do not have the in-depth knowledge and understanding of the firm that is needed for strategic decision-making, and which family members are more likely to possess; and another explained that they retain control over decision-making because they had come into conflict in the past with managers who did not understand the Pakistani business context which affected their UK-based firm. Most of the participants in both Pakistan and the UK reported that non-family managers are consulted in decision-making but are not given the authority to make long-term strategic decisions. In some of the firms in this study, there was even evidence of a patriarchal approach in which all managerial as well as long-term decisions are taken by the owner of the family firm, sometimes the research participant himself or an elder relative. This study observed that such an arrangement may cause non-family members ultimately to look elsewhere for employment should there emerge the need to actualise a similar family firm, in their own right.

It seems therefore that the exclusion of non-family members and even family members from strategic decision-making might be detrimental to business growth, limiting the available knowledge and expertise that is used in decision-making and potentially contributing to missed business opportunities or poor decisions. This is especially the case where firms employ well-qualified, professional employees who might be family or non-family members but limit the scope of their authority in the way described above. This practice is likely to mean that such firms are not generating the best possible return on their human resources, by maximising the value that such employees can contribute to the firm. When a single individual is mainly responsible for major decisions, in the patriarchal approach described above, this may also have a detrimental effect on the quality of decision-making and in turn on business growth, since a single person is unlikely to have the breadth as well as the depth of knowledge and expertise for high quality decision-making in all areas of strategy and operations. This scenario may also provide support for the findings of earlier research which found that family firms tend to prioritise family interests over the operational needs of the firm (Athanasios et al., 2002).

In that sense, the family social capital can be stunted, as ultimately the network ties and relationships between the members would still be under the authority of the patriarch who may or may not consider the opinions of all in his decision-making. This is most apparent in Pakistan-based firms as opposed to UK-based firms, where non-family members are less influential compared to those based in the UK.

However there are exceptions where the family values emphasise the importance of building good relationships with and looking after the welfare of their non-family employees, as they also play an important role in business growth. In that sense, family social capital was extended not just to the members of the family but also to the employees of the firm. As noted earlier, some of the Pakistan-based participants had even sponsored the education of their employees' children, and several UK-based participants indicated that they are concerned to ensure their staff are happy at work; the owner of a grocery store mentioned that he regards his employees as members of his extended family. This individual case may vary but supports the findings of research, which found family firms tend to be better at managing their employees than non-family firms, and often create a positive working environment based on trust and shared values which promotes commitment and motivation among employees (Barbara and Moore, 2013). This indicates that there are variations in the perception of how family social capital affect business growth in family firms. It perhaps indicates a need to expand research into family firms and the concept of family social capital by incorporating a greater emphasis on the roles and responsibilities of non-family employees, relationships that exist between them and the family members of the firm, and how these contribute to business performance and the achievement of the firm's immediate and long-term goals.

5.4.2 Weak ties and business growth in family firms

Weak links are especially important in generating business growth because they provide access to finance and investment opportunities. It was explained by the Pakistan-based research participants that, in Pakistan, it is only possible to secure loans and finance if you have a good family and business reputation. Since the business culture of Pakistan is largely based on reciprocity and favours, social networks are extremely important in providing opportunities to secure finance or business opportunities.

However, the Pakistan-based participants expressed mixed views regarding the role of social networks and reciprocity and the ways in which this influences business growth. They argued that in Pakistan the only two ways to achieve successful growth are by building relationships or by using bribery and other forms of corruption. Explaining how the first approach operates, some of the participants discussed ways in which cultivation of relationships with government officials, dignitaries, financial institutions and other businesses had been very important in the business growth of the firm, particularly in helping overcome external pressures arising in the Pakistan business environment in recent years. High-ranking contacts were seen as important in contributing to the status and reputation of the business among customers and other stakeholders, while personal contacts with financial institutions, suppliers and other businesses had been crucial in securing access to credit and to valued sources of expertise. For example, the owner of an import business described how his firm had been able to secure credit from a bank without the need for the usual security checks, on the strength of the family name.

Some of the Pakistan-based interviewees also indicated that although they recognised the value of relationship building, they avoided entering reciprocal relationships or accepting favours from external contacts because of a reluctance to incur debts that they might struggle to repay. Such a scenario would then be very damaging to their reputation, they explained. Others acknowledged that while relationship building was very important in this environment, they had not yet worked at developing external relationships or were not effective in doing so. One noted that entering reciprocal relationships with external contacts could also compromise the independence of decision-making in the family firm, an important aspect of socio-emotional wealth. An alternative source of relationship-building which was unique to the Pakistan-based participants was the use of inter-marriages or making connections within their ethnic community for recruitment or business expansion purposes. This appeared to be a potentially effective strategy for combining elements of both strong and weak ties for the benefit of the family, by drawing on a wider network of contacts in which commonalities and trust were likely to be already present. The challenge with weak ties is that the family social capital would not be utilised as liberally as it would in cases of strong ties, as these weak ties tend to have reduced levels of trust and an expectation of reciprocity that may not be in the best interest of the firm.

A particularly important aspect of family social capital, that is generated through contacts with external or weak contacts and was found to be important in both locations, is reputation (Rindova, Williamson, Petkova and Sever, 2005; Rindova, Williamson and Petkova, 2010) (Danes et al., 2009). As discussed earlier, the identity and reputation of the family firm are important aspects of socio-emotional wealth which are perceived to be important in adding value to the firm and should be built and preserved over time. This provides an important example of the ways in which socio-emotional wealth and family social capital are complementary concepts. Successful family firms can use their trusted family name to provide assurances of reliability to customers, suppliers and other stakeholders, and this represents an important source of family social capital that can be used to expand their markets, secure credit or gain access to business opportunities (Colli, 2011; Landes, 2006; Sageder, Mitter and Feldbauer-Durstmu, 2018). Many of the interviewees in both locations stressed the importance of their family reputation as being one of the most important assets they have and highlighted the use of family social capital in reinforcing it, by describing the ways in which family firms can build relationships with customers in personal ways that large non-family firms are generally unable to achieve. The owner of a travel firm in the UK, for example, explained that the key to success of his family firm was the relationships that it had been able to develop with a range of different Asian communities in the UK, whose trust in the firm they would never jeopardise. An importer of sportswear emphasised that the reputation of the family firm had been built up over decades, since his father had first established the business in the UK. Likewise, the owners of an Asian grocery store and a takeaway restaurant in the UK both described the importance of “word of mouth” marketing among their customers in enabling them to build a good reputation and achieve business growth. The founder of a UK-based pharmacy business described using specific relationship-building strategies with customers, such as offering a free prescription delivery service, which had reportedly been very effective in the growth of the business. The same participant also explained that he had used other business and social networks to promote the business, which had proved successful in generating new customers.

A potential risk of using family social capital in the form of inter-organisational relationships, however, was described by one of the interviewees who owns a construction company in the UK. He explained that, when interacting with external contacts such as the employees of their clients, family firm members can sometimes develop closer working relationships with them than with other family members. His comment indicated that this could threaten internal socio-emotional wealth or family social capital and perhaps have a long-term negative impact on business growth, even if business benefits are gained in the short-term. This would also jeopardise the unity and collectivism that is generally present in most family firms as it would encourage members to explore other working opportunities or introduce ideas that may clash with the family values.

With regard to the use of bribery and corruption, most of the Pakistan-based participants claimed that they did not participate in these practices and viewed them as a negative aspect of Pakistani business culture, which was sometimes unavoidable, but had not contributed to the business growth of their firms. It is not possible to verify these responses based on the research data, but it might be expected that participants would be unlikely to divulge information to the research about their use of illegal practices even if these do exist. Based on the extensive but indirect accounts of these practices in Pakistan business culture, the main conclusion that can be reached on this issue is that corrupt practices do indeed form an integral part of business relationship building within Pakistan, and that family social capital in the form of weak ties can contribute to business growth through their use in this setting. In contrast, the UK-based participants in the sample did not generally refer to the use of these practices except in the context of interactions with Pakistan-based contacts, due to the tighter legislative UK business environment in which they are operating. This demonstrates the ways in which the use of weak ties to help drive business growth is largely dependent on contextual factors relating to business culture and setting.

5.4.3 Section summary

Sub-sections 5.4.1 and 5.4.2 have summarised and discussed the main findings of the study relating to Research Question 3: “how does family social capital influence business growth in family firms”, based on the sample of Pakistani-owned family firms based either in Pakistan or in the U.K.

Many of the research findings provided empirical support for various arguments in the theoretical literature regarding the ways in which family social capital influences business growth. For example, it was found that most firms in both Pakistan and the UK were using extensive processes of consultation to draw most effectively on family social capital when making strategic business decisions. However, examples also emerged of situations in which the firms relied too heavily on family members and were too inward-looking, excluding the potentially valuable expertise of non-family managers or employees, or being reluctant to benefit from external opportunities available via their wider networks of contacts, or weak ties. The findings also suggested that cultural factors and the extreme importance of the family in Pakistani culture may be exacerbating these tendencies and hindering business growth.

As in the case of research questions 1 and 2, the findings regarding research question 3 highlighted ways in which socio-emotional wealth and family social capital can be used as complementary concepts in research into family firms. This was particularly the case regarding reputation, an important aspect of SEW that was seen by many of the research participants in both locations as one of their most important assets. The findings demonstrated the value of family social capital as a concept for understanding the ways in which they build relationships which enhance this reputation, and which also reflect the nature of the business environment in which they operate. The study has uncovered that family social capital has benefited the firms in this study through the smoothening of business challenges and the development of trust in the brand as, over time, the firms have developed a respectable reputation within their community, and with their workers.

5.5 RQ4. How does FSC influence innovation in family firms?

The study also explored the ways in which the sample of Pakistani-owned firms in Pakistan and the UK use family social capital for the purpose of innovation. Previous researchers have reported mixed findings regarding the influence of family social capital on innovation in family firms. What has been well established is that in all types of firms, whether family or non-family-owned, the ability to capture, share and effectively utilise knowledge from both internal and external sources is positively associated with innovation performance (Chiaroni et al., 2010; Lichtenthaler and Lichtenthaler, 2009). Family social capital in the form of strong internal relationships in family firms has been shown in previous research to be strongly associated with the ability to transform knowledge into innovation (Zahra and George, 2002; Anderson et al., 2003; Zahra et al., 2007; Patel and Fiet, 2011). Previous researchers have also identified ways in which “familiness”, the concept often associated with family social capital in the literature, is positively associated with innovation performance. “Familiness” is defined in terms of the unique resources and capabilities that are distinct to family firms (Bromiley and Rau, 2015; Hermann et al., 2010). These often include, for example, the possession of tacit knowledge, which is not formally documented but based on first-hand experience and knowledge of the firm and its sector, and the firm’s ability and willingness to identify and share knowledge effectively within the firm (Craig and Dibrell, 2006; Kellermanns et al., 2012). Gómez-Mejía et al. (2007) also argue that family firms have the flexibility, often not present in non-family firms, to adapt rapidly to new opportunities or emerging technologies.

On the other hand, the inward-looking focus of many family firms can hinder their ability to identify relevant new knowledge, patriarchal decision-making structures can deter individual members from coming forward with new ideas, and, as discussed earlier in the chapter, there is often a tendency for family firms to focus on consolidating their existing business rather than on innovation (Wang and Qualls, 2007; Kontinen and Ojala, 2011; Kellermanns et al., 2012; Casprini et al., 2017). The following sections therefore consider the ways in which family social capital seems likely to have a positive or a negative influence on innovation in the sample of Pakistani-owned firms in the current study.

5.5.1 Potential positive influence of family social capital on innovation

As discussed earlier, it was found that in general there were more positive attitudes to innovation among the UK-based participants in the sample, though a few of the Pakistan- based interviewees also reported that they have a strong focus on innovation and that employees and family members of the firm are encouraged to be continually innovative. This seems again to reflect the business context in which the two sets of firms are operating, with increased competitive pressures, which do not exist to the same extent in Pakistan, driving innovation in the UK business environment. However, since some of the Pakistan-based firms did report being highly innovative, this indicates that a more complex range of factors also have an effect, which includes the influence of family social capital.

Some previous researchers have argued that older members of the family tend to be more entrepreneurial and innovative, while younger generations are more risk-averse and keen to preserve the firm’s legacy rather than undertaking innovation (Arndt et al., 2018). In contrast, other studies have found that that innovation is more likely in family firms which have multiple generations involved in the business, with younger family members often bringing in new ideas and expertise (Wang and Poutziouris, 2010; Zahra, 2005). Overall, the findings of the present study were more aligned with this second body of literature, as they showed that in many cases the family firms became more innovative when younger and more highly educated members of the family came into the firm. This was a feature of firms located in the UK as well as in Pakistan, with several interviewees giving examples of the ways in which their children or other younger generation members had introduced innovations that had enabled their firm to save money or to introduce new product or service lines.

Family social capital, in the form of strong or weak ties with individuals and organisations outside the family firm, can also potentially contribute to innovation, providing new ideas or technologies that may not have otherwise been available to the family firm, or providing access to potential partners or other stakeholders that might be needed to finance innovations or help bring them to market. This is dependent, however, on being externally oriented in order to be able to identify new knowledge (Danes et al., 2009). Having a common language and norms can promote the development of external connections and networks by family firms (Carrasco-Hernández and Jiménez-Jiménez, 2013). Innovation in that sense, would involve the infusion of external knowledge or expertise through a family member (strong tie) or an affiliate (weak tie), in which case, the family member may be trusted more to carry out higher risk innovations, whereas innovations recommended by an affiliate may need to be proven in the market before they would be adopted by the firm.

Among the Pakistan-based firms, overall, the emphasis on innovation was lower than in the UK. There were more examples of firms using family social capital to contribute to innovation by making and cultivating connections with valued external contacts. This reflects the nature of the business environment in Pakistan, in which relationships and reciprocity are critical for effective business in all sectors, and in some of the firms these were reported to have helped them secure finance or valuable business connections, which resulted in innovative new projects. Being a family firm was perceived to have contributed significantly to the firm's ability to generate family social capital within these social networks which led to such innovative projects, as the external stakeholders were familiar with the family name and had trust in and respect for this and were therefore more likely to collaborate with the firm. These findings also suggest that these firms' internal family social capital, in the form of inter-relationships between members, was also conducive to locating relevant knowledge from external sources and translating this into successful innovation. In that sense, these firms view innovation as an externally developed object that would be adopted through network ties and require a minimal amount of risk.

5.5.2 Potential negative influence of family social capital on innovation

While strong internal capital might contribute to innovation, the tendency to employ mainly family members and to exclude non-family employees from decision-making may also restrict access to valuable knowledge and expertise that might be used for innovation purposes. Previous researchers have found that two factors often hinder effective innovation performance, negative attitudes towards capturing and using external knowledge, and an inability to identify useful external sources of knowledge (Casprini et al., 2017).

Being too focused on independence and failing to develop strong or weak links with external individuals or businesses can also hinders innovation in family firms. As a result, there are sometimes low levels of knowledge within family firms of technological developments in their sector and thus a failure to adopt them (Wang and Qualls, 2007). There was some evidence of that among the firms in this study, based both in Pakistan and in the UK. Some of the interviewees noted that they felt innovation performance had been adversely affected because non-family employees were either not recruited or excluded from key decisions, reflecting the findings of previous literature that potentially rich sources of innovation had been excluded from family firms (Zahra, 2005). However, one of the UK-based firms in the present study noted that although innovation had been slow because the firm rarely recruits non-family members, at times they were deliberately recruited to “pick their brains” and bring new ideas and expertise into the organisation. Participants would agree that the lack of external input would hamper innovation and would mean that old values and trusted processes would not be changed to accommodate new ideas, because of familiarity.

It is also the case that in many family firms, especially those with more patriarchal cultures, the importance of respect for senior family members may inhibit the willingness of others to challenge their views or to put forward alternative suggestions. Some of the interviewees in the present study did report differences of opinion regarding the need for innovation within the firm, which had sometimes prevented it from going ahead. These differences were most often between the generations, with participants arguing that the elders of the family were unfamiliar with technological developments and had blocked the efforts of younger members to introduce changes in business processes or practices, as mentioned earlier. There are mixed findings from previous literature regarding the role of different generations of a family firm in innovation, with some reporting that founders are more likely to be entrepreneurial and innovative in their approach (Kellermanns et al., 2010; Gomez-Mejia et al., 2011) while others have argued that a more complex approach to innovation often exists, with multi-generational firms also performing well in innovation (Kellermans et al., 2012), and performance also depending on the type of business pressures faced by the firm (Laforet, 2013). On the whole, the findings of this study based on Pakistani-owned firms operating in Pakistan and the UK conflicted with much of the existing literature in this area (e.g. Kellermanns et al., 2010; Gomez-Mejia et al., 2011) by demonstrating that it is often younger members of the firm who attempt to be innovative, but have their suggestions blocked by the owner or older generation of family members. This may reflect cultural factors relating to being Pakistan-owned firms, especially the patriarchal authority structures which concentrate decision-making at the higher levels of the organisation, as well as the greater likelihood that younger generations of the family, whether living in the UK or Pakistan, may have been more exposed to a much wider range of ideas and education than their family elders. In that sense family social capital has led to a "locked-in" approach, which tends to reject external assistance, or any introduction of new ideas to bring innovation to the firm.

5.5.3 Section summary

Sub-sections 5.5.1 and 5.5.2 have summarised and discussed the main findings of the study relating to Research Question 4: "How does family social capital influence innovation activity in family firms?", exploring the sample of Pakistani-owned family firms based either in Pakistan or in the U.K. Overall, the findings revealed relatively low levels of innovation activity in this sample of family firms, which is broadly in line with the wider literature which has shown that family firms are often reluctant to pursue innovation except in situations when this becomes necessary due to declining performance (e.g. Hu and Hughes (2020). There were also differences between the UK-and Pakistan-based firms, with those in the UK expressing more positive attitudes in general towards innovation, which are also in line with these arguments, since the U.K. is a more competitive business environment overall. Despite this, there was considerable variation between firms in both locations regarding innovation activity, and in many respects, these reflected differences in their approach to using family social capital. For example, they included the extent to which non-family employees participated in business decisions, and the entry of younger members of the family into the firm who possessed more positive attitudes to innovation. It can be said that family social capital would negatively affect innovative activity, though there are exceptions in some of the respondents who would be more open to new ideas. Overall, these findings indicate that, as in the case of socio-emotional wealth, the influence of family social capital on innovation in family firms is indeed complex and affected by a range of socio-cultural and contextual factors. These types of factors are discussed more fully in the remaining sections of the chapter.

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5.6 RQ5. How does national culture influence attitudes to and management of SEW and FSC in family firms with the same national background, operating in different cultural environments?

One of the main strengths of the current study lay in the opportunities it provided to explore the impact of national culture on attitudes to and the management of socio-emotional wealth and family social capital among family firms from the same national background operating in two different cultural environments. There was a distinct gap in the review of literature for studies that had similarly examined the influence of a single national culture on family firms operating in different cultural environments. This provided the opportunity not only to explore the influence of Pakistani national culture on family firms, but also to start to disentangle the impact of national origin and cultural environment on the attitudes and behaviour of the family firms' members.

5.6.1 Influence of Pakistani culture on SEW and family social capital

Since all the firms in this study were owned by families of Pakistani origin, it provided an opportunity to explore the influence of Pakistani culture on attitudes to and the management of socio-emotional wealth and family social capital, regardless of the geographical and cultural setting in which the firms are based. Overall, most of the participants acknowledged in one way or another that being Pakistani has had an influence on their own thinking and on the way in which they conduct their family business. Various aspects of Pakistani culture were cited as having an influence, including the Islamic religion, patriarchal family structures, the importance of respect for elders, and the important role of relationships and connections in Pakistani culture. The influence of these factors extended to the management of socio-emotional wealth, such as decision-making practices and criteria, the distribution of benefits from the firm to family members, and to the management of family social capital such as the employment of family- and non-family employees, and the use for business purposes of relationships with external stakeholders. These cultural influences were evident among participants based in the UK as well as in Pakistan and are discussed below.

Some of the participants in both locations underlined that being a family of Pakistani origin or Muslim religion had contributed to the success of their family firm. An emerging theme that these participants highlighted is that Pakistani people are typically hardworking and family-oriented, and that Muslims have shared religious and ethical values which are important in contributing to business success, such as the value placed on community contributions, which had in turn helped build the reputation of the company. In the case of some UK-based firms, which had business interests or stakeholders in Pakistan, the shared culture and trust-based relationships had also been instrumental, they explained, in the success of these relationships. These findings seem to reflect an awareness of the role of family social capital or "familiness", the types of values shared by family members, and an emphasis on using them to best advantage in growing the business.

Beyond this, the specific family name and reputation, an important aspect of socio-emotional wealth according to the literature, appeared to be of greater importance in contributing to the success of the family businesses based in Pakistan than of those in the UK. In the setting of Pakistan, where there is a relatively small elite population of successful business owners, this name is likely to be well known, and therefore it is crucial to have a good business reputation. This provides the family with status and respect in society, which in turn contribute to the success of the business. One of the participants illustrated this by explaining that potential customers will often ask about the family name and how long they have been in business. This is less important in the UK, where the participants concurred that the business environment is much more competitive and where, on the whole, family name counts for less than proven success. In some firms based in the UK, family name and status had helped in securing customers, but the influence of such factors appeared to be less important than in Pakistan. This helps demonstrate that the ways in which socio-emotional wealth contribute to business growth are likely to depend at least in part on the socio-cultural and business setting in which firms operate, and that these types of contextual factors should therefore be considered when conducting research on socio-emotional wealth and family firms. This supports the arguments of previous scholars such as Welter, 2011 and Zahra and Wright, 2011.

There were few noticeable differences between the Pakistan-based and the UK-based firms in terms of management practices, but in both locations, they often reflected the typically patriarchal culture of Pakistan, with the founder or most senior member of the family and the firm being ultimately responsible for major business decisions. The importance of the family in Pakistani culture was also evident in the extent to which most of the family firms had protocols in place for consulting all family members in the decision-making process. Overall, non-family members were not included in them, except in the case of more routine operational decision-making, though there were exceptions to this in both locations where very experienced senior employees were also involved. This would highlight that the concept of “familiness” may be broken in some cases where certain individuals might be ‘adopted’ into the family as they have gained sufficient trust to participate in decision-making process.

The patriarchal organisational structures are of course not unique to Pakistani culture; previous researchers (e.g. De Vires, 1994; Tagiuri and Davis, 1996; Lubatkin et al., 2005; Haberman and Danes, 2007) have similarly found evidence that the elder male of the family often plays the most important role in decision-making in family firms. However, the importance of authority and respect for elders in Pakistani national culture is a factor which is likely to reinforce these practices. Indeed, one of the concerns expressed by interviewees in both Pakistan and the UK is that younger members of the firm are less likely to accept these traditional ways of doing things, a development which might potentially have either negative or positive influences on operational stability as well as business growth. In one or two cases, interviewees indicated that they would have benefited more over time from more professional input from outside the family, and some acknowledged that sometimes the lack of first-hand knowledge or specialist expertise of the senior decision-maker had resulted in misguided decisions that had been harmful to the firm. On the other hand, respect for elders and shared values among family members appear to have been important among the firms in enabling them to overcome conflicts and achieve consensus in decision-making, a form of family social capital which might be weakened along with adherence to traditional values among younger generations. The findings therefore suggest that there are potentially complex interactions between cultural and generational factors in family firms which are dynamic and changing over time, and which are likely to influence attitudes to the management of socio-emotional wealth and family social capital in such firms.

Another characteristic of these firms, which reflects both Pakistani and Muslim culture, is the focus on the interests of the community as well as those of the extended family. Prioritising family needs over business needs is a common characteristic of family firms in general (Taqqkyi-Asiedu, 1993; Harvey and Evans, 1994; Kiggundu, 2002; Sharma, 2008). However, in the case of the Pakistani-owned family firms in this study, this practice seemed to go even further in terms of extending to sponsorship of community projects, as well as the distribution of benefits to members of the extended family, regardless of their own level of involvement in or contribution to the firm. Previous researchers have noted that family-owned firms often have a strong focus on corporate social responsibility (CSR), which contributes to the generation of socio-emotional wealth (Binz et al., 2013; Dyer and Whetten, 2006; Sagedar et al., 2018). The findings of the present study suggest that this focus is particularly influenced by cultural and religious factors in the case of the sample of Pakistani-owned firms. This introduces an important new dimension to the understanding of how and why family firms engage in CSR, for example to fulfil religious beliefs and obligations, while also building the identity and reputation of the family firm. The emphasis on CSR also has implications for family social capital as their community-based activity would build the network linkages, which the family enjoys with the larger community, and with government bodies, for goodwill.

There was no clear difference by geographical location in terms of the distribution of benefits to members of the extended family, with some participants in both locations reporting that profits or compensation were allocated equally between family members regardless of their contribution to the firm, while others indicated that the amount of compensation received depended on their level of seniority, or alternatively on the respective competencies or contributions of family members. To an extent, the latter practice was more commonly found in the UK, where the competitive labour market environment meant that individuals were more likely to be paid in accordance with their skills and qualifications. In both locations, however, some interviewees reported that family members receive financial support based on their level of need rather than their input to the firm. Again this appears to be related largely to the influence of Pakistani culture, in which family relationships are regarded as very important, and provide support for Curran's (2000) warning that Western business theories may need to be modified for use in understanding firms in non-Western settings or in immigrant firms in which cultural influences are strong. However, the differences between firms in the two settings also indicate that practices regarding the distribution of benefits are influenced by other factors which need to be considered when examining attitudes to and the management of socio-emotional wealth and family social capital by family firms. The wider influence of the national business setting on these is discussed further in the following section.

5.6.2 Influence of business setting on SEW and FSC in family firms

A number of differences emerged between the Pakistan-based and the UK-based family firms in this study, which reflected the influence of the business environment in their geographical location, and which therefore demonstrate the importance of taking these into account when conducting research on socio-emotional wealth and family social capital in family firms. Previous researchers have highlighted the strong influence that external factors, such as market and economic conditions and the regulatory environment, often have on the performance of family firms (Pettit and Singer, 1985; Berger and Udell, 1998; Acs and Szerb, 2007; Kellermanns et al., 2008; Dragnic, 2014).

One of the main differences that emerged from the present study was the widespread corruption reported in the business environment in Pakistan, which often hindered business operations if firms were not prepared to participate in bribery, though none of the participants admitted to doing so. The UK-based firms in the study were not affected by corruption to the same extent as the Pakistan-based firms. However, some of the UK-based firms, such as food import companies, were also operating in Pakistan and they reported, for example, that Pakistani customs officials often asked for financial bribes before releasing their goods. In a sense, these types of interactions, which are reported to be an integral part of business culture in Pakistan, can be regarded as a manifestation of the use of family social capital to benefit the business, in the form of the reciprocal relationships developed with external stakeholders who provide business benefits in return for bribes or other favours. This therefore adds to the literature on family social capital by demonstrating that such relationships might not necessarily be positive in nature or based on goodwill but are nonetheless reciprocal and potentially beneficial for the business. Such business practices would facilitate relationships and contribute to the family social capital in terms of influential networks.

More generally, achieving business success in Pakistan was shown to be more dependent on relationship building and reciprocity than in the UK business environment. In contrast, the UK environment is much more heavily regulated, and although more official support is available in the form of government information and advice, it is also more competitive and has a relatively level playing field in business. As a result, though informal contacts and connections are often important, they do not play such an important role as in the Pakistan business environment. One UK participant reported that older members of the Pakistani community sometimes try to utilise their family name and contacts to secure privileges unfairly in the UK, and that this had to some extent given the community a bad reputation in this setting. It was also mentioned that in Pakistan, the elder of a family firm will often reap considerable financial benefits on its behalf, without having actively to work in the firm; whereas in the UK even these elders were expected to pull their weight and actively work within the firm. This suggests that in highly regulated business settings, relationships are often more transactional than reciprocal in nature, and highlights the importance of considering such contextual factors when exploring the use of family social capital and socio-emotional wealth.

Many of the firms indeed reported that the more informal and reciprocal ways of doing business in Pakistan could be beneficial, and that social contacts were particularly important there, in gaining business favours or access to important services such as financial credit. In this respect, growing a business was reported to be easier in many respects than in the more competitive and tightly regulated business environment of the UK. However, the other side of this coin is that the family name can be used to blackmail the firm, or at least to hold it to debts or reciprocal favours. For this reason, many of the firms in both Pakistan and the UK were avoiding using their personal connections for business purposes, so as not to be committed to repaying favours in future.

To an extent, in any case, the relative importance of relationship-building with customers and others also reflected the nature of the business rather than the business culture setting. This is in line with the findings of researchers such as Pelham and Wilson (1995) and Hawawini et al. (2003), who observed the ways in which industry structure has an impact on a firm’s performance. In the present study, for example, those firms in the catering or grocery business or in fashion or footwear, relied heavily on being able to build a good reputation and regular business with their customers, and on word of mouth to promote their firms and their products, in both Pakistan and UK business environments. This is likely to relate to the fact that in these types of sectors, there is more direct personal contact with end customers than, for example, in the import sector. Since customers might be coming into direct contact with members of the family, for example when visiting a grocery store or restaurant, building strong trust-based relationships with these customers and conveying a positive image of the firm is likely to have a beneficial impact on performance.

In most of the family firms operating in Pakistan, there was a greater number of family members employed, compared to the UK. This may reflect at least in part the greater range of opportunities available to people in the UK labour market, and the expectation in this setting that members of the family will join the firm once they are educated and qualified. On the one hand, this enables the family firm to benefit from their expertise, but on the other hand, the cultural obligation to give jobs to family members may at times result in a situation in which people are not fully qualified for or suited to their positions, with an adverse impact on business performance. As noted by one of the UK-based participants who owns a construction firm, there are more stringent professional standards in the UK business environment, which necessitate higher levels of performance by all members of the firm. In Pakistan, in contrast, lower standards of production and less stringent regulations mean that firms do not face the same pressures and that family members might be able to hold positions for which they would be under-qualified in the UK. However, poor-quality standards in Pakistan, as well as the tendency for customers to ask for credit, were cited by some of the UK-based participants not only as frustrations when collaborating with suppliers or other stakeholders in Pakistan but also as factors that discourage them from basing their business there. Such business setting factors would contribute to different attitudes and requirements that would limit the accumulation of SEW.

In most of the Pakistan-based firms strategic decision-making was found to be the domain of family members only, with any non-family managers restricted to day-to-day operational decisions in their own areas of responsibility. This is in line with the findings of Miller et al. (2013) that the influence of an organisational leader’s own characteristics on business performance varies according to the socio-political context in which the firm operates. Although the findings of the present study are in large part related to the patriarchal aspects of Pakistani culture, they also apparently reflect in some cases the greater difficulty of recruiting senior professionals in Pakistan compared with the UK and again demonstrates the influence of business setting on the management of family social capital. In the UK, where professional non-family specialist staff were more often recruited at least by the larger Pakistani-owned firms in the sample, these were more typically consulted in the decision-making process, even if the head of the family retained the final say in the case of major strategic decisions. This seems to represent an example of the ways in which these firms have adapted their practices and use of family social capital to the business setting, therefore managing both their internal and external environments in ways that are important for business success (Boeker, 1988; Baum et al., 2001).

Figure 1 : Relationship Between Culture, Business Setting and SEW

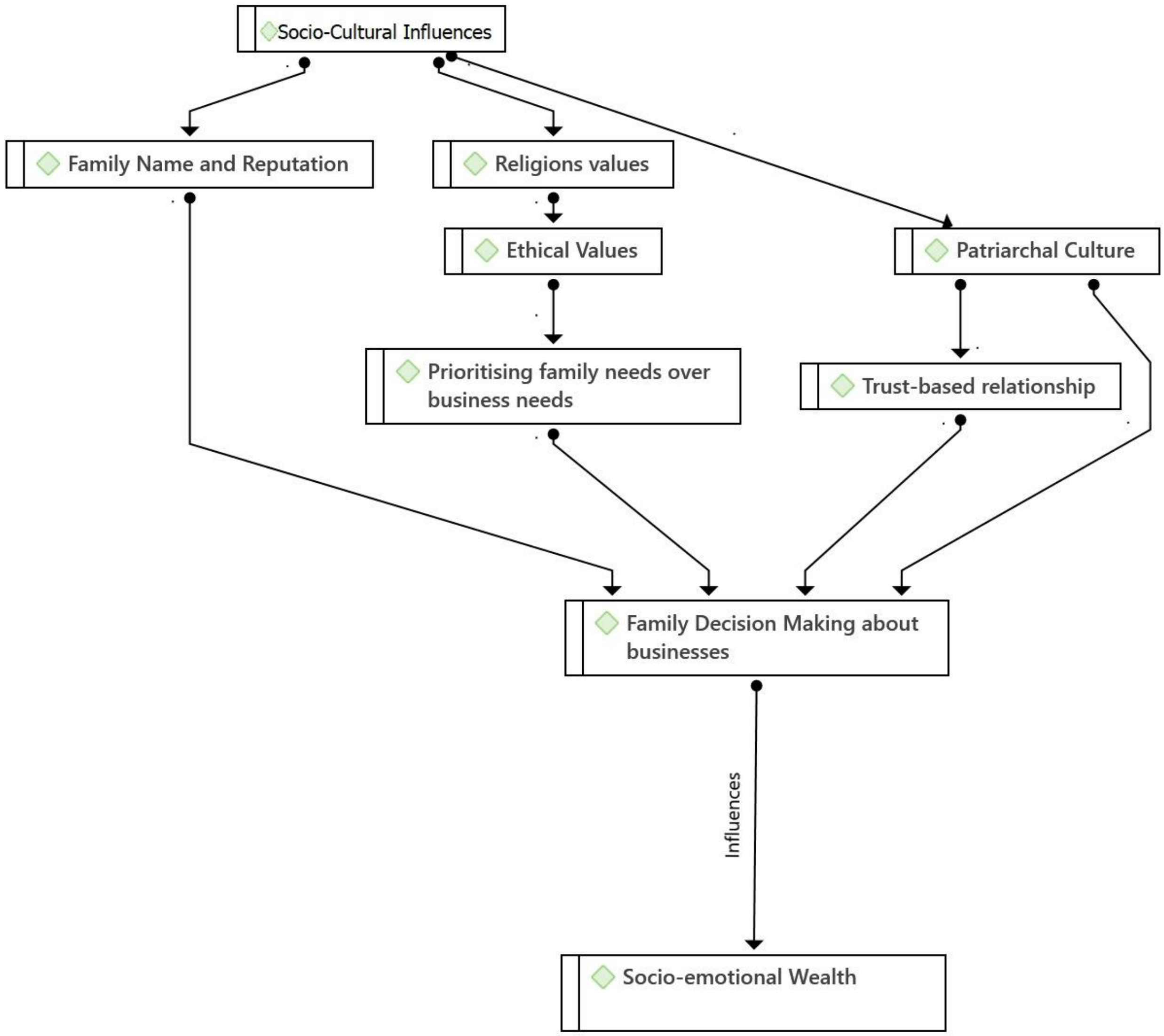

Figure 1 above encapsulates the intricate interplay of socio-cultural factors within Pakistani family firms operating both in Pakistan and the UK, reflecting the fusion of Islamic values, patriarchal family structures, respect for elders, and robust interpersonal connections. These elements profoundly influence various facets of business operations, encompassing decision-making protocols, benefit allocation, and the management of family social capital. The industrious and familial nature of the Pakistani populace, intertwined with shared religious and ethical principles, serves as a bedrock for business triumph, notably through a profound commitment to community engagement. In addition, the vitality of trust-based relationships and shared cultural roots surfaces in the context of UK-based firms operating in Pakistan. This amalgamation of familial ethos, cultural context, reputation, and familial identity converges to propel business growth by harnessing the potential of socio-emotional wealth. This illustrative framework underscores the imperative of incorporating socio-cultural and contextual considerations when comprehending the nexus between socio-emotional wealth of family enterprises.

Figure 2 : Relationship Between Culture, Business Setting and FSC

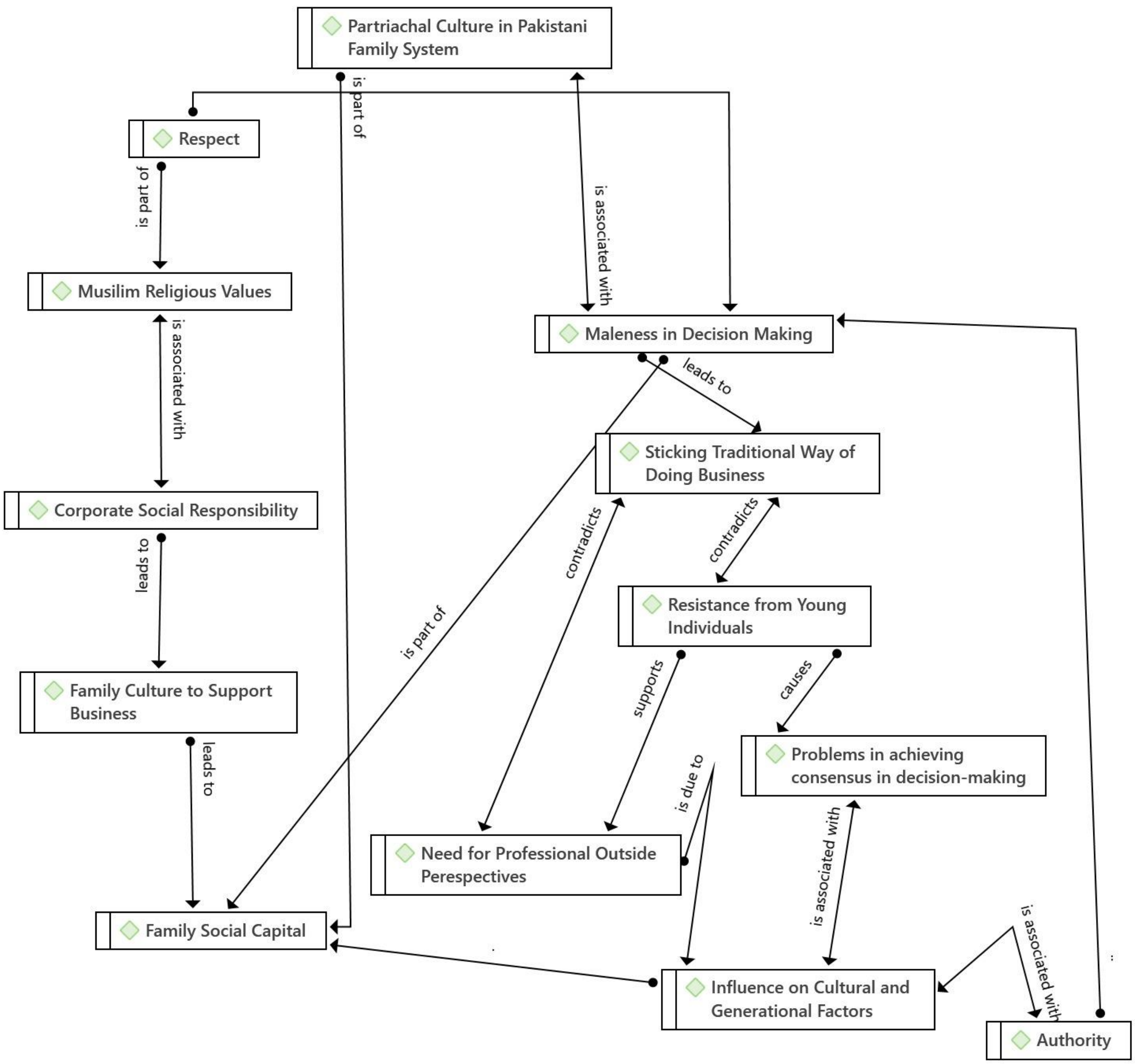

Figure 2 above illustrates the complex interplay between traditional patriarchal family firm structures of Pakistani firms operating in Pakistan and the UK, that promotes, male-dominated decision-making roles. The family structures often support traditional ways of doing business. However, there is resistance from younger generation who looks for more professional perspectives from the experts. In addition, generational transitions can yield innovation and growth, they can also generate conflicts among families due to controlled authority by elderly member of the family. The figure also highlighted the Muslim cultural values that is associated with the respect among community in general and family. The Muslim values shows that integration of Corporate Social Responsibility (CSR) activities, particularly within the context of Pakistani culture. The whole value systems thus, supports the family business in various ways in terms of avoiding conflicts and maintain values, and business stability. Therefore, all these cultural factors influence family social capital.

5.6.3 Section summary

Sub-sections 5.6.1 and 5.6.2 have summarised and discussed the main findings of the study relating to Research Question 5, “How does national culture influence attitudes to and management of socio-emotional wealth and family social capital in family firms with the same national background but operating in different cultural environments?

The was the first known study to have investigated impact of national culture on attitudes to and the management of socio-emotional wealth and family social capital among family firms from the same national background but operating in two different cultural environments. It was valuable in providing research-based information on the ways in which national culture, as well as the national context in which the firms were operating, influenced their behaviours, using socio-emotional wealth and family social capital as concepts to explore and interpret it.

Many examples were generated of ways in which being of Pakistani cultural origin was influencing the attitudes and behaviours of the participants and their family firms, such as the extreme emphasis on the importance of the extended family. However, broad differences were also notable, which mirrored the context in which they were operating, such as the greater need to cultivate weak social ties in Pakistan, reflecting the relationship-based nature of the business culture there. The experiences of these Pakistani-owned family firms were found to fit closely with many aspects of the socio-emotional wealth model and the concept of family social capital. This helped confirm their value and relevance for understanding family firm behaviour in the context of a non-Western culture and to fill gaps in the literature, which has been based on research with firms from Western national cultures.

5.7 Overlap between Family Social Capital and Socio-Emotional Wealth

This study identified the nexus between the concepts of ‘Familial Social Capital’ and ‘Social Emotional Wealth’. Through research, it was discovered that there were several integrations between the two paradigms – ways in which both academic disciplines overlap - with both critical theories intermeshing to afford a holistic perspective on familial interpersonal dynamics and wellbeing. Such a holistic perspective can be split into distinct concepts:

<u>Strengthening of Family Bonds</u>

When family social capital and socio-emotional wealth intersect, findings suggest that family bonds are further bolstered. Through the rewards reaped from the considerable socio-emotional wealth generated through commitment to SEW- the aforementioned fostering of communication, trust and collaboration – the cohesiveness of the family unit is enhanced, and the family’s social capital is further reinforced. Therefore, family social capital and socio-emotional wealth exhibit reciprocal influence.

<u>Mutual Benefits: Nurturing the Firm and Family Well-being</u>

Family businesses are uniquely placed to utilise the advantages of familial social capital for the realisation of business prosperity and longevity. Familial social capital, encompassing elements such as profound trust, mutual understanding, and effective communication among family members, fosters an environment conducive to problem resolution and enhances decision-making procedures within the enterprise. This, in turn, contributes to organisational efficiency and efficacy.

Moreover, there is a pivotal role played by the emotional commitment of family members towards the firm. This commitment instigates a sense of dedication and fosters resilience, particularly during adversity, thereby serving as a bulwark against operational challenges. Furthermore, emotional commitment, a significant component of socio-emotional wealth, drives the firm's sustainable growth. The enduring nature of socio-emotional wealth, nurtured by family members' resilience and commitment, contributes to the firm's longevity and success.

Socio-emotional wealth, an invaluable asset cultivated through emotional bonds and shared familial values, is significantly nurtured by the family's social capital. Social capital, an aggregation of resources derived from relationships of trust, mutual understanding, and shared experiences within the family, facilitates the emotional investment of family members in the business.

Thus, the family's social capital serves a dual purpose. Firstly, it functions as a protectant during periods of uncertainty, providing a ‘safety net’ and reducing the familial apprehension surrounding potential impending failure. Secondly, it enables effective long-term strategic planning for the family enterprise, offering a foundation for future growth and development.

The mutual reinforcement of family social capital and socio-emotional wealth is a dynamic interaction- an interaction that enhances familial well-being and contributes to the firm's success, highlighting the intricate and mutually beneficial relationship between the two concepts- that familial and business prosperity are not separate entities but are interconnected, reinforcing each other to enhance overall stability and growth.

Balancing Family and Business Interests

There are inherent complexities at the intersection of familial social capital and socio-emotional wealth. While these constructs serve as resources for family firms, their interplay can cause challenges. As a result, negotiating a delicate equilibrium between family dynamics and business operations is crucial, allowing family members to circumvent conflicts originating from personal emotions or individual ambitions.

Therefore, the family enterprise, in its pursuit to amalgamate family and business, should enact clear and effective communication and conflict resolution mechanisms. This proactive approach to conflict management aids in managing and mitigating potential disagreements that could detrimentally impact the firm's operations or family relationships. Furthermore, establishing robust governance structures ensures an alignment between these potentially disparate family and business interests.

Transitions and Succession planning

At pivotal junctures in the lifecycle of a family enterprise, specifically, transition phases such as generational handovers or changes in leadership, the entanglement of familial social capital and socio-emotional wealth necessitates careful contemplation.

Succession planning, in this context, assumes a complex dimension as it is tasked with the transference of not merely the ownership and managerial responsibilities of the business but also the family's emotional affiliation and historical legacy, which are deeply ingrained within the organisation. These elements, although intangible, are fundamental in maintaining the unique identity and continuity of the family firm.

If effectively managed, such transitions have the potential to fortify familial social capital and enhance socio-emotional wealth, both of which serve as pillars for the family firm's resilience and sustainability. Consequently, the crucial role of transition management in preserving the long-term viability of the family enterprise and ensuring its continuity across generational boundaries is essential to the long-term viability of the business.

Conclusion

There is a complex interplay between the theoretical constructs of familial social capital and socio-emotional wealth. Through this interplay, the action of these constructs is synergistic: they contribute together to the family firm's successful operation and the holistic wellbeing of the family members within it- the overlap reinforces the significance of familial bonds and the benefits reaped by the strength of these relationships.

Through a comprehensive understanding of this interplay, family businesses can cultivate an environment conducive to prosperity. Through the strategic utilisation of family social capital, members of family businesses can encourage trust, reciprocity, and shared values. In parallel to this, socio-emotional wealth, characterised by family members' emotional commitment and sentimental attachment to the business, reinforces this- nurturing this commitment and contributing to the family social capital itself.

Therefore, the need to negotiate an equilibrium between family dynamics and business operations emerges as a central theme for both the sustainability of family firms and the welfare of the family members within it. This balance is imperative in reconciling the often-competing demands of business performance and familial harmony, which are uniquely complex in family businesses.

The familiarity with and management of this amalgamation, therefore, can enable families to establish a foundation that allows members to achieve personal and professional aspirations. Thus, the nurturing of this symbiotic relationship between family social capital and socio-emotional wealth is vital in supporting the family's emotional well-being and the family enterprise's longevity and success.

5.8 Chapter summary

This chapter has discussed the findings of the study in the context of previous literature, considering their implications regarding the research questions of the study. Each of the main sections of the chapter have focused on the main research questions in turn and have drawn together the relevant findings pertaining to each.

The study generated a mix of findings about the impact of socio-emotional wealth on business growth and on innovation among the sample of Pakistani-owned family firms based either in Pakistan or the UK. It was found that, in line with the findings of previous family business researchers, most of the firms were primarily concerned with consolidation of their business rather than immediate profitability and innovation, due to their desire to retain authority and control over the firm and to address the interests of family members. However, the findings also revealed a mix of approaches within the sample that were not clearly related to location: for example, some were more focused on innovation and profitability than others, and there were a mix of views regarding the importance of keeping the firm within the family in future. This study would propose that factors such as Familial Influence, Firm Identity, Employee Welfare, Familial Benefits, and Familial Succession would act as antecedents to SEW, which would affect business growth, while SEW and FSC would affect innovation which would ultimately affect business growth as well.

The influence of Pakistani culture was evident among the firms in both locations: particularly in terms of the highly patriarchal approach to management and decision-making, and 22the focus on meeting the financial and other needs of all members of the family, regardless of their respective involvement in or contribution to the firm. Pursuing Islamic values such as helping the underprivileged or contributing to community projects was also found to be an important aspect of business strategy in many of the firms in the sample, regardless of location.

On the other hand, it was also found that geographical location and national business culture had an important influence on the ways in which socio-emotional wealth was used to promote business growth. For example, firms based in Pakistan were drawing more heavily on informal reciprocal relationships to achieve their business objectives, and also encouraging family members to enter the business due to the difficulties of recruiting well-qualified non-family employees in that environment. In contrast, the UK-based firms were more likely to recruit non-family members and to undertake innovation activities in order to survive and grow within a more competitive business environment.

Overall, the findings of this study have provided important insights into the roles played by socio-emotional wealth and family social capital in family firm growth and innovation among a sample of Pakistani-owned firms, based either in Pakistan or in the UK. They have shown that both concepts can be useful in explaining various aspects of performance, and that although they have generally been addressed in separate areas of literature, there is potential value for future research to utilise these as complementary conceptual tools when investigating family firms. The findings help to refine understanding of these concepts and the ways in which they can be useful in combination, by demonstrating that family social capital is often helpful for understanding the actual processes by which family firms generate business growth and adopt innovation, while socio-emotional wealth is helpful for understanding how such processes are perceived to create value which is unique to the firm, and which should be preserved over time. The findings also provide important insights into the ways in which family firms from the same national cultural background, functioning in a different national culture, behave differently in terms of socio-emotional wealth and family social capital. In these Pakistani-owned family firms, it was found that the ways in which socio-emotional wealth and family social capital influence business growth and innovation appear to be affected by national culture, as well as by characteristics of the business environment and business culture in which such family firms are operating. Given the qualitative methods of the study, the findings are helpful in providing in-depth insights regarding family firm behaviour, which can be used to refine the concepts of socio-emotional wealth and family social capital and demonstrate how they play out in practice in family firms to influence business growth. Further research, including quantitative studies, will be important in building on this and exploring the associations and relationships between these variables.

Chapter 6: Conclusion

6.1 Introduction

This qualitative study has explored the roles played by socio-emotional wealth (SEW) and family social capital in family firm growth and innovation, based on a sample of the owners or representatives of 15 Pakistani-owned firms based in Pakistan and 15 based in the United Kingdom. The study has also explored whether firms from the same national background but operating in a different national culture behave differently in terms of socio-emotional wealth and family social capital, and the influence that this has on their business growth and innovation activity. This concluding chapter summarises the overall conclusions of the study in terms of answers to the research questions and considers their practical and theoretical implications. The chapter also considers the limitations of the study and sets out recommendations for future research to build on the findings of this research, helping address remaining knowledge gaps in the areas covered. It concludes with an overall summary of the study and its significance to family firms and family firm research.

6.2 Conclusions of the study

6.2.1 How does SEW influence business growth in family firms?

It was found that the sample of Pakistani-owned family firms did not fully fit the socio-emotional wealth model: a complex mix of financial and non-financial factors participated in decision-making, but with a strong emphasis on profitability. It was also found that some participants were not as emotionally attached to their family firms as had been predicted by socio-emotional wealth theory. This may help explain why at least some firms are more focused on short-term profitability rather than longer-term preservation of the firm itself or are more inclined to take risks through innovation. The family firms were observed to have complex strategic decision-making processes, in which the interrelationships between profitability and consolidation of firm performance are considered. In other words, these factors are not competing, but are often complementary in influencing business growth in these family firms.

In contrast with the findings of previous studies, many of the family firms in the sample indicated that profitability is the highest priority when making business decisions, a finding that on the surface appears to conflict with previous socio-emotional wealth literature, in which long-term consolidation of the business is argued to be more important to family firms than short-term profitability. This raises questions about whether the theoretical premises of socio-emotional wealth theory translate into practice. In the case of the Pakistani-owned firms in this study, at least, this does not appear to be the case. Instead, the findings suggested that short-term profitability is often regarded as an important way of generating socio-emotional wealth which helps sustain the firm in the longer-term. The interviewees explained this in terms of the ways in which a business which is seen to be profitable and successful contributes to a good reputation for the family and the firm, in turn helping to contribute to longer-term stability and growth. However, some participants emphasised that since building the reputation of their family firm is *the* most important route to business growth as well as a desired outcome of financial success, anything that contributes to doing so is likely to be given priority in decision-making, which might not necessarily generate decisions based on expected short-term profitability.

Overall, the participants indicated that a mix of financial and non-financial considerations are important in their strategic decision-making and help contribute to business growth, in ways that may not have been fully captured by previous literature on socio-emotional wealth in family firms. One of the questions this raises, which might be considered in future research, is whether family-owned firms are really different from non-family-owned firms in their decision-making processes. Much of the previous literature on socio-emotional wealth suggests that there are marked differences in this area due to the emphasis on non-financial factors in family firms, but the current study revealed relatively little evidence of this and a focus on profitability above all. Indeed, some of the participants remarked that being a family firm is of little value per se, unless all family members of the firm are contributing effectively and have shared goals, a point which might also be made of the employees of non-family firms. The findings of the present study also therefore indicate that existing theories of socio-emotional wealth may not be very accurate in their ability to describe or explain business growth in family firms, at least in the case of the sample of Pakistani-owned firms on which the study is based. They suggest that there may be a need to update and refine socio-emotional wealth theory, based on more extensive empirical research relating to a wider range of family firms from different backgrounds. It is also feasible that using socio-emotional wealth and family social capital theory as complementary concepts in future research might offer a more effective means of understanding family firm behaviour and performance, as highlighted throughout the thesis and discussed later in this chapter.

6.2.2 How does SEW influence innovation activity in family firms?

The findings of the present study also raised questions about the ability of existing theories of socio-emotional wealth to describe or explain innovation activity in family firms. Previous researchers argued that many characteristics associated with family firms, such as strong tacit knowledge, effective knowledge-sharing practices and entrepreneurial culture enhance the ability of these firms to be innovative (Zahra et al., 2004; Kellermanns et al., 2012). However, others have observed that the lack of agility and responsiveness of family firms and a reluctance to take risks hinder their innovation performance (Heibl, 2014; Gomez-Mejia et al., 2007; Zahra, 2010). In the present study, innovation was found to be a strategic priority in only a very small number of the firms studied. This might perhaps provide support for the argument that family firms often focus on maintaining and consolidating their existing business rather than taking risks through innovation.

However, the findings of this study suggest that such decision-making processes are actually more complex than this argument might suggest. They also conflict to some extent with the theoretical assumptions relating to socio-emotional wealth, which indicate that younger generations of a family will often be more interested in preserving the family firm’s existing wealth than investing resources into risky new innovations, unlike the firms' founders who more likely to exhibit entrepreneurial characteristics (e.g. Gomez-Mejia et al., 2011; Kellermanns et al., 2010).

Although there were not high levels of innovation activity in the majority of firms in the sample, participants in at least some of the firms in the present study reported that the founders or older generation tend to operate the business on traditional authoritative principles and are reluctant to innovate. Their patriarchal role in decision-making, it was explained, can sometimes become a hindrance to the advancement of innovative ideas put forward by younger family members. It seems that a risk-averse approach on the part of the elder family members of the firm, along with the power dynamics associated with Pakistani culture, such as utmost respect for the authority of elders, may therefore be hindering innovation activity in these firms. This reflects the typical family governance model identified by Carney (2005) in which the unification of ownership and control in family firms both promotes and hinders the development of competitive advantages and is a particular feature of Pakistani culture which is patriarchal in nature.

Previous empirical studies have generated mixed findings on the role of different generations of family firms in promoting or hindering innovation, with this depending, for example, on the numbers of generations involved in ownership or governance of the firm (Kellermans et al., 2012; Scholes and Hughes, 2018) as well as the business environment in which the firm is operating (Laforet, 2013; Hughes, Kraus and Harms (2018). However, the role of older members of the family in hindering innovation has not generally been highlighted in previous research, so this is an important finding which adds to the literature regarding innovation performance in family firms and the factors influencing it, and which merits further investigation in future research into family firms.

The findings regarding socio-emotional wealth and innovation also highlight the potential value of using the family social capital concept to help explain them. For example, there appeared to be lower levels of innovation among the Pakistan-based firms due at least in part to the difficulties or reluctance within this setting to secure the external knowledge and expertise necessary to promote it, as well as the internal risk-averse attitudes of senior members of the family. This indicates that having more family social capital available in the form of internal or external expertise may be affecting innovation activity in these firms, but that the ability to use such social capital is also influenced by decision-making processes and concerns to preserve socio-emotional wealth. This represents a particularly good example, therefore, of the ways in which socio-emotional wealth and family social capital are valuable complementary concepts in research into family firms.

6.2.3 How does FSC influence business growth in family firms?

The findings of the study revealed ways in which family social capital is likely to influence business growth in the sample of Pakistani-owned firms, through strong ties – or family social capital generated from family relationships within the firm – as well as through weak ties, or the contacts and relationships that the family firms retain with external parties. One way in which family social capital is generated and influences business growth, as a result of strong ties in family firms, is through consultation and decision-making; both drawing on the internal family network of trust-based relationships. As long as family members share the same values and are committed to the success of the firm, these processes help firms to rely effectively on the experience and knowledge of family members and make decisions that can help promote business growth. The levels of trust and respect that often exist between them are also believed to help avoid conflicts, as well as conflict resolution costs, in ways highlighted by previous researchers (Lester, Maheshwari, and McLain, 2013), thereby contributing to the operational efficiency of the firms and helping facilitate business growth. However, two findings emerged regarding practices that might be hindering business growth in some of the firms. One is common to many family firms, as documented in previous literature, and relates to the tendency of these firms to exclude non-family managers from strategic decision-making, which may have a negative impact on business performance if the family decision-makers do not have sufficient knowledge or expertise yet are trusted by other family members to make important strategic decisions. The other finding, which is more specific to Pakistani culture, is a tendency within a few of the firms for the founder or most senior family member to be primarily responsible for decision-making in a patriarchy. This may have a detrimental effect on the quality of decision-making and in turn on business growth if this individual does not have sufficient knowledge and expertise to make such decisions.

One of the findings of this study which potentially adds to the family social capital literature, at least in relation to Pakistani-owned firms, relates to the ways in which some of the participants highlighted the importance of looking after the welfare of their non-family employees. In some of the Pakistani-based firms, this even extended to financial support for employees' children. Although this may in part reflect the Islamic values of participants, which also underpin the CSR practices of these firms, it is also plausible that looking after the welfare of non-family employees and their families is seen as good business practice, in that it increases the commitment of such employees and encourages them to perform at their best, in turn helping to promote the business growth of the firm. This suggests a possible need to extend the concept of family social capital by incorporating a greater emphasis on the roles of non-family employees in family firms, and how these contribute to business performance.

Weak links, in the form of external contacts, were also found to be important in generating business growth because of the ways they provide access to finance and investment opportunities, especially among the Pakistan-based research participants. Since the business culture of Pakistan is largely based on reciprocity and favours, social networks were found to be extremely important in providing these opportunities. Despite this, the Pakistan-based participants expressed mixed views regarding the role of social networks and reciprocity and the ways in which they influence business performance. It was argued that in Pakistan the only two ways to achieve successful business growth are by building relationships or by using bribery and other forms of corruption: the more negative aspects of Pakistani business culture are therefore regarded as potential barriers to business growth that must be overcome. This again demonstrates the importance of taking cultural and other contextual factors into account when conducting research into family firms using concepts such as family social capital and socio-emotional wealth. It helps demonstrate that these types of relationships, which form an important aspect of family social capital might not necessarily be positive in nature or based on goodwill but are nonetheless reciprocal and potentially beneficial for business growth.

Another important way in which family social capital is shown to contribute to business growth, in this sample of Pakistani-owned family firms, is through use of the trusted family name to provide assurances of reliability to customers, suppliers and other stakeholders. By building up a good family firm reputation in this way, family social capital is employed to expand markets, secure credit or gain access to business opportunities, in ways documented by previous researchers (Colli, 2011; Landes, 2006; Sageder, Mitter and Feldbauer-Durstmu, 2018). Many of the interviewees in both locations in the current study stressed the importance of their family reputation as being one of the most important assets they possess and described the ways in which their family firms were able to build relationships with customers in personal ways that non-family firms are unable to achieve.

6.2.4 How does FSC influence innovation activity in family firms?

Overall the firms participating in this research did not report high levels of innovation activity. However, although the overall emphasis on innovation was lower among the Pakistani-based firms than those based in the UK, there were more examples of the firms in Pakistan using family social capital to contribute to innovation in the form of making and cultivating connections with valued external contacts. This reflects the nature of the business environment in Pakistan, in which relationships and reciprocity are critical for effective business in all sectors, and in some of the firms such factors were reported to have helped them secure finance or valuable business connections which resulted in innovative new projects.

Some of the interviewees noted that they felt innovation performance had been adversely affected because non-family employees were either not recruited or excluded from key decisions, reflecting the findings of previous literature that potential rich sources of innovation are sometimes excluded from family firms (Zahra, 2005). Some of the interviewees also reported that differences of opinion regarding the need for innovation within the firm had sometimes prevented it from going ahead. As explained earlier, this seems to require an interpretation based on both socio-emotional wealth and family social capital. The former concept is especially helpful in explaining the ways in which family firms often prioritise consolidation over innovation, while the latter is helpful in providing understanding of the effectiveness of firms in developing and utilising internal and external social capital (employees and external contacts) to capture and exploit knowledge for innovation purposes.

6.2.5 Influence of national culture on SEW and FSC in different settings

The final research question of the study was “How does national culture influence attitudes to and management of socio-emotional wealth and family social capital in family firms with the same national background but operating in different cultural environments?”

The findings of the study also revealed the important influence of incorporating contextual factors such as culture and environment in research into family firms. Specifically, they provided evidence that both national culture and national business environment are important to the ways in which socio-emotional wealth and family social capital influence business growth and innovation activity in the sample of Pakistani-owned family firms. No previous studies were in the review of literature which had examined the influence of a single national culture on family firms operating in different cultural environments. This information gap is problematic for research into family firms as scholars (e.g. Welter, 2011; Zahra and Wright, 2011; Zahra et al., 2014) have highlighted the importance of accounting for contextual factors when investigating the performance of family firms and the factors influencing this, and the present study confirms the importance of such factors for interpreting the ways in which socio-emotional wealth and family social capital have an influence on business growth and innovation in family firms.

First, the study revealed that cultural factors appear to play a very important role in attitudes to and the management of socio-emotional wealth in these firms regardless of whether they were based in Pakistan or in the UK. Most of the participants acknowledged that being Pakistani has had an influence on their thinking and on the ways in which they carry out the family business. Various aspects of Pakistani culture were cited as having an influence on them, including the Islamic religion, patriarchal family structures, the importance of respect for elders, and the important role of relationships and connections in Pakistani culture. These factors appear to have both positive and negative impacts on business growth and innovation. For example, the use of consultative decision-making processes in which the owner of the firm has the final say, can help avoid conflict and make business decisions which are in the overall interests of the family. However, this can also slow down decision-making, make the firms more risk-averse and less innovative, and deter younger and sometimes more qualified members of the firm from putting forward their views and suggestions.

Further, the findings of the study have also shown that the influence of aspects of socio-emotional wealth is also affected by the business culture of the country in which the family firms are operating. Although aspects of socio-emotional wealth were identified that appeared to be influencing business growth and innovation in various ways in the sample of Pakistani-owned firms in this study, there were also marked differences in this respect between firms based in Pakistani and those based in the UK. For example, it was revealed that the strong family connections, which are especially important in Pakistani culture, did often result in a commitment to support all family members financially, even those who were not actively contributing to the work of the firm. However, while this was a common practice among the Pakistan-based firms, it was much less evident among those based in the UK. It might be surmised that as a result of migrating to the UK, these firms may have at least slightly loosened the family bonds and perceived obligations to family members, which are a feature of the Pakistan-based firms, or alternatively that the competitive pressures of the UK business environment make it too difficult financially to provide financial support for all family members. Nonetheless, even among firms based in the UK, there was a strong recognition of their obligation to support relatives if they are in need.

Evidence of a professionalisation trend, in which younger, better educated family members or non-family employees were more involved in decision-making, was also more noticeable among firms based in the UK than in Pakistan. This appears to reflect the more competitive nature of the UK business environment, where there is a need to innovate or be more strategic in the approach to business than in Pakistan. This finding may indicate that the influence of the dimensions of socio-emotional wealth on business growth and innovation in family firms may perhaps be weaker when other competitive pressures on constraints on the firm are present. This argument is also supported by the finding that firms based in Pakistan appeared in general to be more likely to focus on consolidation of the business than on innovation. Likewise, the competitive UK business environment meant that the firms based here were under more pressure than those in Pakistan to innovate in order keep up with developments in their sectors and remain competitive. In contrast, some of the Pakistan-based participants explained their lack of innovation as resulting from the relative lack of competition in the Pakistan business environment, which meant they were not under pressure to innovate to remain competitive, but also that they had difficulties in securing the knowledge and expertise needed for effective innovation from the Pakistan labour market. In the business culture of Pakistan, relationship building and the use of weak links through informal networking is very important to business success and in building the reputation of the firm, while those participants operating in the UK business environment indicated that these types of weak links are much less important, due to the more tightly regulated nature of this environment and the difficulties in securing “favours” of the type that are commonplace in Pakistan.

By investigating a sample of family from the same national culture but operating in different national business environment, the study has therefore provided a unique opportunity to demonstrate the importance of incorporating these types of contextual factors when using the concepts of socio-emotional wealth or family social capital to conduct research on family firms. The clear evidence from the current study of ways in which these have an effect, on the ways that socio-emotional wealth and family social capital operate and are managed by the firms, suggests that these factors might help explain some of the previous mixed findings of research into family firms, and could be usefully incorporated into refined conceptual and theoretical models that are more effective in describing and explaining family firm performance.

There are also important practical implications of this: by providing a better understanding of how contextual factors influence family firms' practice and performance, it may become possible to develop evidence-based best practice recommendations and guidance to help family firms maximise their performance. This might include, for example, building on those aspects of national culture and national business culture that appear to have a positive influence on performance, or reducing the impact of those factors that appear to have a negative influence.

6.3 Implications of the findings

6.3.1 Contributions to theory and knowledge relating to family firms

A range of previous literature relating to socio-emotional wealth, family social capital and the related concept of "familiness" was considered when designing the study and interpreting the findings (e.g. Habbershon and Williams, 1999; Arregle et al., 2007; Berrone et al., 2010; 2012; Rutherford et al., 2008; Arregle et al., 2012; Debicki et al., 2017; Sageder et al., 2018). However, no previous literature was identified that examined family firms using both socio-emotional wealth and family social capital. The findings of the present study indicate that this may be a serious shortcoming, which reduces the potential value of these concepts for explaining family firm behaviour. The methods of the present study also enabled the researcher to explore the influence of socio-emotional wealth and family social capital without being narrowly restricted by previous definitions, by using in-depth qualitative methods which allowed the interviewees to explain their experiences and views in their own words.

An important contribution of the present study is that it has revealed that both can be used as complementary theoretical concepts to help understand business growth and innovation activity in family firms. The findings of this study suggest that the concept of family social capital might usefully be employed in future research to act as a precursor or antecedent to socio-emotional wealth. This study would propose that factors such as Familial Influence, Firm Identity, Employee Welfare, Familial Benefits, and Familial Succession would act as antecedents to SEW, which would affect business growth, while SEW and FSC would affect innovation, which would ultimately affect business growth as well.

This is particularly relevant regarding the processes by which external contacts are used to help build the reputation of some of the family firms through word-of-mouth recommendations, or to secure rewards or benefits from government officials, in the case of some of the Pakistan-based firms. On the other hand, the concept of socio-emotional wealth can be used to interpret and understand the perceived value of such contacts and of factors such as a firm's status and reputation, and their role in contributing to business growth and innovation performance.

Conversely, the findings indicate that socio-emotional wealth and its component dimensions might be also helpful in demonstrating the ways in which family social capital operates in practice in positive or negative ways in family firms, especially those from specific national or cultural backgrounds. For example, previous researchers have tended to make a simplistic distinction between the strong ties that exists within family firms and the weak ties that exist between these firms and their external contacts (Danes et al., 2009; Kozan and Akdeniz, 2014; Daspit et al., 2017; Agbim, 2019). However, the findings of this study show that internal family social capital or the relationships that exist between the members of these Pakistani-owned family firms often have mixed impacts on business growth and on innovation activities. Using the component dimensions of the concept of socio-emotional wealth (e.g. Berrone et al., 2010, 2012; Debicki et al., 2017) to explore this has been insightful in helping to explain these influences. For example, the close relationships of family members within the firm and the exclusion of non-family employees from decision-making appears to be beneficial in enabling the firm to achieve consensual decision-making and avoid the cost of conflict, but at the same time these factors can limit access to valuable knowledge and expertise and hinder innovation.

The concept of socio-emotional wealth, with its focus on emotional ties and attachment to the firm, also helps explain why the types of family social capital that are generated within the firm do not necessarily result in business growth and profitability, at least in the short-term, due to the longer-term and non-financial interests of the family. As several of the participants noted, family social capital is only likely to contribute to business growth if all family members share the same values and goals; the level of trust that exists between family members can contribute to the ability to avoid conflict and achieve consensus when making business decisions, reducing the potential costs of conflict management and allowing the firm to focus its resources on business growth (Lester, Maheshwari, and McLain, 2013).

The concept of socio-emotional wealth can also help explain why weak ties do not necessarily deliver benefits to family firms in the form of access to valuable information, business opportunities or financial credit. Many of the participants described their reluctance to involve non-family members of the firm or external stakeholders in their business decisions, or even to seek credit from financial institutions. This can be seen to reflect an emphasis on socio-emotional wealth in the sense of a strong desire to maintain complete control of the firm by the family. However, as the findings also showed, such behaviour can be damaging to business growth or innovation activity, by hindering access to potential sources of information, opportunities or financial support which might have delivered benefits in these areas.

Many of these findings are aligned with those of previous studies. For example, from a family social capital perspective, Herrero and Hughes (2019) showed that strong ties do not necessarily exist just by virtue of being related to family members of the firm, and if shared goals and trust do not exist, conflicts can arise which can be damaging to efficiency or business performance (Herrero and Hughes, 2019). Likewise, drawing on socio-emotional wealth theory, De Massis et al. (2015) identified an “ability-willingness paradox” in which family firms may have greater abilities than non-family firms to be innovative, but are often unwilling to take the risks associated. However, as noted above previous researchers have not generally combined the concepts of socio-emotional wealth and family social capital to explore or explain their findings; the present study has revealed considerable potential for this approach.

The research findings also revealed mixed evidence regarding perpetuity or the desire to keep the firm within the family, one of the key characteristics of socio-emotional wealth that has been identified by previous researchers (e.g. Berrone et al., 2012). This perhaps suggests a lower level of emotional attachment to the family firm in the case of this sample than found in previous studies of socio-emotional wealth in family firms (e.g. Gottardo and Moisello, 2015). If there are indeed lower levels of emotional attachment to family firms than suggested in previous research, this potentially undermines the socio-emotional wealth concept in general and may help explain some of the ways in which other findings diverge from what might be predicted by this concept. For example, if the owners or family members are not emotionally attached to the firm, they may be more focused on short-term profitability rather than longer-term preservation of the firm itself or may be more inclined to take risks by adopting innovation. This is a finding worth considering in future research. On balance, however, the findings suggest that socio-emotional wealth as well as family social capital remain useful concepts for understanding business growth and innovation in family firms and can perhaps most usefully be studied in combination.

Though the results are unique to each individual case and there are exceptions in many situations, this study did detect some patterns and emerging themes that have some level of agreement between the participants.

Implications for family business owners and managers

The findings of the study also have several important practical implications for family firms and their business owners and managers, especially those that are Pakistani-owned and operating in Pakistan or in the UK, but also to an extent for the family firms' sector more generally. The findings help to highlight the ways in which the benefits of being a family firm can best be used for the purpose of promoting business growth and improving innovation activity, whilst also highlighting some of the potential pitfalls of being a family business, which can hinder performance and innovation. They build on the existing family firms' literature in this respect, particularly by highlighting the influence of national culture and business setting and demonstrating how family firms can take exploit the benefits of them while reducing their potential negative effects.

First, the findings of the present study demonstrated that, at least in the perceptions of the research participants, being a family firm and involving a wide range of family members in decision-making is beneficial for decision-making and business growth, but only if they share the same values and aspirations for the firm. In order to help ensure that this is the case, family firms might implement regular communications or meetings with family members to discuss the strategic direction of the firm and help ensure that there is a high level of consensus before important decisions are made.

Second, the findings revealed that high quality decision-making, as well as opportunities for innovation, were sometimes hindered in firms with a patriarchal approach to management and decision-making. Although this may be a feature that is unique to family firms from patriarchal cultures such as Pakistan, other researchers have also observed this approach in family firms more generally (De Vires, 1994; Tagiuri and Davis, 1996; Lubatkin et al., 2005; Haberman and Danes, 2007). By excluding other family members as well as non-family managers and employees from decision-making, or deterring them from putting forward suggestions for innovation, this approach is likely to restrict the firm's access to information and knowledge that is important for organisational learning, business growth and innovation. It is therefore important that family firms are not too insular or patriarchal in their operations and decision-making and are prepared to listen to and incorporate the views and expertise of non-family employees as well as external contacts.

The findings confirmed that, from the perspective of the research participants, reputation is one of the most important assets of a firm, and that being a family firm provides unique benefits in terms of the respected and trusted family name. This is especially important in locations such as Pakistan where business is built based on reciprocity and relationship-building but was also found to be important among the UK-based firms. Using family social capital in terms of regular customers and other external contacts such as government officials can be an effective way, as demonstrated by the findings of this study, to build and capitalise on the reputation of the family and the firm in ways that contribute to business performance and growth, and even enhanced innovation performance.

Among most of the firms in this study, however, innovation was reported to be a reactive activity that occurred only when it became necessary to remain competitive in the firm's respective market. The literature indicates that family firms typically have characteristics, such as strong internal trust-based ties which support information sharing, that are conducive to effective innovation, but the findings of this study suggest that, at least among the sample of Pakistani-owned firms, these assets are not being effectively exploited. One of the practical implications arising from these findings, therefore, is that many family firms are under-utilising their potential for innovation and could improve their performance in this area if they take a more proactive approach to capturing and using knowledge for the purpose of innovation.

Importance of Socio-cultural Elements

Being a comparative study of Pakistani owned family firms based both in Pakistan and the UK, another main aspect of this study was to study the national culture influence attitudes to the management of SEW and FSC in family firms with the same national background, operating in different cultural environments. The affects of natural culture and business settings on SEW and FSC have not been studied in detail before. This study has shown how important the national culture and business settings are for families to manage their attitudes towards SEW and FSC. The Intricate interplay of socio-cultural factors within Pakistani family firms operating both in Pakistan and the UK, reflecting the fusion of Islamic values, patriarchal family structures, respect for elders, and robust interpersonal connections. These elements profoundly influence various facets of business operations, encompassing decision-making protocols, benefit allocation, and the management of SEW and FSC. This study has shown the importance of the concept of culture and its effects on Pakistani owned family businesses operating in both Pakistan and the UK. This study thus highlight, the importance of considering contextual factors such as national culture and national business setting when conducting research into family firms using the concepts of socio-emotional wealth and family social capital.

Limitations of the study

Reflecting on the limitations of a study is necessary to appreciate constraints that act on its contribution. As with all studies, this work has its limitations. First, a limitation of the study is that it was based on a sample of Pakistani-owned firms operating either in Pakistan or in the UK. As such, the findings cannot be ascribed generally or directly to family firms of other national or cultural origins. It is not the intention of qualitative research, nor this study, to generalise its findings to a wider population. Instead, the aim is to produce theoretical and new insights on the functioning of family social capital. It is also important that the findings are transferable in a more general sense to similar populations or settings (Gioia et al., 2013). In the case of this study, it is likely that the findings and their implications will be of relevance to other Pakistani-owned firms worldwide, and to family firms from other national cultures which share characteristics with them. Future research would benefit from extending the study design to family firms which are set against other national cultural backgrounds, both to determine the extent to which the findings of this study are transferable to other populations, and also to generate a wider body of evidence regarding the role of socio-emotional wealth and family social capital in such populations of family firms.

Limitations also arise from the purposive and snowball-sampling methods used in the study. Potential firms to be included were identified from social networks and known regional and religious organisations, as these provided a means of identifying and obtaining contact details for a diverse range of Pakistani-owned firms located in Pakistan and in the UK. Although a maximum variety sampling approach was used in which the researcher attempted to ensure that a diverse range of firms was included in the sample, it is possible that certain types of Pakistani-owned family firms may not be members of such networks or organisations and would not therefore have been available for selection from these sources. Although there is no reason to believe that there were any significant sources of bias in the sampling, it is possible that such excluded firms may potentially have different characteristics and behavioural traits regarding socio-emotional wealth and family social capital, and their inclusion in the study may have had an impact on the overall findings and conclusions reached. It is believed that the risk of substantial bias in this respect was minimised, however. In contrast with many qualitative studies in which sample sizes are typically small, the study used relatively large and diverse firm samples, representing a wide variety of firm sizes and sectors in both the UK and Pakistan (see Chapter 4, Table 2), and the research participants also spanned a wide range of ages, length of time in the firm and educational levels (see Chapter 4, Table 1) Also, a wide variety of attitudes and behaviours relating to socio-emotional wealth and family social capital were reported by the interviewees, indicating that there were no obvious sources of bias in sampling which are likely to have affected the findings. It is also possible that firms that declined to participate in the study might potentially have exhibited different characteristics and behaviours from those which did agree to participate. For example, it is possible that Pakistan-based firms which engage in more corrupt practices may have declined to participate in the study.

Finally, on average, the Pakistan-based firms were larger and longer-established than the UK-based firms: this may reflect actual differences in the overall population of Pakistani-owned firms in Pakistan and the UK respectively, but these differences may represent a slight limitation to the study in that they limit the direct comparability of the Pakistan-based and UK-based firms.

In the few interviews conducted jointly with two representatives of the family firms, such as with spouses or father and son, it cannot be ruled out that the power and authority aspects of these relationships may have influenced their responses. Those in the more senior position may have been reluctant to provide any information that might undermine their image or authority in the eyes of the more junior interviewee, while the latter might have been guarded in their responses as a matter of respect for the senior interviewee, or to avoid jeopardising their own position in the firm.

In the qualitative interpretivist approach, the researcher is an active participant in the research process, playing a role in interpreting the information provided by the research participants based on their knowledge and understanding of the topics being investigated from the literature and their own experience and knowledge. As Pini (2004) explained, the analysis of research data is always mediated by the knowledge and perceptions of the researcher and having a good understanding of the business environment in which the participants operate can therefore be an advantage, as long as they are transparent about this pre-existing knowledge and document the analysis process. Having “insider” knowledge of the Pakistani business setting is in some ways therefore likely to have enhanced the study, for example in the sense of having the contextual information needed to understand and interpret what was said by the interviewees. On the other hand, there is a risk in this situation that research participants may not fully explain their answers, instead assuming that the researcher already understands them, but thus introducing the risk that they will be misinterpreted or that potentially valuable information will not be revealed. The researcher made every effort to avoid this, by asking all interviewees to explain their responses fully.

The researcher was also careful at the data-collection stage to disregard any preconceptions about the issues being discussed and to use probes to generate as much relevant information as possible from the interviewees. Similarly, the researcher remained as neutral and objective as possible when conducting thematic analysis of the data, allowing themes and sub-themes to emerge inductively from the data itself rather than being pre-defined by the researcher in advance. This was intended to help increase the confirmability of the findings, by ensuring that they were generated objectively and were not unduly influenced by the researcher’s own biases or preconceptions. Previous literature and existing knowledge were only used in the later stages of interpretation of the findings, to put these in context and to attribute wider meaning to the findings. These measures also helped enhance the credibility and dependability of the study, by enabling others to assess the credibility of findings based on the detailed information provided about the data-collection and analysis methods and to determine whether the same conclusions would be likely to be reached by another researcher if repeating the study. This also helped ensure that the study reached the standards of transparency and replicability which Aguinis and Solarino (2017) emphasise are important in qualitative research. Finally, peer review was used throughout the research in the form of feedback and comments from the researcher's academic supervisors, which helped ensure that no researcher bias occurred and that the conclusions of the study were credible and verifiable.

It is also noted that there was a severe limitation of women interviewees as most spokespeople for the firms tend to be male and such interview requests tend to be deferred to the most senior member as spokesperson. In this case, though there was a reliance on only one member of each family, there was a consensus among other family members during informal interactions that any communication was to be done through the spokesperson as they would have the best knowledge and authority to answer the questions. In that sense, the study does have a bias towards the views of senior generation members which could have been offset by a more diverse collection of interviewees, who were not made available.

These limitations could also have been resolved and better information could have been collected by using dyadic data, which could not be retrieved due to cultural reservations of participants. As Ganong and Coleman (2014) note in their review of qualitative family research, embracing dyadic methods and analysis holds strong potential for family studies. Given that most dyadic approaches to data-collection involve observing how different family members communicate both about their families and with each other, dyadic methods can allow researchers to observe and theorise about the constitutive nature of family communication (Baxter, 2004), as well as to witness how families use communication to create and make meaning across situation and context (Manning and Kunkel, 2014a). In a few cases where multiple participants were forthcoming in their participation, multi-respondent data was gathered, and data triangulation questions were used to ascertain answers and explore their understanding and credibility.

Given the qualitative methods used, it was not possible to determine whether there is an actual relationship between socio-emotional wealth or family social capital and business growth and innovation among the sample of Pakistani firms studied. However, before this can be achieved using quantitative research methods, it is essential to achieve a good qualitative understanding of the ways in which socio-emotional wealth and family social capital are used in practice by Pakistani-owned family firms operating in the two locations covered by the study. This was the objective of the research, which has generated important insights, which can be used to improve understanding of these concepts and how future researchers might usefully employ them.

6.4 Recommendations for future research

Further research in this area will be valuable in building on the findings of this study, addressing some of its limitations, and providing further insights that will add to the theoretical and empirical literature on socio-emotional wealth, family social capital and family firms. This exploratory study has allowed a deeper exploration of the workings of Pakistani-owned family businesses in both Pakistan and the UK, and this section therefore sets out four main recommendations for further research.

6.4.1 Case studies of successful innovation in family firms

As noted earlier, the current study revealed that most of the firms participating in this study were not undertaking much innovation activity, and this was explained, at least in part, using aspects of the concepts of socio-emotional wealth and family social capital. In many sectors, continuous or regular innovation is crucial for the competitiveness and even the survival of firms, especially among family firms that historically have a high failure rate. Since the study has revealed the value of using socio-emotional wealth and family social capital in combination, as conceptual tools to explore and explain behaviour in family firms, it is recommended that this approach be taken for conducting in-depth qualitative case study research with several family firms from Pakistani or other national cultures, which, in contrast to the current sample, have a strong record of successful innovation activity. The purpose of the case studies would be to generate insights into how these organisations use socio-emotional wealth and family social capital to achieve effective innovation, and to develop best practice recommendations for other family firms from the same national culture and operating in the same business environment. It is proposed that the case studies would use the concept of family social capital as a framework for investigating the processes by which knowledge is captured, shared and transformed into innovative solutions by these firms, and the socio-emotional wealth concept to explore the ways in which these processes fit into their strategic planning and decision-making perspectives. The case study approach would also enable a range of contextual information relating to national culture and the business environment in which the firms operate to be considered, since these factors have been shown in the current study to influence the ways in which socio-emotional wealth and family social capital are used in family firms. The case studies could also be used for the purpose of developing, testing and refining a conceptual framework for the study of the behaviour and performance of family firms, which would incorporate socio-emotional wealth and family social capital in ways not addressed by previous researchers. It is expected that the case studies would use qualitative data methods based on in-depth interviews with representatives of the selected family firms as well as an analysis of management data and documentary evidence regarding innovation processes and outcomes.

6.4.2 Research to evaluate and refine theoretical concepts

As noted earlier, previous researchers have not generally combined the concepts of socio-emotional wealth and family social capital to explore or explain their findings; the present study has revealed considerable potential for this approach. Conducting more qualitative empirical research from a perspective of both socio-emotional wealth theory and family social capital theory is likely to generate an improved understanding of the effectiveness and accuracy of each of these theoretical models for describing and explaining the behavioural traits of family firms, and identify ways in which they might be refined or modified to improve their usefulness. This will also help confirm the potential value of theoretical frameworks that incorporate both concepts and clarify the ways in which they complement one another. It is therefore recommended that, following the example of the present study, researchers seek to build a stronger base of qualitative empirical evidence in general for the continued relevance and value to research into family firms of socio-emotional wealth and family social capital, and use the findings to improve and refine understanding of these frameworks by developing new conceptual models of them. The current study has highlighted the many overlaps that currently exist in the family firms' literature, between the concept of socio-emotional wealth and the concept of family social capital, which is likely to have helped contribute to a confusing body of mixed research evidence about the performance of family firms and how it can be enhanced. Research should be conducted with the objective of developing these concepts in ways that facilitate their use as complementary research tools, for example by exploring further the ways in which family social capital is effective as a means of investigating the processes used in socio-emotional wealth generation and preservation of various family firm populations, while socio-emotional wealth theory is used to explore attitudes to and perceived value of various aspects of being a family firm. The resulting refined concepts and conceptual frameworks might be used in the types of primary case study research recommended in 6.5.1., to generate an expanded body of empirical research to identify effective practices in promoting business growth and innovation activity in family firms from particular national cultures, and family firms in general.

6.4.3 Research with a more culturally diverse range of family firms

The study also revealed the importance of national culture, as well as the business culture and environment in which firms are operating, in shaping decision-making processes and priorities in family firms. It was noted that these findings may indicate a need to update and refine socio-emotional wealth theory to better reflect this empirical evidence. However, the current study was based on a sample of Pakistani-owned firms, and it is not known to what extent similar findings would emerge from research with family firms from other ethnic and cultural backgrounds. To understand more fully the influence of socio-emotional wealth and family social capital on family firm growth and innovation therefore, it will be important to conduct research with firms from different national cultures, where the effects of operating in different national settings can also be investigated. For example, this might include research with other nationalities which have established a strong business presence in the UK.

Such research would be helpful in enabling comparison of the ways that socio-emotional wealth and family social capital contribute to business growth and innovation activity between groups with different cultural traits and practices. For example, the present study revealed that in Pakistani-owned firms innovation activity is often affected by cultural norms of authority and respect for elders. This can deter younger members of the firm from putting forward innovative ideas, especially when the elders are more focused on consolidation of the business rather than more risky innovative activities. However, it is possible that in firms from less risk-averse, less hierarchical national cultures that aspects of socio-emotional wealth, such as the commitment of individual family members to the success of the firm, or family social capital - such as the internal willingness to share ideas and information between members - might have a more positive impact on innovation performance. In a similar way it might be found that in cultures where external networking is more important in the business world, this may have a positive impact as family firms may be more willing to make alliances and partnerships with other organisations in ways that stimulate innovation.

It is therefore recommended that additional qualitative research be conducted with family firms from a range of national cultures. This might use similar sampling and data-collection methods to the present study, which proved to be particularly helpful in highlighting the influence of national culture on firms located both within their home country and on those operating as immigrant firms in a different national setting. In this way, researchers can build on both the findings and the methods of the current study to generate a stronger and more extensive evidence base regarding the influence of national culture on socio-emotional wealth and family social capital.

6.4.4 Research on the influence of the business environment

In the present study, many of the major differences that were identified between firms reflected the influence of the external business environment and business culture on the firms. For example, it was found that ways of networking and engaging other stakeholders were quite different in Pakistan and the UK due to the business culture of these countries' settings. In Pakistan, where business is largely based on informal networking and reciprocity, external social capital is extremely important even though this was perceived by the research participants to have both positive and negative impacts on the business. It was also found, for example, that the family firm is extremely important as a source of employment opportunities in Pakistan, where there are fewer alternative opportunities available to family members, but that due to the nature of the Pakistan labour market access to human resources is limited, which often limits the expertise and experience available to family firms there.

In contrast, in the more competitive and more tightly regulated environment of the UK it was found that informal networking is perceived to be far less important for business success. It was also found that there was a greater tendency to recruit non-family employees and to involve them in decision-making, but that it can be harder to attract well-qualified family members to work within the family firm when a wide range of other opportunities are available to them. As a result, the overall dynamics of socio-emotional wealth and family social capital and their influence on business growth and innovation differ depending on the external environment. However, the influence of the external business environment on family firms, regardless of their ethnic or national origin, does not appear to have been extensively covered in the family firm literature. It is recommended that future research might therefore be conducted to understand this factor better, so that it can be considered when examining family firm performance and the factors contributing to it. Such research might be based on either qualitative or quantitative methods or mixed methods studies and might use samples of firms from national cultures, operating in different national environments.

6.4.5 Research on migrant family businesses

Although not explicitly stated by many participants in the UK, statements by some of the participants and observation by the researcher point to a very unusual situation with at least the Pakistani family businesses based in the UK. This would be true for family businesses from other countries operating in the United Kingdom, and most certainly warrants further investigation that could be especially useful for migrant businesses operating in the United Kingdom.

Although as stated above innovation activity and participation of female family members in family businesses was low in both Pakistan and the UK, due to various factors, and especially culture. It was observed that in both these areas, there was a higher understanding and more innovation activity in Pakistan-based businesses compared to those in the United Kingdom, as well as a higher involvement of females in family businesses in Pakistan compared to the UK. This was especially contradictory to the theoretical ideas and expectations. The expectation was that Pakistani firms based in the UK, due to the environment in which they were immersed, and the resources and networks at their disposal, would enable them to be more innovative. It was also expected that due to the more progressive national culture the participation of females in Pakistani family businesses in the UK would be higher than in Pakistan. This was not the case and a couple of participants from the United Kingdom informally implied that while their counterparts in Pakistan were moving with the times and adopting new practices from the world, most migrant families are at least 50 years behind the times and are stuck in the moment when they migrated to England: they do not want to integrate, they live in their own community shell, they do not adapt to the culture and the environment and that is the cause for the lack of innovation and lack of female participation in Pakistani family businesses in the United Kingdom. This warrants further investigation: research in this area could have great implications for migrant family businesses which could take advantage of the national culture and environment in which they find themselves, could better understand FSC and SEW, and could become more innovative, involving greater inclusivity of a wider female participation.

6.5 Conclusions

In conclusion, this study has been effective in addressing its purpose and research questions and in making several important contributions to the theoretical and empirical literature regarding the influence of socio-emotional wealth and family social capital on business growth and innovation in family firms. By having a research design based on samples of Pakistani-owned firms operating either in Pakistan or the UK, it has enhanced understanding of the ways in which socio-emotional wealth and family social capital on business growth and innovation, which largely appear to reflect both the national culture of the family firm and the business environment in which they are operating. The qualitative methods of the study were important in enabling the researcher to investigate aspects of socio-emotional wealth and family social capital that had not been documented in previous studies and thus to refine understanding of these concepts as they relate to family firms. This enhanced understanding can now be used to inform further research, in order to build on the basis of evidence regarding the impacts of various aspects of socio-emotional wealth and family social capital on family firm performance, considering national culture and business setting. As the overall body of qualitative and quantitative evidence in this area develops over time, this will not only add to the theoretical understanding of socio-emotional wealth and family social capital and how these concepts relate to family firm performance but will also generate valuable information to improve business performance among family firms.

In most countries, family firms account for a high proportion of all businesses and of small businesses and contribute significantly to national economic growth. Yet family firms, like other small businesses, often struggle to achieve business growth and to innovate in ways that ensure their continued competitiveness in their respective sectors. The present study has shown that the concepts of socio-emotional wealth and family social capital, and their related dimensions, can be particularly useful for conducting research into family firm performance and generating insights into the ways in which this is typically enhanced or hindered. It has also demonstrated the importance of examining the influence of national culture and business setting on the performance of family firms. While the study has generated a wealth of valuable information and insights in its own right, it is hoped that it will also provide the impetus for further research on the factors affecting family firm performance among various nationalities operating in diverse business settings. Over time, the resulting expansion of the body of research-based evidence regarding family firm performance is likely to have beneficial impacts not only on such firms, but in turn on national economic performance.

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Appendix 1: Semi-structured interview guide

<u>Interview Script FSC and SEW in family firms</u>

<u>Date:</u>

<u>Time:</u>

<u>Venue:</u>

Family firm name	
Interviewee’s name	
Interviewee’s designation/position	
Interviewee’s age	
No. of years with family firm	
Qualifications/Education	
Firm size	
Firm age	
Interviewer’s observations/impressions	

Welcome and introduction. Thank you for volunteering to be here today and talk with me. I am very interested in learning about your experience and points of view about your family firm, as I believe they are important for the research I’m carrying out. Our session should take about 90 minutes.

Objective. With these questions I expect to better understand Pakistani-owned family firms in both Pakistan and the UK. There are no correct or wrong answers, as I am only interested in your experience, in what you think and perceive. Having the conversation audio-recorded will facilitate my recollection of what we say today. May I tape the discussion for this purpose?

Anonymity. Before starting, I would like to remind you that despite being recorded ethical considerations will be taken into account, and what you tell me today will remain anonymous. That means that your name will not show up as I look back at this conversation, or as I think and write about it. I will transcribe word for word all what we say today but will not keep your name and what you say will not be traced back to you. In particular, I will not share your answers with other people in your business, or in other businesses, or anybody outside my study team.

[Check that the recorder is working]

If you don't have any questions, I will start with my first question. Please know that while I appreciate you sharing your opinion on all the issues I'm going to ask today and hope to hear your thoughts on all of them, you don't have to answer a question if you don't feel comfortable doing so. You are free to finish this interview at any moment if you so desire.

Introductory / family firm [insert name of participant's family firm where [FAMILY FIRM]]

1. To start, can you please tell me about [FAMILY FIRM]. What is it that your business does? How would you describe it to me, or to someone who is not familiar with it?

2. [If this was not shared in the above question]. What is the history of [FAMILY FIRM]? How did it start and how did it become what it is today?
   [Allow to respond freely. Use the following prompts if they are needed]
   a. Who started the firm, and how?

  b. What is the relationship of the original founders and the current owners?
  c. How big was it when it started, and has this changed through time?
  d. Where did it start, and has this changed through time?

3. So today, who are the owners of [FAMILY FIRM] and what is their role in the business?
  a. How important would you say is [FAMILY FIRM] for the [FAMILY NAME] family? Please explain.
  b. Inversely, how important would you say is the [FAMILY NAME] family within [FAMILY FIRM]? Please explain.
  c. Do you foresee any changes in ownership in the future occurring? Under what circumstances?

4. What are your expectations for [FAMILY FIRM] in the future? How do you see it 10 years from now?
  a. What changes do you expect to occur in terms of ownership and management?
  b. Where do you see your business in the future?

5. Following up on the previous question, how important is it that [FAMILY FIRM] remains in the [FAMILY NAME / your] family in coming generations?

Socio-emotional wealth / Family social capital

6. I am interested in better understanding what it means for families to have a family firm, and what it means for these firms to be owned by a family. So with this in mind, can you please share with me what benefits can you think of that your family has gained from owning [FAMILY FIRM]?
   [Allow for free response, and then as applicable probe:]

   a. How different would you think that employment would be for individual people in your family had [FAMILY FIRM] not existed?

7. How do you feel you are connected to the [FAMILY FIRM]?
   a. Do you believe other members of your family would feel similar to you about this? How so?
   b. How about [FAMILY FIRM]'s reputation: how closely do you feel that the firm's reputation and your own reputation are related, if at all?

8. I'd like to expand a little on possible differences that may exist across different family members regarding their relationship to the firm. In general, can you talk to me about how similar or different are the experiences of the firm across different people in your family? [Allow free response, then probe:]
   a. Would you say that the [FAMILY FIRM] benefits more some family members than others? Expand.
   b. Would you say that some family members provide more to the firm, for example in terms of business relationships that they may have, or skills that they provide? Expand.
   c. How problematic, if at all, is that some family members benefit more to [FAMILY FIRM], or offer more to [FAMILY FIRM]?

9. Can you please describe how you perceive the relationship between [FAMILY NAME] family members to be, and how you think these relationships transpire into [FAMILY FIRM]'s workings, if at all?
   a. Are there any particular conflicts between some members that impact [FAMILY FIRM]? Please expand.
   b. Overall, would you say that the nature of the relationships within the [FAMILY NAME] family benefit, or work to the detriment of the [FAMILY FIRM], and how so?

Decision-making

10. Thank you for your answers. I'd like to turn now to talk more in depth about how [FAMILY FIRM] functions. Can you please describe the management structure of [FAMILY FIRM]?
    a. Who are in charge of making managerial decisions?

11. I'm very interested in learning about how decision-making is made in [FAMILY FIRM]. On day-to-day business activities, what is the process of decision-making within [FAMILY FIRM]?
    a. Is there a rule on which types of issues require consulting with management?
    b. What guidelines exist on when to send an enquiry to management?

12. How about longer-term business decisions, such as opening a new locale, entering a new market, developing new partnerships, offering new services, etc. How are these decisions made?
    a. Who initiates these processes?
    b. Who is involved in these decision-making processes?
    c. Who makes the final decision?

13. Just to illustrate the previous question, can you think of a recent decision of this kind that was made in [FAMILY BUSINESS]? Please tell me how the whole process went.
    a. Who initiated the process, identified that a change should occur?
    b. Who was involved in this decision-making process?
    c. Who made the final decision?
    d. What considerations were made? Did any discussions or differences of opinion arise?

14. Can you think of an occasion when the owner's decisions or preferences were at odds with those of the managers at [FAMILY FIRM], or in the case of non-family managers?

15. Thinking about all the situations we have just talked about regarding decision-making and in general your experience throughout the existence of [FAMILY FIRM], what would you say are the guiding values that support business decisions in [FAMILY FIRM]?
    [Allow to answer freely. Only after a free answer is provided, follow with these probes:]
    a. Following on from this, what place have profit and budget in such decisions?
    b. How about the place of making decisions that do good for the [FAMILY NAME] family?

Innovation

16. I'd like to ask you some about innovation at [FAMILY FIRM].

17. In which ways do you think being a family firm impacts innovation at [FAMILY FIRM]?
    a. How does being a family firm help [FAMILY FIRM] in pursuing innovation?
    b. And how does being a family firm hinder [FAMILY FIRM] in pursuing innovation?

18. If you were to describe [FAMILY FIRM], would you say it is innovative, or more focused on strengthening what is already in place?

Social capital

19. Businesses in general sometimes makes use of the people they may know and have relationships with. Thinking of this, what would you say are the main relationships that support [FAMILY FIRM] as a business? Please explain and develop.

20. Can you give me an example of how [FAMILY FIRM] makes use of these relationships? Please be as specific as possible, providing examples of instances when these have been useful.

21. To what extent does [FAMILY FIRM] being a family firm helps or hinder these relationships?

22. What would you say is the role of these connections/relations in developing supporting business relationships?
    a. Does being a family firm in any way impact the trust that stakeholders in [FAMILY FIRM] have in its managers, employees, owners, and business partners?

Closing questions / culture

23. Thank you for all your answers. Now to finish, I'd like to close by talking a little about what it means to be a Pakistani business. In which aspects of the functioning of [FAMILY FIRM] do you see an impact of Pakistani culture? In other words, what are the things in [FAMILY FIRM] that you think would probably be different if it were not a Pakistani-owned business?

24. Finally, and as the last question, how do you think that [FAMILY FIRM] would be different if it were located in [Pakistan / the UK] instead of in [the UK / Pakistan]?
    a. Would business decisions be handled similarly?
    b. Would business priorities change at all?
    c. Would there be differences in the approach to innovation, etc?

Conclusion. Is there anything else that you would like to share with me today? If not, this ends our conversation today. Thank you for participating; your experience and opinions are going to be very valuable.

Appendix 2: Transcription of interview sample

Before starting, I'd like to remind you that despite being recorded, ethical considerations will be taken in to account. What you tell me today will remain anonymous. That means that your name will not show up as I look back at this conversation or as I think and write about it. I will transcribe word for word what we talk about today but will not keep your name and what you say will not be tracked back to you. In particular, I'll not share your answers with other people in your business or in other businesses or anybody outside my study team.

Interviewer: Ahhhh (Small pause). To start can you please tell me about your family firm? How would you describe it to me or to somebody who's not familiar with it?

(Long pause)

Interviewee: How will you describe it?
Interviewee: Ummmm. (Short pause), In what sense? What do you mean by that? How would you describe it? That's the thing, isn't it. Like?

Interviewer: I'll start again.

Interviewee: Yeah.

Interviewer: Can you tell me about your family business? So this is a general introduction about what your business is. What you do?

Interviewee: We import gym accessories from Pakistan.

Interviewer: Okay.

Interviewee: And here in the UK we wholesale them, retail them. Mainly we sell online, we have a warehouse here from where we sell to online buyers. We really just sell.

Interviewer: Okay.

Interviewee: And uhhh that's what we do.

Interviewer: So would you consider it, uh, mainly an online business?

Interviewee: You can say, uh (small pause), yes. Probably 80% of our goods, uh, are sold, you can say it like, on the online market. Going through different places and marketplaces.

Interviewer: What do you mean by different places, marketplaces?

Interviewee: Well obviously we sell online, mainly on Amazon and eBay and through our online store.

Interviewer: Can you tell me a little bit of history of your firm? How did it start and how did it become what it is today?

Interviewee: Uh, my father. My family has always been into leather trade. So, my dad has been working in the leather industry since 1979. So, uh, that was one of the areas what obviously we saw when we were growing up. My studies were totally different. So, I came back and obviously used my dad's expertise in the trade. So it started with the leather gloves and worked slowly into, uh, the gym accessories. So we moved ahead because obviously we started with the gym gloves, leather products and then moved in, (pause) subsidiary minds of those, so just carried on till this.

Interviewer: Okay, so, uh, since you mentioned your father had been in the trade for a long time. Would you consider him an original founder of the business?

Interviewee: Uh, you can say that because obviously without his expertise, it'd have been difficult.

Interviewer: Okay.

Interviewee: Yeah, because obviously he was the one who pushed the few first lines in terms of what we could source. So, so he just …

Interviewer: Is he still involved in the business?

Interviewee: He is, uh, in terms of, uh uh uh, obviously because we import from Pakistan. So in terms of the buying side of the things, he's very much involved.

Interviewer: Okay.

Interviewee: But in terms of selling side of things, which obviously is all based here, uh, he's not involved but in terms of overall, if you look at the business, uh, the decision-making, the growth or the way the business is going, he's involved. I mean, buying is very important in that regard.

Interviewer: Uh, how big would you say your business was when it started and how has it changed through time?

Interviewee: Uh, businesses overall, uh, sees a different time. A different, obviously there's always fluctuations in the market which leads to, uh. For example, now we're facing Brexit which has devalued, uh the Pound significantly. So, it has resulted in our business, uh everything I have to go down 25% because that's what the currency exchange rate is.

So in terms, if you look at the business side of it, it fluctuates. It was obviously slow and steady when it started because there could be numerous reasons, because, uh it was something, even being like a family trade but obviously working online wasn't in the family business side of thing. (Short Pause) So, uh, moving on, it has slowly and steadily developed.

Interviewer: Okay.

Interviewee: But yes, uh it has taken some time.

Interviewer: So in terms of size you feel, it has expanded?

Interviewee: It, it has expanded by obviously, uh, as I've said, uh in the past six months it has stagnated because of, uh what's the word ...,

Interviewer: impact?

Interviewee: Yeah, the time it is, that's why.

Interviewer: (Long pause) So how important would you say, uh (long pause) the business is for the family?

Interviewee: It is, obviously being the family business, uh, see a reason of income so it's not just me it impacts my dad also, my brother also.

Interviewer: It affects the entire family?

Interviewee: I, it affects the entire family because everyone is a stake holder, stake holder in the business.

Interviewer: How importantly would you say, (small pause) is your family firm, uh (long pause) your family name involved in the family business?

Interviewee: In terms of, as I've said. In terms of selling side of things, it doesn't really matter but in terms of purchasing side of things, it matters a lot because as I've said, my dad is very much involved in that and obviously he has a reputation in the market for being there for like 40 years in the same market. So he does, the buying side of things.

Interviewer: (Coughing) Sorry. Uh Do you foresee any changes in ownership of your business in the future, near future and if yes, under what circumstances?

Interviewee: Uh, I don't see any time in particular at this moment. Obviously as being the family business,

Interviewer: (Coughs)

Interviewee: involvement in the future because obviously, I've got brothers involved, as well as my dad too and everyone obviously, so there's just slowly, there will be one day to change a little bit, obviously we don't see anything in the near future yet.

Interviewer: (Long Pause) How important do you think is it for the family business to remain in the family, uh for coming generations? Like you said, you mentioned it might involve with respect to your father being involved and brother being involved, but, uh how do you see it transferring to the future generations or evolving into that?

Interviewee: Uh, obviously we haven't seen the future yet but in terms of moving forward, we can do what we can. Obviously, uh, the generation after, uh, which is in few decades but it will be up to them. Obviously, it all depends where it stands at that particular moment. So for example, if the business is doing well then obviously the next generation will have to just take it *forward because they're just ripping the fruits of our successes over the years but if the business is not doing well, then obviously, uh, it will be more of a cumulative decision whether we want our kinds to go into this or (short pause) they probably can turn around and say, okay because for example, me, I didn't get involved in this when I finished my studies because I wanted to pursue differently, something different and then I came back in to this.*

(Mobile chimes)

So it all depends on the circumstances of the situations of the business and how everything is going globally and obviously the economic side of things, business side of things. If it is doing well, it'll be like (short pause) I think future generations will ripe the fruits and if it's not going well, it will probably be reluctant for them to jump into this, probably do and pursue something which they'll like rather than forcing them, uh into this.

Interviewer: Okay, I'm interested in better understanding what it means for families to have a family business and what it means for these firms to be owned by the family, uh here I'm talking about the importance of the family in the firm. So with that in mind, can you please share with me what benefits can you think of that your family has gained from owning this business?

Interviewee: Uh, one of the prime things is like, it depends in terms of obviously financial independence, decision-making independence. You don't need to rely on different people. By being a family, if I'm making a decision, whether it's a right decision or a wrong decision. Family, uh is more like into the okay about it because, uh they, they understand that it was taken in good faith but if you work with someone, for example let's say a partnership and then, uh, one partner can't really make a decision (short pause) for the whole firm.
For example, if it's multiple partners so it's like they'll have to agree to things. Sometimes, one is like more risk averse and one is a bit like, uh on the back side of things so the partnership doesn't work but in terms of the family side of things, it does give you an independence because

obviously if anyone is looking up to certain aspect of the business, so they're making decisions independently, (short pause) and, letting the others not back here like obviously it faces the wrong decision but it was taken in good faith so the family got more, (small pause) uh to a level that it was accepted but obviously, they'll obviously tell the person, like oh, you'll have to do it differently and blah, blah, blah but if it's, uh, for example in a partnership, you'll have to split because there's money involved and there's a friction. There's that side to it.

Interviewer: Uh, how differently do you think that employment would be for individual people in your family, had this family firm not existed? (Coughs)

Interviewee: I think about different, obviously now because it's a family firm and your independent know how of the, uh what you can say, uh like your individual skill set. It's not that much, uh observed in terms of how, what is your chunk of share in the family business because everyone's getting something but obviously if, everyone in the family was involved in something, for example, my dad is like, uh (long pause) everyone has his own different skill set and according to that they'll have their own earnings so there could be a financial imparity between brothers or family members but because being the family firm so there's no, in terms of financial side of things or living standard side of things and there's no difference at all but, uh obviously if you look at the job sector side of things, they were not working with the family, they were working on their own, one could be a doctor and the other person could be like, uh, something else which is a less paying job. So it could be like …

Interviewer: So do you think that; uh the family firm is good in terms of employment for different family members?

Interviewee: Yeah, yeah, it's likely to, uh because sometimes, uh the family business, it's because it stays because of the trust factor and obviously you have more hands to work with. So yeah, it's a big help, that side of things because obviously an employee no matter how good he is, he can leave you but family members are less likely to leave.

Interviewer: I'd like to expand a little bit on the possible differences that may exist across different family members regarding their relationship to the firm like you said, uh if it's someone else, they can leave, and family doesn't but still do you feel that different family members bring similar or different experiences to the firm? How does it add, uh, value to your business or does it, uh, affect it negatively in anyway?

Interviewee: (Short Pause) It can work both ways because obviously every man has his own skill set and in the family business, uh, you tend to, uh (short pause) like kind of sit in an area where obviously your expertise are. So, for example, uh I'll give you an example, like for example I always say like, oh my dad has never been involved in terms of selling side of things because that's not his expertises but he has in the buying side of things, that's where everything is experience and life. So that helps big time. So, for example, if I was on my own or I had an employee, buying for me (short pause), it would've been a different story. So it would've been like, for example, uh different expertise that my employee can bring and obviously as in terms of the negative side of things, it can hinder you sometimes as well because obviously, uh uh you are sometimes, uh, not as competent as the next person could be working for you but obviously you're the decision maker or a family member is a decision maker and has a certain side of things. So they can probably hinder that a little bit.

Interviewer: Would you say that the family firm benefits some family members more than others?

Interviewee: (Short pause) Uh,

Interviewer: Obviously we're talking about members who are involved in the business.

Interviewee: Yeah, (Long Pause) I, I, in the long-term, it just kind of evens out pretty good because obviously, (short pause) you're more than likely to bring something to the plate. So it's *not like, that even like because at the end of the day it is a business and you're not going to be incompetent.*

Interviewer: Would you say that some family members provide more to the firm, for example in term of business relationships that they may have or skills that they provide?

Interviewee: Yeah, they do. (Pause) Obviously, uh as I've said like everyone has their own skill set which they bring to the business and they're likely to be, some likely to bring more than the other and obviously some might work more than the others.

Interviewer: Do you feel there is a problem if at all, uh that some family members benefit more from the firm or offer more to the firm? (Short Pause) You foresee it as a problem?

Interviewee: (Short Pause) It can be to, uh disagreements, uh in the long run because obviously it's not like everyone is pulling the weight. It's likely to, uh biased to a side, things are growing and it's less likely on a turbulent time, this is all we fear and this we might face. They're more likely to expose then, when the things are going well.

Interviewer: So, in your experience with your family firm, do you feel that long-term, it doesn't make that much of a difference? Because it balances out?

Interviewee: Uh, because we haven't experienced that.

Interviewer: Yet.

Interviewee: Yeah, Alhumdulillah (By the Grace of God). (Laughs) but it could be, could be, uh, can be a problem but, uh obviously it all depends on how the family is and how they are together and how can they work things out.

Interviewer: Uh, Continuing on the same, on your response. Can you please describe how you perceived the relationship between the family members to be and how you think these relationships transpired into the firm's working?

Interviewee: Uh, (long pause) sometimes the relationships can be a little bit up and down because obviously, uh you're more in the business and decision-making and sometimes things don't go right and instead go wrong and things like that which then leads to, uh (small pause) which can lead to obviously some kind of disagreements, uh which obviously need more room but overall, obviously because being a family, just comes back to it and goes with it, that kind of thing, so it's very important to have a head of the family, (small pause) uh and to be like level headed in a sense to make things right for the others to follow.

(Long pause)

Interviewer: Are there any particular conflicts between some members that impact the family firm?

Interviewee: Uh, (small pause) we haven't faced that but, uh sometimes spending (small pause) could be, uh an issue but obviously I haven't experienced that so I can't say anything.
I haven't experienced something like that but have heard of experiences others have.

Interviewer: Overall would you say, uh that the nature of relationships within, uh the family benefit or are they detrimental and, (small pause) how so?

Interviewee: As I've said before, uh if things are going well, everything is going smooth and you tend to ignore other people weaknesses or (small pause) wrong reactions but when things are tough, it can be uh a little bit more, uh frictional and detrimental but I'd still say, overall as a family business side is more, uh it's more secure, it's less likely to undergo negative suffering.

Interviewer: Uh, thank you for your answers. I'd like to turn now to talk more about how your family firm functions. (Small pause) Can you please describe the management structure of your firm?

Interviewee: (small pause) Okay.

Interviewer: For example, who's in charge of making managerial decisions?

Interviewee: Uh, as I've said our company is kind of like, our family business is kind of split between obviously, uh because we're half based in Pakistan, half here so me being directed here and so in terms of being the sale side of the thing, that's what we, uh, kind of uh make a decision of and in terms of the purchasing side of things obviously we can, we have our own budgets and things like that and how and obviously about new products and development. So, uh my brother looks into this side of things, uh my dad looks into the purchasing side of things, closing the deals and things like that and obviously they're in between like all the paper works are in, that structure shows quite well in that regard and as it has settled we haven't really decided that but by just what with their own expertise, kind of like, uh central and these kinds of things.

Interviewer: Since you've mentioned your father is involved and he's actually the one with the expertise and he has inspired the business, would you say that he plays a more patriarchal role in the business?

Interviewee: Uh, you know obviously. Him being the head of the family. So it's more likely that, uh, wherever he, pushes his weight, that is uh, that is the way to go but obviously, uh him being, uh in the business a long time, he understands, uh what is the future of the business, uh the business hold, that's more like us. So he has given us independence from that regard. So, a *certain action speaks that that's not his expertise so he doesn't get involved in those and uh, (Long pause)*

Interviewer: Uh, is there a rule on which types of issues require consulting with him in case of conflict between siblings? Maybe …

Interviewee: Uh, I think there's certain rules because obviously communication is very important in family businesses, any business; communication is very important. So every, every stake holder is kind of understandable, uh and he understands it all and he understands that he needs to communicate with others. So, uh as I've said before as well, uh there's no right or wrong decision because every decision is made in good faith, so if someone has made their own decision that is just not purely because it just happens to be a wrong decision at that particular time, so that does not really, if it's been communicated right, it's not a big deal at all.

Interviewer: How about longer-term business decisions, such as opening new venues, entering new markets, developing partnerships or new product lines, uh how are these decisions made?

Interviewee: They are more my things because they require long-term planning and this doesn't happen with decisions so that requires a lot of research behind it and every member is kind of involved in and have input in it and uh, we're pulling like ideas and how to move forward, how to do things because we're talking about decisions. Some of the decisions which could be like, a little bit where we kind of agreements or are tough or something happened while talking, taking up something for change in a supply quickly and made a decision based on certain information but obviously these kind of long-term information requires a sensitive planning so that requires a long time and so, uh I don't think that kind of like can happen without, uh all the mutual understanding because if we don't do that, then it's just, that's not family business that's just doing what we want to do.

Interviewer: Okay, so generally everyone is part of long-term decision-making. Uh, in case where there's (short pause) no consensus, who makes the final decision?

Interviewee: It's more of the image because you have to, uh (short pause) because there's always pros and cons for everything but obviously one has to, uh in terms of business side of things, so he has to like, uh have to come to understanding whether (long pause) in terms of things.

Interviewer: Okay, could you give me an example of a recent long-term decision that was made between members of the family again who initiated, who was involved and what considerations or discussions or difference of opinions came about just for?

Interviewee: Yeah, um a couple of things, probably most recent one is like a move in the warehouse. So we needed that and obviously we did that and uh, uh (short pause) the family in Pakistan, they obviously needed to, they communicated regarding that because that requires extra possibilities and obviously that's effective in business. So, once they were explained and then obviously the market research started and obviously coming up with a place either like, obviously uh, uh when they had, (short pause) when they had the opportunity to see like that. So it just works, uh intended. So, it was like more of a communication because it was obviously long distance, so it was more communication then visuals or meetings taking place. For example, like uh, we have our own system in terms of for every report was sent to them as well so that they're aware of what's happening here and we're aware of what's happening there. So that is kept under notice then obviously our staff is required to report via email to things because they're not into oral chat with the members, uh when they copy, they copy everyone. So that's how it works.

Interviewer: Uh, do you have any non-family managers?

Interviewee: Uh, we do have staff managers but they're more into, their endings are at the business and not the decision-making because our business is more, for example we have a manager here, we have a manager in Pakistan, both of them are like, more into day-to-day business. So they make sure that it's day to day running and that's what their job is, in terms of,

Interviewer: Has there ever been, (small pause) an occasion where their decisions were at odds with the family's decision for some reason?

Interviewee: It doesn't happen very often because obviously they're lying at the other end. What have they to do, they just, So the main decisions are taken by the family and they're just there for their due.

Interviewer: Uh, thinking about all the decisions we've talked about regarding decision-making and in general, your experience throughout the existence of the firm, would you say, uh what would you say are the guiding values that support business decisions in your family?

Interviewee: I think it's understanding like as I've said there while, repeating myself again is just like having an understanding that, uh no one is taking a wrong decision based on, it's just, it's just like any decision really, isn't it?

So it's not like, it doesn't affect (pause) they've, how would I explain that?

For example, no one is taking any action because of they're like incompetent or they feel that that's not the way to do with others. So they're doing it in good faith, so we need to understand this like why these things though, like we have to communicate and obviously decisions can be right or wrong. So this is what we get.

Interviewer: How important is the place of profit and budgets in decision-making in the firm?

Interviewee: How important it is? It's very important because that's what the business is based on. (Long pause)

Interviewer: And in retrospect how important are the decisions that may impact family members involved in the firm?

Interviewee: It has to be a, uh decision obviously as I've said like sometimes (small pause) everything going smoothly and communication. For example, they take a business decision that could be right or wrong and probably not like majorly agreed but it doesn't really matter because everyone is looking after their side, their roles, their duties and things like that, (small pause) so that's not an issue at all but in terms of the long-term side of things, there's always a mutual understanding. So you don't really like, uh see that much of an impact that obviously, that you're not just cutting off one person because it doesn't, for example if there's a business divided into different subsidiaries and every sibling is looking after that, so it could be like as, uh a call to business to make a decision that this needs to be cut because they may not be making you enough money or they may not be making you money at all and move it into another area where it could be more useful. So that kind of decision got to be mutual. Obviously the figure is there to prove that whether it's a right decision or a wrong decision but obviously you cannot really like ignore, uh sibling or anyone based on, uh without which is obviously effecting them deeply. So it needs to be communicated properly and it needs to be mutually agreed, which is very important.

Interviewer: I'd like to ask you about innovation at your family firm?

Interviewee: (Short pause) uh, in terms of moving forward? Or in terms of bringing new products or new lines?

Interviewer: In general, All of that.

Interviewee: That needs, that needs to be done, uh got, obviously it slowly moves on but obviously it does lacks sometimes because obviously we're not bringing a lot of outside help, a lot of outside, uh thinking. We're in kind of like, uh put more of a (small pause), uh more stagnant position where everything is going smoothly, and no new things are coming in. So you have to bring more staff in, take care of that. (Small pause) and obviously, and that will always be, uh under the family, uh management.

Interviewer: So you feel because, just because it's a family firm with only the family involved, it hinders innovation?

Interviewee: It's, It's, it's very likely that way but obviously because the way we work, we have the family heads and then we have the staff that we need. So once we recruit, they bring in new ideas. So we can pick those, so it's like brainstorming and picking their brains and obviously you need, uh good, uh support management you can say.

Interviewer: In terms of your business in particular, would you say it is more innovative or more focused on strengthening what is, what is already in place?

Interviewee: Uh, the kind of industrial wave, we have to move on, uh with the time.
So innovation is very important to us. So at this moment, uh because we being young, so we are just working with ourselves and obviously we do get staff in which obviously, I want those who are always open to ideas and then probably convey it to someone and then just taking it from there.

Interviewer: How important do you feel, uh (small pause) Relationships and, uh social networks are for your business?

Interviewee: Uh, relationships and, obviously, (small pause) it helps, uh tremendously in terms of the buying side of things because of dad's connections and his achievement in life really helps us *in that side of thing. So that, that is easy because obviously they are places we'd go and he has got connection or has got some kind of acquaintance, uh at the buying side team. (Long Pause) So, so it helps a lot.*

Interviewer: Uh, to what extent is the family firm, uh having a family firm helps or hinders these relationships?

Interviewee: Uh, I think it helps more than hinders because obviously you can look at the business side of things, you're talking about business relations. Yeah, because then for example, if you're the sole director of the business, you tend to ignore certain people. Let's say, there are 100 people but then there are 3 of you and each of you even have 50 each, that's 150 each. So the more you are, the better it is because you tend to have, because everyone has their own expertise, some people are more prone to, uh, uh some people are just workaholic. They just work, some people build relationship, some people do, uh totally different things, they're just like more friendly so they tend to have more friends. So through that, they have more connections. So everyone is different. So, if you have like a number of family members to hold in it, so it just helps in that regard because everyone is differents and they have their own expertise and they all have their own social circles which can boost your business.

Interviewer: You mentioned, uh trust (small pause). How important do you think the role of trust is in developing, uh and supporting business relationships?

Interviewee: It's very important (Pause) regarding the? uh business in relationships or business of?

Interviewer: Business relationships.

Interviewee: Between siblings or

Interviewer: Between the business and your social network?

Interviewee: (Long pause) Trust side, (long pause)

Interviewer: Doesn't make sense to you?

Interviewee: Yeah, it doesn't make sense. (Long Pause) because trust has actually got nothing to do with the present relationships. It's more to do with, uh Within the family. Within the family, or uh with employees.

Interviewer: Does being a family firm in anyway impact the trust that stake holders in the firm have in its managers, in its employees, owners and business partners?

Interviewee: That I mean trust, that is very important. For any business it's very important.

Interviewer: Trust is important but being a family firm, uh does that affect?

Interviewee: It, it comes with it. You don't have to earn it. In the end because obviously, as a new employee, you'll have to build up a rapport but with a family member, you just go with it. I'm not talking about the competent side of things; I'm talking about just the trust side of things. Being a family member, it just comes with it.

Interviewer: Would you say, uh it also comes with, uh employees?

Interviewee: Employees, yeah. They have to build.

Interviewer: They have to build the trust?

Interviewee: Yeah.

Interviewer: And (long pause) business partners?

Interviewee: Uh, business partners in terms of?

Interviewer: In terms of, for your business for example suppliers.

Interviewee: Yeah, suppliers and things like that. They, they take time as well.

Interviewer: Trust takes time to build with suppliers?

Interviewee: Yeah.

Interviewer: Thank you for all Your answers, now to finish I'd like to talk a little about what it means to be a Pakistani on business. In which aspect of functioning of the firm, you see an impact of the Pakistani culture? In other words, what are the things in your firm that you think would probably be different if it were, uh not a Pakistani business?

Interviewee: I think, uh because me, us being importers of goods from Pakistan. So here's the key. Language is key, for example, I've got a lot of my customers who can directly buy from Pakistan but they don't, they just buy from us. Even they know that it's more, if we have to make in on just to sell them one but they do that because they cannot just jump into a market. For example, uh we're always reluctant to go to China. Everyone goes to China, China, China but we're reluctant to go there because, uh there's a language barrier and obviously you don't know much, uh supply side of things. Me being a Pakistani, my family being Pakistani just helps a lot in that side of things. So it helps, it has uh probably helped us grow, 95% of the total where 5% is the local businesses and things and mostly it's just from me being a Pakistani because we beings Pakistani we can go and just pick up the phone and speak to anyone.

Interviewer: Do you think the culture, the Pakistani culture plays a role in your business, here in the UK as well?

Interviewee: I think (small pause), uh not that much but there's always uh a hardship, a hardworking culture, Pakistanis are like hardworking people so that kind of like embeds into but it doesn't affect that much as to the culture side of things but obviously the connections are there and

Interviewer: Uh, Finally the last question. How do you think that a family firm would be different if it were located in Pakistan, instead of UK?

Interviewee: (Long pause)

Interviewer: If you were doing the same thing that you're doing here, if you were doing this in Pakistan. How would it be different?

Interviewee: For us being obviously because we're just capping the UK market and it'd be like totally opposite, isn't it? So why we're doing this? We're doing it for the UK market and not doing anything for the Pakistan market. So probably the reality is that we don't do any business in Pakistan apart from buying.

Interviewer: So, it'd be rather something like this in the trade business.

Uh, is there anything else that you'd like to share with me today? About, uh your business in general, about Pakistani businesses in UK in particular?

Interviewee: Uh, nothing in particular, Is think it covered a lot in there. So, can't think of anything.

Interviewer: Thank you very much for you time and I'll be doing a more detailed interview sometime soon.

Appendix 3: Family firm definitions in the literature

The various definitions of family firms			
Author(s)	**Year**	**Definition**	**Category/school of thought**
Donnelly	1964	"A company that has been closely identified with at least two generations of a family and when this link has had a mutual influence on company policy and on the interests and objectives of the family."	Generational transfer Family control/influence
Miller and Rice	1967	"An example of the interaction of two subsystems (...) family and business (...) where the potential for conflict exists."	Two systems (family and business) Potential of conflict
Barry	1975	"An enterprise, which, in practice, is controlled by the members of a single family."	Family ownership
Barnes and Hershon	1982	"Controlling ownership rests in the hands of an individual or of the members of a single family."	Family ownership
Alcorn	1982	"A profit-making concern that is either a proprietorship, a partnership, or a corporation. (...) If part of the stock is publicly owned, the family must also operate the business."	Family management
Tagiuri and Davis	1982	"Organisations where two or more extended family members influence the direction of the business through the exercise of kinship ties, management roles, or ownership rights."	Family management Family ownership At least two or more members
Bechhard and Dyer	1983	"The subsystems in the family firm system (...) include (1) the business as an entity, (2) the family as an entity, (3) the founder as an entity, and (4) such linking organisations as the board of directors."	Two systems (family and business) Founder
Davis	1983	"It is the interaction between two sets of organisation, family and business that establishes the basic character of family business and defines its uniqueness."	Two systems (family and business)
Pratt and Davis	1985	"One in which two or more extended family members influence the direction of the business through the exercise of kinship ties, management roles, or ownership rights"	At least two or more members Kinship group owner Kinship group management

Rosenblatt, de Mik, Anderson, and Johnson	1985	"Any business in which the majority ownership or control lies within a single family and in which two or more family members are or at some time were directly involved in the business."	Family ownership Family control/influence At least two or more members
Dyer	1986	"An organisation in which decisions regarding ownership or management are influenced by a relationship to a family (or families)"	Family ownership Family control/influence
Stern	1986	"[A business] owned and run by members of one or two families"	Family ownership Family management
Babicky	1987	"It Is the kind of small business started by one or a few individuals who had an idea, worked hard to develop it, and achieved, usually with limited capital, growth while maintaining majority ownership of the enterprise."	One or more owners Majority ownership
Churchill and Hatten	1987	"is either the occurrence or the anticipation that a younger family member has or will assume control of the business from an elder."	Generational transfer
Ward	1987	"that will be passed on for the family's next generation to manage and control."	Generational transfer Family ownership Family management
Gallo	1988	"Family businesses have the following characteristics: (1) one family owns a majority of the stock, (2) family members are involved in the company's management, and (3) there is a clear desire to transfer ownership to future generations."	Generational transfer Family ownership Family management
Hollander and Elman	1988	"A business that is owned and managed by one or more family members."	Family ownership Family management
Lansberg, Perrow, and Rogolsky	1988	"A business in which the members of a family have legal control over ownership."	Family ownership
Handler	1989a	"An organisation whose major operating decision and plans for leadership succession are influenced by family members serving in management or on the board."	Family management Generational transfer
Handler	1989b	"An organisation where decision concerning ownership and management are determined by a	Generational transfer Family ownership Family management

		family (or families), who exercise influence through their participation in the business and/or its board as well as in the determination of a candidate for generational transfer”	
Stoy Hayward	1989	“A family-owned business is defined by any one of the three following criteria: more than 50% of the voting share are owned by a single family: a single family is effectively controlling the firm; a significant proportion of the firm’s senior management is drawn from the same family.”	Family ownership over 50% Family management
Dreux	1990	“When it has been closely identified with at least two generations of a family and when this link has had a mutual influence on company policy and on the interests and objectives of the family”	Generational transfer Family control
Leach, et al.	1990	“a company in which more than 50 percent of the voting shares are controlled by one family, and/or a single-family group effectively controls the firm, and/or a significant proportion of the firm's senior management is members from the same family”	Family ownership over 50% Family control/influence Family management
Ward and Aronoff	1990a	“Family firms are owner-managed enterprises with family members exercising considerable financial and/or managerial control”	Family ownership Family management
Van de Loo and Schuit	1991	“A business qualifies as a family business when the name of the business matches the family name of the director and/or owner”	Other
Gallo and Sveen	1991	“A business where a single family owns the majority of stock and has total control.	Family ownership Family management
Donckels and Fronhlich	1991	[A business is a family business] if family members own at least 60% of the equity.”	Family ownership over 60%
Lyman	1991	“[A business in which] the ownership has to reside completely with family members, at least one owner has to be employed in the business, and one other family member has either to be employed in the business or to help out on a regular basis even if not officially employed.”	Family ownership Family employment

Schwatz and Barnes	1991	"Both management and ownership control is in the hands of family members."	Family ownership Family management
Dumas	1992	"A family-owned firm is defined as a business owned and operated by a family that employs several family members."	Family ownership Family management Family employment
Baring	1992	"A business whether publicly or privately owned, [which] meets any one of the following criteria: -where one, or more families, are in a position to exert a considerable amount of influence on a company's operations, -where one, or more, family groups are effectively controlling the company, -more than,50% of the voting shares are owned by single family, -a large proportion of the firm's senior management is drawn from the one family group."	Single/multiple family Family ownership Family management
Holland and Oliver	1992	"Any business in which decisions regarding its ownership or management are influenced by a relationship to a family or families"	Single/multiple family Family ownership Family management
Churchill and Hatten	1993	"Is either the occurrence or the anticipation that a younger family member has or will assume control of the business from the elder"	Generational transfer
Dannhacuser	1993	"A family business must be owned and managed by at least two or more members of the same family, serve as a major source of the family income, and employ no more than 50 people."	Family ownership Family management At least two or more members Less than 50 employees
Welsch	1993	"One in which the ownership is concentrated, and owners or relatives of the owners are involved in the management process. More precisely, the condition of concentrated ownership is fulfilled when one or several families legally control more than 50 percent of the voting stock, and the condition of family involvement is fulfilled when at least one member of the owning families sits cither on the management board or the supervisory board."	Family ownership Family management
Floren	1993	"An enterprise is a family	Family ownership over 50%

		business if it complies with at least one of the following three criteria: (I) more than 50% of the shares or certificates is owned by a single family, (2) a single family is able to exercise considerable influence. (3) a significant proportion of the members of the Board of Directors are from one family."	Family management
Carsrud	1994	"Closely held firm's ownership and policy making are dominated by members of an "emotional kinship group" whether members of that group recognize the fact or not."	Emotional kinship group owner Emotional kinship group management Not owner defined
Lansberg and Astrachan	1994	"A company that is owned or controlled by a family and in which one or more relatives is involved with management."	Family ownership Family management
Corbetta	1995	"As those businesses where one or more families, connected by family or affinity ties or strong alliances, hold a share of risk capital sufficient to ensure control of the enterprise."	Family ownership
Galiano and Vinturella	1995	"A business in which the members of a family have legal control over ownership."	Family ownership
Gallo	1995	"[A business in which] one or two families held a percentage of equity equal to or greater than 50 percent."	Family ownership
Litz	1995	"A business firm may be considered a family business to the extent that its ownership and management are concentrated within a family unit, and to the extent its members strive to achieve and/or maintain intra-organisational family-based relatedness."	Family 0wnership Family management Inter-generational transfer
IFBPA	1996	"The family business is quite simply the "wider lens" view of entrepreneurship as the initial business efforts of one or more family members grow and change over time."	Other
Goldberg	1996	"When there were two or more officers or executives listed with the same surname, or when one of the officers or executives had	Other At least two members

		the same surname as the business.”	
Rue and Ibrahim	1996	“Those businesses in which the controlling interest is held by a family and in which one or more family members (including in-laws) is employed or reasonably expected to be employed in the future.”	Family ownership Family employment Inter-generational
Stavrou	1996	“(A business] in which the majority ownership or management control of the firm lies within a single family, and two or more of that family's members are cither employed or volunteer their time in the business.”	Family ownership Family management Family employment
Sharma, Chrisman, and Chua	1997	“A business governed and/or managed on a sustainable, potentially cross-generational, basis to shape and perhaps pursue the formal or implicit vision of the business held by members of the same family or a small number of families.”	Family ownership Family management Inter-generational Family vision
Smyrnios, Tanewski, and Romano	1998	“Family business as one in which any one of the following four criteria hold true: 50% or more of the ownership is held by a single family: 50% or more of the ownership is held by multiple members of a number of families; a single family group is effectively controlling the business; and a significant proportion of the senior management is drawn from the same family.”	Family ownership over 50% Family management
Westhead and Cowling	1998	“The company was perceived by the Chief Executive, Managing Director or Chairman to be a family business”	Owner defined
Winter, Fitzgerald, Heck, Haynes, and Danes	1998	“To qualify as a family business. the owner-manager had to have been in business for a least a year, worked at least six hours per week year-round or a minimum of 312 hours a year in the business, been involved in its day-to-day management, and resided with another family member.”	Family ownership Family management Owner manager time contribution
Chua, Chrisman and Sharma	1999	“The family business is a business governed and/or managed with the intention to	Family ownership Family management Inter-generational

		shape and pursue the vision of the business held by a dominant coalition controlled by members of the same family or a small number of families in a manner that is potentially sustainable across generations of the family or families.”	Family vision
Gudmundson, Hartman, and Tower	1999	“A business is a family business when the organisation is family owned or considers itself a family business.	Family ownership Owner defined
Donckels and Lambreecht	1999	A family business is one in which the majority of the shares are in the hands of one family, and in which the general management of the business belongs to the same family.”	Family ownership Family management
Heck and Scannell	1999	“A business that is owned and/or managed by one or more family members.”	Family ownership Family management
Littunen and Hyrsky	2000	“A family business is one where the controlling ownership rests in the hands of one individual or the members of a single family.”	Family ownership
Klein	2000	“A family business is a company that is influenced by one or more families in a substantial way. Influence in a substantial way is considered if the family either owns the complete stock or. If not, the lack of influence in ownership is balanced through corporate governance or influence through management. For a business to be a family business, some shares must be held within the family.”	Family ownership Family management Family control/influence
Hulshoff	2001	“More than 50% of the voting shares are owned by one single family, and more than 50% of the management (team) are drawn from the family that owns the family.”	Family ownership over 50% Family management over 50%
Lee and Tan	2001	“A family enterprise is an establishment with at least 50% equity from the family.”	Family ownership over 50%
Zahra, Hayton and Salvato	2004	“Those businesses that report some identifiable share of ownership by at least one family member and having multiple generations in leadership positions within that firm.”	Family ownership Multiple generations in leadership
Villalonga and Amit	2006	“Those in which the founder or a member of his or her family by	Family ownership Family management or influence

		either blood or marriage is an officer, director, or block holder, either individually or as a group."	
Miller, Le Breton-Miller, Lester and Cannella	2007	"One in which multiple members of the same family are involved as major owners or managers, either contemporaneously or over time."	Family ownership Family management Family control or influence
Arregle, Hitt, Sirmon and Very	2007	"a business firm may be considered a family business to the extent that its ownership and management are concentrated within a family unit, to the extent its members strive to achieve and/or maintain intra-organisational family-based relatedness"	Family ownership Family management Intra-organisational family relatedness
Deephouse and Jaskiewicz	2013	"(We) Focus on family involvement in ownership and on a board and on the essential element of having the family's name in the firm's name. However, we follow common practice in this research domain by using 'family firm' as an umbrella term referring to the class of firms in which families are involved."	Family ownership Family management Family's name in the business Family control or influence

Sourced and adapted from Chua et al. (1999) and Floren (2002).

Appendix 4: Analytical Coding Protocol

Section 1 – Introduction / Demographic Information

Theme / Sub-Themes	1-1 Demographic Information 1-1-1 Firm Structure
Description	Information related to the business structure, owner, and size of firm, operations and family involvement.
Key Words	Employees, Expansion, Education, Evolution, Future Generation, Hierarchy, Control

Theme / Sub-Themes	1-2 History Of the Firm 1-2-1 Origin of Family Firm
Description	History, Origin and Evolution of the Family firm
Key Words	Origination, Expansion, Founder, Age of Firm, Sustainability of Business, Involvement of Family Members, Growth.

Section 2 – Socio-Emotional Wealth

Theme / Sub-Themes	2-1 Importance of Business for the family
Description	Perception of Interviewees on the importance of the business for the family
Key Words	Importance to Family, Benefits to Family, Participation, Control, Flexibility, Independence, Trust, Monetary Benefits

Theme / Sub-Themes	2-2 Importance of Family for the Business
Description	Perception of Interviewees on the importance of the Family for the Business
Key Words	Interconnection, importance of Involvement, Reputation, Family Name, Gender, Trust,

Theme / Sub-Themes	2-3 Non Financial Benefits for Family from the firm for the Family 2-3-1 Financial Independence 2-3-2 Authority and Loyalty 2-3-3 Employment 2-3-4 Experience, Learning, Connections
Description	Non-Financial Benefits that the family gains from owning a family business
Key Words	Independence, Authority, Loyalty,

	Employability, Experience, social connections

Theme / Sub-Themes	2-4 Relationship of Family members with firm 2-4-1 Versatility in Gain of Benefits 2-4-2 Efforts by Family Members 2-4-3 Problems in Gaining Benefits 2-4-4 Impact of Family Member's Relationships on Family Firm
Description	SEW benefits in terms of contribution and involvement of Family Member in the firm
Key Words	Involvement, Effort, Decision Making, Benefits and Luxuries, problems and conflicts, compensation, Impact of Involvement

Section 3 – Family Social Capital in Family Firms

Theme / Sub-Themes	3-1 Ownership and Future Expectations
Description	Views on ownership, future expectations and direction of the family firm
Key Words	Ownership, Control, Future Generations, Transfer of Ownership, Shares, Professional Management

Theme / Sub-Themes	3-2 Importance of Ownership for the Family
Description	Views on Importance of the ownership of family in the firm
Key Words	Emotional Connection, Attachment, Connection between Family and Firm, Circumstances of Business,

Theme / Sub-Themes	3-3 Social Networks 3-3-1 Relationship with outsiders 3-3-2 Family Firm and Relationships Beneficial or Harmful
Description	Social networks of firm and family members and their impact.
Key Words	Social Capital, Social Network, relationships, buyers, manufacturers, suppliers, professionals, government agencies, global connections, advantage from social networks.

Theme / Sub-Themes	3-4 Trust and Social Network 3-4-1 Trust of Stakeholders
Description	The role of Trust in Social networks and with stakeholders.
Key Words	Trust, Commitment, opportunities, arrangements, security, family name, reputation

Section 4 – Decision Making

Theme / Sub-Themes	4-1 Management Structure 4-1-1 Managerial Decisions 4-1-2 Long Term Decisions 4-1-3 Non Family Managers
Description	Management structures, decision making and the role of non-family employees and managers
Key Words	Responsibility, authority, managerial, operations, employees, non-family, decision making process, daily decision making, long term decisions, consultation, research, conflict, final decision.

Theme / Sub-Themes	4-2 Guiding Values for Decision Making 4-2-1 Profitability and Family Reputation
Description	What guides decision making in these family firms.
Key Words	Profitability, Family Reputation, Independence, stability, keeping family together, Ethical, moral, religious, integrity, Honor.

Section 5 - Innovation

Theme / Sub-Themes	5-1 Importance of Innovation 5-1-1 Innovation in Family Firms 5-1-2 Strengthening vs Innovation
Description	Place of innovation in Family Firms, and focus of Pakistani family businesses in UK and Pakistan.
Key Words	Improve innovation, hinder innovation, patriarchal, role of elders, decision-making, younger generation, understanding, strengthening core business,

Section 6 – Cultural Impact on Family Firm

Theme / Sub-Themes	6-1 Pakistani Culture 6-1-1 Impact on Functionality of Firm
Description	The Pakistani culture and its impact on Pakistani owned businesses in the UK and Pakistan
Key Words	Culture, mind-set, leadership, direction, respect for elders, religious values, sincerity, environment, family harmony

Theme / Sub-Themes	6-2 Difference in functionality if located in Pakistan / UK 6-2-1 Culture and individual Performance of Family Members 6-2-2 Market Capturing

	6-2-3 Decision Making 6-2-4 Business Priorities 6-2-5 Approach towards Innovation
Description	Functionality of family firm based on location
Key Words	Adaptive, Ease of business, work ethics, professionalism, discipline, nature of business, relevance of business model, decision making, patriarchal, support, priorities, opportunities, survival

Theme / Sub-Themes	6-3 Environment and Social Evils
Description	This theme emerged from the cultural aspect of the interview and deals with the social evils in the Pakistani society
Key Words	Merit, Corruption, systems, rishwat, Sifarish, Parchi, government departments, bribery, gender disparity, adjustment.