CALL FOR PAPERS

Economic Theories of the Family Business: Concepts and Evidence Special Issue Proposal for Small Business Economics: An Entrepreneurship Journal (SBEJ)

SCOPE OF THE SPECIAL ISSUE:

This special issue focuses on the role of economic theories for family businesses. Economic theories attempt to offer plausible explanations of micro or macroeconomic phenomena. For instance, theories of the firm attempt to explain why firms exist and what determines their scale and scope (Coase, 1937; Alchian & Woodward, 1987; Demsetz, 1988). These theories include property rights theory (Grossman & Hart, 1986; Hart & Moore, 1990), transaction cost theory (Williamson, 1975, 1985), agency theory (Jensen & Meckling, 1976; Fama, 1980), and resource-based theory (Conner, 1991). In developing these theories, economics scholars have used concepts such as self-interest, opportunism, bounded rationality, information asymmetry, monitoring and incentives, asset specificity, team coordination, and incomplete contracting to articulate the factors that determine the existence and scale and scope of firms.

Although a young field, research attention paid to family firms has grown rapidly in recent years, and several scholarly attempts have been made to explain the differences between family and non-family firms as well as the heterogeneity among family firm populations (Gedajlovic, Carney, Chrisman, & Kellermanns, 2012). Interestingly, these attempts have borrowed extensively from the ideas expressed in economic theories, particularly agency theory, resource-based theory, and transaction cost theory (Chrisman et al., 2010; Sharma et al., 2012). In addition, economic theories have motivated the development of key concepts and constructs used in family business, including nepotism and paternalism, family altruism, and bifurcation bias, among others. Furthermore, some recent studies grounded in economics have been initiated to develop theories to explain the uniqueness and heterogeneity of family firms in specific contexts (Audretsch, Lehmann, & Schenkenhofer, 2018, 2021; Berghoff, 2006). For instance, Lehmann Schenkenhofer, and Wirsching (2019) develop a theory explaining family firms in the Mittelstand.

Nevertheless, despite the strong connection between economic theories and the study of family firms, investigation of why family firms exist and what determines their scale and scope is missing from the literature. Such neglect is indeed unfortunate because general economic theories of the firm do not incorporate the idiosyncratic aspects of families, such as the pursuit of socioemotional wealth (Gomez-Mejia, Haynes, Nunez-Nickel, Jacobson, & Moyano-Fuentes, 2007) thus excluding elements necessary for developing a solid theoretical foundation for exploring the behavior and performance of family firms. The lack of such a foundation may hinder the integration of family firm studies into the economics literature. Exploring economic theories of family firms might open new windows and motivate the development of new theories or the extension of existing theories pertaining to family business in economics and other relevant disciplines such as finance, management, psychology, and sociology. For example, the application of socioemotional wealth has been used to extend the insights of prospect theory and its behavioral agency derivative about family firm behavior (e.g., Gedajlovic et al., 2012; Gomez-Mejia et al., 2007).

To help fill this gap, this special issue aims to publish articles that develop and test economic theories that explain why family firms exist and the determinants of their scale and scope. We are also interested in theoretical and empirical studies that help explain related topics such as family firm heterogeneity, growth, and performance. In particular, we invite theoretical or empirical pieces that (1) develop new economic theories and relevant concepts that can be applied to the family firm context, (2) extend existing theories in a way that explains the existence, growth, and limits to growth of family firms, or (3) advance the understanding of decision-making in family firms under conditions of risk, uncertainty, or ambiguity. These themes broadly cover the primary aspects of the unique and varied behavioral and performance determinants of family firms, while sharing enough common elements to provide the cohesion required to make a significant impact on the field.

Examples of relevant topics are listed below. We will accept both theoretical and empirical articles on these topics:

1. Classic/modern property rights theory explanations of the existence and/or scale/scope of family business;
2. Agency theory or transaction cost theory explanations of existence and/or scale/scope of family business;
3. Transaction cost theory explanations of the mechanisms that influence when, where, how, and for whom family governance mitigates certain types of costs embedded in family business-related transactions;
4. Institutional economics or other relevant economic theories providing explanations of the prevalence and idiosyncratic nature of family firms across different contexts;
5. Resource-based theories that help explain the heterogeneous competitive advantages of family firms, particularly in comparison to nonfamily firms;
6. Economic theories that integrate family-centered socioemotional goals, family-endowed resources, and family governance (e.g., Chrisman et al., 2013) to explain the existence and scale/scope of family business;
7. Economic theories that incorporate socioemotional wealth in their conceptualizations of family firms;
8. Economic theories that explain the value-creating nature of family governance, as well as its boundary conditions;
9. Economic theories that explain the imitability and substitutability of family governance in economic organizations;
10. Economic theories that address when the pursuit of family-centered socioemotional goals increases, decreases, or has no impact on economic performance;
11. Economic theories that help understand the factors that influence the achievement of family-centered socioemotional goals.