

## **STEWARDSHIP AS PROCESS:**

### **A PARADOX PERSPECTIVE**

#### **ABSTRACT**

Long-term stewardship is usually represented as a stable *structural* condition and portrayed as a source of competitive advantage to firms (including family businesses) that use it as a mode of governance. Less is known about how organizations engage with stewardship as a *process*. We embrace a process approach to report a case study about the unfolding of stewardship in a multi-business family group. We conclude that stewardship is a process marked by critical tensions and paradoxes; by exploring the nature of these we uncover further dimensions and responses to the paradoxes of stewardship.

**Keywords:** Stewardship, family business, process, paradoxes.

## INTRODUCTION

Stewardship may be defined “as the extent to which an individual willingly subjugates his or her personal interests to act in protection of others’ long-term welfare” (Hernandez, 2012, p. 174). As such, stewardship is seen as a way not only to influence an organization positively but also to have an impact on the “welfare of society”. Such societal impact is particularly worth studying in family owned businesses (FOB) for two interrelated reasons. First, family firms employ about 60% of the global workforce (Neckebrouck, Schulze, & Zellweger, 2018). Second, in the context of the FOB literature, there is an implicit dualism pitting stewardship against managerial agency in which stewardship is postulated as an institutional source of competitive advantage over managerial agency (James, Jennings & Devereaux-Jennings, 2017; Neubaum, Thomas, Dibrell, & Craig, 2017).

From this perspective, FOBs, “the most prevalent form of organization in the world” (Campbell, Hoffman, Campbell, & Marchisio, 2011, p. 277; see also Chen, Liu, Yang, & Chen 2016), will “be exempt from problems of agency ... by virtue of their intra-familial altruistic element” (Chrisman, Chua, & Litz, 2004, p. 337) and thus are seen as potentially superior to other organizational forms because their familial managers have a natural predisposition to act as stewards of the business (Keyt, 2015; Neubaum, Thomas, Dibrell, & Craig, 2017). The *a priori* assumption is that family managers tend to think and act as stewards serving a common family good. The assumption may be erroneous. Families may often be idealized by politicians, clergy, and advertising agencies but that is no reason why management scholars should follow suit. The daily pages of the financial press are replete with stories of family business foundering on the reef of politics, not surprisingly, if only because the institutions of family and business do not coincide in their logics. Families lack the formal constraints and boundaries defining normal workplaces. Professional norms may govern family relations in the firm; nonetheless, relatives will still often fight and argue, emotionally, with passions fuelled by memories of prior struggles, as they would at home. In such circumstances, decision-making can

become either an agonizing process, especially if roles and responsibilities are poorly defined, or something settled by autocratic, usually patriarchal, fiat. Sibling rivalries, dynastic struggles and antagonistic divorces are routinely exposed in the business press reporting family businesses (see Hill, 2019, on the Redstone family and their stewardship of CBS and Viacom, for a recent example). The case of Familia (a pseudonym for the Southern European family multi-business group studied inductively in this paper) might, in many respects, be regarded as an ideal mediation of family inclusion and formal organization and governance; however, even in a context of clear rules, the emotional struggles of family are not contained and bounded, as we shall see.

The assumptions relating family firms and good stewardship have been, at least partially, challenged by researchers. Neckebrouck et al. (2018, p. 571) found, in a sample of almost 15,000 private Belgian firms over a 19-year period, that although family firms are good financial stewards, they are “surprisingly poor organizational stewards”. Empirical evidence such as this does not reduce the importance of stewardship for FOB, on the contrary, it suggests that it is necessary to get a more nuanced perspective of how stewardship really *works* at FOBs. By attending to the stewardship *process* in FOBs, i.e. by approaching stewardship not as a thing made but as a thing in the making (Langley & Tsoukas, 2010), this paper contributes to a better understanding of stewardship in FOBs, not as a structural condition but as a process emerging, developing, growing and terminating over time. Drawing on a case study and conceptually adopting a process perspective (Langley, Smallman, Tsoukas, & Van de Ven, 2013), we consider that changes in family dynamics have consequences for the business, as different family branches (and non-family members, over time) and different generations nurture divergent interests.

As we engaged with Familia, we realized that there were tensions around the idea of stewardship. We therefore decided to study stewardship as a process rich in tension and ambivalence. Sustaining stewardship can be challenging as familial generations and branches jostle and replace each other and

the representation of the business evolves and diversifies, raising our research question: *how does stewardship in an FOB involve the ongoing navigation of paradoxes at the boundary of the family and the firm?* Overall, we approach our theme with the lens of a process view (rather than from a stable entity perspective): stewardship as an ongoing fragile and political construction, a construction that can be represented as paradoxical and therefore unstable, one whose tensions are dealt with dialogically, over time, between generations. The exploration of tension and paradox is still limited in the family business literature (Ingram, Lewis, Barton, & Gartner, 2016). We use paradox as a meta-theory to illuminate stewardship as a process rich in tension. We thus depart from a more structural-stable understanding for a processual view, according to which the condition of stewardship is in fact an ongoing construction. The fact that this ongoing dynamic construction challenges existing equilibria, creates conditions for tensions and paradoxes to emerge around disputes over the role of the firm.

We begin by initially locating a duality between structure and process approaches to stewardship, opting for the latter. We present an overview of stewardship to situate the contradictions, paradoxes, and tensions confronting family and family business. Second, we explain methodological options, from which we choose an interpretive logic of multiple data collection techniques. Third, as three main paradoxes are brought into consideration, the main findings are presented, leading to conclusions and implications.

The outcomes of our research have significant bearings on how stewardship might be further developed, especially through informal learning suited to unstable and dynamic situations (Beckett & Hager, 2003; Hager & Beckett, 2019). As process-inclined scholars we contribute to the literature by exploring the role of contradiction in the nurturing of stewardship. We do not advocate the superiority of stewardship over agency but explore how conceptions of strategy by the leaders of Familia change

over time in the face of dynamic conflicts and contradictory challenges launched by different branches of the family.

### **FAMILY BUSINESS STEWARDSHIP: CONDITION OR PROCESS?**

We depart from the representation of stewardship as a structural (stable) *condition*, seeing it instead as a *process*, as something potentially unstable, dynamic, paradoxical and reversible (Gersick, Davis, Hampton, & Lansberg, 1997; Langley et al., 2013; Miller & Le-Breton-Miller, 2005a) around which many contradictions and tensions may revolve. We do not oppose structural condition and process as a dualism; instead, we stress the concept of duality in theoretical opposition to dualism (see Knights and Willmott, 1983 for an early statement of this distinction). In a duality the self is engaged in processes of multiple role enactments through which the solidity of the stewardship role (a) is understood and engaged as a variable process and (b), is thus involved in paradoxical oppositions, which are experienced as tensions. As a concept, duality is attracting increased attention from organizational scholars (Farjoun, 2010; Sonenshein, 2016) but in the FOB domain its presence is still limited, posing a need for additional research (Chen et al., 2016; Chirico, Melin, Salvato, & Seidl, 2015; Neubaum et al., 2017) that strives to explain contradiction, paradox and tension as phenomena at the heart of the family organization, as we find in this case. In such a perspective, stewardship is no structural *fait accompli* but a process of entangled and emergent power relations producing a situation of constant negotiation between competing interests and representations of the organization and its governance.

Chrisman, Chua, Kellermanns and Chang (2007, p. 1030) summarize a positive perspective on the structure of FOBs in the following way:

“[S]tewardship theorists suggest that family managers, regardless of ownership, will generally behave in the organization’s best interest (Davis, Schoorman, & Donaldson, 1997). Family managers are presumed

to behave this way because they subordinate personal goals to family goals, pursue non-financial goals, and abide by relational contracts that govern family firm behaviour (...)."

In a similar vein, Neubaum et al. (2017) argued that because FOBs have a stronger stewardship climate, they have a competitive advantage. That stewardship can be described as a structural condition, given by family ownership, is a somewhat limited view that tends to idealize family life in the aspect of normative stasis. Perhaps more likely, it will be riven by conflicts, deceits and inter-generational tensions than occur in other forms of formal organization. Rather than focus just on the structural properties of the firm, stewardship should be seen as a complex process, not as a condition. By process we refer to "how and why things emerge, develop, grow, or terminate over time, as distinct from variance questions dealing with co-variation among dependent and independent variables" (Langley et al., 2013, p. 1). Typically, processes are analytically characterized by the three intertwined phenomena of contradictions, paradoxes and tensions (Langley et al., 2013). We define these terms next.

*Contradictions* are "bipolar opposites that are mutually exclusive and interdependent such that the opposites define and potentially negate each other" (Putnam, Fairhurst & Banghat, 2016, p. 70). *Paradoxes* are "contradictory yet interrelated elements that exist simultaneously and persist over time" (Smith & Lewis, 2011, p. 386). Paradoxes have been seen as pervasive phenomena in organizational settings (Gaim, 2018; Schnellbacher, Heidenreich & Wald, 2019) that may create *tensions*, experienced as "stress, anxiety, discomfort, or tightness in making choices and moving forward in organizational situations" (Putnam et al., 2016, p. 69). Tensions may occur as a result of facing paradoxical contradictions.

Literature on paradoxes has developed significantly in recent years, although family business is scarcely represented within the field. For example, among the twenty-eight chapters of *The Oxford Handbook of Organizational Paradox* (Smith, Lewis, Jarzabkowski & Langley, 2017) none focus on

family business, such a context being almost absent across the entire handbook (by the way, nor is there any mention of stewardship, either). Family businesses' social and organizational relations may be anticipated to be intertwined and entangled, deep and inescapable, covering multiple life domains that are liable to "strong conflicts of interest" (Meier & Schier, 2016, p. 256). The present paper contributes to literature that explores stewardship paradoxes that emerge from different family nuclei developing diverse forms of connection and commitment towards the family and the firm. These features make FOBs especially interesting for the study of paradoxes and tensions.

Families face a number of paradoxes involving difficult stewarding choices because FOBs are characterized by deep and inescapable relationships covering distinct life domains in which multiple relationships may develop over time. Within these familial dynamics, relationships develop processually between family and non-family members. Sustaining stewardship can become a challenging endeavor as these relations change both structurally and contingently as a result of unfolding processes. Stewardship is not a simple top-down process in which the steward leader/owner/founder elicits stewardship behaviors from others within (employees and other leaders) and outside the firm (e.g., family members who are not organizational members). Intergenerational dialogues have a propensity to exacerbate conflict (Chen et al., 2016; Davis & Harveston, 1999). As the family divides into different branches, factionalism can replace cohesion and personal interests collide with collective gain (Miller & Le Breton-Miller, 2005a).

Despite the dominant, positive view of stewardship in the family business literature, previous research indicates that family executives may act as agents rather than as principals embracing stewardship (Chrisman et al., 2007), which means that the assumptions of stewardship theory need to be questioned and explored rather than simply claimed (Chrisman, 2019). Such an agency orientation becomes more likely over time as different family branches (and non-family members) come to constitute the company's arena. We consider that stewardship deserves to be studied from the angle of paradox

theory, as this meta-theoretical approach (Lewis & Smith, 2014) may help to illuminate dimensions of stewardship that have not hitherto been explored, given organization studies' propensity to develop theories based on consistency, not contradiction (Poole & Van de Ven, 1989). In short, FOBs are not necessarily governed by positive stewardship assumptions (Madison, Holt, Kellermanns, & Ranft, 2016; Neckebrouck et al., 2018). Moreover, as we shall see, where family members espouse different assumptions and adopt different (instrumental versus social-emotional, or normative) behaviors tensions, rather than mutual commitment, may pervade the firm and the family. While erosion of stewardship has been considered as a possibility in the literature (e.g., Miller & Le Breton-Miller, 2005a), the *process* has been insufficiently explored.

A substantial literature on stewardship (e.g., Block, 1993; Davis, Schoorman, & Donaldson, 1997; Hernandez, 2012; Miller & Le Breton-Miller, 2005a) considers multiple stakeholders as *de facto* relevant to an organization. As stated by Caldwell, Hoffman, Campbell, and Marchisio, (2008, p. 154), in this perspective, “managers are stewards whose motives are aligned with the objectives of several parties.” The assumption of multiple alignment poses a number of important challenges because the interests of different parties necessarily present potential for divergence and thus for conflict (e.g., March & Simon, 1958; Puranam, Alexy, & Reitzing, 2014), especially over time, as a paradox lens can illuminate.

In the case of Familia, even though the company chairperson emphasized a stewardship approach, the stewardship “philosophy” proved not to be consistent across different family members and branches, or between family and non-family members. Those who were stewardship-oriented experienced tensions emerging from contradictory challenges launched by different branches of the family. In such a context, acting as a steward was perceived as a paradoxical challenge, an exercise in the articulation of opposites, rather than the systematic application of a governance policy. Indeed, it was this initial apparent tension that stimulated our curiosity, as we discuss next.



## METHOD

The study considers the case of Familia, a diversified family business group in a southern country of the European Union (a summary of the characteristics of Familia can be found in Table 1; some details, which do not affect the analysis, have been changed to ensure the business group's anonymity). Familia is a diversified corporation, competing in services and manufacturing. Its consolidated operating income is about two billion Euros, with about a quarter of that earned through exports. Familia has an international presence in several continents, including the US. Each family branch ( $n = 12$ ) is represented by the siblings ( $n = 12$  children of the founder). Family's ownership is organized through a holding company (equal distribution between the branches) that has a controlling stake in each of the different businesses. Governance includes two main bodies (the Owners' Council, which performs a strategic role, is composed by four senior family members) and a Family Council (one member per each of the 12 branches). Access to jobs in Familia is regulated by a family protocol. This protocol (a) establishes that Family and Group are separate entities, and the interests of the latter prevail upon the family members' individual needs, (b) upholds that the Family Council acts as the conflict management entity for Family and Family/Group matters and (c), rules that the management of the Group is 100% professional (although not precluding family members from being part of the management team). The management is professional with the majority of the executives not being family members.

One of the authors has collaborated, intermittently, with Familia, participating as a guest speaker in management meetings and in family gatherings, maintaining regular contact with a group of managers and non-executive members of Familia, teaching younger members of the family, eventually being invited to study the leadership development of younger family members. Such on/off involvement allowed for a mix of personal distance and proximity in the interactions of organization, culture and ethics involved in the socialization and reproduction of the business (Anteby, 2013). The other authors

did not have direct access to the site, which allowed them to play critical roles, including the role of devil's advocates (Dittrich & Seidl, 2018; Nemeth, Brown, & Rogers, 2001). Using multiple authorship reduces, if not eliminates, risks flowing from a relationship with informants (Anteby, 2013), meaning that we were able to use this plurality to enrich the discussion without incurring the costs of being an insider, bound by rule, obligation or tradition.

Table 1 about here

The main source of structured and formal data collection was a family gathering that occurred in the first quarter of 2014. Data sources included meetings with the CEO and members of the executive and non-executive boards, as well as semi-structured formal interviews with 16 members of the owning family. While the management limited the number of informants we felt no need to ask for an increase in the sample size because similar themes repeatedly emerged as we approached the upper limit, an indication of conceptual saturation (Francis et al., 2010). The interviews (interviewing process and protocol are shown in the Appendix) typically lasted around one hour and were conducted in the company's headquarters. The profiles of our interviewees (27 to 58 years old) ranged from the CEO to younger members with no direct involvement in the daily management of the operations. The data collected from the interviews was preceded by a document analysis that covered several types of archival materials, including annual reports, written sources produced by the founders of Familia, as well as books published about the company. These formal interactions were complemented by informal interactions. Table 2 summarizes the types of data we considered and their relevance for our study.

Table 2 about here

The various data sources were used to identify and refine emerging patterns in the spirit of grounded theory (Glaser & Strauss, 1967; Walsh [et al.](#), 2015). We were not seeking to test hypotheses but to

make sense of the challenges confronting managers who sought to cultivate and embed the values of stewardship in the younger members of their enterprising family. We were more interested in gaining richly nuanced knowledge (Bettis, Gambardella, Helfat, & Mitchell, 2015) about the dynamics of stewardship than in challenging some specific aspect of stewardship theory. The findings motivated us to explore the *process* of stewardship as phenomenologically experienced, departing from the mainstream literature in which stewardship is often viewed on the basis of positive assumptions. For this reason, we composed our study on the basis of an in-depth inductive perspective.

Methodologically, the interview data yielded major emergent conceptual themes and categories (Feldman, 1995; Gioia, Corley & Hamilton, 2012) that focused the challenges involved in the cultivation of stewardship. First, the data was organized around central categories based on the coding of the interviews. Initial coding produced 12 first order in-vivo categories (Table 3), based on the informants' own terms. Through constant comparison, these initial categories were consolidated into six second order themes of intermediate abstraction via axial coding (Strauss & Corbin, 1998). Data were finally reduced to three major aggregate theoretical dimensions that captured the informants' deep views related to the self-indexing of the paradoxical conceptual domains of *identity*, *inclusion* and *purpose*. These final overarching dimensions defined the ultimate concepts related to the paradoxes of stewardship, as our informants framed them. The other sources (documents, participation in meetings, and informal interactions; Table 2) helped to make sense of the categories, themes and dimensions emerging from interviews with their respective implications for the stewardship process in a FOB.

Table 3 about here

## **FINDINGS**

Table 4 presents the data structure (organized around the three aggregate conceptual dimensions conceived as paradoxes of identity, inclusion, and purpose) derived from the analytic process. The final three dimensions emerging from the analysis are situated on the right side; in addition, we display the second (indirect) themes and the first order (direct) categories underlay theoretical constitution. In identifying all the identified tensions an element of paradox is pervasive because they all involve contradictory choices that persist (Putnam et al., 2016), i.e., conflicts where it is not adequate to exclude any of the terms. We explore the three dimensions/paradoxes in what follows.

Table 4 about here

### **Paradoxes of identity**

A fundamental dimension of stewardship development refers to the collective negotiation of identity at the boundary of the family and the firm. This dimension triggers interrelated persistent oppositions between the family and economic dimensions of the firm and between present and future generations, the temporal horizon. Overall, this dimension refers to the question “who are we?” as family and its implications for the identity of the business. Two second-order themes were rendered salient: (1) the construction of the organizational ethos (supported by the first order categories of the group as family institution and the group as economic institution) as well as (2), the choice of a temporal frame articulating the past, present and future organizational identity (focus on long or short run).

*Organizational ethos.* Many family members at Familia represented their firm as an extension and embodiment of the family, articulating past, present and future. For them, the organization should be assumed to be a family institution, emphasizing the values carried from family to business, which emphatically associated the business with the family itself. The perspective is evident in comments such as the following:

“I want to believe that we are all acting as stewards of the same interest: giving continuity to Familia, taking care of the business. Preserving the values of my family inculcated throughout the generations: the importance of family, the importance of mutual help, having one’s feet on the ground, putting the interests of the companies of Familia above our individual interest”.

For other family members, however, Familia is first and foremost an economic institution. It competes in markets with other market-oriented firms and in this sense the business of (the family) business is business, not family. In this case, the personal relationship with the firm is marked less by a sense of long-term emotional attachment and more by regard for instrumentally economic transactions. An informant described it in the following terms:

“Some family members may be detached, putting share price above the role of the business. Those people do not accompany the activities of the business, they can be less ethical, only want their Euros, no matter how.”

These two poles constitute a paradoxical logic of stewardship in Familia: on the one hand, a sense of family and historical tradition, which takes precedence as the objective of the family business; on the other hand, this is opposed by a sense of the family as an object subordinated to the business. These two orders seem to coexist in a state of dynamic tension.

*Time reckoning strategies.* From a process view, time is a core dimension of organizing (Hernes, 2014), with Familia’s temporal orientation referring to the time reckoning strategies favored by the family members. We witnessed the tension between the long run and the short run as constitutive of both the organization and individual family members’ identity. Some members saw Familia as a continuation of a project transcending individuals, an orientation to the long term being at the core of the organization’s identity. One informant stated: “A good owner must consider the long term”. Another assumed that “The difference between a family firm and a public firm is in the long-term vision”. Other members were more sensitive to immediate pressures, favoring pragmatic consideration

of current issues, including their own gains: one family member mentioned the “long time before gains happen”. Others complained about being the immediate losers from such a short-term attitude: “It is not enough to say, ‘We are doing this because one day you’ll inherit it all.’ Those on the other side [third generation] think ‘ah! But it will take a long time before that happens.’”

### **Paradoxes of inclusion**

We identified two main intermediate second-level themes that define inclusion: participation intensity (supported by first order categories of engagement and disengagement) and representation of voice (opposing the right to voice with the feeling of powerlessness). These themes express a persistent tension between inclusion and exclusion. One implication is that the same mechanisms that were seen by some as facilitators of participation and inclusion were represented by others as leading to exclusion. Feelings of inclusion and exclusion were thus closely linked as two sides of the same coin.

*Participation intensity.* The levels of proactive participatory intensity of family members in the activities of Familia varied significantly. Some members adhered to initiatives with enthusiasm and expressed their genuine interest for them, whereas others disengaged from those activities. As a senior manager critically noted “A bad owner thinks ‘What I want is money, I want to sell, I want to go surfing’”. A young family member corroborated the provenance of this point of view amongst some family members by noting that “Some cousins just don’t seem to care.” Low participation can be a matter of choice, as these quotations indicate; indeed, the intensity of participation in the activities of Familia was highly diverse. The data suggest that those family members that were most likely to develop as stewards were those more engaged, whereas the disengaged seemed less likely to embrace a stewardship philosophy, creating tensions around issues of inclusion and participation. The dynamic process is epitomized in the following comment by a family member:

“What my uncles are doing is a very good starting point for the next generation to contribute positively for Familia, as stewards. Informing the people, giving them the bases for understanding the business. Then my

generation will split up in two or three groups. There is this group that wants and is prepared to take an active part in the business; there is a second group that does not (...)."

*Voice.* Voice expresses a right to be heard and to speak up (Hirschman, 1970; Morrison, 2014). This theme differs from the previous one in the sense that it is possible to favor low intensity engagement whilst preserving the right to speak up. Young family members at Familia represented voice in diverse ways. Some next generation family members conveyed the idea that, although young, they should have a voice and expressed the view that they had the right to be considered, whereas some others felt marginalized or marginalized themselves through their lack of involvement in the firm: "At this moment Familia is a reality of mine, but a distant reality", as one of them acknowledged. Another participant stated that "it is very important to engage in dialogue (...) the openness to put the cards over the table."

Discord arose from existing *formal* rules being defined by a family protocol that, according to some next generation family members, limited voice. One member identified a group of individuals that "cannot take an active part in the business, given the protocol". Another member stated that some next generation family members "are not much interested because they feel they are too remote". Divergence was evident at the family gathering, an occasion to make sense of the governance as a dynamic process. A young woman assertively argued that family members in her cohort should be more involved, in what can be taken as a proxy of a pro-stewardship attitude. Another participant explained "To me the [development] program has contributed a more uniform knowledge of Familia. But it should be deeper." Other family members, on the contrary, saw themselves as too distant to be heard. Some young family members expressed the view that their voice's volume was too low: "We can't work at Familia but they involve us in those things [the development program]. But we are not really involved." In short, some people felt committed and included, whereas others expressed the sentiment of being excluded developing a sense of powerlessness, a perception that was created over time and that was verbalized in the gathering.

## **Paradoxes of purpose**

Our informants expressed two sorts of tensions regarding Familia's purpose, a purpose that we define as a desired result, in relation to familial relations and the protocol governing these. First, while some informants defended the view that the group should emphasize merit, others appreciated the importance of care. Second, two initial categories emerged as opposed: protocol as an organizational constitution, a "sacred" text, versus the interpretation of protocol as open and revisable. Merit and care thus existed in a state of tension and created ongoing paradoxical tensions between the governing logic of the company and its ultimate purpose. While there may be merit in both perspectives their articulation is difficult.

*Emphasis: Merit vs. care.* Some family members expressed sympathy for a duty of familial care, thus expressing a preference for nepotism against meritocracy. One member pronounced in favor of the company providing jobs to family members, complaining that "the fact that the protocol establishes that we have to work outside an X number of years (...) can be a limitation." Differently, other family members, including the executive team, vigorously defend meritocracy, reinforcing a culture of merit and the countering of nepotism. While some arguments have been made for the positive aspects of nepotism inside Familia, it was mostly seen as negative and debilitating. One member stated: "I also agree with the anti-inbreeding policies (...) They counter any kind of nepotism, be it real or perceived." In our interviews, informants explicitly invoked prominent and "bad" local cases to justify the soundness of the Familia's choices. To counter nepotism, Familia created a formal set of access rules that are strict and demanding. Given the policy, it is very difficult for a family member to gain access to managerial positions in Familia, something viewed as positive because hiring family members can lead to nepotism. The policy creates tension because some members perceive the rules as rigid, demanding, even dysfunctional:



“[T]he protocol establishes a given number years of experience [to be considered to a job in Familia], ideally international experience. Then what? Do I join the business as a director? This is why I am against it.”

*Preferences/outcomes.* Some family members saw the family protocol as a *de facto* organizational constitution and defended action guided by the spirit and the rule of the protocol. Confronted with regular claims by younger members or their parents about the limited opportunities for participation inside the organization, the CEO defended the *status quo* in the family gathering. “These are our rules. Once we [the older generation] retire, you change the rules if you want.”<sup>1</sup> It is a statement reflecting the potential instability of stewardship and the importance of top executives for its enactment over time. Rules premised on patrimonial rather than legal-rational bureaucracy (Weber, 1978) were critical to sustaining the ethos of Familia.

Some family members enunciated a less positive reading of the protocol, seeing it as a source of rigidity and psychological distance, leading to decisions that countered a genuine logic of care and limiting the sense of ownership (Bernhard, & O'Driscoll, 2011; Pittino, Martínez, Chirico & Galván, 2018). In some cases, the family protocol was described as a neutralizer of a major advantage of FOBs, that is having had contact and familiarization with the business since an early age. The protocol, in fact, limits access to those people that express a vocation to work for the family business. The tension is experienced as real: rules can be beneficial *and* damaging. During the interviews, some family members expressed their desire that the protocol be amended.

*Summary.* In summary our findings evidence that there seemed to exist opposing stances between members in how they navigate/construct contradictions or paradoxes over time. Some members seem to engage an either/or approach to managing oppositions, rather than a both/and approach. There was some equilibrium obtained via the formal governance mechanisms and the formal gatherings that provided numerous opportunities for informal conversations. The family governance structure played

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<sup>1</sup> Quote based on the notes taken after the meeting.

a key role in the maintenance of the balance but the interference of factors such as environmental shocks introduces the potential for unbalance.

## DISCUSSION

We have identified three paradoxes of stewardship. First, we observed that the firm is represented by some as a family mission, a collective endeavor that emerged from the family, transcending any specific generation, articulating the past, present, and future around a common sense of trans-generational continuity. The firm is an extension of the family, a vehicle for its values and its name. Other members, however, represented the firm as an economic institution that should be regulated by the logic and rules of the market. There is an element of paradox here: the two views make sense when considered in and of themselves but taken together they trigger mutually defining persistent contradictions, indicating that the interpretation of the meaning socioemotional wealth can also be studied processually, in articulation with stewardship. Leading the business as a competitive economic entity is not quite the same as managing it as a trans-generational family accomplishment: these are critical but oftentimes colliding logics. A prevalent focus on the family entity may endanger the business entity and vice-versa. However, from a paradoxical perspective, focusing on both entities and managing the tension between them may be the best way to respect both forces generatively. In short: (a) the emphasis on “business” over family may jeopardize family and, as a consequence, the business; (b) the emphasis on “family” over business may jeopardize the business and, as a consequence, the family.

To put it another way: emphasizing the family is necessary to preserve the business and preserving the business entails emphasizing the family. Rather than stewardship being viewed as a condition that family ownership ensures, it should be represented as an ongoing construction resulting from the articulation of the two elements (family institution *and* economic entity), a process occurring at the interface of issues of identity (Phillips & Lawrence, 2012) and temporality (Kaplan & Orlikowski,

2013). Although that stewardship involves the obligation to pursue and protect the interests of the *organization* (Neubaum et al., 2017), managing the business-family tension is a core role of steward leadership.

A second paradox emerges around participation. Levels of participation were variable, with some family members intensely engaged, whereas others did not participate at all. In isolation, these differential levels of involvement are natural and even predictable but from a stewardship perspective, they constitute a formidable challenge in terms of leading and managing a family business. Tensions are constantly evident around related themes; these include how fault lines of variable participation influence stewardship; how family members who participate intensely affect and are affected by those who do not; how do different participants represent each other as members of the same family; how do the two groups define organizational fairness? These tensions may be hard to manage and to sustain in a generative fashion but managing them is inextricably associated with stewardship.

A third paradox is present in the establishment of preferences about the ultimate goal of *Familia*. The firm can be represented as a meritocratic project, whose sustainability in the long run depends on the quality of its governance and administration. In this sense, the best way to protect the family's ownership lies in avoiding family interference in the running of the business; an approach that raises the contradiction that the family must avoid being protective in order to protect its position in the face of competition. Paradoxical demands are not easy to balance, as some family members consider that the ultimate mission of the business is to protect the family. Most family businesses are launched with that purpose in mind (Kets de Vries, Carlock, & Florent-Treacy, 2007). The avoidance of protection in the name of protection may be framed as a deviation from the original *raison d'être* of the firm: how might one claim to protect the family by defining rules that limit protection?

The framing of the issues involved in the three paradoxes is formidably complex. Such complexity commends seeing stewardship not as a structural condition but as an ongoing, dynamic and unstable

process. As we discuss next, stewardship is simultaneously an ongoing fragile and political construction; an exercise in paradox, an endeavor whose tensions render the process unstable, a process in which tensions are related dialogically.

### **Stewardship as an ongoing fragile and political construction**

The way different parties represent their issues over time and attract allies to their cause or fail to convince them (Ashford & Detert, 2015) will establish receptivity towards stewardship and the trade-offs it entails. The political dimension of stewardship seeks to manage a delicate balance between perspectives about the business that are fundamentally antithetical, existing in tension and thus being potentially unstable (Sundaramurthy & Lewis, 2003). Given the centrality of the economic component of the contemporary organization (Donaldson & Walsh, 2015), stewardship should be regarded as a fragile construction, a process bounded by constitutive tensions embedded in social and familial relations, therefore requiring sophisticated competencies of paradoxical leadership (Smith, Lewis & Tushman, 2016). Our findings thus suggest the need to conceptualize stewardship as a fragile and politically negotiated order, a result of a power balance that needs to be regularly validated and that is permanently open to revision, meaning that its paradoxical core cannot be “tamed” (Cunha & Putnam, 2019). Such revision is especially likely when the power circuitry (Clegg, 1989) that sustains stewardship is challenged, for example following a change of CEO or as a result of an environmental jolt (Meyer, 1982), such as the Eurozone crisis. In this light, stewardship is best viewed as an ongoing political and social construction, a paradoxical condition rather than as an organizational governance, a stable structure.

### **Stewardship as an exercise in paradox**

There is more nuance in stewardship than merely pure altruism (Eddleston & Kellermanns, 2007), long-term orientation (Chrisman, Steier, & Chua, 2006) and intense family commitment (Zahra,

Heyton, Neubam, Dibrell & Craig, 2008). We challenge Eddleston and Kellermanns' (2007, p. 549) claim that "altruistic family members can be seen as stewards of the firm ... characterized as possessing collectivistic orientations that encourage family members to exercise self-restraint and to consider the effect of their actions on the firm", despite it being an accepted view of stewardship as stable. As a paradox, stewardship incorporates synergy and trade-off (Li, 2016), a combination that renders it hard to manage.

Figure 1 depicts stewardship as paradox, a process that can create synergy or trade-off depending on how the family articulates the three paradoxes of identity, inclusion and purpose; hence the presence of the yin-yang as background. When the forces in opposition are fruitfully equilibrated, stewardship can be a source of synergy and virtuous circles; when some poles start to predominate, the system unbalances. Stewardship is a paradoxical endeavor in which tensions between poles, expressed as mixes of synergy and trade-off, can be more or less dynamically equilibrated. In this light, stewardship involves friction, opposition and tension: putting "family" into "business" is no panacea producing harmony. From a paradoxical perspective, these symptoms are inherent and not necessarily dysfunctional. Their existence *per se* is not problematic but how they are managed can turn them to problems.

Figure 1 about here

### **Tensions rendering the process unstable**

Stewardship as a *process* is shaped by accounts that are rational when isolated but that, conjunctively, can be difficult to articulate and to transcend (Clegg, Cunha, & Cunha, 2002; Putnam, Fairhurst & Banghart, 2016). These tensions render the stewardship process unstable, with the possibility of it becoming virtuous or vicious (Ropo & Hunt, 1995) through repetition and feedback (Tsoukas, 2017), depending on how the poles in tension are enacted and articulated. Following our interpretive model,

it is the constant attempt to make the latent explicit and subsequently workable via paradoxical thinking that makes paradox generative (see Table 5). Latent tensions that are not approached in their paradoxical duality will potentially emerge as conflicts that divide rather than unite.

Where merit and vocation are highly prized characterization of family businesses as managed for the long run, the family's dominant coalition represents itself as responsible for guarding values and a legacy that transcends any individual or any specific generation. Against this ethos are arraigned family members whose accounts represent the business from a market perspective, invoking a self-centered and rent-seeking dynamic rather than an altruistic, long term family-based orientation. In such cases, family involvement can be less intense and less emotional, the business being framed as a source of economic resources. Such a dynamic results not from intrinsic individual flaws but from the fact that people can be conceptualized as being both self-interested and altruistic (Jensen & Meckling, 1994; see Wade-Benzoni & Tost, 2009, for the interplay between egoism and altruism of *intergenerational* behavior). Moreover, as the family divides, younger family generations will be exposed to diverse and potentially diverging sets of values and attitudes, some of them less favorable to an ever more distant family legacy. Scholars explained how important families are in inculcating the right values and attitudes; however, what is right for one part of the family may be less so for another, an effect that different generations amplify (Gersick et al., 1997). At some point, tensions can surface and become explicit. Paradoxes can be contained but it is difficult to keep them in a latent state. As generations pass, the value of the socio-emotional component becomes less explicit in terms of justifying accounts and the relevance of economic rents becomes more explicit (Gomez-Mejia, Cruz, Berrone, & Castro, 2011). As such, the equilibrium that supports stewardship may be challenged in favor of rent-seeking behaviors, which may unbalance the paradoxical equilibrium.

### **Relating tensions dialogically**

When parties engage in relating tensions dialogically, they can be positive and constructive (Tsoukas, 2009). Finding some workable balance between modes of thinking, those inclined to economic interpretations may introduce market realism, whereas the stewards may impede short-termism, creating a dynamic understanding of the logic of stewardship not as a stable condition but as ongoing processual construction. Based on the findings, the foundations for such a paradoxical view of stewardship are presented in Table 5. The table suggests that the two modes can be articulated and that such articulation can contribute to a duality-informed approach to family business governance (Chen et al., 2016). The mishandling of this tension, however, can lead to dysfunctional conflict, trapping the firm in a conflict, in which some members defend the traditional view of the family project and fight their opponents as coldly utilitarian, whereas the less stewardship inclined criticize the romantic view of the former. Instead of articulating their points of view, proponents of one account may ignore the other and deny its relative merits, which, in turn, will decrease trust and potentially entrap the organization in a cycle in which every attempt to solve the problem will render the parties increasingly more distant (Masuch, 1985).

Stewardship is best protected by creating spaces for the ventilation of opposition and dialogue between the proponents of different positions, rather than by representing it as an inherently good, morally superior philosophy for governing the family business. On the contrary, the interaction between the proponents of different positions may be more and more polarized, making it more and more difficult to “manage” contradictions and tensions. According to paradox theory, denying one pole of a tension is possible but unfruitful in the long run (Smith & Lewis, 2011). While claims of superiority may justify the negation of the other pole a dynamic equilibrium view would recommend the articulation of opposition via some identity-related overarching goal (Ashforth & Reingen, 2014). The prospect of ongoing irresolution will trouble both FOB parties. Are there any practical options beyond merely accepting paradox as irresolvable? What might we learn from other workplace situations characterized

by the politics of contrasting logics? To canvass these questions, we will clarify some of the implications of our findings.

Table 5 about here

## **IMPLICATIONS**

Previous work studied the situational mechanisms of stewardship in the family firm, showing that this is dynamic rather than fixed (Davis, Allen, & Hayes, 2010). We extend this work, elaborating the paradoxical contradictions and tensions raised by the logic of stewardship. Conceptual awareness allows for reciprocal interaction (Pitts, Fowler, Kaplan, Nussbaum, & Becker, 2009; Tsoukas, 2017), while the search for solutions via synthetic learning (Miller, 1996) permits nuanced stewardship accounts to coexist paradoxically and to reinforce one another. Paradoxes differ from dilemmas (which are approached from an either/or perspective) inasmuch as they demand integrative approaches of “both/and”. When paradoxes are approached by managers as dilemmas to be resolved, the tensions between the two sides of paradox that mutually constitute each other potentially create dysfunctions. Therefore, one important contribution of our study belongs to rendering explicit that paradoxes of mutually constituting and persistent tensions should not be approached simply as dilemmas.

In terms of family business management (Madison et al., 2016), a paradox perspective that encompasses engagement between dynamic forces triggered by the adoption of stewardship logic better attends to process than one that sees the oppositional poles as incommensurable. Creating openness to integrate the arguments of the opposing party without dissolving the tension, using contradictions as a generative source of change and renewal (Tse, 2013), while it can be difficult to achieve and sustain, can be a creative form incorporating and respecting different family accounts and to facilitate constrictive dialogue over time. From a paradox perspective, stewards may be given the right to run the business and to sustain their presumably superior model, yet they need to validate this



superiority in a way that convinces those less inclined to stewardship. Family members motivated by stewardship as a long-term paradigm must consider and embrace the interests and motivations of the more economically inclined and the reverse is also the case. Paradoxically, the economically inclined actors may benefit from the FOB being managed according to stewardship principles – i.e., stewards are, by definition, focused on the economic survival and development of the FOB, using the poles in tension to affirm the overall vitality of the system. Stewardship-motivated family members may even foster the stewardship behaviors of the more instrumentally motivated through implementing procedures such as executive compensation schemes that stress pay for performance: paradoxically, such agentic motivational incentives may encourage stewardship behaviors (Chen et al., 2016; Chng, Rodgers, Shih, & Song, 2012). Managing the tension between differing stewardship orientations may be the necessary, albeit difficult, means to assure firm survival and development.

The pursuit of a stewardship approach to managing FOB requires a paradox mindset (Ingram, Lewis, Barton, & Gartner, 2016; Miron-Spektor, Ingram, Keller, Smith, & Lewis, 2019). In fact, stewardship implies ongoing negotiation of contested outlooks and priorities. Negotiation concerning stewardship issues calls for patience and mutual respect, underlining pivotal relational issues in social theory (Donati & Archer, 2015). Negotiation is also central to a conception of *processes of paradox*, vital in multi-party articulation between different interests. Negotiating the politics of competing stewardship vistas as logics of duality involves ambiguity and uncertainty about contingencies related to authority, power and performance. Other conflicts concern the requisite knowledge for each party's agenda, with the least stewardship inclined promoting managerially explicit data while those with a stewardship perspective are more likely to embrace a tacit dimension. One implication is that, in a succession process aimed at preserving a stewardship approach to managing FOB, espousing a stewardship approach is not enough; having a paradox mindset (i.e., valuing, accepting, and feeling comfortable with tensions; Miron-Spektor et al., 2019) is also a critical individual characteristic to seek in the successor. As Ingram et al. (2016, p. 162) noted, "Instead of seeking a clear, 'either/or' decision using

formal logic to weigh the pros and cons of each side [e.g., the stewardship orientation versus the economic one, as pursued by different family members, we argue], paradoxical tensions demand paradoxical thinking, a more fluid and holistic mindset that leverages the distinctions and synergies between elements in search of both/and solutions”.

## **LIMITATIONS AND FUTURE RESEARCH**

Data were collected during the serious economic crisis of the Eurozone that occurred after the Global Financial Crisis of 2008. Our interviewees’ accounts may have been exacerbated by this critical contingency (and we could speculate that such an exacerbation might be reinforced during the Covid-19 crisis). In more munificent times, the relevance of the family business as a source of jobs for the younger members may be less pronounced. The role of contextual contingencies on the balance of power between accounts favoring the logics of stewardship and agency in family businesses is a topic that requires further consideration. The sectors within which Familia operates may affect the interplay between stewardship and non-stewardship approaches and firms operating in other sectors, facing different challenges, may behave differently.

In spite of these limitations, the paper prepares a number of avenues for further research on the process and dynamics of stewardship and the paradoxes of FOB (see Table 5 for a summary of the paradox perspective as well as possible avenues). Extant stewardship research has evolved from separation to dualism. Stewardship evolved in opposition to theories of managerial agency, sometimes with a romanticized view of stewards as individuals who put aside particularistic interests in order to sustain a patrimonial legacy. This study suggests that the forces of stewardship and non-stewardship coexist in duality in their interpenetration (Chen et al., 2016; Farjoun, 2010; Madison et al., 2016). Researchers may consider exploration of duality’s possibilities, such as the extent to which stewardship takes place not because the forces of the short-run were contained or neutralized but because paradox-savvy leaders discovered how to articulate them productively, as a pair of interdependent opposites

(Waldman & Bowen, 2016). They may do so, for example, via co-leadership or rotating leadership involving stewards and agents (Ashforth & Reingen, 2014) or through articulating a “superior family interest” (Meier & Schier, 2016, p. 272) that accommodates both short-term and long-term business goals. Organizational tools of engagement, such as a substantive mission (Miller & Le Breton-Miller, 2007), functioning as an overarching goal that articulates opposing sub-goals, may compose the common ground for competing parties to find shared social understandings in the midst of disagreements.

Exploring the tensions between high and low stewardship orientations may offer open avenues to explore paradoxical processes and to test the assumptions of stewardship theory in action (Chrisman, 2019). Instead of seeing different logics as exclusive or synergistic, they can better be viewed as involving synergy *and* trade-off (Li, 2016). Instead of “solving” the tension, the stewards of FOB can use tension to facilitate renewal and to counter familial conservatism. The paradox perspective has the advantage of representing the need to view opposing logics (economic and social, long term and short term, etc.) as healthy signs of vitality that should not be suppressed. We unearthed some possible expressions of dualism in the enterprising family and stressed the relevance of handling them as paradoxes. Longitudinal designs can help to overcome some of the limitations of this in-depth study.

## **CONCLUSION**

Meier and Schier (2016) suggested that there was considerable future potential in research approaches to stewardship that focused on possible resolution of conflicts of interest between family members and between the family and the firm: this is what the paper provides. The family business literature tends to divide family companies into those run according to the principles of stewardship and those that are potentially vulnerable to short-termism (Miller et al., 2008). We found that such dualism can be textured with duality-influenced, paradoxical theorizing: in the same organization, opposing agents

and accounts coexist, interact, negotiate and hybridize, rendering stewardship an evolving complex process, rich in paradoxical nuance.

The analysis of interactive dynamics generates insights richer than those dependent on the assumptions of dualism prevalent in the literature. A paradoxical articulation of opposites around identity, inclusion, and purpose, rather than stressing the prevalence of one of the poles, aids understanding of stewardship as a duality rather than a dualism (Smith, Erez, Jarvenpaa, Lewis & Tracey, 2017). Sundaramurthy and Lewis (2003, pp. 411-412) point out that “governing a modern corporation is an intricate challenge driven by competing needs and perspectives. Theory and practice that embrace such complexity are increasingly imperative”. FOBs contain layers of complexity that facile structural analysis occludes: their processes are more complex and more challenging than structural arguments suggest. FOBs constitute a fertile ground for the exploration of paradox (Hargrave & Van de Ven, 2017) at the boundary of family and organization, a boundary in constant process, subject to conflict, contest and capitulation, as the life course frames its contours.

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## **Appendix.** Interviewing process and protocol

The protocol for interviewing family members was organized according to four steps.

**Step 1:** the interviewer explained the purpose of the conversation, the reason why Familia accepted the study and issues related to confidentiality.

**Step 2:** Interviews were conducted according to a semi-structured format based on the stewardship literature, especially that pertaining to the domain of the family-owned firm. Questions derived from these literatures were adapted to interviewee characteristics (e.g., executive or non-executive; younger or senior). Sample questions include the following:

- (1) How do you see the role of family members in the governance of Familia?
- (2) Considering your personal perspective how do you define a good family contributor? And a not-so-good one?
- (3) In your view, what purpose should Familia fulfil with regards to the family?
- (4) How do younger generation members respond to learning processes about the business?
- (5) Can you identify important challenges at the boundary between family and firm?

**Step 3:** Interviews were recorded and fully transcribed verbatim.

**Step 4:** An overview of the interviews, in the form of the main themes uncovered, was devolved to the interviewees and other family members in the context of a family gathering, to check for accuracy and feedback. Notes were taken within 24 hours for further incorporation in the analysis.