Handbook of Qualitative Research Methods for Family Business

Edward Elgar (Eds: N. Kammerlander & A. De Massis)

Growth through Innovation and Internationalization: Exploring the Role of Family Business Identity through Narrative Analysis

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Abstract

The aim of this chapter is to deepen our knowledge of the dynamic virtuous circle created by the interaction of innovation and internationalization, through a qualitative study of a family business that has grown thanks to these two complementary strategies. This is a unique case of a relatively young family business that has grown very quickly by combining innovation and internationalization strategies in a fiercely competitive industry. Through narrative analysis of the case study, we illustrate how the organization's collective identity has been shaped by internal (low family goal diversity and high family cohesion) and external factors (presence of non-family members on the advisory board and presence of international networks). We find that the idiosyncratic combination of these factors has contributed to creating a unique family business identity that has spurred the organization along its growth trajectory through innovation and internationalization.

Keywords: Family business, innovation, internationalization, collective identity, narrative analysis

Introduction

The aim of this study is to deepen our knowledge of the dynamic virtuous circle created by the interaction of innovation and internationalization (Golovko & Valentini, 2011) through a qualitative study of a family business that has grown thanks to these two complementary strategies. Specifically, we combine an analysis of internal and external factors, considering family characteristics and dynamics on the one hand (Rondi, De Massis, & Kotlar, in press), and external context and resources on the other (Kraus, Mensching, Calabrò, Cheng, & Filser, 2016). We suggest that the idiosyncratic combination of these internal and external factors has contributed to creating a unique family business identity that has spurred the organization along its growth trajectory. For our analysis we adopt a narrative approach as this qualitative method allows us to highlight key aspects of the business's collective identity, providing a rich interpretive lens (Brown, 2006).

The empirical material for our research comes from a case study of a European family business founded at the end of the 1970s, which we will refer to as SkinCo[1], with €30mln turnover at the time of our interviews and operating in the global luxury facial and body skincare industry. SkinCo's products sell at prices that are on average 40% higher than its competitors' and offers highly innovative, premium products containing active ingredients such as zooplankton, iron and even diamond dust, some of which are topical alternatives to botox. The CEO (one of the two co-founders) stepped down towards the end of the 2000s, passing the position to one of his daughters. He and his wife set up a foundation focusing on social development and outreach. International markets currently include the US, as well as Mexico,

[1] All names have been changed to protect confidentiality.

Dubai, Japan, Hong Kong, and Australia, and the company is present worldwide in over 2,000 selling points.

Our study enhances literature on family business growth, in particular through innovation and internationalization, by making four key contributions. First, we contribute to growing literature on family business growth that considers innovation and internationalization as complementary (rather than separate) strategies (Filatotchev & Piesse, 2009). Second, we respond to calls to take into account family business context (Wright, Chrisman, Chua, & Steier, 2014) by combining the prevailing internal outlook with an external perspective in our analysis. Third, we suggest that a family will behave in an idiosyncratic way as it builds its own collective identity, thus we contribute to knowledge about the heterogeneity of family businesses and how this affects their growth through innovation and internationalization (Pukall & Calabrò, 2014; Rondi et al., in press). Fourth, we adopt narrative analysis, a rich qualitative method that is increasingly being used by family business scholars (Dalpiaz, Tracey, & Phillips, 2014; Dawson & Hjorth, 2012; Nordqvist, Hall, & Melin, 2009) and that allows us to gain deep and unique insight into the family business. This qualitative method is useful for uncovering important insights about family businesses and is a powerful way to provide rich understanding about families' identities in particular (Parada & Dawson, 2016) and family business research in general.

The remainder of this chapter is structured as follows. First, we review relevant literature and state our research question. Second, we illustrate our data collection and analysis methodologies. Third, we present our findings. Fourth, we analyze key findings by focusing on internal and external factors, as well as collective identity. Fifth, we discuss the role of internal and external factors in developing collective identity. Finally we draw concluding remarks, highlighting limitations of our study and suggesting future research directions.

Literature review and research question

Several studies have considered the role that innovation and internationalization play in the growth of businesses, however these have frequently been seen as separate strategies (Golovko & Valentini, 2011). Instead, innovation and internationalization are often complementary activities, with innovation being a key antecedent of internationalization, and innovation and internationalization having a positive effect on sales growth (Filatotchev & Piesse, 2009). Furthermore, a lot of the literature has looked at internationalization of well-established firms, which are able to learn about foreign markets gradually and grow through strategic decisions that are made possible through marginally increasing resource commitments (Filatotchev & Piesse, 2009). Instead, the path followed by younger firms seems to be different, because when these organizations embark on a strategy of internationalization early on in their life cycle, expansion and growth tend to follow more quickly thanks to the firms' ability to innovate (Filatotchev & Piesse, 2009; Sapienza, Autio, George, & Zahra, 2006).

When the organization is a family business, in terms of innovation there appears to be a willingness-ability paradox whereby family businesses appear to be more conservative and attached to traditions than nonfamily counterparts, and therefore reluctant to invest in innovation (Duran, Kammerlander, Van Essen, & Zellweger, 2016). However, at the same time there are several examples of family businesses that are amongst the most innovative organizations globally (Rondi et al., in press). There is a similar lack of consensus over the likelihood of family business internationalization, with different studies pointing towards greater or more limited internationalization of this type of organization. These contradictory findings highlight the heterogeneity of family businesses, whereby factors such as external ownership and influence on the board seem to be related to their strategy, for example leading them down a path of more intense internationalization activities (Pukall & Calabrò, 2014).

Innovation fosters organizational knowledge and learning capabilities, which in turn are key antecedents for a firm's internationalization (Filatotchev and Piesse, 2009). To study innovation and internationalization, we take into account not only internal (family) factors but also the external context in which the business operates and the resulting access to resources that can be used for innovation and internationalization. At the same time we take a finer-grained look at the heterogeneity of family businesses by analyzing how the combination of internal and external factors shapes the collective identity of a family business, leading it down its chosen growth strategy. Therefore our research question is as follows: How do family-related dimensions on the one hand and external resources on the other shape the unique collective identity of a family business, thus affecting its chosen innovation and internationalization strategies and ultimately its growth?

Following Albert and Whetten (1985) we define an organization's identity as what is central, distinctive, and enduring about it. Adopting a narrative lens of collective identity offers the advantage of viewing this identity as being constructed by the narratives (i.e., stories) of key actors and thus being affected by each individual's identity (Brown, 2006). This makes for a discursive view of collective identity, which can evolve over time and across different actors as they network, dialogue and negotiate with each other and with the founders, whose influence tends to be greater than that of other actors. Following Brown (2006), we analyze collective identity using the constructs of voice, reflexivity, plurivocity, temporality, and fictionality. First, voice refers to the fact that stories do not tell themselves but are told by people from their own point of view, based on their own motives and purposes, and for a particular audience. Second, reflexivity means that collective identity emerges through interaction with others. Third, plurivocity is intended as ‘multiple understandings of stories’, meaning that narratives about collective identity can be interpreted differently by different individuals, thus almost empowering them to create their own version of collective identity. Fourth, temporality adds an aspect of provisional and work-in-progress to the collective identity as it can (and does) evolve over time, depending for example on the particular historical time. Finally, fictionality come about because stories are based on facts but are told by people who inevitably edit them based on their personal understanding, values, life experiences, and so on – thus telling their own version of the organization’s identity (Brown, 2006).

Methodology

Research design

Case studies are the most popular qualitative data collection method in family business research because they are a powerful methodology that allow researchers to investigate a phenomenon in depth and in a real life context (De Massis & Kotlar, 2014). We use a single case study approach, which is particularly suited to our study for three reasons (De Massis & Kotlar, 2014; Karra, Tracey, & Phillips, 2006). First, it is a unique case of a relatively young family business that has grown very quickly by combining innovation and internationalization strategies in a fiercely competitive industry. Second, one of the co-authors had significant access to all family members involved in the business and established a trusting relationship with them, allowing for greater access to information not only on business but also on family dynamics.

This was achieved by interviewing the family members involved in the business and by having them fill out a questionnaire in order to collect systematic information. Third, the interviews took place two years after one of the co-founders had stepped down as CEO and one of his daughters had taken over that position, allowing us to gain rich insights not only into the innovation and internationalization strategies but also into the family dynamics relating to the generational succession and their effect on the firm's growth.

The case is exploratory in that our aim is to shed light on *how* the phenomenon we are investigating – i.e. the virtuous cycle of innovation and internationalization in family business – occurs (De Massis & Kotlar, 2014), through the interaction of family-related dimensions and external resources and the way they have shaped family business identity. Our key data source is primary data collected through in-depth interviews with seven family members. In order to ensure a rich description of the case (Reay, 2014) and triangulation of our data sources to increase construct validity (De Massis & Kotlar, 2014), we also collected information from a questionnaire that was completed by six out of the seven informants and from a book written by one of the co-founders. Other data sources included the corporate website, press releases, and publicly available news stories about the company.

Case study

This case study[2] follows a family business – SkinCo – over a period of 30 years from its founding in late 1970s until the late 2000s, which represented a transition period when the second generation had recently taken over key managerial positions in the business. The family business operates mainly in the luxury skincare sector and it formulates, manufactures and

[2] This case study is part of the STEP (Successful Transgenerational Entrepreneurship Practices) project.

markets luxury cosmetic products as well as perfumery. At the time of our data gathering SkinCo had more than 40 active brands and a turnover of around €30 million across four continents. Its global sales in the last five years had grown by 10%-15% per year.

The SkinCo business was started when one of the two co-founders (James) lost his job and promised himself he would never depend on anyone else again. The idea emerged from his previous employment, where he realized that a protein included in the product that was being manufactured left employees' skin very soft. James started SkinCo when he was 50 years old, with his wife, and they involved friends and family who provided the initial capital. The family business's history can be divided into three stages: in its first decade (late 1970s-late 1980s) the business was focused on domestic growth. Once the business was consolidated, and when it was about 10 years old, the owners decided to start an internationalization strategy starting from the US (late 1980s –late 1990s). Later on SkinCo also entered UK, Mexico and the Middle East consolidating its international presence (late 1990s-late 2000s). The second generation was gradually incorporated into the family business, contributing to and supporting its growth. Three of the four children (two daughters and one of the two sons) and the two daughters' husbands were incorporated into the Company. The family business is currently in the second generation, with one of the founders' daughters as the CEO.

It is also important to take into account the external environment in which SkinCo operates. The skincare industry is mature, with limited growth in Western Europe, North and Latin America, and healthier growth in Asia Pacific. However, one segment – the luxury segment – is thriving is, especially in North America and Western Europe, where premium and disruptive brands are driving growth. Skincare in particular is one of the best performing luxury segments, with 7% growth in 2017 thanks to noticeable levels of disruption and innovation (Passport, 2018). This is the segment in which SkinCo operates, luxury skincare.

Data collection

Interviews were conducted in 2009, two years after the CEO and co-founder stepped down and at a time when the next generation was establishing itself in the business and going through the key challenges of the succession process. All family members involved in the business participated, for a total of seven informants whose tenure in the family business ranged from seven to 30 years. These individuals (see Table 1) had key roles in management and governance in the business, including as chair of the board and chief operating officer (first generation), chief executive officer, marketing director, finance director, communications director, and members of the board of directors (second generation).

--- Insert Table 1 about here - - -

Information was gathered through open-ended questions in order to allow respondents to have total freedom to explain their story. For example, the opening question to all interviewees was "What is your background with SkinCo?" and this was followed by questions about the history of the business, perceptions about its evolution and growth, entry into the business, and career path followed by the other family members. Interviews lasted between 1.5 and 2.5 hours and were recorded and transcribed *verbatim* in order to have a detailed written support of what was being said. Interviewees were also given a questionnaire that assessed various dimensions, including level of family and business complexity, presence of governance structures, degree of development in (professionalized) management practices and structures, communication processes, separation between ownership and management, and succession intentions – factors that are related to a family business's ability to cope with complexity (Gimeno et al., 2006). This questionnaire allowed us not only to understand better the aforementioned dimensions, but also to gain insight into how respondents perceived their family business and if there were differences among family members' perceptions. This questionnaire was filled out by six out of seven participants.

Data analysis

In order to analyze the case study we use a narrative interpretive approach (Nordqvist, Hall and Melin, 2009) to capture the nuances of the family business, entailing going back and forth from data to theory and vice-versa (Alvesson and Skoldberg, 2000). Narrative analysis is appropriate in this case because collective identity is a discursive construct, and 'resides' in the collective identity stories that individuals tell though interviews or in conversations, write in biographies or corporate histories, and present in news articles or websites (Brown, 2006).

One of the co-authors (who had access to the family) conducted the interviews, which were all recorded and transcribed, and also administered the questionnaire. Two of the co-authors then open-coded the interview transcripts, questionnaires and archive materials (the main one being the co-founder's autobiography), initially focusing on key events (Isabella, 1990). This stage of data analysis resulted in three chronological phases, which are illustrated below. Subsequently we identified key codes, focusing in particular on the internal and external factors that helped forge the collective identity, on the main elements emerging from the narratives by the family members about the collective identity, as well as on the innovation and internationalization strategies of the family business. These codes were discussed and grouped by the co-authors into second-order themes at a higher level of abstraction (e.g., Corley & Gioia,

2004) and, through multiple iterations between the theory and data, we came up with our theoretical framework (e.g., Gioia, Corley, and Hamilton, 2013).

Findings

First decade: Focusing on domestic growth (late 1970s-late1980s)

The idea for SkinCo occurred to the co-founder James when he realised that the skin on the hands of employees in the company where he had worked in previous years was in excellent condition:

> *"... a miracle happened. I noticed by chance that the hands of the employees that worked with a specific protein were unusually smooth... I immediately assumed that those ... proteins could possibly have some topical cosmetic property". (Co-founder's autobiography)*

He decided, therefore, to ask two friends, a cosmetic chemist and a dermatologist, to investigate if the proteins he had identified had any skin care properties. And indeed, after testing them on over 500 people, they found that they did. The dream of setting up a business project became a reality from that moment on, but the children were still young so he and his wife let time pass. However, a few months later, James was made redundant and it was then, aged 50 and raising four young children, that he and his wife decided to embark on the adventure of setting up their own business:

> *"When I found myself without a job ... and had to apply for unemployment in order to survive, I could not comprehend why this had happened to me. I had given [several] wonderful years of my life to an American multi-national company; I had been committed to my job, had worked hard and had obtained very positive results, but the ending had*

been very unfair. Then … I devoted myself to trying to make a profit [for another company] and when it seemed as if the project would come to fruition, the company closed… the entire management was fired and I found myself on unemployment. Why? I did not understand it." (Co-founder's autobiography)

"I swore I would never again work for … someone else. I will create my own company and start from scratch. My wife wept inconsolably." (Co-founder's autobiography)

To do so, the co-founders used part of James's severance pay to invest in the startup. They also had the support of a network of friends, many of whom joined the project as minority owners. The co-preneurs invested enough to have 52% of the equity.

In the first generation, James was the visionary leader and natural born entrepreneur. He wanted to start his own business because he wanted *"... a family project that would allow us never to depend on an employer again"*.

His wife, Maria, played a key role supporting James and complementing him with her human resources management skills, as well as her natural empathy when dealing with people. The company was able to prosper thanks to the tandem the co-preneurs created, particularly in the early years. The second generation got involved in the business from an early age, contributing with hard work and later on with leadership as they grew with the company and developed within it:

"… While some of our friends worked as nannies or teaching maths to kids, we worked in our family business packaging, folding brochures…. and we got paid. That was our first contact with the company. Sometimes they would call us at the weekend to prepare hundreds of sample bags, for example, and we called our friends to help us… that's what I remember." (Rachel)

In this first decade, the company gradually established and consolidated its brand in the domestic market. The business focused on luxury skincare products and decided to focus on one distribution channel, high end beauty salons:

> *"[We] began doing business with only five high quality and extremely effective facial creams, bottled and packaged in exceptionally attractive jars and boxes… at a price that was 40% higher than the competition's and with an exceptional launch offer. When professionals bought five creams, we gave them another five. The beauty salons gladly welcomed the brand. We were completely different from others in everything: presentation, cutting-edge technological products with the exclusive feature of having natural free form collagen, elastin and keratin amino acids in the formula, and we had a polite elegant approach. We inspired admiration and trust. The business worked. Every year we sold more than the year before, sales were over the moon". (Co-founder's autobiography)*

Second decade: Second generation and internationalization (late 1980s-late 1990s)

After only a few years in the market, SkinCo had over 150 products. In this decade sales began to grow so much that more human resources were needed, so the second generation started joining the company in more formal roles:

> *"In the early 1990s, the company purchased a five storey building … and moved its offices and warehouse there… We were someone. Those were magical years of growth and steady consolidation." (Co-founder's autobiography)*
>
> *"Our children began to work at SkinCo after school. They would come to our facilities, pack products and help out in the shipping department." (Co-founder's autobiography)*

One of the daughters had always shown an interest for chemistry and she started collaborating with her mother in product development:

"My place was at the family business, I liked working there and I still enjoy it immensely." (Emily)

Her older sister, the one who would eventually take over from her father as CEO, found a different role in the family business:

"I started getting involved in the businesses when I was still in secondary school. I started with administrative work, then invoicing, and I gradually took on more and more responsibilities." (Rachel)

After studying law for three years, she decided to pursue an MBA whilst working at the family business:

"… It was great, really, really great. It enabled me to construct a theoretical map which I combined with work, with the practical day-to-day at the MBA degree." (Rachel)

Rachel's husband, Robert, joined SkinCo in the early 1990s. He was the son of one of the minority partners who had provided financial backing for the start up. His previous professional career was not business-related and had nothing to do with the world of cosmetics. He remembers his first steps at the business as follows:

"I joined the purchasing and production department; in other words, contacts with suppliers, about new products. The first thing I did, something no one had ever done before, was to go to see all of our suppliers. At that time we were really big for small-scale suppliers and really small for large-scale suppliers. We were at an important moment for growth and we needed to improve packaging. To embark on retail sales meant having to change all the containers and make them more attractive; using a

marketing approach. This meant an improvement in the product our suppliers developed for us, because we had to look for and work with new suppliers. This was my first major project at the family business". (Robert)

During the first decade of the company's existence, the co-founders had already attempted to enter the US market but unsuccessfully. They learned from their previous failure and realized that they could not use the same type of channel as in their domestic market, therefore, they focused on retail – mainly high-end department stores, such as Neiman Marcus and Saks Fifth Avenue – instead of beauty salons:

"In the early 1980s, crazy me, I decided to replicate [our] success … in the US; I knew English and I knew how companies worked in the US but I hit the biggest bump in the road in my professional career. I went to the US… and for five years we tried over and over and lost a lot of money in the process. I had chosen the wrong sales channel. Back then, there were very few spas or beauty salons in the US… we returned to the US market after 10 years only after having conducted a proper market survey which showed us what the right and most promising sales channel would be, which was that of large luxury retail stores." (co-founder's autobiography)

In order to internationalize successfully the company and consolidate its position in the US, James realized that SkinCo's growth had to be led by family members. So Rachel and Robert moved to the US with the aim of developing this market. Attempts had been made to enter this market through contracted agents but the company had failed to establish itself. This time, market penetration was successfully achieved. The family needed to develop trust among their distributors. Their presence there along with their capacity to create long-lasting trusting relationships allowed them to build a stable relationship with retailers who were very demanding and particularly reluctant towards an unknown brand, in a context characterized by fierce competition by global brands. In order to achieve this objective and to position the brand vis à vis the final consumer, SkinCo decided to do it via celebrities. In an innovative way, Robert and Rachel started to present their products in Hollywood during the jewelry exhibitions before the Academy Awards ceremony, where celebrities decided what they are going to wear that night.

"In L.A. right before the Oscars, there are display sessions where the best jewels in the world are shown, so celebrities can choose what they will wear during the ceremony. This is where we offered out products, alongside the diamonds that were used to adorn the heads of the celebrities, which was fun for them… This allowed us to gain visibility and publicity with a relatively low investment." (Robert)

Third decade: Further internationalization and passing the baton (2000s)

At the end of the 1990s, tensions began to arise among the different shareholders outside of the family, some of whom wanted different members of the next generation to join SkinCo. In order to avoid conflict and disruption in the business, James decided that the moment had come to repurchase shares from these shareholders. But, in order to carry out this shareholding restructure, he required the expertise of a financial professional. This situation coincided with Emily's husband, Tom, beginning to feel the burden of working in his own family's business and deciding to resign from it. James asked him to join the family business in early 2000s and his first task was to purchase the minority owners' shares to give the family full ownership of SkinCo:

> *"Up to that time we had been managing the financial part and costs wherever possible and necessary. I was in charge, I was also in charge of several other things and financial*

management had fallen behind. And the truth is we needed the support of someone important. At times, I'd asked my husband for help with specific issues while he was working with his father in their family business, and that's when my father offered him the possibility to join the Company. After a few weeks, he accepted our offer and the truth is he has turned our business around!" (Emily)

"I promised my father in law that we would achieve full ownership within a year, and that we would be owners of our own business. And that's what happened." (Tom)

After Tom joined SkinCo, Rachel and her husband were able to return to central office in 2007 and the other daughter, Emily, and her husband Tom, moved to the US to consolidate the company's presence in that market with a subsidiary and its own distribution network.

One of the sons, James Jr, joined the family business in early 2000s as well. At first he was responsible for purchasing and later for commercial development, whilst pursuing an MBA. He has since taken control of the Company's systematic internationalization process:

"Our family business has the potential to become a global company. I know that our presence in the US is a window to the world, but it isn't a profitable one. In contrast, Asian markets, Japan, Singapore, Hong Kong, Dubai and other Arab Emirates have an extremely high profit potential. They must be given the importance they deserve, and we've got to promote growth so that eventually 30% of our turnover comes from these markets." (James Jr)

Each member of the family found their place in the business and this enabled each of them to lead their respective area whilst contributing to the overall success of the company. As one of the sons in law pointed out:

"None of us wanted Rachel's role, and we all knew that no one could do the job as well as her. In [the business], demands are made on each of us for what we are and what we do within the company". (Tom)

Indeed, towards the end of this decade Rachel was unanimously elected CEO by the rest of the shareholders, after having worked at SkinCo for more than 20 years.

Growth through innovation and internationalization

The initial success of SkinCo was achieved thanks to its distinctive innovative product, which was able to distinguish itself in a highly competitive industry dominated by very large brands. Given the limited size of the company and its low brand recognition abroad, the only way SkinCo could reach the desired positioning was indeed through innovation, allowing its products to reach a level of differentiation that the customer would be willing to pay for, especially seeing that the products were coming from a country that was not well known for high quality luxury cosmetics at the time. The continued success of SkinCo was maintained thanks to its enduring focus on product innovation:

> *"SkinCo has a very advanced research department. Two teams constantly work on the creation of new formulas. It is a job performed by both the marketing team and the technical team. There is no limit in product costs; that is to say, cost is not one of the factors guiding or limiting R&D when creating new products. That is our main asset. R&D is our leitmotiv. It is there where we invest a great deal of our resources." (co-founder's autobiography)*
>
> *"The company's research and development budget [is] open-ended. It means that the technical team and the marketing team are playing together, trying to innovate, to*

develop, to work out a new formulation. They know that they … can expand as much as they need to reach a good result because we think that it is our asset." (media interview with co-founder, 2008)

After establishing itself in its domestic market, SkinCo's distinctive innovation allowed the company to internationalize successfully:

"So the question here was: how could a brand that was completely unknown in the US up until a few years ago, created by a family-owned company that was not a large international firm and from a country that was relatively unknown to them, have such a resounding success in an extremely competitive market that had for years been dominated by the most exclusive cosmetic brands without investing a single dime in advertising? The answer was simple: the quality of the product. Whoever tried it was hooked. SkinCo worked. People asked our clients what they had had done to their faces because they looked amazing. The answer was always the same: they used SkinCo; that was their secret. The CEO of Neiman Marcus told me one day that she would never have believed that a company of our size would be able to produce and launch such innovative cosmetic products; she thought that only large international companies would be able to do this." (co-founder's autobiography)

The company was able to internationalize successfully thanks to its ability to innovate, not only in its products, but also in other processes and functions that allowed SkinCo to enter new markets. A key dimension for its internationalization strategy has been the capacity to position the brand first in the local market using innovative distribution channels. A second dimension that influenced SkinCo's ability to enter new markets has been the use of innovative ways to give visibility to its unknown brand.

"We were innovative in positioning our product. We went to Hollywood to publicize our products in the Oscars ceremony in a fun and different way". (Robert)

"What we do differently from competitors? Not only the quality of our products, but also the way we sell them. In each point of sale we have an expert who offers a diagnosis of the skin along with our products, becoming the prescriber of the appropriate range of products we offer" (Linda, from an article in press).

Analysis

Having illustrated the three phases through which SkinCo has grown into an innovative and international company, we now turn to consider how internal and external factors have contributed to fostering the collective identity of this family business. We synthesize our analysis in a theoretical framework that is presented in Fig. 1

- - - Insert Fig. 1 about here - - -

The role of internal factors in developing collective identity

Following Rondi et al. (in press), we focus on two family-level internal factors: family cohesion and family goal diversity. First, family cohesion is based on "emotional bonding that family members have towards one another" (Olson, 2000: 145). This is very evident in the relationship and ongoing interaction between the co-founders (husband and wife), as well as with the second generation. The co-preneurs have been able to unite family and friends, creating a cohesive team of people working in the company and for the company, aligning goals and creating a shared vision. The co-founders have communicated the company's values, in particular the fact that employees should feel like they are at home and that, even if the business grows, its workers should continue feeling like they are part of a family.

From the start, the two founders successfully combined their predominant orientations towards the company: a business orientation and a protective orientation (Gimeno et al., 2006). James's business orientation derived from his interest in innovation, leadership, and business development, creating value through growth and expansion. Sustained creation of profits was seen as a necessity to carry out the work rather than as an aim in itself. James's 'large company corporate vision' (learned by working for many years in large, multinational companies) drove his vision as well as the vision he instilled in the second generation from an early age. This allowed the co-founder to professionalize the company quickly, whilst being accompanied and sustained by the intuitive and professional style of him as a leader. Maria's protective orientation was also key for the business, although it could be seen as being less structured or professional. She sought to make optimum use of contributions to situations of direct and basic family needs, such as having enough income to support the family or enjoying rewards stemming from work that go beyond money (status, use of time, self-esteem, cooperation in a project, etc.); this orientation is often found among small business owners (Gimeno et al., 2006). Maria has indeed had the approach of the protective family business owner whose company is a shelter that enables the family to be supported while still creating value. An example of this attitude is her willingness to incorporate her sons-in-law into the family business.

Strong family cohesion was also evident at the time of succession, when CEO and co-founder James stepped down knowing that he "*was leaving the company in very good hands. In addition, [he] had taught them to work as a team, to make decisions as a group*" (co-founder's autobiography). In fact all family members in the business have played key roles in top management positions. In the first generation, co-founder James combined his intuition, knowledge and experience from multinational environments, leading to highly professionalized practices, with the soft skills of the other co-founder Maria. The second generation has brought complementary educational background allowing these individuals to cover key positions in the company and support each other (from finance, to strategy, to international expansion, to new business development and network development).

Second, family goal diversity refers to "the width of the range of organizational goals actively pursued by members of a family business" (Kotlar & De Massis, 2013: 1274). In this case goal diversity is low, as indicated by the fact that the co-founders have proved to be compatible and successful co-preneurs, with the former leading the business from a strategic viewpoint and the latter being in charge of operational management and the soft issues in the family and the business. In the second generation there has been a bit more diversity but this has been overshadowed by a willingness to work together sharing the goals of the co-founders, and putting business goals before individual interests and objectives (see for example one daughter and then the other moving to the US for a few years to ensure the success of the internationalization in that key market).

The role of external factors in developing collective identity

Following Kraus et al. (2016), we focus on two types of external resources that play a key role in forging collective identity: presence of non-family members on the advisory board and access to international networks. First, with regard to relying on non-family members, SkinCo created an advisory board early on, including non-family advisors, with the aim of formalizing the company's corporate governance and receiving support in strategic decision making, particularly with regard to providing expertise in different areas as needed along the way (e.g. international markets, internationalization, growth, etc.) as well as supporting the next generation. The co-founders also relied on non-family members in other ways, especially at the time when they created the business (for example by asking their chemist friend to investigate the innovative properties of a protein one of the co-founders had identified). Several friends also contributed not only human but also financial capital for the start up. Likewise, the family heavily relied on an external advisor who helped them in the succession transition by helping the second generation develop its identity.

Second, with regard to access to international networks, the family has been able to create collaborative agreements by being present in foreign countries (starting from the US). This has allowed SkinCo to create first hand relationships with customers and suppliers, build trusting interactions and receiving customers' endorsement once they saw the effectiveness of the skincare products. Key to creating these international networks has been the skills that co-founder James acquired during his previous work experience with large multinational companies as well as the reliability and efficacy of SkinCo's products, which – often by word of mouth among customers and later through endorsements by prominent celebrities – have been key to opening new doors, even to the most expensive retail chains in US.

SkinCo's collective identity

The idiosyncratic combination of the internal and external factors analyzed above has contributed to creating a unique collective identity in this family business – i.e. what is central, distinctive, and enduring about it (Albert & Whetten, 1985). From a narrative perspective, collective identities can be best understood by analyzing individual voices, reflexivity, plurivocity, temporality, and fictionality through the narratives that are told by their key actors, who in a discursive way, for example through interviews, tell stories to each other and/or to the researcher as if they were in a conversation, or write them in books, annual reports or websites (Brown, 2006).

The first element of a narrative analysis of collective identity is voice, i.e. the way a story is told by each individual according to their point of view (Brown, 2006). In SkinCo there are different voices but certainly there is a predominant one, i.e. the husband/father's (James). He tells stories, for example in his autobiography, from his point of view and key values emerge from these, including authenticity, humility, humanity, moral standards, and love for his family. In this sense, collective identity is channeled through the strong and prevalent voice of one of the two founders. Other voices can be observed in the stories that each family member tells about how the family business has developed and how internationalization in particular has taken place. The first generation (co-founders) for instance emphasizes their ability to grow the business thanks to their complementary skills. The second generation, while also praising the role of the founders' skills and role in the internationalization process, also builds their own story in terms of what each one of them has contributed for the success of the company. For instance Robert reflects on how the tandem with Rachel has made of US internationalization a success, by being able to build trust as well as deploying creative marketing strategies. James Jr. highlights the key role he played in the development of systematic internationalization of the company. Emily, along with Tom, adds her voice by explaining how their role in headquarters has been a pillar for family business development and continuity.

Second, reflexivity – indicating that collective identity emerges through interaction among individuals (Brown, 2006) – is also evident in this narrative, especially in the interaction between husband and wife co-preneurs who "*lived and instilled their values in their children in such a way that it has become an integral part of their own identity*." (co-founder's autobiography). Reflexivity is also present in the second generation and is especially evident during the succession process. The founders allowed the second generation to reflect on their respective roles and decide on the successor and the future of the company, first individually and then all together as a family (with the help of an external facilitator):

> "*We followed a process… sitting down one by one with the facilitator and explaining our view about SkinCo, how did we see the company, how did we see our relationship with each other… and then we sat altogether and discussed our discrepancies…*" (Rachel)

In this sense reflexivity has been key to allowing for a collective identity to emerge, thanks to the interactions and ongoing conversations that have allowed all family members to build together a specific social reality for this family (Ford and Ford, 1995).

Third, stories about collective identity can be interpreted differently by different individuals (plurivocity), through multiple understandings and meanings (Brown, 2006). Individual family members in SkinCo have expressed their voices and stories, built on their own interpretations, by each being given their own space in the family business, for example moving to the US to lead entry into that new market or being in charge of a specific function within the family business. Therefore these stories have strong commonalities and key themes, whilst having an "imposing personalit[y]" in the background (Brown, 2006: 740). For instance, the success of the different international markets or the importance that each market might have, the pathway and the pace for internationalization are elements of individual understandings, however there does not appear to be any evidence of hybrid identities, which can be at the same time a source of creative tension and of discussion (Brown, 2006).

Fourth, temporality, meaning that collective identity emerges and evolves over time (Brown, 2006), has also characterized the development of the collective identity in SkinCo, which first emerged based on the founders' values and expectations and then evolved over time with the expectations, desires and vision about the future of the business of the second generation. The work-in-progress of the collective identity has been particularly evident in each step of the innovation and internationalization stages as each family member got involved and the business entered new countries.

Finally, fictionality means that each individual tells their own version of the organization's identity (Brown, 2006). In SkinCo fictionality is especially evident when each family member explains how they experienced the emergence of the family business due to the past events related to James's work situation. Each family member has lived the situation from a different perspective and has experienced it differently. For instance, for Maria (mother/wife) the situation was one of stress and worry with regard to how to keep the family running, yet her values and objective of keeping the family together made her experience the emergence of a new business as something that generated anxiety but also dreams. Both founders in fact lived the creation of a new business as a worry but also as an opportunity, to give the children and themselves the possibility to depend only on themselves and nobody else. The children at that time were in different stages of their lives and perceived the situation mainly as a change in their way of living and also in their father's work status. For example, Rachel perceived the founding of the family business as something she heard in the middle of adult conversations while she still was far away from that reality, then she started to get involved at a very young age in the project by doing little jobs like folding brochures.

In sum, SkinCo's collective identity has emerged through several voices, one of which has dominated, which explains why plurivocity is limited. There is strong evidence of reflexivity and some evidence of temporality or evolution over time, especially with the second generation coming on board. Fictionality is especially evident in the way each family member experienced the launch of the business.

Collective identities evolve over time, as each generation comes on board, and may differ from the ones in the founding generation and subsequent generations (Canella et al., 2015). In that regard, although not all members in the second generation have shared the same vision and goals for the company, in particular while internationalizing, the collective identity emerged whilst the first generation (co-founders husband and wife) was in charge of the founding generation and this was key to making the business grow in the local market and achieving internationalization in the US. The second generation (three children and two sons in law) has worked to develop the collective identity further and has been key in the internationalization strategy as one daughter and then another moved to the US with their families to head the US subsidiary. In addition, the third son started the internationalization project to other countries (beyond the US) in a systematic way, developing further the family business's collective identity of being a global, internationalized company, with internationalization and innovation in its DNA.

Thus SkinCo's collective identity has been forged during the first generation and has been highly influenced by the co-founders impacting the organizations' constituents (Miller et al., 2011). The collective identity that has emerged has been highly influenced by one dominating voice (James's), which has been successfully complemented by another voice (Maria's) and, arguably, the dominating voice would not have been as successful without the other. In James's words, *"Without … my wife, SkinCo could not have existed. She has always been the balancing factor. I was 'the force', but she was in charge of 'the how'. Her generous and kind personality, her affection towards people and her attention to detail have set a precedent in SkinCo that has transcended generations"* (Co-founder's autobiography).

Through the interaction of all these elements of the narrative, SkinCo has developed a collective identity that characterizes the business as being financially successful: *"Certainly [SkinCo's] purpose is essentially financial; to earn money and to create jobs"* (co-founder's autobiography). At the same time it is highly innovative and international, and also socially responsible and giving back to society, which it is doing through its foundation: *"…but [its purpose] is not limited to [financial success]. It should also allocate part of the profits to charity"* (co-founder's autobiography). It is also a collective identity that is based on love and pride, which is evident throughout the interviews as well as James's autobiography: *"I dedicate my time to … explaining the history of the wonderful company that our SkinCo is. People are fascinated to hear about a … family business that started from scratch and has come so far"* (co-founder's autobiography). It is also a collective identity that is forward looking, as exemplified from the following quote: *"I have always thought that there are two ways of getting older. The first is to always look towards the past: what I did, what I failed to do, what I could have done, the mistakes made, the successes achieved. The second is to look forward: to see what you can still do and what you still want to do. The latter was our approach…"* (co-founder's autobiography). Finally, it is a collective identity that is open to the input of the next generation: *"A great company is easily built when you have the help of such strong members on your team [referring to the next generation]. All I had to do was to direct them as if they were an orchestra…. I have been merely an orchestra director surrounded by people that are more* *capable, better prepared and more intelligent than me. I rely on them."* (co-founder's autobiography).

Discussion

SkinCo's collective identity, as a financially successful, socially responsible and forward looking organization, has spurred it along a successful path of innovation and internationalization. The initial strategy was one based on innovation, thanks to the intuition of co-founder James who identified a highly effective protein that could be used in skincare products. He seems to have been driven by a promotion (rather than a prevention) focus, concentrating on gains rather than on a desire to avoid failure. This led him initially down a path of searching for new business opportunities (exploration) and later harvesting existing opportunities (exploitation) (Kammerlander, Burger, Fust, & Fueglistaller, 2015), by building on the innovation and knowledge created in the domestic market to enter new geographical markets. Product innovation centered around 'cutting-edge technological products' with an innovative formula, which allowed the company to charge prices that were 40% to 50% higher than for competing products. The high levels of innovation, in terms not only of product but also of distribution channels, marketing strategies and value added offers at point of purchase, later allowed the family business to internationalize. The pathway followed for internationalization has been rather different than what most firms do. The entrepreneurs started their business in a European country and for their expansion they went directly to the US when the business was still at a relatively young age. In this sense the internationalization process did not follow the Uppsala stage model (Johanson & Vahlne, 1977), whereby a firm starts internationalizing through exports to countries with low psychological and geographical distance, and then through accumulation of knowledge and resources turns to more remote markets. This was made possible by the fact that, prior to starting the company, co-founder James had worked for a large US multinational and had lived in the US.

Whilst embarking on its internationalization process, at the same time the company innovated by selecting a new distribution channel: in its domestic market the products were mainly sold through spas and beauty salons, and in the US the company initially tried – unsuccessfully – the same channel as in its domestic market and only later decided to change. This decision was made because the founders eventually realized that the spa and beauty salon market in the US was underdeveloped. So the founders decided to target luxury retail stores instead and this strategy was successful, thanks to innovation in terms not only of quality of its products but also of the fact that it offered treatments (e.g., free facials) in dedicated spaces behind the counter where the products were being sold. Subsequently the company expanded to the UK, when a world-known department store approached the company' founders having heard of the rapid success of the products in the US; then to other European countries as well as South America, Asia and Australia.

Over the years, several events (De Massis, Frattini, Majocci, Piscitello, 2018) have determined the existence of the firm and its continuous success, its pace of growth and internationalization as well as the geographical scope. To start with, one of the founder lost his previous job when he was 50 years old and this became the main reason for creating his own venture. His previous observation about the properties of specific proteins in his previous job allowed him to come up with an innovative product. The co-preneurs' capacity to bring together a team of friends and family and convince them to be part of this adventure (also providing equity) determined their capacity to grow quickly. Their approach to US clients through an innovative product and channel distribution opened the door to conquering this rather unknown and difficult market. Once there, their ability and willingness (Rondi et al., in press) to be in the most luxurious retail stores in the US gave the impulse to continue internationalizing to new markets. This strategic move to enter the US market, a difficult one, and also not necessarily the most profitable one, has been a critical step to their further internationalization process, as their success and visibility in that country were of high importance to gain visibility in other markets as well.

The idiosyncratic combination of internal and external factors analyzed above has contributed to creating a unique family business identity that has spurred the organization along a unique growth trajectory through a series of key events. SkinCo's capacity to build a luxury brand that could compete against well established brands in a highly competitive environment shows that the family has been able to build a resource base combined with well managed external factors that allowed them to gain market share and internationalize in a successful way with lower investments than their competitors. The capacity for innovation that gives SkinCo a high quality product that is able to compete against well established brands is a key success factor that the family has been able to maintain throughout two generations so far.

Although it would appear that the organization's identity has been forged by one of the co-founders (James), our analysis reveals that instead it is a discursive construct resulting from the multiple identity-relevant narratives of all family members that may share some elements but that also present some contradictions (Brown, 2006). The collective identity derives from multiple narratives resulting in different points of view (voice), although one dominates thus limiting different interpretations (plurivocity). Thus SkinCo's collective identity is not fragmented or heterogeneous in nature. Instead, the dialogue among family members across generations (reflexivity) has allowed the organization to develop over time (temporality) a collective identity that is built on consensus, and that is shared, central, distinctive, and enduring (Brown, 2006). Thus it is an illustration of developing co-narrative identities, made possible by the fact that family members are involved in multiple and simultaneous commitments and roles (Brown, 2006), creating interdependencies and interconnections that are quite typical of family businesses (see Parada & Dawson, 2017).

The richness of data from our case allows us to comment on two family-related dimensions – family cohesion and family goal diversity – that affect the organization's innovation posture, in other words "the strategic orientation the owning family imprints the family business, shaping the firm's innovation climate, philosophy, and practices." (Rondi et al., in press: 2). In this sense our family business can be labelled as an "Adventurer" (Rondi et al., in press), i.e. a family business that combines high risk-taking propensity with low tradition attachment, leading it to adopt an innovation posture considered to involve relatively risky activities. This distinctive trait clearly emerges from the family business founders' "daring attempt to innovate beyond the trends". In particular, our case study reveals a fit between the family business innovation posture and two key family system dimensions: family goal diversity, which in this case is low; and family cohesion, which in this case is high (Rondi et al, in press), even with in-laws in the second generation. Such fit has allowed the family business to unlock its innovation potential. However, our case study does not fit into the typology suggested by Rondi et al. (in press), who identify family business as being Adventurers when they have low levels of family cohesion, leading family members to pursue diverse individual goals through innovation opportunities in new markets or industries, allowing them to distance themselves from the core business of the family. Instead, in our case study, the high risk taking propensity and low tradition attachment are explained by the stage of the lifecycle stage in which the business finds itself, which is young and therefore not (yet) attached to history and traditions. The presence of the next generation has also spurred the internationalization strategy, because a new generation often seeks to enter the business by "creat[ing] "space" for themselves through foreign subsidiaries or generally try[ing] to foster the business through international expansion" (Pukall & Calabrò, 2014: 112). This is evidence of the 'reflexivity' that has contributed to the collective identity as a result of the intentional personal agency of two of the founders' children who, one after the other, moved to the USA thus spearheading the internationalization process.

Second, with regard to external factors, in particular vis à vis the family business's internationalization strategy, the family business has relied mostly on two types of external resources: presence of non-family members on the advisory board and presence of international networks, i.e. relationships between family members and international partners (Kraus et al., 2016). By avoiding other external resources, such as external (non-family) ownership (the family owns 100% of the equity) and a non-family CEO (co-founder James was CEO, succeeded by one of his children), our case study provides evidence of an organization whose founders places great importance on preserving family influence through both ownership and management thus preserving its socioemotional wealth (SEW) endowment (Kraus et al., 2016). This strategy allows the firm to choose an external resource configuration that has limited effect on damaging its SEW endowment, whilst pursuing a fruitful internationalization strategy, making it a "successful international preserving family firm" (Kraus et al., 2016).

Thus, through competing hegemonic forces (Brown, 2006) represented by the two co-founders and their children, in particular one daughter who has succeeded as CEO, this family business has developed a collective identity that seems quite stable over the period we have examined. Although there is some variation among voices within the organization, the collective identity seems to shape the external image of the company that is being projected to the outside (as evidenced by media coverage of the business), namely that of a family business that is an 'adventurer' whilst at the same time being a 'successful international preserving family firm'.

In conclusion, through the interaction of internal and external factors, a strong – and so far fairly stable – collective identity has emerged, which was initially based on product innovation. There is strong evidence of a virtuous circle between innovation and internationalization, as illustrated by the spillover effects of internationalization, in terms both of product and distribution innovation, in domestic and foreign markets, pushing the organization even further in terms of high quality and growth (Golovko & Valentini, 2011).

Concluding remarks

Our narrative analysis of an innovative family business that has grown through innovation and internationalization allows us to illustrate how the organization's collective identity has evolved over time, through different voices and strong reflexivity, to exemplify a 'dynamic virtuous circle' in which innovation and internationalization are complementary strategies (Golovko & Valentini, 2011). This case study is an excellent example of a family business whose collective identity has been shaped by family-specific factors (low family goal diversity and high family cohesion) as well as access to external resources (presence of non-family members on the advisory board and presence of international networks, which allowed the family business to preserve its high SEW). Starting by pursuing an innovative idea, the co-founders and their family pursued an early internationalization strategy by participating in export markets. This further contributed to firm-level learning, through information and technological knowledge that was not available in the domestic market, further enhancing the organization's innovation performance. By entering new geographical markets, growth in international markets also had spillover effects, in terms both of product and distribution innovation, in the domestic market, pushing the organization further in terms of high quality and growth (Golovko & Valentini, 2011).

Narratives play a key role in family business studies because they allow researchers to understand the processes and relations (Dawson & Hjorth, 2012) that happen in such a complex setting and their emergent dynamics (Nordqvist et al., 2009). While narratives are still underused in the field, they represent a fertile arena for developing theory. As observed in this chapter, narrative analysis involves practitioners in a natural way allowing for their own stories to emerge (Dawson and Hjorth, 2012), giving space for understanding a variety of topics, such as collective identities (e.g. Parada and Dawson, 2016), value transmission (e.g. Parada & Viladás, 2010), the relationship between family and business, forms of narrative that give rise to heroic agents (e.g. Hamilton, 2006a), or succession processes (e.g. Dawson & Hjorth, 2012). Narratives, in their interpretive form, allow researchers to produce and reproduce family business events that happen in the family businesses' everyday lives. Narratives are useful for understanding and analyzing processes (Tsoukas & Chia, 2002), which are generally present when we discuss transgenerational issues, as we observe in this study where we bring together collective identities and their interaction with internationalization and innovation. This chapter illustrates the value of narratives as a research method to uncover processes in the family business. Narratives are the vehicle through which a family business builds its identity while, at the same time, they represent the source for the researcher's interpretation of the main actors' lives and experiences that lead to the development of theory.

This research has a few key limitations. First, our case study is based on one organization, thus limiting its generalizability. Second, because we are using a narrative approach, we are not ‘measuring’ collective identity per se, nor its antecedents. Furthermore, the complexity of this methodology may raise concerns of “confusion” because narratives are, by their own nature complex, unstable, and contradictory constructions (Brown, 2006). Future research should take a comparative approach, in order to offer further generalizability of our findings, as well as a quantitative approach, in order to complement our insights by operationalizing and measuring our key variables.

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Table 1: Interview details

Interviewee	Position	Family tie	Age	Tenure in family business	Interview date	Duration of interview
James	Chairman	Co-founder	80	30	17 June 2009	2h 40 min
Maria	Chief Operating Officer	Co-founder	n/a	30	22 June 2009	2h 40 min
Rachel	Chief Executive Officer	Daughter	44	20	22 June 2009	2h 30 min
Emily	Marketing Manager	Daughter	41	17	2 July 2009	1h 20 min
James Jr	International Manager	Son	42	13	1 July 2009	2h 50 min
Tom	Financial Manager	Son in law (married to Emily)	45	7	2 July 2009	1h 30 min
Robert	Institutional Relations Manager	Son in law (married to Rachel)	44	13	28 June 2009	2h 10 min

Fig. 1: Theoretical framework