Paradox and family business: a perspective article

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Abstract

Purpose – This perspective article provides an overview of current research on paradoxes within family business settings and outlines emerging trends and potential avenues for future research in this field.
Design/methodology/approach – This article is inspired by a systems-theoretical approach to business family paradoxes.
Findings – The article suggests that increasing research interest in more-than and neither-nor approaches to paradox could propel the digital transformation of paradox theory and facilitate the strategic management of family business paradoxes in multi-stakeholder environments.
Originality/value – This article synthesises the state of the arts in the field of research on family business paradoxes and proposes future research agendas.

Keywords Paradox, Family business, Tetralemma, Stakeholder management, Digital transformation

Introduction

All types of organisations are confronted with paradoxes (Cameron and Quinn, 1988; Lewis, 2000; Poole and van den Ven, 1989), but the simultaneous existence of mutually exclusive aspects is particularly evident in the case of family businesses (Cunha et al., 2022; Sultan et al., 2017). While systematic explorations of the impact of paradoxes on organisational life can be traced back to the 1980s at the latest (Cameron and Quinn, 1988), the field of family business research has been more reluctant to engage with the emerging concept. This is remarkable because family business research has long been aware of tensions (Ward, 1987) and “bivalent attributes” (Taguiri and Davis, 1996) that arise when family businesses strive to manage the relationship between two fundamentally different systems: the business and the family. It is hence only with the benefit of semantic hindsight if Sharma et al. (2012, p. 8) state that the Family Business Review “was founded with a vision that family business advisors and educators would cocreate and share knowledge to better understand the paradoxes faced by the owners and managers of family enterprises” (my emphasis), considering that it had been well into the years after the turn of the millennium before a dedicated discourse on paradoxes in family business research gained traction.

Family business paradoxes: from either-or to both-and and beyond

Over the years, the foundational paradox of balancing business and family interests (Basco and Rodríguez, 2009) has been further deconstructed into sub-paradoxes such as tradition versus change (Ingram et al., 2016), economic versus non-economic orientation (Basco, 2017), individual freedom versus family loyalty (Ingram et al., 2016; Smith, 2014), family income versus business development (Ward, 1987; Carlock and Ward, 2001; Ingram et al., 2016), family values versus management philosophy (Beech et al., 2020) or founder control versus successor autonomy (Ingram et al., 2016; McAdam et al., 2020; Roed, 2016).

Similar to navigating general organisational paradoxes, the approach to managing family business tensions has evolved: “Instead of seeking a clear, “either/or” decision using formal logic to weigh the pros and cons of each side, 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” (Ingram et al., 2016, p. 162). Interest in how family businesses one-sidedly privilege one of or artificially separate the two poles of these tensions has therefore been complemented by research on how these businesses strategically balance, oscillate or develop middle grounds between the poles. An emerging stream of research has also identified more-than approaches (Putnam et al., 2016; Qui and Freel, 2020) through which family businesses discursively transcend paradoxes or leverage external resources to manage them. Additionally, Roth et al. (2023) have outlined neither-nor approaches by which family businesses may tetralemmatise and strategically combine paradoxes.

As a result, the original business versus family tension can be translated from a dilemma problem into the tetralemmatic solution architecture outlined in Table 1.

Table 1 demonstrates that a translation of the former family-business poles into two binary distinctions leads to an architecture that comprises not only the above either/or and both/and options, but also a category that encompasses aspects related to neither family nor business. Therefore, if certain tensions between business and family are perceived as problematic, the neither-nor category serves as a reminder that solutions are never within the problem itself, and that there exists a realm beyond the problem where these solutions can be found, e.g. in sport, religion, science, personal talents or a network of friends.

Towards a paradoxical operation of family business paradoxes

The systematic exploration not only of family-business tensions, but also of the environmental conditions under which they emerge or can be solved, is certainly a promising research direction. For such explorations to be successful, however, proper definitions of the systems at stake are required. To date it remains unclear whether the concepts of family business and business family refer to distinct systems or rather to interactions between two distinct, yet interdependent systems (Kleve et al., 2020a, b).

Another avenue for future research is the identification and navigation of nested paradoxes in family business research, which is currently still in its nascent stage. A particular challenge here is that paradoxical nestedness is constitutive of all forms of observation, including the observation of paradoxes themselves (Roth et al., 2023). This line of research is highly compatible with a pending digital transformation of both paradox theory and family business theory (Roth, 2023a, b).

The “navigation of the paradoxical landscape of the family business” (McAdam et al., 2020) therefore requires inquiry into how paradoxes emerge and can be processed or created. Such research is likely to lead to the rediscovery or creation of tools like the aforementioned tetralemma, which can facilitate the transcendence of currently problematic paradoxes and their inevitable replacement by another one. Thus, “the strategic operation of paradoxes, in the sense of their systematic transformation and combination, emerges as a promising field of research” (Roth et al., 2023, p. 196). As suggested by the above neither-nor approach, this strategic operation includes those paradoxes and tensions that originate from business and family relations to their non-business and non-family environment.

<table>
<thead>
<tr>
<th>Family</th>
<th>Non-Family</th>
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<tbody>
<tr>
<td>Business</td>
<td>Both family and business</td>
</tr>
<tr>
<td>Non-Business</td>
<td>... or family</td>
</tr>
<tr>
<td>Neither family nor business</td>
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**Source(s):** Adapted from Kleve et al. (2020b), p. 438
**Conclusion**

Whether we like it or not, there is a growing emphasis on stakeholder orientation in management and organisation research. This trend, however, is not yet adequately reflected in family business research (Clauß et al., 2022; Randerson, 2022). The special constitution of family businesses suggests that traditional stakeholder management concepts, with their primary focus on political and economic stakeholders, are insufficient to address and manage the specific paradoxes and tensions encountered in the family business and business family nexus. What is needed instead are multifunctional stakeholder models (Valentinov et al., 2019) that acknowledge the diversity of connections maintained by different families and businesses not only with political and economic stakeholders, but also with stakeholders from science, art, education, religion and other spheres of society. Managing the paradoxes and tensions arising from simultaneous encounters with mutually exclusive expectations from an increasingly diverse set of stakeholders will undoubtedly require and advance a digital transformation of family business theories, methods and management practices.

**References**


Further reading


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