

Boletín de Estudios Económicos

Bulletin of Economic Studies

Emprendimiento y Empresa Familiar: Una simbiosis natural

Entrepreneurship and Family Business: A natural symbiosis

Vol. LXXVIII / Diciembre 2023 Núm. 234

DOI: <https://doi.org/10.18543/bee782342023>

ARTICULOS / ARTICLES

Nurturing entrepreneurial family embeddedness: practical insights from a territorial perspective

Fomentar el arraigo de la familia empresaria: ideas prácticas desde una perspectiva territorial

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doi: <https://doi.org/10.18543/bee.2745>

Received: 01 May 2023 • Accepted: 13 December 2023 • E-published: March 2024

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Boletín de Estudios Económicos

ISSN (Papel): 0006-6249 • ISSN (Electrónico): 2951-6722 • Vol LXXVIII - N.º 234 - Diciembre 2023, págs. 141-161

<https://bee.revistas.deusto.es>

NURTURING ENTREPRENEURIAL FAMILY EMBEDDEDNESS: PRACTICAL INSIGHTS FROM A TERRITORIAL PERSPECTIVE¹

FOMENTAR EL ARRAIGO DE LA FAMILIA EMPRESARIA: IDEAS PRÁCTICAS DESDE UNA PERSPECTIVA TERRITORIAL

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doi: <https://doi.org/10.18543/bee.2745>

Received: 01 May 2023
Accepted: 13 December 2023
E-published: March 2024

Summary: 1. Introduction. 2. Definition of concepts. 2.1. Family business. 2.2. Entrepreneurial family. 2.3. Territorial embeddedness. 2.4. Modes of territorial embeddedness. 2.5. Institutions and institutional mechanisms. 3. Research context. 4. Unveiling the role of embeddedness in entrepreneurial families: Research findings and insights. 4.1. Institutional mechanisms that impact on entrepreneurial family embeddedness. 4.2. Institutional contexts and their differential impact on entrepreneurial family embeddedness. 5. Discussion. References.

ABSTRACT

The pervasive presence of family businesses in numerous regions across the globe underscores the paramount importance of ensuring their sustained existence. What sets family

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Acknowledgements: The author acknowledges Cristina Aragón-Amonarriz and Cristina Iturrioz-Landart, the Basque Family Business Association (AEFAME), the Department of Education, Language Policy and Culture of the Basque Government (IT885-16), the Aranzábal Foundation and the University of Deusto (Deusto Business School) for their support in the completion of Paula Martínez-Sanchis' doctoral thesis. Likewise, the author is grateful for the support of the editorial team and in particular the associate editor, as well as the comments of the two anonymous reviewers during the review process of the article.

Funding: None.

Conflict of interest: None.

¹ This work is an adaptation of a published academic paper, which belongs to the author's doctoral dissertation "The continuity of Entrepreneurial Families: Analyses from an internal and external perspective" (University of Deusto, Deusto Business School, 2021).

businesses apart is their unique commitment to pursuing a vision that transcends generations. Yet, in their relentless pursuit of this vision, entrepreneurial families navigating the intricacies of running these businesses encounter a myriad of challenges in the territories where they are located, which have the potential to threaten their continuity.

This research examines the aspect of entrepreneurial families' continuity from an external standpoint. 43 entrepreneurial families and local experts were interviewed in regions belonging to European countries. Namely, Baden-Württemberg (Germany), Scotland (United Kingdom), the Basque Country and Pays-de-la-Loire regions (in Spain and France, respectively). Offering a framework of 20 mechanisms, findings reveal that formal and informal institutional mechanisms impact entrepreneurial families differently according to the context (and thereby the institutional setting) where the entrepreneurial family is located.

Derived from our results, we offer actionable insights that can be directly applied by family businesses and industry practitioners. Our objective is to translate these findings into practical recommendations that enable entrepreneurial families to not only survive but thrive in the ever-evolving business landscape by relying on their unique territorial embeddedness.

Keywords: Entrepreneurial families, territorial embeddedness, institutional setting, institutional mechanisms.

RESUMEN

La presencia generalizada de empresas familiares en numerosas regiones de todo el mundo subraya la importancia primordial de garantizar su existencia sostenida. Lo que distingue a las empresas familiares es su compromiso único de perseguir una visión que trasciende generaciones. Sin embargo, en su búsqueda incesante de esta visión, las familias emprendedoras que navegan por los entresijos de la gestión de estas empresas se encuentran con una miríada de retos en los territorios donde están ubicadas, que tienen el potencial de amenazar su continuidad.

Esta investigación examina el aspecto de la continuidad de las familias empresarias desde un punto de vista externo. Se entrevistó a 43 familias empresarias y a expertos locales en regiones pertenecientes a países europeos. En concreto, Baden-Württemberg (Alemania), Escocia (Reino Unido), el País Vasco y Pays-de-la-Loire (en España y Francia, respectivamente). Ofreciendo un marco de 20 mecanismos, los resultados revelan que los mecanismos institucionales formales e informales afectan a las familias emprendedoras de forma diferente según el contexto (y, por tanto, el marco institucional) en el que se encuentra la familia emprendedora.

A partir de nuestros resultados, ofrecemos ideas prácticas que pueden aplicar directamente las empresas familiares y los profesionales del sector. Nuestro objetivo es traducir estas conclusiones en recomendaciones prácticas que permitan a las familias empresarias no sólo sobrevivir, sino prosperar en un panorama empresarial en constante evolución, apoyándose en su arraigo territorial único.

Palabras clave: Familias emprendedoras, arraigo territorial, contexto institucional, mecanismos institucionales.

1. Introduction

Family businesses abound in mostly all territories worldwide. Hardly a country of the five inhabited continents does not hold a substantial percentage of family-owned businesses within its business fabric (Chirapanda, 2019 for Japan; Family Business Australia, 2021 for Australia; Family Enterprise USA, 2020 for United States; Urban & Nonkwelo, 2020 for

South Africa; Witten Institute for Family Business, 2020 for Germany). The direct implications of these figures are of major importance because the vast majority of territories depends on the continuity of these businesses, which are managed by the families standing behind. For instance, in Spain, family businesses contribute to 67% out of the total private employment and their share of Gross Domestic Product amounts to 57,1% of the private sector (Instituto de la Empresa Familiar, 2021).

In pursuing the continuity of the family business, the family is led by a transgenerational vision. In attaining this objective, the entrepreneurial family usually faces several obstacles (García Álvarez & López Sintas, 2003; Salvato et al., 2010). Internally, family instabilities arise throughout the succession process (Jimenez-Castillo & Hoy, 2019).

Externally, a “family firm-territory nexus” exists (Amato et al., 2021; Dicken & Malmberg, 2001). In particular, with respect to entrepreneurial families, they are naturally bound to the territory through their embeddedness (Bichler et al., 2022; Bürcher, 2017). This means that, just as they impact the territory, they are also vulnerable to the exertion of power from territorial agents that can put at risk the project (Gupta & Levenburg, 2012). Entrepreneurial families establish relationships with the community, the institutions, the governmental authorities...etc. in a continuum (Estrada-Robles et al., 2020; Monticelli et al., 2020; Randerson et al., 2020). However, territories can become hostile to families (Carretero Gómez et al., 2018), producing frictions that can hinder (favour) entrepreneurial families’ continuity. For this reason, to examine how the territory impacts the continuity of entrepreneurial families, this investigation addresses the following research question: *How does the territory impact on entrepreneurial family embeddedness?*

2. Definition of concepts

2.1. Family business

The phenomenon by which a family decides to become entrepreneur while holding the majority of ownership, has drawn scholars’ attention increasingly since the first academic appearance of the topic in a specialised journal in 1998 (Dibrell & Memili, 2019). Since then, an array of research published in top-tier journals has attested the legitimisation of the family business field (e.g., *Family Business Review*, *Entrepreneurship Theory and Practice* and *Journal of Business Venturing*). Family business researchers, though, have singled out the need of endowing the field with further theoretical strength (Combs et al., 2020), building “a set of princi-

ples that can be used to make predictions about phenomena” (Kurland & McCaffrey, 2020, p. 17). In other words, to build a family science theory to delve into the specificity that takes place when a family decides to set up a family business.

Extant research has mostly agreed on the characteristics that a family business should possess to be considered as such. These concern management, ownership, and a long-term vision to carry on the founder’s entrepreneurial legacy (Chua et al., 1999; Zellweger et al., 2011). However, much discrepancy exists on how the family system should be defined, despite literature is rife with calls that highlight the relevance of performing research at the family level (Jaskiewicz et al., 2016). As of now, it is unclear first, how this system should be labelled, and second, which features are considered when referring to it. An array of conceptualisations that seems to be referring to the same phenomena has flourished in the field: business family (Le Breton-Miller & Miller, 2018), entrepreneurial/enterprising family (Berent-Braun & Uhlaner, 2012), and entrepreneurial family (Nordqvist & Melin, 2010), among others.

2.2. *Entrepreneurial family*

This reciprocal dependence between the territory and the family business requires the consideration of the entrepreneurial families that stand behind the businesses. However, despite the recognition of families as economic contributors to communities started long ago (Burgess, 1926; Levinson, 1971; Parker, 1932; Thomas & Znaniecki, 1918), family business field has started to acknowledge their contribution to territories lately. In the literature, entrepreneurial families, defined as “a phenomenon where several members of a family create and develop one or more business enterprises over time” (James et al., 2020), most of times have been considered from a contextless approach, missing as a consequence the impact exerted from the territory on them. Therefore, to extend this line of research, a micro-macro approach is needed. One where the family is considered (Bertrand & Schoar, 2006; Payne, 2020) as well as the context (Wright et al., 2014; Zahra et al., 2014) where it is embedded.

2.3. *Territorial embeddedness*

Family businesses play a significant role in the development of the regions they operate in, standing out among various business forms. They not only contribute to the local development but are also influenced by

their surroundings (Carretero Gómez et al., 2018; Goschin et al., 2020). To unravel this dynamic, experts have combined insights from regional development and family business literature, using the concept of embeddedness. This concept, explored since Polanyi's work (1944), has been applied across diverse fields like history, management, regional development, anthropology, economic sociology, and information systems.

In simpler terms, embeddedness helps explain how businesses, particularly family ones, are closely connected to the local economy and institutions. Scholars such as Wiklund et al. (2013) and, more recently, Selcuk and Suwala (2020) have used this concept to delve into the intricate relationship between family businesses and their local context. Looking specifically at family businesses from a territorial perspective, Pallares-Barbera et al. (2004) introduced the term "territorial embeddedness". They define it as the deep integration of economic and cultural relationships within broader local social and institutional structures that facilitate social connections. In essence, the process whereby family businesses become tightly woven into the social fabric and institutional framework of a region (Pallares-Barbera et al., 2004, p. 637).

2.4. *Modes of territorial embeddedness*

There are 4 ways in which firms can be embedded, known as 4 modes of embeddedness. Namely, cultural, political, structural, and cognitive. To understand how the territory can condition entrepreneurial family embeddedness, we revisit the modes of embeddedness proposed in Zukin and DiMaggio (1990) and later on in the family business field by Le Breton-Miller and Miller (2009) in order to apply them to the entrepreneurial family-territory binomial.

First, entrepreneurial family embeddedness can be impacted by the social norms and values inherited in a territory and established as a normal pattern of behaviour. This way of conditioning entrepreneurial families is encapsulated within the cultural mode of territorial embeddedness. Second, the political mode of territorial embeddedness refers to the constraint that can prevent entrepreneurial families from remaining embedded due to market and non-market institutions' exertion of power. This mode of embeddedness includes the pressures from regional governments, territorial associations and other regional actors that can impact on entrepreneurial families. Thirdly, the involvement of entrepreneurial families in the territory's life through contact networks is represented by the structural mode of territorial embeddedness. In this sense, the reliance of

entrepreneurial families in relationships with other regional actors can either support or hinder entrepreneurial family embeddedness by enhancing/constraining their acquisition of new skills, by building joint ventures and by providing them with access to resources, among others. Finally, the cognitive mode of territorial embeddedness is referred here to the impact on entrepreneurial families' rationality that results from the emotional attachment of the family with the territory. The role of past common history and experiences can facilitate the interactions among other firms in the territory impacting on entrepreneurial family embeddedness.

2.5. *Institutions and institutional mechanisms*

Institutions, which are stable patterns of behavior enforced by rules and social control (Colli, 2019, p. 26), play a crucial role in how organizations function. This interaction isn't happening in isolation; instead, organizations are deeply connected to what's known as "the rules of the game", as described by North (1990). These rules are part of a broader institutional setup, consisting of both formal (like rules, laws, and associated sanctions) and informal (less formalized mechanisms of behavior and control) elements (Hack-Polay et al., 2020).

To make sense of these differences in institutional settings, scholars have come up with categories like coordinated market economies, liberal market economies, and Mediterranean systems. These distinctions help identify specific features within different institutional landscapes. Over time, these classifications have been refined and updated by various researchers, marking a significant advancement in our understanding of how institutions shape organizational behavior (Clifton et al., 2013; Glassmann, 2016; Hall, 2007). Table 1 shows the main features of coordinated market economies, liberal market economies, and Mediterranean systems.

Table 1

Coordinated market economies, liberal market economies, and mediterranean capitalism's characteristics

Coordinated market economies	Liberal market economies	Mediterranean capitalism
<p>Firms depend more heavily on non- market relationships to:</p> <ul style="list-style-type: none"> - Coordinate their endeavours with other actors - To construct their core competencies <p>Non-market modes of coordination entail:</p> <ul style="list-style-type: none"> - More extensive relational - Incomplete contracting - Network monitoring based on the exchange of private information inside networks - More reliance on collaboration 	<p>Firms coordinate their activities via:</p> <ul style="list-style-type: none"> - Hierarchies - Competitive market arrangements <p>Market relationships are characterized by:</p> <ul style="list-style-type: none"> - The arm's-length exchange of goods or services - Context of competition and formal contracting 	<p>These business systems tend to:</p> <ul style="list-style-type: none"> - Have signs of institutional clustering - Be marked by a large agrarian sector and recent histories of extensive state intervention that have left them with specific kinds of capacities for non-market coordination in the sphere of corporate finance but more liberal arrangements in the sphere of labour relations

Source: Adapted from Hall and Soskice (2001).

3. Research context

The research context, where the theoretical phenomenon under study takes place, is the European continent. More specifically, 4 regions within 4 countries: Basque Country (Spain), Pays-de-la-Loire (France), Baden-Württemberg (Germany), and Scotland (United Kingdom). Table 2 shows a brief overview on family businesses' relevance for each setting in terms of economic and family businesses' contribution to regional development.

A qualitative research was designed, where data was collected from entrepreneurial families and local experts from each region. Entrepreneurial families are families owning at least one business, and which had expressed their desire to keep the business rooted in the territory. Local experts are regional consultants belonging to family businesses' associations, regional banks, chambers of commerce, and, in general, specialised in the issues concerning the continuity of entrepreneurial families in their regions.

Table 2

Representativity of family businesses in the research contexts

Basque Country (Mediterranean)	<ul style="list-style-type: none"> – In Gipuzkoa, close to 70% of the business fabric is of family ownership (Aragón-Amonarriz et al., 2005) – The values by autonomous communities [of total family businesses out of the total businesses] vary between the 84,4% of the Basque Country (...) (Instituto de la Empresa Familiar, 2015) – The economy of the Basque Autonomous Community is built upon a solid economic and social business fabric, dynamic and competitive where the family business has been and it is an actor of special relevance given the fact that they are organisations deeply anchored in their territory, where they contribute with employment stability and they are a source of wealth (Iturralde et al., 2019)
Pays-de-la-Loire (Mediterranean)	<ul style="list-style-type: none"> – Small and Medium Enterprises and enterprises of intermediate size represent 30% and 25% respectively, out of the total employment in Pays-de-la-Loire (Institut National de la Statistique et des Études Économiques, 2013) – There is a strong engagement to the territory (from entrepreneurial families). Only one third of the managers are not willing to take part on the cultural, sportive and social life of the region, at the same time that more than the half is a partner and wish to remain (Radu-Lefebvre & Lagueste, 2016)
Baden-Württemberg (Coordinated market economy)	<ul style="list-style-type: none"> – A high family firm density in innovative industries exists, for example, in Baden-Württemberg, where several districts have a family firm density higher than 0.5 (Block & Spiegel, 2013) – In Baden-Württemberg, on the other hand, business logics played a more important role, corresponding with the ‘family business’ regime that centred on the well-being of the firm and thus on policies of rapid alert and digital marketplaces to support firm longevity and growth (Lenz & Glückler, 2021)
Scotland (Liberal market economy)	<ul style="list-style-type: none"> – Within Scotland, it is estimated that family firms account for around 85% of all businesses (Seaman et al., 2010) – 54% of Scottish businesses are still controlled by the founding generation (Scottish Family Business Association, 2020)

We reached out to potential interviewees by sending them a letter explaining our research project. We followed two main approaches: first, using a close contact letter when the interviewees were already familiar with our research team, employing a snowball sampling technique; second, using a cold acquisition method after conducting an internet search.

For the purpose of qualitative research, we utilized interviews as our primary tool for data collection. In this study, an interview is viewed as a local interactional achievement, where the dynamics heavily rely on how

the interviewer frames the task and how the interviewees position themselves in relation to the perceived audience they are addressing (Langley & Meziani, 2020, p. 371)

Our chosen method for conducting interviews was the in-depth semi-structured interview, recognized as an individualized and direct technique that facilitated the collection of meaningful data. The approach to defining cases aligns with De Massis and Kotlar (2014, p. 16) perspective, considering it as a specific strategy for qualitative empirical research that enables a thorough investigation of a contemporary phenomenon within its real-life context. We gathered data over two distinct time slots: a period of one year and a half (June 2017 – February 2019), and two years and a half (June 2019 – December 2019). In this study, we conducted a cross-sectional study, which means we examined a phenomenon at a specific point in time by gathering individual observations. To address our research question, we used purposive and convenience sampling methods to collect our data.

4. Unveiling the role of embeddedness in entrepreneurial families: Research findings and insights

4.1. Institutional mechanisms that impact on entrepreneurial family embeddedness

A framework of 20 institutional mechanisms that impact on entrepreneurial family embeddedness were identified. Data filtering and analysis process yielded to the identification of these institutional mechanisms, which are deployed within each of the modes of territorial embeddedness (see Table 3).

These factors condense key information for regional experts, family businesses' associations, chambers of commerce, and territorial stakeholders to foster the continuity of entrepreneurial families in the territory. In particular, this framework acts as a guide for supporting family-owned business managers and policymakers' decisions by offering qualitative empirical evidence through factors placed within the 4 modes in which entrepreneurial families are embedded in the territory (i.e., cultural, political, structural, and cognitive).

Table 3
Formal and informal institutional mechanisms' absolute frequency of quotations coded

	Mode of embeddedness n	Coordinated market economy		Mediterranean (Spain)		Total	
		% relative	n	% relative	n	% relative	
Formal institutional mechanisms	P.1.	11	22,92%	66	55,46%	88	37,13%
	P.2.	8	16,67%	22	18,49%	44	18,57%
	P.3.	8	16,67%	10	8,40%	36	15,19%
	P.4.	3	6,25%	0	0,00%	9	3,80%
	P.5.	8	16,67%	0	0,00%	8	3,38%
	S.1.	10	20,83%	21	17,65%	52	21,94%
	N	48	100,00%	119	100,00%	237	100,00%
		Mediterranean (France)		Liberal market economy		Total	
Informal institutional mechanisms	C.1.	14	9,21%	9	12,00%	62	12,86%
	C.2.	14	9,21%	6	8,00%	59	12,24%
	C.3.	14	9,21%	10	13,33%	47	9,75%
	C.4.	23	15,13%	3	4,00%	45	9,34%

Informal institutional mechanisms	Mode of embeddedness n	Coordinated market economy		Mediterranean (Spain)		Total	
		% relative	n	% relative	n	% relative	
Territorial identity that shapes entrepreneurial families' idiosyncrasy	C.5.	10	6,58%	1	1,33%	22	4,56%
	C.6.	5	3,29%	2	2,67%	19	3,94%
	C.7.	17	11,18%	1	1,33%	18	3,73%
	C.8.	4	2,63%	6	8,00%	13	2,70%
	P.6.	9	5,92%	9	12,00%	29	6,02%
	S.2.	12	7,89%	10	13,33%	45	9,34%
	S.3.	12	7,89%	4	5,33%	33	6,85%
	COG.1.	3	1,97%	10	13,33%	45	9,34%
	COG.2.	10	6,58%	3	4,00%	35	7,26%
	COG.3.	5	3,29%	1	1,33%	10	2,07%
N		152	100,00%	75	100,00%	482	100,00%

Source: Martínez-Sánchez et al. (2021)

The findings highlight that the influence of informal institutional mechanisms on the local integration of entrepreneurial families tends to be more significant than that of formal mechanisms. This trend was consistent across all 3 studied settings, emphasizing the substantial impact of non-regulated patterns on how entrepreneurial families become rooted in their local contexts. The implication here is that when considering institutional settings, a careful assessment of informal mechanisms is crucial, as they appear to have a more pronounced effect on entrepreneurial families' local integration. Data analysis yielded to the identification of a total of 20 formal and informal institutional mechanisms, identified among the Coordinated Market Economy (Germany), the Liberal Market Economy (Scotland), and the Spanish and French (Mediterranean) settings. A framework of 6 formal and 14 informal institutional mechanisms among the 3 targeted institutional settings emerged.

First, the empirical research evidenced a prevalent impact of the cultural mode on entrepreneurial family embeddedness. In other words, the norms and values accepted by the society, which shape entrepreneurial families' economic strategies and goals accumulated the greatest number of quotations associated to it, including 8 mechanisms (C.1. – C.8.). Interestingly, it was found that cultural mode shows more heterogeneity when compared to the rest of modes, evidencing a polymorphic impact on entrepreneurial families embeddedness.

Followed by it, the political mode of embeddedness consisted of 6 mechanisms (P.1. – P.6.). The identification of these evidenced that the power exercised by territorial economic actors and non-market institutions can have an either hindering/favouring effect on entrepreneurial family embeddedness, given that with their actions they shape entrepreneurial families' economic decisions.

In third and fourth place, the so-called structural and cognitive modes of embeddedness impact entrepreneurial family embeddedness through 6 institutional mechanisms. On the one hand, the impact of territorial social networks and close relationships on entrepreneurial families' ongoing involvement in the territory (structural mode of embeddedness) took place mostly via the strategic provision of resources, the relationship among entrepreneurial families' stakeholders, and the cooperation and networks among businesses. On the other hand, social recognition of business owners and territorial attractiveness for young generations influenced the representations, interpretations, and meanings of the territorial actors that impact on the rationality of entrepreneurial families, illustrating the im-

portance of considering factors that affect to tacit aspects inasmuch as they affect to entrepreneurial families embeddedness.

4.2. *Institutional contexts and their differential impact on entrepreneurial family embeddedness*

The performance of a cross-region comparison among countries belonging to the European continent has allowed to deepen into the relevance of considering institutional differences within the Union for the benefit of entrepreneurial family embeddedness. These findings shed light for managers in family businesses attempting to localise their activity in other European regions as well as for politicians aiming to implement family businesses'-oriented effective measures. More specifically, the set of 20 formal and informal institutional mechanisms that was identified supports tailored-made policies adjustments at the same time that contextualises the institutional differences and similarities among the studied regions.

Furthermore, the results showed a prevalence of informal institutional mechanisms' impact on entrepreneurial families' local embeddedness, over the formal ones. This was true for the 3 settings and evidenced the powerful impact of non-regulated patterns on how entrepreneurial families' local embeddedness is impacted. This result suggests that institutional settings should consider informal institutional mechanisms carefully, given that it is through them that entrepreneurial families' local embeddedness could be more impacted. Data also offered an interesting insight regarding the disparity between Spanish and French Mediterranean setting. While one setting attached more relevance to formal institutional mechanisms' impact on entrepreneurial families' local embeddedness (Spain), the other associated a higher importance to informal mechanisms (France). This finding suggests that being placed within the same category of institutional framework does not necessarily mean that entrepreneurial families' local embeddedness is impacted in the same way by the institutional setting.

Overall, the results shed light on different predominance on formal and informal institutional mechanisms depending on whether entrepreneurial families were located in one of the following two groups: Coordinated market economy/Spanish (Mediterranean), or liberal market economy/French (Mediterranean).

5. Discussion

When in 2019 Ursula von der Leyen¹ (European Commission President-elect) referred to the families owning businesses as safeguards of European Union sustainable competitiveness (European Commission, 2019), she evidenced the relevance of pursuing research in the family business field. Scholars have recognised the stabiliser role of families for regions within the Union (Lenz & Glückler, 2020) because, unlike other typologies of businesses, family businesses look after territory's wealth preservation for the sake of economic profitability at the same time that they return part of this created value to the territory where they are embedded. For this reason, policies at the European level have targeted SMEs to boost EU's territorial competitiveness. To do so, the European Commission has built upon various acts, plans and initiatives. Among these, noteworthy are the Expert Group on Family Business, the "Small Business Act" for European SMEs 2008 (European Commission, 2008), the Entrepreneurship 2020 action plan (European Commission, 2013) and the European Observatory for Clusters and Industrial Change (EU Initiatives, 2020).

In this context, this work contributes to both, policy-makers and practitioners alike by offering insights into the role of entrepreneurial families within territories pertaining to the Union and into entrepreneurial family embeddedness as a mechanism to strengthen their anchoring and, as a result, a territory's business fabric. Specifically, 3 main implications emerged, which reveal desirable policy and managerial actions.

The driving force behind this research was the concern for the well-being of family-owned businesses in the Gipuzkoan region of Spain. We observed that many of these businesses had either closed, been sold, or relocated following the economic crisis of 2007. To ensure the preservation of this vital economic wealth, we undertook a thorough examination of the concept of embeddedness, seeking to understand how it influences the relationship between entrepreneurial families and the local economy.

¹ "We should never forget that competitive sustainability has always been at the heart of our social market economy. We just called it differently. Think of the family-owned businesses all across our European Union. They were not built solely on shareholder value or the next bonuses. They were built to last, to pass down generations, to provide a fair living to employees. They were built on passion for quality, tradition and innovation." – Excerpt taken from the speech by President-elect Ursula von der Leyen in the European Parliament Plenary on the occasion of the presentation of her College of Commissioners and their programme.

By considering an external territorial perspective, we conducted a qualitative investigation, highlighting the need for a more practical understanding of the challenges that entrepreneurial families face in the ever-changing economic landscape. These insights aim to assist entrepreneurial families and local policymakers in making informed decisions and fostering stronger, more resilient entrepreneurial families in the region where they are embedded in.

First, identifying 20 institutional mechanisms provides valuable insights for both family businesses and their managers to consider how their connections to the community can influence the entrepreneurial family. These factors serve as practical guidance for enhancing the integration of family businesses into the local fabric. Despite the external nature of these mechanisms, it is crucial for families involved in these businesses to actively participate. Making them aware of their role can boost their commitment to ensuring the business's continuity in the community, with a focus on these specific factors.

Moreover, this research is beneficial for regional policymakers aiming to support the integration of family-owned businesses within their areas. The identified mechanisms offer a foundation for adjusting policies in line with the various ways businesses can be deeply rooted in their local context. This knowledge empowers policymakers to create more effective strategies for fostering the growth and sustainability of family businesses within their regions.

Second, our research has unveiled an unexpected duality in the local embeddedness of entrepreneurial families. Specifically, these findings shed light on how regions within the same institutional framework can have significantly different impacts on entrepreneurial families' engagement with their local communities. Notably, the Basque Country experienced a more pronounced influence of formal institutional mechanisms, while the French region leaned towards informal institutional mechanisms. These revelations indicate the coexistence of distinct approaches to enhancing entrepreneurial families' local embeddedness within a shared framework. These insights underscore the need for further exploration of institutional variations among European Mediterranean countries, which can inform policymakers and practitioners in shaping more effective regional strategies.

Finally, our research has highlighted the enduring influence of political measures introduced during the 2007 recession on entrepreneurial families. The persistence of negative perceptions, even a decade later, was a surprising finding. While it is understandable that business owners

may express discomfort with such measures, the tenacity of these sentiments was unexpected. Subsequent data collection, including interviews with experts and entrepreneurial families, provided a more nuanced understanding of this phenomenon. Experts emphasized that these negative perceptions were largely unfounded, yet they continued to erode entrepreneurial families' confidence in the political system. Additionally, traces of past violence experienced by family business owners surfaced during interviews, reinforcing the existence of traumatic experiences that still affect the present.

This effect ignites negative associations in entrepreneurial families' perception of implemented public measures, which triggers a further flow of perceptions among family owners that can result in a potential exit from the territory. This inertia, despite being a perception, should not be dismissed by political actors inasmuch as it can turn out into a reality that can negatively affect to entrepreneurial family embeddedness.

Overall, these insights highlight the intangible yet impactful elements that are intertwined with entrepreneurial families, ultimately leaving a lasting imprint on their integration with the local economy. As policymakers and practitioners work to support and sustain entrepreneurial families, understanding these hidden dynamics is essential for crafting effective policies and initiatives that promote family business resilience and prosperity.

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