Understanding the impact of family firms through social capital theory: A South American perspective

Abstract

This exploratory study investigates the impact of family firms as a product of their contributions, and proposes a framework, which associates these with the adopted social capital theory. Interviews with owners of six firms operating in three different South American countries not only revealed the more familiar contributions of creating employment and instilling values, but also through business opportunities, growth, a sense of community and increasing knowledge. Aligned with various dimensions of social capital theory, several observable premises emerged, for instance, through the creation of value gained from developing links between individuals, developing local niches, or reciprocity.

Keywords: Social capital theory, family firms, business owners, impact, South America.

Introduction

Family firms constitute the backbone of most economies in the world. Definitions of what constitutes a family firm are numerous (Chua, Chrisman, and Sharma 1999) and thus a single shared definition has proven elusive (Poza and Daugherty 2014). The European Commission (2018) defines family firms based on various criteria. For example, in a family firm, the person or persons who established the firm or acquired the share capital possess most of the decision-making rights. Another criterion is that, at the very least, one kin or representative of the family should be formally involved in firm governance (European Commission 2018).

From an academic perspective, Chua et al. (1999) conceptualise family firms as businesses governed to pursue or shape a vision maintained "by members of the same family… in a manner that is potentially sustainable across [family] generations" (p. 25).

In collating data from numerous sources, Poza and Daugherty (2014) revealed key highlights of this type of firm. For instance, globally, family firms represent between 80-98% of businesses, and are responsible for generating a gross domestic product between 70-75% in most countries (Poza and Daugherty 2014). In Europe, family firms constitute over 60% of all existing enterprises, ranging from individual ownership to large international businesses (European Commission 2018). Similarly, family firms employ 80% of the workforce in the United States, and between 50-75% of working individuals worldwide (Poza and Daugherty 2014).

Although in recent years a growing body of research has presented the socioeconomic contributions of family firms, important knowledge and research gaps still remain. Various contemporary contributions of the management literature (Biggemann 2013; Birnik and Bowman 2007; Fastoso and Whitelock 2011; Pérez-Batres, Pisani, and Doh 2010) identify limited scholarship from a Latin American perspective. For example, Felzensztein, Gimmon, and Aqueveque (2012) acknowledge limited research on inter-firm relationships, including the advantages of forming clusters in Chile. Gonzalez-Perez and Velez-Ocampo (2014) indicate limited research employing primary data to learn about the internationalisation path of Colombian companies.

Against the backdrop of these managerial research gaps, empirical research exploring family firms in Latin America has similarly been overlooked. Concerning corporate government and family firms, del Carmen Briano-Turrent and Poletti-Hughes (2017) reveal scant research, and further point out that, predominantly, this literature has focused on examining Anglo-Saxon, Asian, and European nations. A look at leading family business journals confirms the suggestions made by del Carmen Briano-Turrent and Poletti-Hughes (2017) regarding how scholars have characteristically overlooked the Latin American business context.

With a population of over 600 million individuals (United Nations, 2019) the Latin American region faces significant socioeconomic challenges, including recession among its largest economies (e.g., Argentina, Mexico), growth deceleration, and macroeconomic turbulence (World Bank, 2019). Aggravating these already serious issues is the recent large flows of migration from Central America and Venezuela (World Bank, 2019). Arguably, the day-to-day experiences of family-owned and operated firms in this region differs significantly from family firms operating in geographic and socioeconomic environments where the bulk of family business research has been conducted.

Therefore, research from a Latin American perspective could not only address existing knowledge gaps such as those formulated in recent research (del Carmen Briano-Turrent and Poletti-Hughes 2017; Carneiro and Brenes 2014), but also and importantly inform the wider research community and society about the nuanced contributions of family firms. Moreover, given the challenges many Latin American economies face, learning more about family firms' contributions to their societies is essential, as many of these firms could be making key contributions that help, for instance, redress longstanding problematic socioeconomic gaps.

Aligned with this rationale, the present research examined how family firms operating in Latin America contribute to impacts, including that which has a socioeconomic focus, on their stakeholders, and on their surrounding communities (RQ1). In addition, the potential benefits of such contribution were investigated. The study focuses on the perspectives of owners of six family firms operating in the continent of South America. Principally, the following research questions (RQs) were explored:

- RQ1: How do the participating family firms' actions contribute to making an impact, for instance, on their stakeholders and/or on their surrounding community?
- RQ2: What are the benefits of these impacts, for instance, in social and economic terms?

In addressing these questions, this study shed light into an under-researched geographic dimension of the family business literature, with clear and valuable implications for family firms and various stakeholders, including employees, suppliers, members of the broader community, government bodies and academics. As suggested previously, these implications include an increasing awareness of the impact and benefits gained through the activities of family firms, as well as providing clear avenues for the development of socioeconomic engagement, including but not limited to the Latin American context. Thus, the findings could also be relevant for the field of general management, and could provide general managers with insights that enable stakeholder management, in part by enhancing firm-stakeholder relationships. Furthermore, general managers could consider some of the contributions of family firms holistically, and adopt actions that are conducive to benefiting the communities in which they operate.

In addition, the study will propose a theoretical framework (Figure 3) to contribute to a more in-depth understanding of family firms' contributions and impacts. The framework is underpinned by social capital theory (Coleman 1988, 1990; Putnam 1995a, 1995b), discussed in the following section. Subsequently, the methodology section presents various key elements, including the case study method, the chosen inductive and purposeful sampling approach, as well as data collection and analysis. The findings will address the above research questions, while the discussion will focus on the associations between the proposed framework and research findings. Finally, the conclusions section will provide a summary of the study, followed by practical and theoretical implications, as well as limitations and suggestions for future research. Ultimately, this study seeks to create a base and foundation for deeper understanding, both in theory and practice, of social capital theory from a Latin American perspective and the role played by family firms.

Background and Conceptual Model

Social capital theory (SCT)

In this study, social capital theory is a useful lens to enable rigorous, in-depth understanding of the links between family firms, their impacts, and potential contribution in their surrounding community. Hoffman, Hoelscher and Sorenson (2006) conceptualise social capital as “a term used to identify resources that exist in relationships among people… At its core, social capital creates value by fostering connections between individuals” (p. 136). Indeed, social trust, norms and networks enable participants’ cooperation and coordination for mutual benefit (Putnam 1995a), and to act more effectively when pursuing shared goals (Putnam 1995b); furthermore, individuals perform better when they are more connected (Burt 2001). In addition, social capital can be understood as “the wealth (or benefit) that exists because of an individual’s social relationships and respective position in a social network” (Nordstrom and Steier 2015, p. 801).

Therefore, social capital can represent a resource, which is available to actors within a social structure; in fact, it “inheres in the structure of relations between actors and among actors” (Coleman, 1988, S98). Social capital has a productive emphasis, enabling the achievement of specific ends that otherwise would not be possible (Coleman 1988), thus, it “is indicated by its effect in particular action” (Lin 1999, p. 33). The potential impact of this study’s participants, who through their involvement within a social structure, and their role as business people are in a position to achieve socioeconomic ends through, identifies their role as key actors.

Furthermore, social capital can be the result of relationships taking place among communities, individuals, societies or organisations (Bolino, Turnley, and Bloodgood 2002), and according to Lin (1999) is represented by the following three key dimensions:

- Resources, notably, those "embedded in a social structure" (p. 35),
- Opportunity, in that individuals have accessibility to social resources, and
- Action-oriented, suggesting the execution of social capital-related initiatives.

In other words, the above dimensions are illustrated through the existence of resources embedded in social structures, accessibility of these social resources, and the utilization or mobilisation of these social resources for purposive actions (Lin 1999). Moreover, embeddedness emerges through relationships between individuals, as well as through community links (Chang and Chuang 2011). Nahapiet and Ghoshal (1998) present a framework conceptualising social capital in the development of intellectual capital, which includes knowledge from different disciplines and sources. The framework depicts three key dimensions: Structural, relational, and cognitive.

Structural dimension

This dimension "influences the development of intellectual capital primarily" (Nahapiet and Ghoshal 1998, p. 251) and it occurs through ways and facets that affect participation, including an exchange of knowledge between parties. More broadly, Bolino et al. (2002) and Chang and Chuang (2011) interpret this dimension in terms of the level of bonding among an organisation's individuals, for instance, knowing each other. These suggested connections align with the emphasis on network ties and configuration (Nahapiet and Ghoshal 1998), and also suggest the strength of a relationship, and network configuration (Schmid and Sender 2019). Based on Nahapiet and Ghoshal's (1998) framework, the structural dimension has strong linkages with the relational dimension, for instance, in that norms, trust, or obligations are linked to access for exchanging or combining intellectual capital between involved parties.

Among family firms, the structural dimension can be illustrated through inter-family relationships, as well as relationships between the family firm and the surrounding business community (clients, suppliers) or the local population (residents, employees). Moreover, exchange between family firms and other external stakeholders, for instance, illustrated in interactions or ties with shareholders, can contribute to increased knowledge (Fernández and Nieto 2005). In support of this idea, Arregle et al. (2001) refer to professional organisations or community groups among other external agents that can become part of a family firm's social network, thereby suggesting the potential for exchanging and acquiring new knowledge.

In the context of family firms, cognitive, relational, and structural elements of family relationships are at the forefront of benefits gained by family firms from internal social capital (Tasavori, Zaefarian, and Eng 2018). These benefits are accentuated by the collective element of family firms, notably, the bonding among family members from different generations (De Clercq and Belausteguigoitia 2015). These internal forms of social capital are also reflected through the 'quality of relationships' among family members, as well as their shared vision (Uhlaner et al. 2015).

Relational dimension

As suggested above, the *relational* dimension emphasises the nature of the existing links between people in an organisation (Chang and Chuang 2011). Trust, obligations, identification, norms, obligations (Nahapiet and Ghoshal 1998), and generated assets (Schmid and Sender, 2019) are foundational to this dimension. Furthermore, whereas the structural dimension places emphasis on whether an organisation's staff members are or not connected, the relational dimension focuses on the nature or quality of any existing connections, particularly in terms of liking, trust, or intimacy (Bolino et al. 2002). According to Steier (2001), trust embodies an important component, which for family firms can be an important source of strategic advantage. Eddleston et al. (2010) explain that trust encompasses the foundation for some of the behaviours, strengths and weaknesses of family enterprises, and therefore it helps explain how these organisations differ from non-family firms. An illustration is the expectation- and therefore trust- that members of the family firm will align with the interests of their firm, restraining from engaging in opportunistic behaviour and therefore acting as its stewards (Eddleston et al. 2010).

Cognitive

This dimension rests on shared language, codes, and narratives (Nahapiet and Ghoshal 1998), and is also accentuated through values and mutual interpretation (Schmid and Sender, 2019). Furthermore, it is concerned with the degree to which individuals in social networks, or in organizational environments (employees), share common understanding or perspectives (Bolino et al. 2002; Chang and Chuang 2011). Understandably, the dimension also focuses on whether or not there is a cognitive component to the connections presented in the other dimensions, such as between employees, in a bid to ascertain if they truly understand each other (Bolino et al. 2002). Again, these connections are based on shared narratives or possessing a common language, allowing members of a firm to exchange information more effectively, as well as assisting other members (employees) (Bolino et al. 2002). Relevant to the context of the present study, Patel and Fiet (2011) explore how "the embedded social knowledge" (p. 1185), which in family firms is revealed by "a common language code" (p. 1185), can facilitate knowledge-sharing, for instance, on how to accomplish complex tasks.

This commonality has implications in the form of trusting and frequent relationships among family members, which in turn enable information exchange with valuable firm outcomes (Herrero 2018).

While potentially useful in enhancing the understanding of relationships between family firms and their surrounding stakeholders, the literature discussing SCT in the context of family firms is still under development. For example, De Clercq and Belausteguigoitia (2015) refer to some contributions (Arregle et al.; Pearson, Carr, and Shaw 2008; Salvato and Melin, 2008) to argue that while there is increasing interest in research examining intra-firm social capital among family enterprises, there has been scant attention in related areas. One under-researched dimension refers to the effects of social capital embedded in family member relationships, notably, those spanning across generations, and how social capital might hinder or facilitate the maximisation "of intergenerational strategy involvement for innovation pursuits" (De Clercq and Belausteguigoitia 2015, p. 180).

One contemporary contribution (Salvato and Melin 2008) underscores the value of social capital, in that it provides a conceptual framework facilitating a linkage between "controlling-family specificities to FCBs' [family-controlled businesses] capability of creating value across generations" (p. 260). To support this notion, Salvato and Melin's (2008) findings revealed the links between value creation and competitive sustainability with FCB and family features that represented the "dimensions of social capital" (p. 263).

In line with an inductive approach (Thomas 2006), the association between social capital theory and the study's findings addressing the previously formulated RQs will be illustrated through a proposed conceptual framework. This framework represents another key objective of this study, and is captured through the following question:

- RQ3: To what extent does the proposed framework constitute a more rigorous tool facilitating the understanding, for instance, of family firms' impacts on their surrounding community?

Methodology

In line with Yin (2009), the study utilises a case study methodology in order to critically examine a real-life phenomenon with sufficient depth. Further, and importantly, a case study provides a context in which to explore how contextual conditions shape this phenomenon, which is a focus of the present study. A case approach allows not only detailed data collection, but also provides a method that embraces the related realities of the context around the area of study (Yin 2009). The qualitative approach utilised focuses upon examining rich detail drawn from respondents that are not only well-experienced but critical in the development and understanding of socioeconomic contributions in their region. Berg (2007) indicates the value of utilising qualitative methodologies in examining nuanced and complex information that would contribute in the development of theory and understanding.

Given the focus of this paper and its review of socioeconomic impacts with the context of South America, a case study approach provides the most appropriate approach. Indeed, as suggested by Yin (2009, p. 19), the case study inquiry

- Copes with the technically distinctive situation in which there will be many more variables of interest.
- Relies on multiples sources of evidence.
- Benefits from the prior development of theoretical propositions to guide data collection and analysis.

As part of the case study approach, semi-structured interviews were utilised as the data collection method that provided the opportunity to uncover, examine and probe in detail the different issues and approaches that have shaped socioeconomic impacts. Semi-structured interviews provide a strong balance between ensuring that key focal areas are discussed while allowing flexibility to probe when needed (Bryman and Bell, 2015; Silverman, 2015). The method also enables the building of a holistic description that details the views of informants (Alshenqeeti, 2014). This approach ensured that the key areas around socioeconomic contribution and their impact were not only discussed, but also afforded the opportunity for both the researcher and interviewee to explore other pertinent but related issues.

In addition to the aforementioned approach, and reflecting Yin’s (2009) multiple sources of evidence, observations and archival data were also examined in the development of findings, which allowed for rich data to be drawn while simultaneously enhancing reliability through triangulation.

Furthermore, it was vital that participants were selected not only with sufficient knowledge and expertise in their region but that issues were emerged from the context of family firms. Thus, a purposive sampling methodology (Patton 2015) provided the most robust mix of ensuring that the appropriate businesses were selected, which would further allow the collection of rich data that would contribute to understanding the social and economic impact generated by family firms. Purposive sampling is also vital in examining cultural contexts with individuals who are knowledgeable experts (Tongco 2007), and who are best placed to comment accordingly. For this study, the following purposive sampling criteria were utilised:

- Family firms where ownership remained with the family.
- Established and operating dominantly in South America.
- Operating for at least 10 years.

- Owners or owner-managers.

Human ethics clearance was obtained from one of the author's university; depending on the length of the project, this clearance could be extended for a further 12 or more months. During December of 2014 and December of 2016, a series of interviews were conducted among chambers of commerce and private enterprises by one member of the research team, who is bilingual (English-Spanish). This initial research activity helped to identify a total of 15 family enterprises, six in Lima, Peru, six in Montevideo, Uruguay, and three in Cafayate, Argentina. These businesses, which were suggested as potentially useful for their entrepreneurial drive and philosophy, were contacted through electronic email correspondence. The aims of the study were explained to recipients, and an invitation to an on-site interview with the owner/manager was formally made. Six of these firms accepted the invitation, and, in the following weeks, face-to-face, in-depth interviews, with an average length of 90 minutes each, were conducted.

The interviews, conducted also between December 2014 and December 2016, were audio-recorded with participants' knowledge and consent, and first sought to gather demographic information of the firms (Table 1). The interviews were similarly undertaken by one member of the research team fluent in Spanish and were based upon pre-agreed interview protocols. The protocols ensured consistency of questioning across interviews and that the different steps around informed consent, data storage and usage were adhered to. Subsequently, the interview focused on the main questions based on RQ1 and RQ2 and read as follows:

- How does your firm contribute to making an impact, notably, on local stakeholders (e.g., employees) or on the wider community?

- How are these impacts manifested? For instance, do these impacts include socioeconomic benefits?

As previously suggested, supporting the data collected through interviews, observations were undertaken on site at the family firms. These observations allowed the researcher to take notes, for instance, of interactions between the family firm's ownership/management, employees, employees' family relatives, and suppliers. In doing so, the researcher was able to ascertain the level of such interactions, and make more informed inferences regarding the potential contribution of the business. For instance, in spending an entire afternoon with Argentina 1 (A1), the member of the research team witnessed two separate shifts of local workers, in some cases accompanied by family members. At the same time, other visitors, including local suppliers, along with local and international visitors/consumers were observed at the venue.

The archival information, gathered on site and also found online, provided organisational documentation and materials emphasising the firms' beneficial impacts. Indeed, some of the archival information depicted events (e.g., A1, A2, P2, U1) that highlighted ways in which the firm involved the local community, its staff, and other stakeholders (visitors). In other cases (P1, U2), there was evidence of new developments (purchase of equipment, refurbishing of the physical infrastructure) that strongly pointed at positive impacts initiated by the family firm. All participating firms provided authorisation to being identified for the purpose of this study.

The data collected from the six firms were transcribed and imported into NVivo, a qualitative data analysis software package (Leech and Onwuegbuzie 2011), which assists in the identification themes that assist in answering the RQs (Davis 2014). All members of the research team undertook the transcribing of the data. Similarly, applying a content analysis approach, which allows for distilling “words into fewer content-related categories” (Elo and Kyngäs 2007, p. 108), all members of the research team identified and coded recurrent issues. Each member also had the opportunity to cross-check other members’ content analysis for consistency and rigour. Archival data were also imported into NVivo with observation information embedded into coding. To ensure reliability and coding consistency, the coded themes were discussed by the research team, where any differences were identified and amended. Nodes were then examined for triangulation to further ensure robustness and validity of findings.

Basic demographic characteristics: Participants and firms

Table 1 indicates that five out of the six participants were owners of the firms, and that the majority were males (four versus two). In addition, firms’ ages, together with their size, varied significantly, and only two were operating in the same industry. Furthermore, four out of the six firms were exporting at the time of the study, though Uruguay 2 was planning to recommence exports activities (prior involvement in exporting between 2002 and 2009). Participants’ expertise in the industry they operated ranged between 17 and 40 years, with the majority having accumulated 30 or more years of experience, clearly suggesting a high degree of expertise and knowledge.

Table 1 Here

Results and discussion

Family firms’ contribution

The findings pertaining to RQ1, which are illustrated based on occurrences (Table 2) and are further reinforced through a visualisation or mapping (Figure 1), clearly indicate that family firms’ contributions took various forms. Expectedly, and in line with previous research conducted among family wineries (Duarte Alonso and Bressan 2013), being a provider of employment was a key contribution. As interviews, on-site observations and archival information revealed, A1, who owned a family firm in the town of Cafayate, Argentina, had over the years successfully marketed the region’s traditional empanada (pasty). Apart from recruiting waiting staff, A1’s hospitality facility featured live regional music on a daily basis, which required employing musicians permanently. These findings are associated with the structural dimension of SCT (Nahapiet and Ghoshal 1998), which stresses the significance of developing intellectual capital, as well as that of bonding (Bolino et al., 2002), which in turn is a component of the relational dimension.

Table 2 Here

As suggested by Fernández and Nieto (2005), exchanges between a family firm and external stakeholders can result in increased knowledge. In the case of the present study, the exchanges between musicians, restaurateur and clients help spread and enhance the knowledge of the local culture and overall of the region, potentially contributing to stronger awareness among outside visitors. U1 also emphasised the importance of providing employment in order to stimulate locals to set roots within the region, thus, avoiding the exodus to larger cities, where many newcomers face shortages and limitations in resources, including housing. In this instance, and in agreement with Bolino et al. (2002), there is also a strong desire of the firm’s ownership to create or strengthen bonds between itself, the local population and the land, potentially leading to more recognition and motivation to follow healthier or more sustainable lifestyles.

Three other key ways of contributing were common to all six participating; they are also strongly associated with the dimensions of SCT. First, the creation of niche businesses was perceived as an essential supporting element for the local economy, in developing rural activities and was particularly prevalent among firms involved in wine and food (A2): "We try to emphasise the culinary culture of the Andes (regional) with the broader traditional Argentine cuisine, the migrant's cuisine, and we pair this cuisine with the wines." Similarly, U1 stated: "[We are] organising food and wine pairings, events such as Lamb and Tannat [local wine], or 'marrying' other typical local dishes and wines…"

Figure 1 Here

At the same time, creating networks and links with other stakeholders was perceived as vital complement to developing niche businesses. For instance, the above participants acknowledged that these efforts were undertaken with other wineries, thus, demonstrating a strong link with the structural, relational (trust, bonding) and, to some extent, with the cognitive dimension of the SCT (sharing common understanding through collaborating). Creating a niche business, which was partly dependent on developing networks and collaboration, was also emphasised by U2. Moreover, in the context of his firm, U2 recognised the potential for sugarless candies, in that there was a market prepared to afford significantly higher prices to consume healthier products (with fewer calories). The participant also underscored the importance of collaborating with a national technology laboratory to access crucial technologies the firm did not possess in order to further the development of sugarless candies.

As U2's case underlines, the incorporation of technology was yet another form of contribution among firms. In this regard, another participant (P1) reflected: "the investment made in technology allows us to manufacture new products, much of which is in fashion, and people like to buy new products.” These findings also suggest the important contribution of the participating firms in developing infrastructure, and critical mass for instance, in growing as a business, as well as in influencing the growth of other activities and surrounding organisations.

The social element of firms’ contribution was also revealed, in that four of the six firms engaged in assisting members of the local population, particularly in adopting or gaining critical intrinsic values and skills; as A1 underlined:

> We employ local youngsters and guide them for their future… try to instil respect; we try for our employees to communicate what the region is about… teach the younger employees to be more open and tell a story [behind the food, region] to our clients…

At the same time, there was a commitment to extend such guidance into more professional ways of acting, with opportunities for further improvement (P2): “… we support and guide people in the domestic market, and get feedback from them, because we can learn from them regarding changes and developments in the market… including in different social classes… or even areas of production…” Again, these comments resonate with the relational dimension of SCT, particularly concerning the links between the firm and people (Chang and Chuang 2011), the existence of trust (Steier 2001), all of which could contribute to aligning with the interest of the firm (Eddleston et al. 2010). The comments are also associated with the cognitive dimension, for instance, emphasising the importance of relations among family members, and the decisions that can emerge from those relations, including by embedding social knowledge (Patel and Fiet 2011), which results from learning from external bodies (e.g., P2).

Impact of family firms' contribution

Table 3, together with Figure 2, illustrate family firms' main impacts, resulting from their contribution, on various stakeholders, notably, those residing or active within the local community. As with RQ1, the findings have strong associations with the dimensions of SCT. Furthermore, the knowledge and expertise gathered through years of experience and living the business, together with developing structures, strategies, and a productive work environment are linked to the structural and relational dimensions of SCT. With regard to the first, the findings stress the significance of exchanges and acquisition of knowledge (Arregle et al. 2001), while the relational dimension emerged through the quality of the existing network or link, as well as trust and commitment among family members (Eddleston et al. 2010; Steier 2001). In turn, these elements clearly contributed to competitiveness and sustainability. Four main themes representing firms' impacts emerged. Firms' impacts were first perceived in terms of improving quality, for instance, of service, product, or both, as well as boosting demand.

Table 3 Here

U2, whose firm dated as far back as 10 generations, with the 11th already becoming involved in the enterprise, acknowledged the significance of investments in equipment, technology, and the vineyards to make needed improvements and adjustments and remain competitive and maintaining its leadership: "… We have lead the way and demonstrated that it is possible to export Uruguayan wines to all consumer markets." The participant also commented on the winery's competitive edge, and how its contributions through exports to the most demanding wine consumer markets of the world had also resulted in attracting 'hard currency.' Other participants (A2, P1) also recognised the importance of innovation, particularly by learning and by incorporating new techniques or forms of production. In this context, earlier research (Craig and Moores 2006) concludes that established family firms tend to place great value on innovation strategies and practices. Furthermore, the apparent linkages between family firms and innovation are much stronger than what many assume (Craig and Moores 2006).

Figure 2 Here

Developing a sense of professionalism was an additional impact that resulted from firms' socioeconomic contributions, for instance, in the case of A1: "I am happy that I was able to help some youngsters to become good waiters." Furthermore, while currently not exporting its products, U2 reflected on the past achievements of the firm, whereby the firm's performance resulted in socioeconomic impacts: "When we exported, you could notice the growth in productivity when completing export requests. You can experience how much the factory's productivity, labour and intensity grow to fulfil the requests…" Higher performance and productivity were arguably related to perceived reciprocity between the firm and internal or external stakeholders. While in the case of U2 such improvement was partly triggered by the firms' staff, with regard to P1, performance and employee reciprocity were intrinsically associated: "…What we invest in significant time in training them in this industry, we gain back by having the loyalty of these employees…"

In other cases, reciprocity took place between the firm's management and other networks, such as external collaborating firms (P1): "Other companies also contact us because they find out through others that the merchandise is manufactured in our firm, and knock at our door… word of mouth is crucial.”

> A1: We do collaborate with other businesses. I am thankful to other people in the town. Hotels, guest-houses, taxi firms… they all send people to us. Similarly, we reciprocate; when someone asks us for a hotel, we also recommend businesses to them.

SCT was also reflected in these comments, particularly through the cognitive dimension, in that reciprocating parties share a common philosophy, perspective, or understanding (Bolino et al. 2002). Another fundamental impact of firms’ contributions in creating employment, niche businesses, networks, infrastructure, or in incorporating technology was the added value or multiplier effect that resulted from their actions. P2’s comment is symptomatic of firms’ ability to have an impact that extends beyond mere direct socioeconomic impacts:

> When one sells domestically, one not only sells the raw product, but one also generates a cluster of businesses, for instance, coffee back manufacturers, coffee shops, baristas, even the local electric company. It is a much more dynamic market. Therefore, boosting domestic consumption is critical for the sustainability of the industry.

Similarly, P2’s perceptions encapsulate the various key findings revealed in Table 3. As with other cases and participants’ comments, these findings are strongly related to the structural and cognitive dimensions of SCT, particularly through gathering and sharing knowledge, as well as contributing to professionalism and overall sustainability of the industry in which they operate:

> … We do not only think of making money. We take time to motivate and communicate with people who, though not key clients, might help boost the interest and future consumption of coffee… We constantly absorb knowledge. We have been able to add value to coffee and no longer deal with coffee as a commodity, as a raw product; we perceive it as a gourmet product."

This comment highlights yet another key impact of firms, in educating the local population and potentially boosting consumption, in this case, consumption of a product that traditionally has not been popular, but that recently has achieved success as an export alternative. The comment also underlines the firm's impact in generating new knowledge and awareness, while also benefitting from, notably, receiving direct feedback from significant stakeholders.

Finally, the development of the local economy, which already transpired through the various contributions made by firms, particularly exports (U1), additionally reveal the impact of the family firm, in this case, positively affecting the region's image (A2): "Cafayate has scenery but without the wineries, many people would not stay longer than one or two days. Wineries make it possible for people to add one more day to their journey."

The applicability of the proposed framework

In agreement with Thomas (2006), the inductive approach employed in the present study, complemented by the theoretical perspective adopted (SCT) and the findings have all contributed to the development of a proposed framework (Figure 3). This framework first depicts clear relationships between the outcomes of the RQs and three dimensions of SCT.

- *Structural:* The findings underline the usefulness of this dimension, as it helps explain the key role played by family firms and their potential contributions through their links, through collaborating and sharing knowledge, with members of the local community or external agents, such as other firms (RQ1).
- *Relational:* This dimension emerged through trust, norms and bonding that either developed within the firm, or with external agents. The relational dimension helps explain that these elements, which partly develop as a result of existing links and networks between the firm and other stakeholders can result in such contributions as undertaking improvements or behaving in a manner geared toward enhancing the firm's performance.
- *Cognitive:* The existence of shared codes and language within a firm, as well as in firm-stakeholder relationships emerged as manifestations of the cognitive dimension. For instance, some participants (A1, P1, U2) underlined the importance of reciprocity. Importantly, some of the characteristics found in the relational and cognitive dimensions partly overlap with the structural dimension, further underscoring the value of these three dimensions as lenses through which social capital could be viewed or reflected upon.

As Figure 1 also illustrates, these undertakings that match each dimension can go a long way, contributing to creating or adding value to firms' performance (RQ2). Furthermore, these can have direct implications for the wider community (employers, region), including such facilitators of sustainability as socioeconomic development, for instance, through quality improvements, helping develop professionalism, or increasing awareness of a region or industry (Table 3). Together, the impacts and implications revert back to family firms, in that owners or managers would again perceive their crucial role as contributors or stewards of their surrounding community, implementing or executing initiatives that continue the process of contribution and impacts. Moreover, with a previous background of contributions and impacts, family firms' ownership could reflect on such experiences, and consequently adjust, for instance, considering an increase- or decrease- in its involvement in social capital-related efforts.

Figure 3 Here

Conclusions

Although family firms represent a significant group for countries' economies, the academic literature still presents a number of knowledge gaps. For instance, various authors (e.g., Carneiro and Brenes 2014; Felzensztein et al. 2012; Gonzalez-Perez and Velez-Ocampo 2014) identify a proclivity of academic research to focus predominantly on Asian, European or Anglo-Saxon countries in detriment of regions such as Latin America (del Carmen Briano-Turrent and Poletti-Hughes, 2017). The present study addressed this recognised limitation of the literature. Moreover, in adopting SCT, the study examined the contributions of family firms within and around their community, and the impacts that their contributions have from the perspective of owners of six South American family firms.

The findings revealed that, apart from the more common contribution of providing employment, firms also significantly aided in the creation of niche businesses, networks and links with other businesses, as well as infrastructure. These and other contributions had important impacts, particularly in the form of quality improvements, innovative practices leading to improvements in product/service provision, innovation in itself, increasing awareness of a particular industry or region, and helping to develop professionalism in their business and/or industry. The consideration of SCT, together with the findings, led to the development of a theoretical framework (Figure 1). This framework provides valuable signposting of various relationships highlighting alignments that could contribute to a more in-depth understanding of family firms' contribution, impact, and potential implications. For instance, reciprocity in exchanges suggest a shared code of understanding, was manifested between the findings and the cognitive dimension, while trust and stewardship (relational dimension) were identified as essential in making commitments within the firm leading to needed improvements.

Similarly, the findings provide opportunities for government initiatives which could target not only the methods applied by firms to contribute but further examine the impact that these may have on socioeconomic development. In essence, governments would be able to identify and support firms appropriately based on the desired impact again the offering afforded by family firms, targeting and funding programmes with maximum effect.

Implications

The findings have important implications for general management. Indeed, the results indicate interesting notions of what impact is created and driven by family firms. Alongside the more common contributions related to job creation and sharing of values/ best practice, there are other pertinent areas for consideration, namely, in the development of a sense of community and expanding knowledge to assist in firm survival and with it longevity. These areas suggest a two-pronged focus on social impact and social capital theory where reciprocity, is seemingly, an evident notion. The value of contributing to the local socioeconomic development of the community is interlinked with the value gained from such initiatives for the firm. In essence, while there is an endeavour to support local and make inroads into local supply chains alongside creating awareness of niche areas, these are driven by the desires of the firm (albeit altruistic or commercial).

The results here provide a useful insight in the creation of future infrastructure and networks, where needs-matching between firms and the community would create stronger delivery of social impact. Like-minded ideologies alongside perhaps a shared vision and direction between parties via ‘quid pro quo’ would be a viable approach to drive social impact when viewed from a South American perspective. Nonetheless, it is also vital to note the strength and prevalent of social capital theory in South America and that usefulness of the framework in developing further understanding.

The framework provides contextualisation of the theory and signposts opportunities that are evident and that require further nurturing. The need to enhance professionalism and extend awareness and synergies with local supply chain and businesses are clear examples of this form of social capital. Thus, the framework adds to current knowledge into family firms, and more specifically into the limited understanding within a South American perspective. Furthermore, the framework facilitates not only this understanding, but also and importantly provides a foundation for future studies to build upon, and highlights the value that social capital can have towards theoretical and practical contributions.

Limitations and Future Research

While the proposed framework (Figure 3) is developed utilising the prevalent notions drawn from cases that have in-depth understanding of the issues around social impact and reflect social capital theory, it is important to be cautious with its generalisability. The use of case study methodologies provides opportunities to delve deep into rich data sources; however, it can be restrictive it providing applicability of findings to the wider population. Thus, although the findings of this study make a strong contribution to the development of the social capital framework, future research could provide further valuable insights, particularly through the testing of its applicability. This type of research could, for instance, consider quantitative methods where surveys structured around the elements of the framework are tested, or where the replicability of the findings are examined with other cases or sub-continents.

Building upon the theoretical developments of this study, future research could enhance these foundations and examine the contributions and the impact of family firms through longitudinal studies. Such an approach would allow clearer evaluation of the value of the approaches taken and/or any interventions applied, and could be examined in the form of in-depth understanding and review qualitatively or through more quantitatively focused testing. Similarly, the study has focused on firm owners, where future research could enhance and add to the findings of this research through data collection from local businesses and suppliers. This information would help extend and provide an additional dimension to the framework by revisiting the findings of this study through a different lens.

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