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Extending the concept of familiness to relational capability: a Belgian micro-brewery study

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Abstract

While research in family businesses has focused on familiness as a resource with potential to generate competitive advantage, a gap exists in understanding how such value can be extended to wider business relationships. We contribute to an increased understanding of how familiness can influence the development of relational capability in entrepreneurial family firms. Using a business relational and family embedded perspective, we advance a conceptualisation of the link between familiness and relational capability based on literature and qualitative case research. The critical role of the family identity emerges through the empirical study. As such, we find six relational processes across family identity which link or mitigate the movement between familiness and relational capability. Theoretical and practical implications are offered.

Keywords: Relational capability, Familiness, Entrepreneurial family firms

Extending the concept of familiness to relational capability: a Belgian micro-brewery study

Introduction

Using the micro-brewing industry in Limburg, Belgium as an empirical base, the core aim of this paper is to conceptually examine how a resource, familiness, influences the development of a critical firm capability, relational capability. Entrepreneurship and family business are deeply entangled to become important and overlapping fields of interest (Arregle et al., 2013; Stewart and Hitt, 2012; Zahra and Sharma, 2004; Zellweger et al., 2010). This convergence is embodied in literature streams dealing with embedded relationships and networks (Anderson et al., 2005; Zahra, 2010). In recognising that entrepreneurship is not an insulated or individualistic practice managed by a lone hero (Dodd and Anderson, 2007), we start with an understanding that entrepreneurial and family actors commence their business activities with a set of social, including familial, relationships which have the potential to bring important resources to the firm (Hite and Hesterly, 2001; Lechner, et al., 2006; Ostgaard and Birley, 1996). Having these social networks of relational assets does not, however, translate into using them to develop relational capability. Indeed, the entrepreneurial and family actors' initial 'born with' social relationships may not represent the connections necessary for their firm to survive and grow. That is, to surmount the limitations associated with being new and small (Hite, 2005), we argue that entrepreneurial and family firms need to cast a wider net in their relational connections, beyond early social network ties, to gain access to and use a broader pool of resources and capabilities external to the firm.

To access and use external resources requires relational capability, defined as "a firm's willingness and ability to partner" (Dyer and Singh, 1998: 672), the "ability to coordinate competencies and combine knowledge across corporate boundaries" (Lorenzo and Lipparini, 1999: 317), and "sustain its innovativeness by creating and managing the overall architecture of its network over time" (Capaldo, 2007: 585). Like all capabilities, relational capability is not innate, rather learned over time and developed through interaction processes as the entrepreneurial firm leverages its experience in its totality of relationships. Capability development processes are context dependent (Pettigrew, 1997; Zahra, 2007) and one important entrepreneurial context is the family firm (Habbershon, 2006). Having relational capability is important, and can provide the entrepreneurial, or family firm with the conduits, bridges and pathways through which they can find and access opportunities, resources and capabilities external to the firm (Hite, 2005), critical information, enhanced innovation (Tsai, 2001) advice and ideas (Hoang and Antoncic, 2003; Larson and Starr, 1993). Yet, we know surprisingly little about relational capability development in the entrepreneurial family firm.

The closest fit in the extant family business literature is familiness, defined by Habbershon et al. (2003: 451) as " … the idiosyncratic firm level bundle of resources and capabilities resulting from the systems interactions between the family, its individual members, and the business". Familiness and relational capability converge in their theoretical origins, the resource-based view (RBV) (Barney, 1991), are developed in interaction processes (Chrisman et al., 2003; Dyer and Singh, 1998), and can act as a source of competitive advantage (Arregle et al., 2007; Lorenzo and Lipparini, 1999). One important divergence is that familiness concentrates primarily on internal relationships involving the family and business system (Arregle et al., 2007; Pearson et al., 2008) whereas relational capability rests on the ability to develop an inter-organisational partnering capability to gain access to resources held by other firms (Capaldo, 2007; Dyer and Singh, 1998). In recognising the

importance of context and process to capability-based research, this paper seeks to explore whether context matters for relational capability development. This drives the theoretical motivation of our study and our research question which is as follows: In an entrepreneurial family firm setting how does a resource, familiness, influence the development of a critical firm capability, relational capability?

To answer this question we take a relational exchange perspective (Dyer and Singh, 1998; Lorenzoni and Lipparini, 1999) using an industrial or business network lens (Håkansson and Snehota, 1995; Håkansson et al., 2009) and, as such, position relational capability as a resource developed and fine-tuned in interaction with customers, suppliers, distributors, competitors and other business actors (McGrath and O'Toole, 2013). An extension of the RBV, the relational perspective appreciates that competitive advantage derives dually from firm-level resources and idiosyncratic capabilities embedded in dyadic and network relationships (Dyer and Singh, 1998; Yli-Renko et al., 2001). In this view, business connections between firms can be enduring and are intended to provide strategic advantages (Gulati et al., 2000; Miller et al., 2007). Using an industrial or business network lens complements studies in the family business literature from an internal social capital perspective (Arregle et al., 2007; 2013; Pearson et al., 2008). That is, while the industrial and social network approach share common social values and are complementary analytical concepts, they differ in their approach to network structure. The industrial network approach offers a broad analytical system for networks of independent but closely interconnected firms through long lasting, heavily interdependent business relationships. Social network theory stems from a sociological view of network action and sets the focus on actors embedded in a network structure of personal interaction of information flows which sums up to social capital on a personal level which can extend to the firm level if these actors are viewed as representatives of the company (Hite, 2003; Zahra, 2010). Hence we are examining relational capability as a capability learned and developed in interaction with other business actors.

Although the idea of capabilities to gain and retain a competitive advantage has been central to the strategic management literature for many years (e.g. Eisenhardt and Martin, 2000; Teece et al., 1997; Winter, 2003) less emphasis has been placed on the developmental nature and origins of capabilities in an entrepreneurial (Autio et al., 2011; Zahra et al., 2006) or family firm context (Chirico and Nordqvist, 2010; Chirico and Salvato, 2008). We bridge this gap by introducing familiness to the relational capability literature responding to a call for more research to be conducted connecting family systems and entrepreneurial phenomena (Aldrich and Cliff, 2003; Stewart and Hitt, 2012). Our paper addresses the paucity of literature into the theory building process which characterise relational capabilities (Capaldo, 2007) and is the first paper, to our knowledge, to do so in an entrepreneurial family context. Hence, our contribution rests in advancing the understanding of familiness and relational capability in entrepreneurial family firms. For the entrepreneurial family owner/manager, our research has the potential to relieve some of their resource and time pressure by providing them with strategic routes through *both* their existing family *and* potentially wider relational ties.

This paper is structured as follows. Firstly, we define the entrepreneurial family firm and introduce our key constructs: familiness and relational capability. A qualitative methodology for the empirical study is employed using semi-structured interviews with six micro-brewing enterprises in Limburg, Belgium. In presenting our findings, we provide a unique insight into the influence of familiness for entrepreneurial relational capability development and is the first paper, to our knowledge, to analyse both constructs in unison. Key finding are presented, discussed and conclusions are drawn.

Literature

Defining the Entrepreneurial Family Firm

Although family business is now a major field of inquiry, there is no generally accepted definition of the term 'family business' (Anderson et al., 2005; Benavides-Velasco et al., 2013; Howorth et al., 2010). Researchers generally agree that family involvement in the business is what makes the family business unique (Irava and Moores, 2010), and studies have concluded that family-based and non-family-based businesses tend to operate differently (Getz et al., 2004). Howorth et al. (2010) provide an overview of the elements which have appeared in family firm definitions including whether: the family manager regards their company as being a family business; the majority of shares are owned the family; the management team comprises primarily family members; the company had experienced an intergenerational ownership; or combinations of the above. Our intention is not to add to this definitional debate. Rather, we define the entrepreneurial family firm as one which exhibits a desire to maintain family ownership, is run by a family member with an entrepreneurial mind-set and engages in innovative activities (Hoy and Sharma, 2010; Salvato et al., 2010; Sirmon and Hitt, 2003).

In defining the entrepreneurial family firm we embrace the family embeddedness view which appreciates that entrepreneurship and family are strongly intertwined, cannot be unnaturally separated, with family playing a significant role in firm related decision-making processes and their outcomes (Aldrich and Cliff, 2003; Arregle et al., 2013; Ruthford et al., 2008). This perspective is fitting for our research context, as entrepreneurship in the micro-brewery industry in Belgium is steadily growing, steeped in family history and rooted in family traditions (Euromonitor, 2015). In recognising tradition, the family embeddedness view is appropriate as it recognises a level of family influence where every business is at least a little family and every family is at least a little business (Ruthford et al., 2008).

Familiness and relational capability

Firms, including entrepreneurial family firms, pursue strategies, either explicitly or implicitly that use their core resources and capabilities to allow them to commence their business, compete and grow. Firms need other firms to survive; entrepreneurial family firms are no different (Sharma, 2008). Theoretically grounded in the resource-based-view (RBV), the term 'familiness' has emerged to explain how the family firm can draw on kinship based embedded relational ties to access unique resources, to strategically create and sustain value over time to attain a competitive advantage (Arregle et al., 2007). Similarly, to overcome the liabilities associated with newness and smallness (Baum et al., 2000; Stinchcombe, 1965), entrepreneurs embed themselves in relational structures to access external resources and capabilities in order to generate competitive advantage (Burt, 1992). This advantage stems from the entrepreneurs' ability to create, develop and act within relationships, that is, their relational capability. Hence, while we know that familiness and relational capability are developed in interaction within the family or entrepreneurial business or social context, and that benefits accrue, less is known about the nature of their development and use, in particular how familiness can alter the relational capability development process. Firms are not born with familiness and relational capability: they require development (Teece et al., 1997).

Being defined as a family firm is not sufficient grounds for the presence of familiness (Irava and Moores, 2010). Familiness is a resource which is forming and reforming, continually shaped by interactions between the manager, family activities and the resource and capability context. Chrisman et al. (2005; 2012) found that family involvement and the essence of such involvement can help to explain familiness. Involvement emphasises the structural aspect of familiness capturing the presence of the family in the firm in terms of ownership, management and control. Essence, in addressing the assumption that that family involvement will translate into family influence that shapes the organisation, refers to activities between the family and the business systems. Activities and behaviours indicated by the unique processes, deployment and integration of resources and capabilities contributed to the business by the family in addition to the trans-generational vision that may preserve these values (Irava and Moores, 2010).

More recently, in light of advances in the entrepreneurship literature acknowledging a family's influence on any business (Arregle et al. 2007; Zellweger et al., 2010), family scholars have added identity as a further dimension of familiness. Identity captures how the family defines and views the firm (Zellweger et al., 2010; 2012) and includes elements such as strong family firm pride, long-term orientation, and community social ties, which facilitate the development of a strong family firm image. Milton (2008) examined the potential of identity for performance and succession in family firms, which indicated that through the conduits of unique human, social, patient financial capital, and governance structures (see, Table 1) identity could unleash relationship advantages *within* family firms. Our paper extends this research beyond the boundaries of within the family firm to the development of relational capability within a broader relational context.

For the entrepreneurial firm, relational based theories (Dyer and Singh, 1998) can intuitively explain how inter-firm cooperative relationships help to create and capture value explicitly recognising that a firm's critical resources may span firm boundaries and may be embedded in inter-firm resources and routines. Relationship capability, we argue, is developed in interaction between the entrepreneur and their activities with their surrounding network context. These activities move beyond the boundaries of the family context to interfirm business routines. From a business network perspective we know that all firms operate within an environment with limitless relational potential. However, within the infinite environmental space resides the network horizon depicting all connections within the entrepreneurial firm's view (Håkansson and Snehota, 1995; Holmen and Pederson, 2003). Network horizon captures how extended an actor's view of the network is which provides a boundary from which entrepreneurs can deduce their network context or "the part of the network within the horizon that the actor considers relevant" (Anderson et al., 1994: 4). Within this context we can see the development of relational capability through joint problem solving, adaptation, opportunity creation and knowledge exchange (see, Table 1) in interaction with a broader set of business-to-business relationships.

A review of the current literature highlighted five potential resources and capabilities developed, in interaction, in the building of familiness and relational capability. These are summarised in Table 1, and include: social capital, emotional capital, information and knowledge sharing ability, human capital and financial capital. For familiness, Pearson et al. (2008), using a social capital lens, argue that family firms may reap advantage over nonfamily firms due to a deeply embedded shared vision, purpose and collective culture. Relational outcomes include trust which enables collective actions within the family firm which recursively produces shared norms of cooperation and reciprocity ultimately leading to family

firms' specific capabilities including information access and associability (see, Table 1). Similarly, entrepreneurs can use relational capability to generate social capital to jointly solve problems with their business partners as they arise (McEvily and Marcus, 2005). The entrepreneur, as the agent of the firm, can access network ties as an important avenue for bringing opportunities and resources into the firm (Hite, 2005), including product or process adaptation and innovation (Lorenzoni and Lipparini, 1999). Family and personal contact network (PCN) members are also dependable and steadfast providers of emotional support (Harrell, 1997), which can enhance the motivation, commitment, and confidence of family members (Arregle et al., 2013), and entrepreneurs, in developing their business (Anderson et al., 2005; Arregle et al., 2013). Family knowledge with regards to technology, manufacturing, marketing, business insights and distribution can act as a clear family based advantage (Irava and Moores, 2010). Using a wider network, relational capability similarly enables the exchange of knowledge and the creation of new knowledge for the new venture (Arenius and De Clercq, 2005), and market information about customers and competition (Shaw, 2006). This external knowledge can lead to enhanced opportunity recognition for the entrepreneurial venture and ultimately to superior performance (Ramos Rodriguez et al., 2010).

The literature suggests that family networks can act as human capital or mentors to the firm (Stewart, 2003) providing advice and informal learning via exposure to the business system (Lane and Lubatkin, 1998). For those growing up in a family business, their 'world' is characterised by the interacting systems of the family and the business, the essence of 'familiness'. Family firms can reap reputational advantages, both in terms of brand recognition and the families' business reputation (Irava and Moores, 2010). For the entrepreneurial firm, family may not provide a steady pool of human capital including reputation, informal learning and mentoring. However, as Greve and Salaff (2003) note, entrepreneurs can relatively easily tap kin for initial feedback and input about a business idea (see, Table 1) and can act as a key source of labour during the start-up and expansion phases of an entrepreneurial venture (Anderson et al., 2005; Zellweger et al., 2010). Family financial capital, refers to both the monetary and physical assets owned by family members, either individually and collectively (Danes et al., 2009) in addition to patient investments made by a family which does not require repayment in the short-term (Sirmon and Hitt, 2003).The initial financial capital required for an entrepreneurial venture regularly stems from personal and family assets (Anderson et al., 2005), however, with relational capability, financial capital can be complemented by resources from nonfamily partners, such as banks, venture capitalists and/or angel investors (Arregle et al., 2013; Birley, 1985).

[Insert Table 1 Here]

We know that all firms need capabilities to survive, the entrepreneurial family firm is no different. As can be seen in Table 1 and described narratively above, the resources and capabilities comprising familiness and relational capability are similar, the core difference lies in their context. This difference is salient as research suggests that to focus primarily on family ties can become a source of weakness for the family firm due to the limited resources of the family (Jack, 2005; Pollak, 1985). This could take the form of a reliance on redundant and overlapping knowledge and information and an unwillingness to seek, acquire and use external knowledge to deal with environmental change (Arregle et al., 2007; 2013; Stewart, 2003) for example, dealing with the old school solicitors, accountants and bankers that dad

dealt with (Colli, 2011). Moreover, a paradox persists whereby the firm may not wish to place too many family assets at risk (Arregle et al., 2007; 2013) in addition to managerial constraints, as ownership and control structures reduce their ability and willingness to attract external managers and investment (Carney, 2005).

We argue that relational capability, can overcome the potential liabilities associated with familiness. Research has drawn our attention to the use of different network types cementing our view that information, resources and capabilities critical to the new firm can be embedded in diverse relational connections. Cooperative relationships between firms can be vertical, involving firms at different points of the value stream comprising, for example, customers, suppliers and distributors (Lechner et al., 2006; Shaw, 2006), horizontal, between competitors or potential competitors (Bengtsson and Kock, 2014) and membership of formal network organisations (Dean et al., 1997). This promise of fruitful exchanges and combinations of resources has led to an infusion of relational based research in the entrepreneurship literature. From this we know that relational capability is crucial for entrepreneurial effectiveness, yet, current research from a social network perspective has concentrated on the benefits of networks and an analysis of relational structure including the strong and weak tie dichotomy (Hallen, 2008; Jack and Anderson, 2002; Lechner et al., 2006; Shaw, 2006) with less focus on process issues such as relational capability development.

In an entrepreneurial family context, in line with the extant literature, we conceptualise familiness as a resource and relational capability as a capability capable of delivering competitive advantage to the firm. For familiness, development entails interactions between the family and organisational systems (Habbershon et al., 2003; Pearson et al., 2008), for relational capability, interactions across multiple firm boundaries (Capaldo, 2007; Lorenzo and Lipparini, 1999). Arregle et al. (2013) recently extended the internal view of familiness by examining the role of family ties in different types of social networks to distinguish their respective effects on growth. Our work differs and complements this research in several important ways. Firstly, we do not assume relational capability as a starting point for the entrepreneurial family firm, rather as a development process (Möller and Svahn, 2003). Secondly, we extend the social network perspective and incorporate the relational or business network perspective where resources and activities are spread between firms deepening mutual commitment in dyadic relationships (Håkansson and Snehota, 1995). Thirdly, we are not examining the outcomes or the impact that familiness or relational capability can have on firm growth. Rather, our contribution rests in examining how familiness can alter the development of relationship capability.

Method

Study design and data collection

We adopt a case study method to explore how familiness influences the development of relational capability in an entrepreneurial family firm context. As familiness and relational capability develop in interaction between actors and firms and are conceptualised at a firm level, we selected the firm as the unit of analysis while remaining cognisant of the role of the entrepreneurial family manager. Qualitative case study methods have been deemed suitable for exploring relationships and interaction processes between multiple actors residing in both the family and value chain (Irava and Moores, 2010; Jack et al., 2015) and are useful to gain a deep understanding of issues related to a complex social context (Jack et al., 2015; Yin, 2003). This approach fits with recent entrepreneurship and family business literature which supports

the need for qualitative studies to be conducted to understand the complex and context dependent nature of relationships and networks (Hanna and Walsh, 2008; Jack, 2010; Leppäaho et al., 2015) and to empirically add to the current body of conceptual and theoretical work in the area of familiness (Carnes and Ireland, 2013; Sharma, 2008). This methodology has the unique strength of being able to deal with a full variety of evidence, including, but not limited to, documents, artefacts, interviews, and observations (Yin, 2003). To this end, rich information was gathered about the history and background of the firms from marketing materials, information available on websites and social media, published information, newspaper articles and policy documents. The researchers also visited all the business owners at their premises and took a tour of their brewing operations and processes. This part of the visit and the informal conversation during the process acted as part of the researchers' observations of the context which was subsequently used in interpreting the interview data. This diversity of sources facilitated the validity of the emerging findings through triangulation (Yin, 2003).

Our research approach was interpretive and abductive (Nordqvist et al., 2009), that is, our research was neither purely deductive nor inductive, but rather a combination of the two. Abductive research is characterised by an iterative process of data collection and theoretical analyses. Semi-structured interviews were utilised in this research with six micro-brewing firms in a Belgian context, a number consistent with qualitative research guidelines (Eisenhardt, 1989; Eisenhardt and Graebner, 2007). Each participant was interviewed for approximately two hours in Limburg, Belgium at the owner's premises. Prior to interviewing, a series of issues to be explored with each entrepreneur was devised (Patton, 1990). The question structure was loose, allowing variations to emerge on a case-by-case basis. The interviews were taped and transcribed verbatim.

Sample and Industry background

Table 2 contains key characteristics of the six micro-breweries (MB). The authors initially contacted 8 suitable micro-breweries in Limburg. One declined the invitation to participate in the study and it was not possible to interview the other due to language barriers. All six firms are considered entrepreneurial family firms based on their family and entrepreneurial characteristics. They are fully controlled by the family owner/manager, five are 100% owned by the family, and three perceive themselves to be family firms. Each firm is innovative, creative, and adaptive to change (Baron and Tang, 2011), core features of entrepreneurial ventures with three participants considering themselves to be entrepreneurial ventures. Given this dual classification, the family embeddedness perspective is fitting for this research.

[Insert Table 2 Here]

Family business is important to the Belgian economy, with 77% of all firms with employees deemed family firms accounting for 45% of total employment (Lambrecht and Molly, 2011). Conversely, Belgium has a history of low rates of entrepreneurship (GEM report, 2015) and exhibits difficulty in fostering a spirit of entrepreneurship. This may be attributed to a high level of uncertainty avoidance, defined as the "extent to which the members of a culture feel threatened by uncertain or unknown situations" (Hofstede, 1991: 113). This research is timely as, with relational capability, vertical and horizontal relationships and networks may act as a trajectory to lower uncertainty avoidance. Additionally, although research shows that the total entrepreneurial activity in Belgium is low, entrepreneurship is

high on both the political and the policy agenda (Naudts and Lambrecht, 2008) and increasing in the micro-brewery sector (Euromonitor, 2015).

This research is positioned within the micro-brewery industry in Belgium, largely defined as any brewery that produces less than 20,000 hectolitres of beer annually. The industry was selected due to its importance in a Belgian context, both in terms of the image and culture of the country, coupled with the economic benefits. According to Euromonitor (2015) the return of Belgians to their roots is contributing to the success of the micro-brewery abbey-style beers, local strong lagers and regional beers often associated with local authentic food. This trend is translating to a significant rise in the number of micro-breweries opening their doors and is the fastest growing beer category in Belgium (Euromonitor, 2015). Yet despite the recent surge in craft beers, the academic literature is scant in comparison to the vast popular literature (Dighe, 2016).

Within the craft beer sector, Belgium has the natural resource base necessary to succeed and excel internationally and has a growing range of entrepreneurial firms in this area. As an expanding industry, steeped in family heritage and dominated by larger players, the authors felt that the sector represented a good context for analysing the influence of familiness on relational capability development in entrepreneurial firms given the potential benefits that could ensue. We adopted a local regional perspective within Belgium for our empirical enquiry as prior research suggests that micro-breweries exhibit an attachment to place where being local can provide protection from national and international competition (Danson et al., 2015; Schnell and Reese, 2014). Similarly, family firms retain a deep embeddedness with the local area in which they commence, develop and grow (Colli, 2011; Zellweger et al., 2012; 2013). This resonates with Johannisson et al (2007) who provides a rationale for studying regions and industrial districts including; the presence of structures, natural resources, localised knowledge and skills in addition to shared values, which lead to trust and the energy needed to create a sustainable region. Focusing on the micro-brewing industry in Ireland, McGrath and O'Toole (2013) identify and describe the factors that both enable and inhibit the entrepreneurial firm's development of its network capability. They found that the factors inhibiting the development of network capability were strong including independence, a lack of tacit knowledge sharing or problem solving with festivals and information sharing enabling the process. Our paper complements this research in examining how familiness influences relational capability development.

Data Analysis

The techniques used to analyse the data for this research were drawn mainly from the work of Yin (2003), Eisenhardt (1989) and Miles and Huberman (1994). In line with Yin (2003), data analysis consisted of examining and categorising the evidence to address the core research question posed in the study. Consistent with other qualitative, case based research, there was a frequent overlap of data analysis and data collection (Eisenhardt, 1989) with field notes, documentary sources and interview scripts representing an important means of accomplishing this overlap. To identify themes, the authors firstly compiled individual case descriptions for each case and conducted a within case analysis. To identify convergence of themes and patterns across cases (Miles and Huberman, 1994; Yin, 2003) the data and literature were iteratively examined with initial codes or themes developed based on a consistent pattern between the data and the literature. Iteratively reviewing the data in this way has become an accepted approach in entrepreneurial network research (Jack et al., 2015).

In examining the patterns across six cases, we analysed interactions to provide an understanding of the development of familiness and relational capability and the potential movement between the two constructs. We initially separated interactions from within the social network perspective more in tune with familiness (Arregle et al., 2013; Pearson et al., 2008) and the relational network perspective (Håkansson and Snehota, 1995; Håkansson et al., 2009). Our analysis highlighted three key factors in conceptualizing familiness as a resource that could lead to relational capability development: a) Forms of interaction including the resources and capabilities accessed, b) The network context, and c) The network horizon. A further critical theme which emerged related the components of familiness, namely involvement, essence and identity (Chrisman et al., 2005; Zellweger et al., 2010) and how they fit with the firms' behaviour in interaction and relational capability development. Six relational processes emerged as key themes for relational capability development in analysing family identity: (1) resources critical to start-ups, (2) information and knowledge sharing, (3) co-innovation, (4) joint problem-solving, (5) transactional relationships to value chain, and (6) long-term orientation. In the findings and discussion, we present the data for each of the six case studies across the core themes. This enables us to provide the reader with the researchers' evaluation of the influence of familiness on entrepreneurial relational capability development. The themes are presented in detail in the following section.

Findings and Discussion

Familiness as a relational capability

Using data from the sample firms it appears that, as proposed in our literature review, familiness, as a resource, has the potential to influence the development of relational capability. This consideration involves extending the theoretical conceptualisation of familiness by using a business network perspective which we return to in the conclusion. Table 3 mirrors Table 1 using data from our sample firms to show how the five resources and capabilities identified for familiness and relational capability are similar. In an overall sense our findings suggest that familiness for each firm, although developed in interaction, was intuitively accessed. The participants were aware of its benefits; interactions within the social network were innate. Family relationships did not need to be initiated or developed, in every sense they were 'born with' relational structures. As can be seen from the examples provided in Table 3, the firms rich in familiness (1,5,6) accessed resources and capabilities at a family level with ease. This included emotional support, informal learning and mentoring whereby the brewers learned the process of brewing and business development on the job. Hence, social, emotional and human capital in addition to information and knowledge sharing flowed naturally between the family actors and the family business in the development of familiness within their social network (Fairlie and Robb, 2007; Lane and Lubatkin, 1998; Stewart and Hitt, 2012).

[Insert Table 3 Here]

Conversely, interactions with the relational environment were not inherent; the ability to access resources and capabilities across the network was not naturally endowed on all firms in our sample. Our findings highlight that engaging and interactions in the relational network facilitated joint problem solving (McEvily and Marcus, 2005). This was evidenced, for example, within the brewing network for product development and refinement (see, Table 3, information and knowledge sharing capability). We were not surprised that emotional capital

was prevalent, however, for the more entrepreneurial orientated firms (see, Table 2, micro-breweries 2,3,4) this extended to both opportunity recognition and acquisition during the initial phases of their business. Information acquired and shared in interacting within the network led to product adaptation, and, in some cases collaborative innovation. However, self-reliance was evident in information and knowledge sharing where a belief was in place that the firm could independently carry their vision through to completion alone (Lee and Tsang, 2001). Self-reliance was also evident for the more entrepreneurial firms in relation to their product: "*If I was told my beer was not sweet enough I would not change it. This beer is staying the way it is. We will not change the recipe*" (MB 2). Family acted as a source of labour, as did the wider network in the initial stages of brewery development and over time. Across the social or relational network, we found no evidence of patient family capital or physical assets being transferred within the family network.

To further examine the extension of familiness to relational capability development, the participant firms were asked about their primary and secondary relationships. We found that the assumptions of the firms about their primary and secondary business interactions influenced their potential exploitation of their wider network context and horizon. For the sample firms, ties to family were stronger than many other connections that they had. Familiness and interactions within the social network facilitated the maintenance of relationships developed and coordinated by formal membership, which also formed part of their network context. We know that familiness is built on a foundation of trust, cooperation and reciprocity (Pearson et al., 2008; Sirmon and Hitt, 2003). This trust extended to interactions in Brewery House Association meetings of which all the firms were members. However, for the firms who identified themselves as family firms, the value of such meetings was limited to sharing information within the meetings as opposed to tacit knowledge and joint problem solving more indicative of relational capability development: *"We talk about all the new things happening in our world, new rules, exports"* (MB 1). Others noted that given their small size, they can always learn from the bigger brewers, some of which was invaluable such as information pertaining to "*certain beer markets that I could enter, excise regulation, food regulations etc.*" (MB 5).

Tacit information was shared in relation to "*good customers and suppliers*" (MB 4) and although it occurred rarely, supplies of raw materials were pooled in times of shortage. The participants were aware that "*we should officially be competitors, but we help each other out*" (MB 4). Co-opetition was evident in attracting customers: *"The small breweries work together, sending people to each other's breweries when people come and visit them. We have had so many people say that they were sent by another brewery"* (MB 2). Competition was also noted: "*I am in the beer business 24 years and there is in Belgium a lot of cooperation but a lot of competition also as everyone is fighting for hectolitres*" (MB 3). Hence, relational capability developed through co-opetition relationships with other micro-breweries with relationships visibly based more on cooperation that competition for the firms.

In interactions with other micro-breweries, it was interesting that further embedding and maintaining co-opetitive relationships for the firms high in familiness was, in a sense, limited to other family firms, reinforcing their family networks. This was evidenced through sharing employees, for example, two family breweries shared a brewer essential to both of their operations who was in control of their recipes. Hence trust was high and relationships strong. As was noted: "*At the top level we are one big family. We used to have a brewery association dedicated to family businesses and still maintain those connections*" (MB 1). The entrepreneurship literature speaks to entrepreneurs' strong desire for control over decision-

making that is characterised by an independent, internally orientated established means of doing business (Birley and Westhead, 1994; Lee and Tsang, 2001). The familiness literature extends this concept to keeping it within the family, the family business and other family businesses.

Within supply and retail channels, we found that those who perceived themselves as family businesses (micro-breweries 1,5,6) did not see the process of relating to them as a key focus of their business, and even in their focal relationships expressed a preference for limited or more transactional forms of interaction. In this way, familiness put a boundary on their network context where relationships with suppliers were conducted on an individual basis as primarily discrete exchanges characterised (Dwyer et al., 1987). MB 5 noted that they compare supplier prices on the Internet and change accordingly. Others stated that they had not changed suppliers, but their rationale was not relationally based: "*We might consider switching if the price was a bit better but it involves a lot of work to find new suppliers so we haven't changed. The search process takes time*" (MB 6). The more entrepreneurial-based firms could see the value in maintaining relationships with suppliers and distributors exhibiting a wider network context: "*I am using malt from Argentina. I have supply contacts all over the world. I make time for them*" (MB 3).

The movement from a social to relational network was evidenced in relation to customers. The importance of knowing customers was highlighted by all participants as a trajectory for repeat sales and an important part of their network context: "*Selling once is easy, selling at a regular pace is more difficult*" (MB 3). The participants developed and maintained strong embedded relationships with retail customers. MB 1 alluded to this when she stated: *"I think it is important to meet and visit them. If we didn't visit them we could lose them. We build relationships with them. They also come here and party. If there is a problem we can talk about it, we try to be a good supplier."* MB 6 similarly stated*: "We have a tight relationship with our customers. We invite them here all the time. Not every customer, usually the larger ones*". By building relationships with their customers, the firms in our sample can use their relational capability to influence how their product is sold and ensure the high quality of the product. One participant refers to a recent trend of recommending beers with food: *"We ask the restaurants to combine it (beer) with our food"* (MB 2). To maintain the relationship with customers the participants noted that they eat in their restaurants and drink in their pubs. They also expended time and money visiting their international customers: "*I am just back from Sweden and Helsinki visiting customers. We always try to make a good friendship with the people who sell our beer and they really appreciate it. We meet them and have a drink with them and talk about beer and find out if there is a problem*" (MB 5). This engagement was deeper for the firms who deemed themselves entrepreneurial. For example, MB 2, through interacting with customers, realised that they had an issue with their bottle size and adapted it to better meet the needs of customers (see, Table 3). In this way they concentrated on developing relationships with customers to facilitate problem solving.

A main theoretical implication of our finding is that familiness can be conceptualised as a resource with the potential to lead to the development of relational capability. We present this diagrammatically in Figure 1. The first row conceptualises familiness at a family level and the second, based on the contribution argued by us, as a business-to-business relational resource. As can be seen in Tables 1 and 3 and described above, the resource and capability aspects of the family network from a social and relational perspective are similar. We argue that with time and experience in interaction, the social network can be extended

to include a relational network facilitating the conceptual linking between the two constructs, and the development of relational capability over time. This process is not automatic and like all capabilities requires development, is dependent on the entrepreneurial family context and is complex (Pettigrew, 1997; Teece et al., 1997; Zahra, 2007). Interactions within the social and relational network are tempered by experience in interaction, which of course, can be positive or negative.

For three of the micro-breweries (1,5,6) the existence of business relationships including suppliers, distributors and competitors, were part of the firms' network horizon and not context, and were characterized by transactional interactions. This fits with Maye (2012) who found that, in the micro-brewing industry, judgments about the use of supplier are often pragmatic, determined by price and the flexibility. However, interactions across the network for the entrepreneurial family venture seemed to start at the customer level, but the embedded knowledge sharing characteristic of more evolved partnership was stronger and within a wider context where the firms were more entrepreneurial in nature (micro-breweries 2,3,4). Within the social network we witnessed the reinforcement of family networks through repeated engagement and joint activities, which led to an inter-family relational capability as: "*Most of the brewers are family brewers anyway… There are many family links among the brewers as well*" (MB 1). This is not surprising and relates to the development and use of a community of like-minded family firms in resource and capability sharing and development (Lester and Cannella, 2006; Zellweger et al., 2010). Thus, moving outwards from the social to relational network to develop relational capability as depicted in Figure 1 is possible, but will take time and is dependent dually on the firm and other actors in the network (McGrath and O'Toole, 2013).

[Insert Figure 1 Here]

Familiness: Involvement, essence and identity

It is not surprising that each of our participant firms can be described as family firms based on the involvement and essence approach to familiness (Chrisman et al., 2005; Howorth et al, 2010). Family exerted 100% control in the day-to-day and long-term management of the firm and contributed unique resources and capabilities to the business (see, Table 3). Our core finding is that, of the three dimensions of familiness, identity either mitigated or promoted the development of relational capability. The firms with strong family identity did not develop relational capability and those with a lower level did. This finding is illustrated in Table 5 which shows how identity either reinforces or mitigates a range of relational processes to develop. The firms with the stronger family identity were 1,5,6 and it may be this identity that means they do not see or choose to use resources in their business networks to develop relational capability.

In the particularistic context of this study, the micro-brewing sector, the story associated with their business set-up is part of the appeal of the product and formed an important part of their identity. For the firms' rich in familiness, their stories were rich with family accounts, assistance and history. As can be seen in Table 4, for micro-breweries 1,5,6 their business developed from years of family experience in the industry and was described as a hereditary process. This family history and passion is imperfectly imitable (Habbershon and Williams, 1999) and formed a significant part of their familiness identity. Conversely for micro-breweries 2 and 4, they started their story by describing brewing as a hobby without historical family connections (see, Table 4). MB 3 exhibited a long history in employment in

the brewery industry and took a more business-like approach when describing his set-up with his story based on the physical space where their brewery stood.

[Insert Table 4 Here]

Identity impacted the firms' desire and willingness to extend their familiness to include a wider relational capability development. That is, our findings suggest that a more open family identity translated to the firms being willing to use relational processes linking the movement between familiness and relational capability whereas a strong family identity mitigated the movement. The relational processes and associated quotations are depicted in Table 5. Those who perceived themselves as family firms relied, in the initial set-up, on assistance from family members and friends of family members in the brewery design and creation of beer recipes in addition to the general day-to-day running of their business (see, Table 5). Those whose identity mirrored a more entrepreneurial nature with weaker family identity (micro-breweries 2,3,4) relied on experience in the brewing world. In seeking opportunities, it was clear that these firms were more adept at scanning their environments to find critical resources during the start-up phase of their business (see MB 2, Table 5).

[Insert Table 5 Here]

Familiness was present and useful in gaining industry specific knowledge and information in relation to technology, manufacturing, marketing and distribution which flowed through interactions between the family manager, family members and the family business. Family members enabled the firms to access the resources of, and create ties to other members of the family network. For example, MB 6 noted that through his grandfather's beer shop, established more than half a decade ago, he was familiar with the distribution system (see, Table 5). For MB 5, knowledge related to the unique mix of ingredients and the organic nature of the product and associated herbs. This extended to family members' friends (MB 1, Table 5) in the provision of specialist expertise. Including family member friends in this way demonstrates that familiness can extend beyond the family boundaries as the family acts as a broker, bridging gaps in networks and facilitating resource and activity sharing through reputation and incentives to cooperate. The firms weaker in family identity also gained information and knowledge but from more diverse networks. We present an example in Table 3 for MB 2 whereby information from customers led to product adaptation in bottle size. MB 3 gained information through extensive worldwide contacts with suppliers, distributors and retail customers based on years of experience in the industry. MB 4 gained information through suppliers, but additionally via the previous owner, who had run the business as a family business for three generations. Information sharing was more prevalent in our case analysis where family identity was strong. Where identity was weak, information sharing was weak also. Our findings suggest that this was based dually on a lack of time to field queries due to the amount of new breweries starting up in the area in addition to an unwillingness to share information regarding supplier and distributor contacts which took years to develop.

In innovation, strong family identity mitigated their relational capability development whereby they preferred to develop products in house, and alone. For example, two of the breweries made special beers at an individual level to celebrate the family connection (see, Table 5). While this enabled the firms to project their family image to external stakeholders,

and, in this sense instil trust in business network connections who support the values associated with the family image it was not fully utilised by the firms in our sample beyond relationships with customers. Where co-innovation was present for the firms steeped in family identity, it was primarily with other family firms, reinforcing family networks. For MB 5, collaboration in product development was purposefully avoided, as described in Table 5. Conversely, the firms weak in family identity engaged in collaborative innovation with other breweries for specialty beers where both firms profited from the interaction, in addition to the co-production of a core product, cherry beer. This extended to co-innovation with complementary food products further linking their familiness to relational capability development.

We observed joint problem solving for all the firms across our sample. Product related problems were solved in-house for our firms strong in family identity using the knowledge and resources of family members which extended to other family firms. Where production was outsourced, tight contracts were in place to ensure that recipes were guarded with care in lieu of more relational, trust based governance systems. The firms weaker in family identity saw the value in solving problems across a wider network and in interaction. We present examples in Table 5 in relation joint problem solving with other micro-breweries in the area in addition to customers. Joint problem solving is critical to the movement between familiness towards relational capability as it is the mechanism for early stage collaboration as a firm can change their perceptions of business relationships based on positive or negative experiences in adapting in interaction with its relational partners.

For the firms strong in family identity, interactions within the value chain tended to be transactional and kept at arms' length, mitigating relational capability development. Relationships were used when necessary, for example outsourcing agreements, but not developed for mutual value (see, Table 5). Close relationships with suppliers and distributors were noted by the firms weaker in family identity. As can be seen in Table 5, collaborative purchasing agreements were in place and relationships were developed with suppliers to ensure continuity of supply and product consistency. Distributor relationships were important, and opportunities in relation to distribution were present with retail customers. Hence our findings suggest that for the firms strong in family identity, their relationships remained primarily social and more inward than externally focused limiting relational capability development. It was surprising that activity links and resource ties to channel partners were not perceived as necessary despite common problems faced by the firms, being small players on a larger playing field.

Regarding long-term orientation, four of the firms have children who they are orienting into the family business. The involvement of the next generation and the intention to transfer demonstrates their commitment to continuity and sustainability, an important feature of entrepreneurial family firms and relational capability development. These firms have a long-term orientation (LTO) which facilitated building a positive community image, important in the development of familiness (Colli, 2011; Zellweger et al., 2012; 2013) and in the micro-brewing sector (Danson et al., 2015; Schnell and Reese, 2014). Additionally, our findings suggest that, in line with the identity literature (Zellweger et al., 2010; 2012), that the family firms rich in identity relied on information, knowledge and the active participation of family members in the long-term strategizing of their firms (see Table 5, MB 1). However, this LTO did not, for all firms, transfer to the development of relational capability.

In an overall sense, in line with Arregle et al. (2013) we found that over-embeddedness within the family limited their willingness and ability to initiate and maintain external

interdependent relationships. We know that family identity can help to garner trust through a positive family image with external stakeholders facilitating familiness and positively influencing relational capability development (Sirmon and Hitt, 2003; Zellweger et al., 2012). Yet, problems were overcome in-house using family knowledge, in lieu of sharing and combining resources and identifying valuable opportunities within their business relationships. For relational capability development, we would have expected more trust based governance system reflected in a climate of knowledge sharing and problem solving with business partners (McEvily and Marcus, 2005; McGrath and O'Toole, 2013). Strong family identity meant that they did not strategise for relationships in a long-term way outside of the family net which does not fit with relational capability development, a process which requires a more strategic and planned approach. Yet, having a LTO meant that they could see the value of building long-term relationships, particularly with customers. In recognising that the family is not a network to be abandoned, entrepreneurial family firms which rely too heavily on family ties may limit their relational capability development.

Conclusion

This paper argued that conceptually familiness and relational capability exhibit similar characteristics and are developed in a comparable manner. Both constructs are developed in interaction processes with family and non-family actors, and, as with all resources and capabilities, need to be developed in action. We argue that that familiness can be extended theoretically to incorporate a relational perspective. Given the inherent value of relationships and networks for the entrepreneurial family firm to overcome contextual challenges, extending this link represents a substantial contribution to the entrepreneurial family firm literature. Figure 1 summarizes how the familiness construct can be extended using a business network perspective. It incorporates three core constructs from this perspective than enable this migration to happen – forms of association, network context, and network horizon. Firms do not control all of the resources necessary to successfully operate in the marketplace, and as such need to access resources from external sources. In addition, we argue that taking relational view of familiness may help to overcome some of the limitations associated with familiness, that is, a reliance on redundant information and a propensity to disregard external knowledge (Arregle et al., 2013).

Our paper demonstrates the complexity of relational capability development for the entrepreneurial family firm. Building a relational view would include relationships that extend beyond the family boundaries and lead to the development of embedded relationships and networks with competitors, customers, suppliers and distributors as well as being involved in formal networks. Viewing familiness in this way would require a different approach to researching familiness as a relational capability. In examining the influence, both positive and negative, of familiness for relational capability development, we start this conversation. In taking a business relational perspective we aim to address some of the traditional constraints associated with familiness as currently defined by resource based view. Firstly, rather than treating capabilities and resources as static objects we focus our attention on examining the interaction between them (see, Table 1). Similar to Kraaijenbrink et al., (2010), we contend that resources and capabilities are likely to be interdependent and mutually supportive, that it is not the value of an individual resource that matters, rather the synergistic combination or bundle of resources created by the firm. Secondly, although our analysis rests at a firm level, we put the entrepreneurial family actions and interactions as central to the familiness and relational capability development process. Resources and activities are mobilised by

individuals or actors in the development of capabilities to exploit opportunities, and, in the case of entrepreneurial family firms, overcome their relatively limited resource base. In this way, resources and capabilities are embodied in the entrepreneurial family manager who represents the focal point of the business structure and hence play a significant role in enacting and developing familiness and relational capability. Thus, their resource access is highly dependent on the context of the firm and the founders' perceptions of same, given that they tend to be the main agent of the firm in relationship building in its early stage of development (Johannisson, 1998; Johannisson and Mønsted, 1997). Thirdly, we depart from the assumption that actors can and should control resources to explain competitive advantage over others (Kraaijenbrink et al., 2010). Rather we focus on creating advantage in interaction with others.

Taking a family embedded perspective of familiness (Aldrich and Cliff, 2003; Arregle et al., 2013; Ruthford et al., 2008) it was clear that identity, or the perception of the business owner, had the most significant influence on the development of relational capability. We put forward six relational processes depicted in Table 5 linking or mitigating the movement between familiness and relational capability. Understanding how a strong or weak family identity influences this movement furthers our understanding of what can propel or repress entrepreneurial family firms towards developing relational capability (see, Table 5). Our findings suggests that the potential of developing and maintaining long-term business relationships as a strategic tool for resourcing, knowledge sharing, co-innovation or joint problem solving is less obvious or instinctive for the entrepreneurial family firm, and doesn't just happen. It is a gradual process, developed or, not, by the entrepreneurial family manager in forming and reforming their view of their network context through experiences in interaction with other relational actors. Identifying these processes have implications for the entrepreneurial family firm literature. That is, while recent studies have addressed relational capability (Capaldo, 2007; Sisodiya et al., 2013) and familiness (Chrisman et al, 2005; Zellweger et al., 2010) as a source of real value to the firm, no previous research has examined the influence of familiness, and family identity, on the development of relationship capability.

Our paper has some important implications for academia, policy and practice. From a theoretical perspective our paper provides a unique insight into the two capabilities, familiness and relational capability, and is the first, to our knowledge, to examine both simultaneously in the case of entrepreneurial family firms. Family businesses form a cornerstone of the Belgian economy and developing a spirit of entrepreneurship is currently high on their policy agenda. We argue that enterprise policy should encourage relational collaboration as a strategy to overcome the high uncertainty culture which prevails in Belgium through facilitating the sharing and exchange of information and resources in a network setting. State funding is, in general, allocated on an individual, competitive basis. A government might encourage collaboration as a strategy through the allocation of relational and network based funding to encourage joint interactions addressing the difficulties in relational capability development.

As with all studies, the present study has certain limitations. The current study was grounded in a small sample centred on the micro-brewery sector in Belgium. A broader study including entrepreneurial family firms from different sectors, or using a larger country context, may bring to the fore other pertinent factors relating to the influence of familiness for entrepreneurial relational capability development. Similarly, a cross-country analysis may evidence a significant role for cultural context. Our research has sought to explore the influence of familiness on relational capability development. In linking familiness with the

relational capability development literature, our study focused on whether context matters. Looking at larger firms may provide an interesting avenue for future research, that is, does size of family firm matter? The relationships literature speaks to evolving relational ties over time to enable firm growth using firm life-cycle models (Hite and Hesterly, 2001; Lechner et al., 2006). Hence, future research should examine the influence of familiness on relational capability development in firms at different growth stages, for instance with more established or multi-generational family firms.

Our paper focused on the influence of familiness on the relational capability development for entrepreneurial family firms. In doing so, we concentrated primarily on the development of familiness and relational capability and the potential links between the two constructs. While much research has examined the performance outcomes associated with familiness (Danes et al., 2009, Habbershon, 2006; Irava and Moores, 2010) and relational capability (Capaldo, 2007; Hite, 2005), future research could concentrate on the economic and non-economic benefits for entrepreneurial family firms in becoming more relational in their activities. Additionally, while familiness represents an important and unique resource that helps to define the family firm, it would be useful to explore the influence of other unique characteristics of family firms on relational capability development. For example, Gomez-Mejia et al. (2007) found empirical support for the idea that family firms are both risk willing and risk averse due to a motivation to preserve their socioemotional wealth. How socioemotional wealth influences relational capability development in entrepreneurial family firms would be an interesting question for future research.

	Familiness	**Relational Capability**
Social capital	Trust, commitment, coordination, reciprocity, interaction norms (Pearson et al., 2008)	Joint problem solving, adaptation, innovation, opportunity recognition, shared resources (Aldrich and Zimmer, 1986; Davidsson and Honig, 2003; De Carolis et al., 2009; Greve and Salaff, 2003)
Emotional capital	Emotional support to enhance the motivation, commitment, and confidence of family members (Arregle et al., 2013; Harrell, 1997)	Support to grow despite risks and hurdles involved (Anderson et al., 2005; Arregle et al., 2013)
Information and knowledge sharing ability	Firm specific tacit knowledge and information in relation to technology, manufacturing, marketing and distribution (Fairlie and Robb, 2007; Hatak and Roessl, 2015; Irava and Moores, 2010; Lane and Lubatkin, 1998; Stewart, 2003; Stewart and Hitt, 2012)	Access and exchange of resources, knowledge, and information in relation to technology, manufacturing, marketing and distribution from diverse horizontal and vertical networks (Aldrich and Zimmer, 1986; Dubini and Aldrich, 1991; Greve and Salaff, 2003; Lechner et al, 2006; Shaw, 2006; Zellweger et al., 2010)
Human capital	Reputation (brand and family identity and image), experience, informal learning, mentoring and labour (Colli, 2011; Irava and Moores, 2010; Sharma, 2008; Stewart, 2003; Stewart and Hitt, 2012)	Family as a source of labour and initial feedback (Anderson et al., 2005; Greve and Salaff, 2003; Zellweger et al., 2010)

Financial capital	Patient family capital, physical assets, living expenses during start-up(Danes et al., 2009; Irava and Moores, 2010; Stewart, 2003).	Patient family capital which can be complemented by banks, investors (Arregle et al., 2013; Birley, 1985)

Table 1: Resources and capabilities comprising familiness and relational capability

Micro-brewery (MB)	Owners (O) Employees (E)/	Partner Type	Age of Owner	Further and Higher Education	Growth Ambitions	Years in business	% of Ownership	Family Control of Management	Perception of Business	Export	Brew Per Year (Hectolitres HL)	Brewery Type
1	2(O) 4(E)	Husband and Wife	45	None	Lifestyle	19	100%	Full	Family	Yes	2600 HL	Brew Pub
2	2(O)	Brothers-in-law	48	Mechanic	Lifestyle	2	100%	Full	Entrepreneur	No	160 HL	Brewery
3	2(O) 100(E) (part-time)	Husband and Wife	50	Economics and Marketing	Strong	1	100%	Full	Entrepreneur	No	3,500HL	Brew Pub
4	2(O), 2(E)	Husband and Wife	52	None	Strong	14	100%	Full	Entrepreneur	Yes	3,000HL	Brew Pub
5	1(O)	N/A	45	IT	Strong	13	100%	Full	Family	Yes	650 HL	Brewery
6	3(O) 3(E)	Owner, Brewer and Investor	37	Business	Strong	1	40/40/20	Full	Family	Yes	3,000HL	Brewery/ Contract Brew

Table 2: Summary Description of Participating Firms

	Familiness (Social Network)	**Relational Capability (Relational Network)**
Social capital	"*You make your business work by surrounding yourself with the right people, people that you can trust. My father and his friends, and extended family were those people*" (MB 1); "*My wife and I know where we want to be, how we want to develop the business. My father is helping us to get there*" (MB 5).	"*I was the manager in one of the biggest breweries in Europe. I have opened two other breweries. I have a lot of international experience. I know many breweries worldwide*" (MB 3); "*We have, on occasion, borrowed supplies from other breweries*" (MB 2).
Emotional capital	"*My family are behind me, 100%"* (MB 6); *"When we set up our brewery my family supported us in every way. They had a lot of experience in brewing and it was nice to know that they were there to help us and watch over us as we made the huge investment*" (MB 1).	"*We have seen black snow, the first six years were not easy. But support from family and friends helped us to keep going and survive it*" (MB 3); *"The business grew out of a beer group that we were involved. A few years ago we decided to make a different type of beer, a light beer for summer. They said 'bring it on the market, make more, put it in the stores, I will buy it.' The enthusiasm of friends was so strong that we set up this brewery"* (MB 2).

Information and knowledge sharing ability	"*My father was always passionate about his work with herbs and hence I decided to set up a brewery using herbs also*" (MB 5); "*I grew up in the beer shop and learned a lot about how the brewing world works*" (MB 6).	"*We went to the restaurants selling our beer and they told us that they wanted our beer but the bottles were too big, that if only one person is drinking beer they want a small bottle. We adapted our bottle size and sales have grown*" (MB 2); "*We don't need much information*" (MB 3); "*We started co-producing new beers in 2000 with four other breweries. We still continue that tradition today*" (MB 4).
Human capital	"*My wife helps me out with my graphics and branding and sometimes my father works for me without payment*" (Firm 5); "*Our successful products are largely down to my Dad*" (MB 1); "*Everybody in the brewing world knows me through my grandfather*" (MB 6).	" *Our friends helped us to build the brewery using ancient boilers, milk jugs, butter casks and other plumbing materials sourced locally. We invested an enormous amount of time and fun into it, it took more than a year to build the brewery and make it operational*" (MB 2).

Table 3: Sample data for resources and capabilities comprising familiness and relational capability

	Strong Family Identity	**Weak Family Identity**
Business History and Story	"*My grandfather started a beer business 50 years ago so I have grown up in the industry, a business that I am running and operating in today*" (MB 6); "*I have come from four generations of brewers. My mother's family were also involved in brewing. My father's sister has two breweries, my father's brother has another, and my cousin has one. It's in the blood*" (MB 1); "*My father was a gin distiller, the master distiller in a large firm – so brewing in some shape or form is in my blood"* (MB 5).	"*I started brewing at home. The first batch I made was in my garage in my mother's soup kettle. It was not drinkable. A year later I brewed 1000 litres. For me beer is a passion*" (MB 4); "*The business grew out of a beer group that we were involved in with friends. We make beer and wine in the group; everyone can join and learn how to brew beer*" (MB 2); "*The old brewery and old distillery are important for the story of our beer from a sales point of view. A brewery and a distillery that closed 70 years ago and I was the first to renovate it. The story is important*" (MB 3).

Table 4: The embeddedness of family Identity in the story of the business

Relational Processes	**Strong Family Identity (-)**	**Weak Family Identity (+)**
Resources critical to start-ups	"*My father helped me to fine-tune my recipes*"; "*My father and his friends helped us to source our equipment at the start*" (MB 1); "*My father taught me everything I*	"*I studied economics and marketing and got a job managing one of the biggest breweries in Europe. I love beer and I love business. I have a master brewer who knows everything*

	know and needed to know about the mix of herbs with alcohol" (MB 5); *"My grandfather advised me in all aspects of setting up our brewery. From working in the beer shop with him at a young age I learned everything I need to know"* (MB 6).	*about making beer; I am the businessman behind it. I used the same equipment suppliers that I have used in other breweries*" (MB 3);"*I have experience, I have a good nose and have tasted a lot of beer in my lifetime*" (MB 4); "*The tanks came from the local farmers in Belgium, they have a huge capacity 200 litres and were cheap. Farmers in the neighbourhood heard about what we were doing and came to us saying they had unused tanks that we could have for a few Euros which helped us to start the business*" (MB 2).
Information and knowledge sharing	"*My father and other family members had friends who were brewing engineers; they helped us with our white beer and recipes. They helped us to set up the brewery*" (MB 1); "*I know every beer distributor in Belgium because of my grandfather in the beer shop. We sell 700 beers in the shop and I meet all of the distributors regularly*" (MB 6); "*I have spoken to 15-20 people about setting up a brewery. They need to be realistic about costs. Mostly they come here. That happens about 6 times a year. We are doing that 5 years – they like to talk to you about setting up a business*" (MB 5).	"*The grandson, like so many other breweries at the time in Belgium, closed the brewery in 1968. He approached me in 1990 and offered to sell me the business as he was aware of my interest in brewing. He gave me the family recipes to start my adventure*" (MB 4); *"People have asked me to help them for a week in their new breweries – a free guy for a week, no way. I tell my brew master he cannot do it either. They sometimes want to come here but I am not a university of brewing. No one helped me to set it up. If I called another business and asked them for all the help that the brewers are looking for they would laugh at me"* (MB 3).
Co-innovation	"*Some of the herb companies that we have used have some beer in their companies but they do not sell it. They wanted to collaborate with us but they know little about beer and we know little about food. We changed to another farmer now who supplies us with herbs. He just wants to be a supplier; we will not have to put his name on the label. That suits us better*" (MB 5); "*We made a brew to celebrate the 50th birthday of the shop and named the beer after my Grandfather*" (MB 6); "*The beer*	"*We co-produce beers with other breweries and other local bars*" (MB 4); "*There is a local man who has a small B&B. He had made a connection with a business that sells cheese and has taken some of our beer to put into the cheese. Now we are trying to make something with meat. My neighbour studied to be a butcher and we gave him some beer to add to his recipes – we are thinking about making more just to taste here*" (MB 2); "*We co-produce our*

	named after my father is for beer lovers, very hoppy. We made it as a one off but it was so popular we continued production" (MB 1).	*cherry beer with another brewery. It works well for both of us*" (MB 3).
Joint problem solving	"*We were not too happy with our first batch of that particular beer so we decided to work together with another family firm to make a much better one*"; "*Family have helped us with any problems along the way, but there have been very few*" (MB 1); "*We have a tight contract in place with the firm that makes our beer*" (MB 5); "*We rarely have problems that we cannot solve ourselves*" (MB 6).	*"We have called other breweries with problems in the past and they have explained how to solve them. At one point we had a problem with our flavour and another brewer suggested crushing the grains more finely which worked as enough sugar wasn't coming out of it for the alcohol"* (MB 2);*"If they don't sell enough, the beer can go off, we take it back. There might be a problem with the line or tap – air coming in, too much or too little foam. We help them to sort it"* (MB 4).
Transactional relationships to value chain	"*We look at the Internet to find suppliers and compare prices, we are price sensitive. We do not know any of our suppliers on a personal level*" (MB 5); "*We are not friends with the people who brew our beer, it is a business transaction. Because the beer is organic it goes through many checks. Therefore I do not have to be. I also do not dictate there they buy the ingredients from. However, I do advise them. Sometimes they listen to me, sometimes they do not*" (MB 5).	"*We purchase hops and malt purchases with another local brewery*"; "*We have about 30 distributors in Belgium. We try to keep the same distributors all the time"* (MB 4); *"For the most part we look after it ourselves. That is why we don't go too far. We deliver, have a beer and a chat and leave. If it is further away we have an arrangement. A local beer shop here visits the breweries to collect beer to sell. When he is going to collect beer he will deliver ours for us. Just being nice*" (MB 2).
Long-term orientation	"*My father recently advised me to buy a bottle line. He said that without it, our brewery would never be complete*" (MB 1).	"*We try to work with as many Belgian ingredients as possible. We use the same ones all the time and after 14 years have developed a strong relationship with them*" (MB 4).

Table 5: Linking or mitigating processes in the movement between familiness and relational capability

Family network	**Forms of interaction**	**Network context**	**Network horizon**	**Relational capability**
Social network	Resources and capabilities	Personal/ family contact networking	Family networks reinforced	Inter-family capability

	accessed at a family level			
Relational network	Resources and capabilities accessed across the network	Wider business network ties	Network position change	Developing relational capability over time

Figure 1: Conceptualising familiness as a resource that can lead to relational capability

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