9 Comparing family and non-family firms' strategic effects on regional development

Evidence from Kenya

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Introduction

Academic interest in family firms and regional development has grown recently in Western context (Acquaah, 2016; Basco, 2018). Despite the well-recognised contributions of family firms to regional economic and social development (Basco, 2015; Memili, Fang, Chrisman, & De Massis, 2015; Stough et al., 2015), the understanding of the nature and the type of contribution made by family firms in developing and emerging economies remains under studied (Kolk & Rivera-Santos, 2018). For instance, the African continent remains largely unexplored in spite of family firms' prevalence at the national and regional levels (Khavul, Bruton, & Wood, 2009). There are three main reasons why the phenomenon of family firms in Africa has attracted less academic attention. First, policy-makers and governments are not well aware of family firms' contribution to economic and social development. Second, there is a lack of official data (e.g., longitudinal and cross-sectional data) to describe, explore, and show the business ownership structures and family involvement and participation in economic activities (Kolk & Rivera-Santos, 2018). Third, the financial commitment for academic research on family firms is inadequate.

We believe that Africa provides a unique context for investigating the significance of family firms in regional economic and social development (Khavul et al., 2009; Stough et al. 2015; Zoogah, Peng, & Woldu, 2015) and poverty alleviation (Bruton, Ketchen Jr, & Ireland, 2013). This chapter attempts to explore the impact of family and non-family firms in the context of Kenya. Drawing on a quantitative analysis of 307 firms operating in Kenya, our study finds that differences in the strategic behaviours (i.e., entrepreneurial behaviours, decision-making strategies, and external social capital) are the underlying mechanisms that may explain how both types of firms differ in their levels of contributions to regional development in developing economies, such as Kenya, and in sub-Saharan Africa. More specifically, we find that entrepreneurial orientation and bridging social capital had positive and significant effects on managers' self-perception on firm contribution to regional development. However, there is a negative effect of participative

decision-making process on the self-perception of their regional development contribution. That is, family and non-family firms differ in the extent to which they self-perceived their contribution to regional development.

Family firms in Kenya

Family firms form the backbone of Kenyan economic and social development, with prominent medium and large family-run businesses contributing substantially to GDP, employment opportunities, and wealth creation (PricewaterhouseCoopers, 2014). The actual estimation is that family firms account for 60–80% of all employment in Kenya (National Baseline Survey, 1999; Waweru, 2014). According to a PricewaterhouseCoopers report on private firms, 95% of Kenyan family firms that predicted growth were confident of achieving it, with 32% aiming for aggressive growth over a five-year period and another 56% expecting steady growth (2014, 6). Contrary to family firms in Western economies, family firms in Kenya (and sub-Saharan Africa in general) face unique ownership, management, governance, and succession structures. Family firms are shaped by a highly collectivist culture (Hofstede, 2001), diverse social structures (Kamoche, Siebers, Maman, & Newenham-Kahindi, 2015), and the coexistence of both formal and informal institutions (Murithi, Vershinina, & Rodgers, 2020) that may boost and/or constrain economic activities. Further, as opposed to Western countries where studies refer to the nuclear family as a majority owner, Kenyan family firms have members from the extended family and communities that influence business behaviour and performance (Khavul et al., 2009).

As a developing economy, Kenya's political, economic, and culture patterns differ from other developing Western or Asian economies (Zoogah et al., 2015; Vershinina, Kassa, & Murithi, 2018). The weak political and institutional environments found in Kenya encourage informal economic activities (Khavul et al., 2009; Murithi et al., 2020; Murithi, 2019). Most small and medium firms operate at the intersection of formal and informal institutions (Waweru, 2014; Murithi, 2019). Like other countries in sub-Saharan Africa, Kenya has a unique socio-cultural landscape, deep rooted in traditions and cultural contexts that influence wider management and entrepreneurial practices (Zoogah et al., 2015; Vershinina et al., 2018). In particular, the “harambee spirit” with its various aspects can enable or constrain entrepreneurial behaviours in Kenya (Vershinina et al., 2018). Therefore, the country presents a unique context to explore the differences between family and non-family contributions to regional development.

Theoretical framework and hypothesis

Strategic behaviours and regional development

Strategic behaviours are defined as the actions taken by firms or their top-level managers that are intended to influence the market environment in

which they compete (Kuratko, 2012). The strategic behavioural differences between family and non-family firms can be understood by investigating the influence of controlling family on business decisions, strategy making, and performance (Abdellatif, Amann, & Jaussaud, 2010). Family and non-family firms differ in their strategic behaviours because family involvement alters their goals (Basco, 2017). Family firms, like their non-family counterparts, pursue business economic goals but also family-oriented ones, such as employment for family members, support to local communities, and the intention to transfer the family firm from one generation to another.

The differences in strategic behaviours between family and non-family firms are likely to determine their outcomes and, therefore, the way both types of firms contribute to regional development. In general, the strategic behaviour of firms is associated with decision-making and its implementation to achieve desired goals and outcomes. It is in this process that family involvement and control affects the firms' strategic entrepreneurial behaviours, such as wealth creation and advantage-seeking actions (Hitt, Ireland, Sirmon, & Trahms, 2011). We conceptualised strategic behaviours of the firm as the strategic posture involving entrepreneurial orientation (Covin, Green, & Slevin, 2006), participation in strategic decision-making (Eddleston & Kellermanns, 2007; Basco, 2013), and developing and using resources embedded in social networks (Acquaah, 2012; Mani & Durand, 2019). This chapter examines whether family and non-family firms differ in these three dimensions of strategic behaviour and how such differences, if they exist, affect firms' self-perception of their contribution to regional development in context of Kenya.

Firm entrepreneurial behaviour

Strategic entrepreneurship theory, which focuses on the entrepreneurship and strategic management aspects of opportunity recognition and wealth creation, predicts that family firms are the major contributors to economic development (Hitt et al., 2011). This is because family firms are able to orchestrate resources that lead to individual-, firm-, and regional-level outcomes (Hitt et al., 2011). In addition, the literature on corporate entrepreneurship has highlighted the differences between family and non-family firms concerning their entrepreneurial orientation (Casillas & Moreno, 2010). Studies that used a multi-dimensional approach (focusing on the dimension of proactiveness, risk-taking, innovativeness, competitive aggressiveness, and autonomy) found that family firms score low on the five dimensions of corporate entrepreneurship (Zellweger, Muhlebach, & Sieger, 2010). Short et al. (2009) also found that although family firms do exhibit language consistent with all entrepreneurial orientations, their entrepreneurial orientation language in relation to autonomy, proactiveness, and risk-taking is lower than in non-family firms.

However, as most of these studies focused on either the individual (owner-manager) or firm-level analysis, they underestimated the influence of the

family stakeholders' entrepreneurial orientation on family firms (Dyer, 2006). Zellweger, Nason, and Nordqvist (2011) thus argued for the consideration of the family as a unit of analysis, as this would help further our understanding of the ability of family firms to generate transgenerational value. In addition, Basco and Pérez Rodríguez (2009) also called for a holistic view of the family firm by integrating the family and business systems. These authors recommend that researchers should focus on four important aspects of the family firm—strategy, human resources, governance, and succession—in order to understand how family influences the firm's strategic decision-making.

Indeed, the current conceptualisation of entrepreneurial orientation at the firm level is limited in its explanatory power to show the firm's influence at regional level. We know more about the effects of entrepreneurial orientation on firm performance, such as the growth and profitability (Gupta & Gupta, 2015), but less on regional levels. Further, evidence from emerging economies (e.g., China) shows that not all the dimensions of entrepreneurial orientation have equal levels of significance because entrepreneurial orientations could be shaped by contexts (Welter, 2011; Basco, 2018). Such limitations led to calls for further exploration of firm level entrepreneurship in developing economies (Kantur, 2016). Businesses operating in developing economies also face increased uncertainty, imperfect competition, and hostile environments, which require the deft use of entrepreneurial orientations. Recent studies have also found a positive link between firm-level entrepreneurship within developing economies and firm performance (Cai, Liu, Deng, & Cao, 2014). We argue that the firm level of entrepreneurship will affect regional development, through performance and social engagement. Our first hypothesis is as follows:

H1: Firm entrepreneurship orientation effect on regional development outcomes is higher in family firms than in non-family firms.

Firm strategic decision-making process

The basic strategic management processes between family and non-family firms may look similar (Miller & Le Breton-Miller, 2011). However, there are differences on the goals to be pursued, the process of resource allocation to achieve those goals, and who participates in the decision-making (Chrisman, Chua, & Sharma, 2005; Basco, 2013). The involvement of the family in businesses and the goals they pursue account for differentiated outcomes in both types of firms (Lee, 2006). In family firms, family members are the main stakeholders likely to influence the strategic management process in comparison to non-family firms, where different shareholders influence the decision-making process and where they follow the profit maximisation goal. Furthermore, family stakeholders play an important role in strategic renewal, entrepreneurship, firm growth, innovation, and

performance of family firms (Mazzi, 2011). It is a taken-for-granted fact that family (as individuals or as a group) are willing to retain the ownership and control of the firm in order to remain autonomous. Families always seek autonomy for control purposes over ownership and management, even in the context of poor financial performance (Gómez-Mejía et al., 2007). In doing so, a controlling family coalition pursues family-centred financial and non-financial objectives aimed at creating generational wealth (Carney, 2005; Aparicio, Basco, Iturralde, & Maseda, 2017).

According to Covin et al. (2006, 59), “Strategic decisions are made through consensus-seeking versus individualistic or autocratic processes by the formally responsible executive”. Prior studies have found that strategic decision-making through teamwork participation, interaction, and regular consultation with employees, as well as free and open exchanges have positive influence on firm performance (Eddleston & Kellermanns, 2007). Drawing from the stewardship theory, Eddleston, Chrisman, Steier, and Chua (2010) found that participative strategic decision-making and the focus on long-term orientation positively enhance the level of entrepreneurship. Firms that encourage information and knowledge sharing about their specific process tend to be more innovative and efficient. Sharing information with other team members encourages a collective responsibility that allows members to participate in the development of organisational strategies. Therefore, stronger firm performance is likely to be associated with a participative process and firm involvement that will promote regional development. Based on the discussion above, our second hypothesis is as follows:

H2: The effect of participative strategic decision-making on regional development is higher in family firms than in non-family firms.

Firm bridging social capital

Family firms are an integral part of the community and institutions in Africa. We argue that their embeddedness in community and institutional environments would allow them to make significant contribution to socio-economic development. Through their engagement in businesses, socially oriented enterprises, and many economy-related activities, business families in sub-Saharan Africa are in a better position to contribute to socioeconomic development. This is because they combine different sociological and cultural qualities to overcome institutional voids prominent in such economic contexts (Murithi et al., 2020). Empirical evidence from family firms in emerging economies has shown that top-level managers develop strong social capital with managers from other firms, communities, and political leaders, which increases their community involvement (Acquaah, 2012; Mani & Durand, 2019). Family firms represent both the family as an institution and the business as an organisational form when engaged in entrepreneurial activities. Family influence in the African, particularly in

Kenyan context, goes beyond the nuclear family. “Family” involves the kin relationships and those in industry member associations and government agencies. Hence, such developed social networks provide strategic resources for entrepreneurial and socially oriented activities with positive effects on development (Adusei, 2016). Therefore, family firms would be able to contribute to regional development outcomes in the African context.

Murithi et al. (2020) argue that business families are in a better position to influence the economic development in sub-Saharan Africa because of their ability to navigate institutional boundaries. Hence, family firms in Africa can manage underdeveloped and dysfunctional formal institutions by using informal institutions such as social relationships and networks (Acquaah, 2012). As family firms operate at the intersection of family and community, and formal and informal institutions, there is a greater chance of them contributing to regional development in comparison to non-family firms. It is important to consider the network resources accessible because of a family’s social capital. Familial ties and societal relationships help in bringing in important resources for business. McGrath, O’Toole, Marino, and Sutton-Brady (2018) argue that entrepreneurs and family firms must actively pursue related connections, “beyond early social network ties, to gain access to and use a broader pool of resources and capabilities external to the firm” (p. 523). To access external resources, family firms must be willing to collaborate with other economic and social actors (Dyer & Singh, 1998, 672), to have the ability to coordinate competencies and combine knowledge across (organisational) boundaries, and to sustain its innovativeness by creating and managing the overall network architecture over time (Capaldo, 2007, 585). Therefore, we posit the following hypothesis:

H3: The effect of bridging social capital on regional development outcomes is higher in family firms than in non-family firms.

Methodology

To explore the differences and potential strategic behaviours that may explain the extent to which family and non-family firms contribute to regional development based on their self-perception, the study deployed an exploratory survey, which is best suited to this kind of study (Hair et al., 2006). Using a structured survey questionnaire, quantitative data was collected from top-level managers of 307 privately held Kenyan firms.

Measures

The dependent variable is the contribution that the firm makes to regional development outcomes. We define regional development as the application of economic processes and resources available to the region that result in sustainable development and desired economic outcomes for the region

(Stimson, Stough, & Roberts, 2006). Bishop, Mason, and Robinson (2009) conceptualised firm contribution to regional development as “direct effects of individual firms to employment, aggregate output (goods and services), and productivity growth as reflected in their investments in resources and development capabilities”. In this study, we use three regional outcome measures, drawing on the existing literature: contribution to GDP, employment, and wealth creation (Thurik, Wennekers & Uhlaner, 2002). Each item was measured using 7-point Likert scale (7 for the highest degree of agreement and 1 for the lowest). These are subjective measures as perceived by the top-level managers about their firms’ contribution to regional development.

The independent variables are at the firm level and focus on the dimensions of strategic behaviours: firm entrepreneurial orientation, participation in strategic decision-making processes, and bridging social capital relationships. Entrepreneurial orientation is measured using five dimensions: innovativeness, proactiveness, risk-taking, competitive aggressiveness, and autonomy (Casillas & Moreno, 2010). The participative strategic decision-making processes were measured using five items drawn from extracted from Eddleston and Kellermanns (2007). Finally, bridging social capital items were drawn from Acquaah (2012). All items were captured using 7-point Likert scale.

We control for firm age and firm—both categorical variables. Firm age was measured with six categories: less than 5 years, 6–9 years, 10–14 years, 15–19 years, 20–24 years, and above 25 years. Firm size was measured using the number of employees in the following categories: micro (1–9), small (10–49), medium (50–249), and large (250 and above). Finally, the geographic distribution of sales was measured using five levels: county, national, regional, African, and global.

Data analysis

To analyse the dataset, we adopted contemporary structural equation modelling techniques (Hair et al., 2006). We classify a firm as family or non-family with the following two criteria. First, the respondent’s self-identification as either a family or non-family firm (Westhead & Cowling, 1998). Second, the level of family involvement (Chua, Chrisman, & Sharma, 1999). In the later classification, five variables were used to collect the responses based on the firm ownership, management, and governance, involvement of transgenerational family members and intrafamily succession. Of the 307 firms included in the sample, 40.4% ($n = 124$) self-identified as family firms, whilst 59.6% ($n = 183$) self-identified as non-family firms. Consequently, firms with high family involvement represented 31% ($n = 96$), while those with low family involvement represented 69% ($n = 211$).

Following the recommendation made by Bryman (2016), a pilot study was conducted using a sample of firms drawn from Strathmore Enterprise Development Centre, which contained firms of the similar characteristics as the

main sample used. The analysis of the pilot study indicated that the items measure the expected constructs. We also tested for internal reliability with a Cronbach alpha coefficient. All values are above the required minimum of 0.6 (entrepreneurial orientation = 0.88, decision-making strategy = 0.765, bridging social capital = 0.83, and regional development = 0.878).

The analysis of the demographic characteristics of the sample shows that the majority of the family firms are older (more than 25 years old) while non-family firms are younger (less than 5 years old on average). In terms of size, as measured by the number of employees, the majority of the firms in both categories are medium- to large-sized firms. Most family and non-family firms operate in national and regional markets.

Inferential statistical analysis was conducted using exploratory factor analysis and confirmatory factor analysis (Hair et al., 2006). The first stage of analysis was done using the former, which relies on estimation of the factors and the contribution of the variables (items) to the factor loadings as a basis for identifying variables for subsequent analysis (Steinmetz, Davidov, & Schmidt, 2011). Table 9.1 shows the four latent constructs identified with their communalities, Cronbach Alpha, composite reliability, and AVE coefficients. To assess the measurement model, we used the goodness of fit indices (Table 9.2) as specific evidence of construct validity (Hair et al., 2006).

After specifying the measurement model, we adopt the competing equivalent model structure. That is, a single model (i.e., set of relationships) is specified and then alternative formulations of the underlying theory are identified (Hair et al., 2006). Firstly, the model (Table 9.3) shows that the three independent variables (entrepreneurial orientation, decision-making process, and bridging social capital) have direct relationships with regional development outcomes. Secondly, all the three independent variables reported some degree of interaction among themselves that would give rise to their own inter-relationships.

Table 9.3 reports the hypothesised relationships on the differences between the family and non-family firms in their contribution to regional development, based on self-perception. In relation to entrepreneurial orientation, family firms reported a higher and significant contribution to regional development ($\beta = 0.278$, $p = 0.002$) compared to non-family firms, which reported a positive but not significant effect on regional development ($\beta = 0.109$, $p = 0.287$). However, participative decision-making within family firms had a statistically negative effect on regional development compared to non-family firms ($\beta = -0.107$, $p = 0.201$), hence indicating differences between both types of firms. In terms of the bridging social capital effect, non-family firms make a statistically significant contribution ($\beta = 0.291$, $p < 0.01$) to regional development when compared to family firms ($\beta = 0.138$, $p = 0.097$).

Based on the aforementioned findings, we confirm that entrepreneurial orientation, participative decision-making, and bridging social capital provide a holistic explanation on the differences between family and non-family firms' contribution to regional development.

Table 9.1 Indicator loadings and composite reliability of variables and indicators

<i>Latent factors</i>	<i>Indicators</i>	<i>Communalities</i>	<i>Cronbach alpha</i>	<i>Composite reliability</i>	<i>AVE</i>
Entrepreneurial Orientation (EO)	EO-Innovativeness-1	0.621	0.888	0.875	0.502
	EO-Innovativeness-2	0.759			
	EO-Proactiveness-1	0.716			
	EO-Proactiveness-2	0.763			
	EO-Competitive Aggressiveness-1	0.804			
	EO-Competitive Aggressiveness-2	0.827			
Decision-Making Strategy (DMS)	EO-Competitive Aggressiveness-3	0.729	0.883	0.887	0.613
	Participative	0.879			
	Interaction between managers	0.799			
	Regular interaction	0.795			
	Interactive process	0.715			
	Open exchange of ideas	0.903			
Bridging Social Capital' (BSC)	Community leaders	0.826	0.772	0.781	0.545
	Political leaders	0.881			
	Government agencies and officials	0.64			
Regional Development (RD)	Gross domestic product	0.83	0.902	0.895	0.589
	Economic transformation	0.84			
	Employees informed	0.803			
	Income for community activities	0.851			
	Number of new positions	0.723			
	Added number of employees	0.635			

Table 9.2 Fit indices, measurement model (1), structural model (2), interaction model (3) and model criteria

<i>Fit indices</i>	<i>Model 1</i>	<i>Model 2</i>	<i>Model 3</i>	<i>Model criteria</i>
CFI	0.963	0.972	0.977	>0.95
IFI	0.963	0.973	0.978	>0.95
TLI	0.957	0.943	0.913	>0.90
RMSEA	0.042	0.054	0.037	<0.08

Table 9.3 Path analysis and hypothesis analysis and control variables

<i>Hypothesis</i>	<i>Regression path</i>	<i>Direct effects</i>	<i>Family firms</i>	<i>Nonfamily firms</i>	<i>Z values</i>
H1	FEO > RD	0.198 (0.001)	0.278 (0.002)	0.109 (0.287)	-1.25
H2	FDMS > RD	-0.182 (***)	-0.236 (***)	-0.107 (0.201)	1.181
H3	FBSC > RD	0.277 (***)	0.138 (0.097)	0.291 (***)	1.463
	FirmSize > RD	0.236 (***)	0.242 (0.013)	0.357 (***)	0.913
	FirmAge > RD	-0.081 (0.094)	-0.082 (0.094)	-0.047 (0.248)	0.549
	NatureBus > RD	-0.032(0.409)	-0.097 (0.422)	-0.059 (0.488)	0.262
	GeoDist > RD	0.067 (0.090)	0.033 (0.605)	0.083	0.59

Notes: *** p -value < 0.01; ** p -value < 0.05; * p -value < 0.10.

Discussion and conclusion

The differences between family and non-family firms in terms of their contribution to regional development can be explained by their strategic behaviours. Even though both types of firms show that their entrepreneurial orientation is positively related to regional development, family firms reported a significant positive effect compared to non-family firms. Thus, this study's findings, while consistent with the previous findings that suggest that family firms are less entrepreneurial than non-family firms (Gómez-Mejía et al., 2007) at the firm level, show that family firms' entrepreneurial orientation effects on regional development is positive and significant. The long-term orientation of family firms and concern for socio-emotional wealth (Gómez-Mejía et al., 2007) prompt entrepreneurial decisions aimed at sustainability rather than short-term gains and this is likely to contribute to regional development (Zahra, Hayton, & Salvato, 2004). Hence, family firms may prefer to forgo short-term performance (financial gains) in order to maintain their ownership control over the firm and this consideration may create sustained value for regional development.

Our research goes beyond establishing that family firms have differentiated contribution to regional development outcomes; it also shows the underlying factors that contribute to the observed differences. Our study is the first of its kind in the Kenyan and sub-Saharan African contexts that

empirically shows the differences on the level of entrepreneurial orientation by family and non-family firms and its effect on regional development. It provides an interesting insight into the greater effect family firms' entrepreneurial orientations have on regional development in comparison to non-family firms in Kenya.

Our findings can be explained by the level of family involvement. The interaction of the family, business, and context may enhance family firms' contribution to regional dimensions, compared to non-family ones. Even though this study shows a positive and sustained effect of family firm entrepreneurial orientation on regional development, we caution against hasty conclusions, as there may be circumstances where such positive contributions don't exist. These situations may include conflict within a family such as difficulties in succession or lack of strategic renewal upon the exit or death of a founding family member(s).

Regarding participatory and interactive decision-making (Eddleston and Kellermanns, 2007), this study establishes that family firms' behaviours have a significant negative effect on regional development compared to non-family firms. Therefore, these findings contradict recent studies, which argue that the participation of family owners in decision-making would positively enhance regional development (Basco, 2015; Stough et al., 2015). These negative effects on regional development can be explained by two factors. First, the participation of extended family members in the decision-making process slows down proactive strategies aimed at resource configuration and innovative activities for organisational performance and its effect on regional development. Second, a consultative strategy-making process, typical in family firms in developing economies, culminates with the founders' blessings in such a way that it promotes family-centred economic and non-economic goals.

The findings show that bridging social capital has a direct, strong, and positive effect on regional development outcomes. However, its effect on non-family firms was more pronounced than on family firms. Family firms' utilisation of network social capital for navigating institutional voids and strengthening their social bonds may not necessarily equate with non-family firms' proactiveness in drawing strategic resources aimed at firm performance with a potential impact on regional development. Hence, this study speculates that family firms' bridging social capital may have long-run effect in comparison to short-term effects on regional development. Another potential explanation for the above findings may be that the family becomes an institutional investor with a capacity to leverage institutional resources to generate wealth in the long run. Further, their strong embeddedness in community network structures and pro-social objectives might not be captured by the study—the effect of which could amplify their role in local socioeconomic development in the long-term. Instead, family firms might use bridging social capital to cope with institutional voids, as a buffer from uncertain markets, to make up for the lack of professional management, and to preserve family wealth.

According to Murithi et al. (2020), focusing on the family (instead of family firms) in sub-Saharan Africa shows that the family and the business are not competing sub-systems, as argued in some existing studies. Instead, they complement each other and enable businesses to navigate the complex institutional environment. For instance, the involvement of the extended family becomes a major source of capital, expertise, and information, which can be a result of the informal entrepreneurial activities at the family level (Murithi et al., 2020). Evidence from small firms in Kampala and Uganda showed that the larger the entrepreneur's network (i.e., kinship networks), the more resources they could raise. However, this comes at a higher cost (Khayesi, George, & Antonakis, 2014), showing that the effects of social capital on firm performance can be either positive or negative because of the need to maintain family ties and network relationships, which is very costly in an African context. The family patriarch or matriarch is responsible for the maintenance of family members and contribution to community welfare because of the expectations of the collectivist culture. The high-level dependence on family firms by family members and communities may limit their ability to accumulate resources aimed at firm growth and, hence, restrict their contribution to regional development. Such an analysis suggests that the pathways in which the family firms contribute to regional development are complex and intertwined.

Contributions

This chapter presented comparative evidence on family and non-family firms' contributions to regional development in Kenya. The key conclusion is that the family context is a significant moderator between firms' strategic behaviour, firms' self-perception, and its contribution to regional development.

Theoretically, we can highlight three main implications. First, the conceptualisation of family firms in the African context. The way in which family firms are defined in the Western context is less likely to capture the essence of African family firms because these families extend beyond the nuclear family and include kinships and extended family relationships. Hence, the way in which the family firms are conceptualised in the African context can have several implications for management, governance, succession, and strategic choice literature. Second, African family firms operate not only at the intersection of formal and informal institutions but also in environments characterised by institutional voids. Such institutional contexts merit further theoretical and empirical work to understand how family firms navigate the duality of institutions and institutional voids, how they respond to or cope with volatile changes in the institutional environments, and how family firms perceive their contribution to regional development. Third, our findings show that family and non-family firms contribute differently to regional development in the Kenyan context based on their self-perception and that these differences can be explained in reference to their strategic behaviours.

Given the significant contributions family firms make to regional economic and social development, policy-makers should pay attention to how family and non-family firms contribute to regional development. A better understanding of how economic actors behave and react to the environment can help policy-makers tailor their regional and local policy and increase their impact in communities. National, regional, and local public institutions should be aware of the importance of having reliable data to improve the knowledge that we have about our economies. Public decision-making needs information to develop policies and to alleviate regional disparities or inequalities by engaging local actors.

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