Imprinting in Family Firms

One of the leading family firms in the Irish tea market is a family firm that was the victim of a major hoax in 1979. The CEO at the time – a public figure, like his father and grandfather before him – became involved in the passing of a controversial bill that led to public dissent. Soon after this event, people started targeting the CEO's family firm by falsely claiming that there were toxic and poisonous ingredients in the product. The CEO felt further pressure from the public when he and his family members started receiving death threats. As a result, the family members withdrew from the public eye. Despite the influence the family's involvement in politics had over the visibility of the brand name (it was one of the top brands in Ireland at the time), their association with politics was no longer positive and successive generations continued prioritising family privacy and family well-being.

Imprinting

This case is an illustrative example of the imprinting process in a long-lived family business. Imprinting is defined as "a process whereby, during a brief period of susceptibility, a focal entity develops characteristics that reflect prominent features of the environment, and these characteristics continue to persist despite significant environmental changes in subsequent periods" (p.201). In other words, imprinting describes how organizations take on elements of their environment and how these elements persist well beyond the founding phase. The concept of imprinting has attracted interest in a wide array of fields—from organizational ecology, business history, network analysis and institutional theory—and has become an important lens for understanding a variety of phenomena, including characteristics that span long time horizons – which is a key characteristic of multi-generational family firms.

Imprinting in the context of family firms may be particularly important due to the idiosyncratic nature of family firm dynamics. Such distinct aspects include the importance of the non-financial aspects, which create socioemotional wealth for the family (see chapter on socioemotional wealth), and the family concern for image, reputation, and identity. In addition, a long-term orientation (LTO) is often associated with family firms because of the primary goal of transferring ownership to future generations of the family (see chapter on LTO). Such perspectives are also reflected in longer tenures for chief executive officers, extended time horizons for financial returns, and investments of patient capital in family firm initiatives. These unique goals and time horizons may make imprinting particularly impactful in the family firm. Consider the entrepreneur who creates a firm with the goal of retaining it for their children and grandchildren rather than—for example—growing it quickly to complete an acquisition. The decisions made during the formative years of this firm may be perpetuated for multiple generations. In addition, because family firms are, by definition, both owned and managed by the family, these firms may make decisions to preserve socioemotional wealth.

History of imprinting

The concept of imprinting originated in studies of animal behavior when in 1873, British amateur biologist Douglas Spalding reported the tendency of domestic birds to follow the first-seen moving object. This behavior was 'stamped in their nature' as a result of early experience. Other biologists further researched this phenomenon, and in the 1930s, Austrian zoologist Konrad Lorenz called it imprinting. Lorenz insisted this phenomenon – in which early experience determines subsequent social behaviour – was distinct from other learning processes because although imprinting only occurred during a short critical period early in the life of an animal, its effects persisted even after the animal was subsequently exposed to other moving objects and separated from the first object.

In organizational research, the use of the imprinting concept dates to Stinchcombe's classic 1965 essay on "Social Structure and Organizations", in which Stinchcombe aimed to understand why organizations and types of organizations founded in a common period were similar. Stinchcombe (1965) emphasized the importance of external environmental forces in shaping firms' initial structures and the persistence of these patterns over time. A key example in the essay involved employment patterns that exist across industries, providing evidence that industries founded in the same period still reflect the socioeconomic conditions prominent at their founding. As such, Stinchcombe (1965) noted the existence of "a strong correlation between the age at which industries were developed and their structure at present time" (p. 159).

In later years, Simsek et al. (2015) proposed a generalizable framework of imprinting that covers different levels of analysis, contexts, and theoretical constructs. They suggested, and it is now widely accepted, that imprinting should be viewed as three interrelated and inherent processes: (1) genesis (the formation of the imprint), (2) metamorphosis (the transformation of the imprint) and (3) manifestation (the implementation of the imprint). With regard to genesis, most research to date has focused on the founding period and the founder's initial decisions, as this period marks the fundamental transition from nonexistence to existence. After their formation (genesis), these characteristics (imprints) proceed through a transformative process (manifestation) where they either amplify (become more pronounced), decay (partially or completely disappear, possibly to be re-imprinted in a modified form or an entirely new imprint) or persist (whereby during a period of crisis a long-standing imprint can decay and become reimprinted in a modified form). Finally, the impact of imprints on firm behavior and outcomes, such as performance, survival, and adaptation is referred to as manifestation.

Imprinting in family firms

In recent years there has been a growing interest in the application of imprinting to the family firm context as a means to explain how the distinct attributes of family firms transcend generations. One of the first family business imprinting studies (Jaskiewicz et al., 2015) examined how narratives about family firms' entrepreneurial history shape how they think about their entrepreneurial legacy. They found that families who involve their children in the family firm from an early age imprint their entrepreneurial legacy on the next generation. The entrepreneurial legacy motivates both generations to engage in strategic education, entrepreneurial bridging, and strategic succession, thus providing the next generation with the ability and resources to identify and pursue entrepreneurial opportunities.

Similarly, scholars have explored the role of storytelling in the imprinting process. Kammerlander et al. (2015) found that older generations sharing family stories with younger generations, especially during the younger generations' childhood, provides "legitimacy to a broad scope for decisions and also imprints family members across generations with the motivation to commit to the long-term success of the firm" (p.346). In their research on legacy stories, Barbera et al. (2018) find that entrepreneurial legacies contain elements that are both stable and fluid across generations. In some cases, the content, level of detail, and general meaning behind some legacy stories persist into the fourth generation (some 50 years following the event). Conversely, they find that not all legacy stories persist, with some disappearing from the firm's entrepreneurial legacy or varying in their intensity. Indeed, Pieper et al. (2015) examined factors that contribute to imprint resilience across generations. They found that simple rules – rather than complex, elaborate strategies – can lead to the persistence of imprints over time. Examples of such rules include basing family employment on merit, or opening executive positions to individuals not belonging to the family.

More recent research has focused on how imprints change over time. For instance, Sinha et al. (2020) found that imprints vary in importance and change across decision-making periods. In particular, they found that across periods, guideposts that were favorable to environmental conditions are repeated, whereas unfavorable ones are attenuated through two rearranging processes – these being, prioritising and suspending. In addition, Erdogan et al. (2020) adopt a family imprinting perspective to examine the role of tradition and innovative practices in family firms. They demonstrate how the long-lasting legacy of previous generations shapes various approaches to innovation and tradition depending on the content imprinted on the current generation.

While some firms may benefit from the persistence of certain imprints, research by Kidwell et al. (2018) examines the dark side of imprinting and how it can damage human resource efforts and threaten company performance and firm survival. They suggest how bad habits (e.g., preferential treatment, entitlement and altruism) may be broken and replaced with more effective routines so as to ensure the family firm's continuity and success.

What imprinting is not

It is important to note that imprinting should not be confused with similar concepts such as path dependency or cohort effects; as we explain below.

Path dependency reflects the continued use of a technology, or practice, based on historical preference as a result of accumulated advantage which continues to persist even if newer, more efficient alternatives are available. There are a few principle differences between imprinting and path dependency. First, imprinting involves prominent environmental conditions instead of historical accidents, short sensitive periods instead of long-term event chains, and the stability of stamped-in features instead of the increasing dominance of a pattern. Second, while one of the defining characteristics of imprinting is the presence of a strong influence of environmental conditions during a sensitive period, path dependence is usually seen as a result of a single event that occurs accidentally. Third, while imprinting focuses on how the formation of patterns during a brief sensitive period remains stable, path dependence scholars focus on the dynamics of increasing returns and chaotic processes following the initial period, to understand how paths unfold.

On the other hand, cohort effects reflect a high degree of similarity in characteristics and outcomes within individuals or organizations that share a common set of experiences as they were founded at the same time. When it comes to differentiating between imprinting and cohort effects, there is one important difference. According to Marquis and Tilcsik (2013), “whereas cohort effects represent an outcome (that results from a variety of processes, but not necessarily imprinting), imprinting is a process (which leads to a variety of outcomes, but not necessarily cohort effects)” (p.206).

Concluding remarks

Imprinting can be especially useful in family firms when it comes to explaining how the distinct traits of these firms transcend generations. The utilization of the imprinting perspective can aid in the understanding of entrepreneurial legacies, the impact of lessons learned or transmitted, transgenerational entrepreneurship, paradoxical tensions, family firm innovation, and the persistence of multi-generational firms.

Some imprints can be retrained over the entire history of a family firm, while others may change, evolve, and transform across generations or get replaced by new imprints just like the example of the Irish tea business from our opening story when, in response to a major crisis (sensitive period), the family withdrew from the public eye to protect their privacy and security (imprint), leading to the decay of a once longstanding imprint in the family firm.

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