

REASON TO BELIEVE: DYNAMIC FAMILINESS AND THE CONTINUITY OF FAMILY-OWNED WINERIES

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This study investigates which intangible resources underpin continuity in family-owned wineries. Integrating the resource-based view (RBV) with dynamic capabilities theory (DCT), we develop the concept of dynamic familiness, defined as the set of family-specific resource elements and routines that remain functional only when they are deliberately transmitted, maintained, and continuously renewed. The analysis draws on an existing qualitative database comprising semi-structured interviews and case studies of Hungarian family-owned wineries. Resource elements were first grouped into RBV categories and then assessed along a continuity-oriented dimension that distinguishes between resources that require conscious reproduction and those that are relatively stable and can be sustained through formal transfer. The findings suggest that tacit knowledge, relational networks, culture and identity, and renewal-oriented routines are pivotal for continuity, whereas physical and financial capital, although necessary, are insufficient on their own to secure continuity over time.

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1 Introduction

The continuity of family businesses is a recurring topic in the scholarly literature. Numerous empirical studies indicate that a substantial proportion of family firms do not survive the first or second generational transition (Sharma et al., 2003; Miller & Le Breton-Miller, 2006). Discontinuity has often been explained through formal factors such as ownership structures, governance mechanisms, and financial or legal conditions. At the same time, increasing attention has been directed toward intangible and difficult-to-formalize resources — such as tacit knowledge, organizational culture, shared identity, and relational networks — as potential foundations of continuity (Habbershon & Williams, 1999; Zellweger et al., 2012).

According to the resource-based view of the firm (RBV), one of the primary sources of inter-firm heterogeneity lies in differences in the composition and quality of resources; sustained competitive advantage is grounded in resources that are valuable, rare, difficult to imitate, and non-substitutable (Barney, 1991). Within the family business literature, the concept of familiness extends this logic by introducing family-specific content: the interaction between family and business gives rise to a distinctive bundle of resources and capabilities that manifests differently from those found in other organizational forms (Habbershon & Williams, 1999; Zellweger et al., 2012). However, these perspectives tend to reflect an implicitly static understanding of resources, even though generational succession and environmental change may alter both the value and functioning of resources over time.

In this respect, dynamic capabilities theory (DCT) offers a complementary perspective to the RBV by linking continuity not merely to the possession of resources, but to their renewal, reconfiguration, and alignment with changing environments (Teece, Pisano & Shuen, 1997; Teece, 2007, 2014). Within this framework, a distinction is commonly drawn between ordinary capabilities that support day-to-day activities and dynamic capabilities that enable adaptation through the reconfiguration of resources (Winter, 2003; Teece, 2014). In the context of family businesses, this raises the question of whether elements of familiness should be viewed not as given endowments, but as resources whose value and effects evolve over time and may be particularly sensitive to shifts in roles, responsibilities, and decision-making routines.

Gjergji et al. (2025) argue that findings related to ordinary and dynamic capabilities in family business research are often inconsistent, and that the literature only partially uncovers the mechanisms through which family involvement leads to divergent long-term outcomes. From a continuity perspective, this suggests that identifying intangible resources alone is insufficient; it is also necessary to examine the transmission, maintenance, and renewal mechanisms through which these resources remain viable over time.

Our previous analysis (Heidrich & Vajdovich, in press) demonstrated that the dual nature of familiness-related resources is not static, meaning that the same resource may exert different — either enabling or constraining — effects across generational stages and phases of the firm's life cycle. Building on these insights, the present study examines which intangible elements of familiness remain functional over time. To this end, based on existing qualitative material, we distinguish resource elements according to whether their persistence requires conscious reproduction through transmission, maintenance, and renewal, or whether they are more likely to retain their functionality through formal transfer alone. This distinction is then applied as an interpretive framework for understanding continuity.

The empirical context is provided by Hungarian family-owned wineries, where terroir embeddedness, reputation, regional networks, and the simultaneous management of tradition and innovation make the stakes of preserving intangible resources particularly visible. The study does not rely on new data collection; instead, it reinterprets the authors' existing interview and case study database within a modified theoretical framework (Vajdovich, 2024), aligned with a winery-specific resource perspective (Heidrich & Vajdovich, in press).

The central research question addresses which RBV-type resources in family-owned wineries exhibit a dynamic character, that is, require active maintenance and renewal, and how this distinction contributes to understanding why continuity depends on conscious transmission and ongoing renewal for certain resources, while others may persist through formal transfer alone (Teece, 2007; Gjergji et al., 2025). This distinction provides a continuity-oriented operationalization of familiness by explicitly linking RBV resource categories to the temporal reproduction mechanisms emphasized by dynamic capabilities theory.

2 Literature background

2.1 Dynamic capabilities

The dynamic capabilities perspective places sustained adaptability and strategic renewal at the center of analysis, emphasizing that firms do not merely possess resources but are able to recombine and reconfigure them over time in alignment with changing environments (Teece, Pisano & Shuen, 1997; Helfat et al., 2007). In this context, capabilities are understood as socially complex organizational routines that determine how effectively inputs are transformed into outputs (Collis, 1994). Building on this logic, the literature distinguishes between ordinary and dynamic capabilities: the former support value creation and efficiency in day-to-day operations, while the latter enable strategic change and renewal (Winter, 2003; Helfat & Winter, 2011).

Teece (2007) conceptualizes dynamic capabilities through a process logic of sensing, seizing, and reconfiguring, spanning the interpretation of environmental change, the formulation of responses, and the reconfiguration of resources and routines. Ordinary and renewal-oriented capabilities are not mutually exclusive alternatives but complementary elements. Organizational performance depends on how routines of everyday operation are connected to and coordinated with routines of renewal (Teece, 2014; Helfat & Winter, 2011).

Within the family business literature, however, the application of the ordinary–dynamic distinction and the role of their combination remain insufficiently clarified in several respects (Gjergji et al., 2025). This justifies an empirical focus not only on identifying resources, but also on capturing the routines and reproduction mechanisms that keep these resources viable over time.

2.2 RBV and familiness

According to the resource-based view, differences in firm performance stem from resource heterogeneity, and sustained competitive advantage is associated with resources that are valuable, rare, difficult to imitate, and non-substitutable (VRIN) (Barney, 1991). This logic is particularly relevant in the study of family businesses, as the interconnection between family and firm can generate distinctive resource and

capability configurations that manifest differently from those found in other organizational forms and may therefore constitute unique sources of competitive advantage (Habbershon & Williams, 1999).

This configuration is captured by the concept of familiness, defined as the bundle of resources and capabilities arising from the interaction between the family and the business (Habbershon & Williams, 1999). The literature identifies elements such as tacit knowledge, trust-based relationships and reputation, as well as shared identity and values-based culture as core components of familiness (Habbershon & Williams, 1999; Zellweger et al., 2012). From a continuity perspective, however, the key issue is not merely whether these resources are present or exhibit VRIN characteristics, but through which reproduction mechanisms they remain functional across generations, including transmission, maintenance, and renewal.

3 Methodology

The empirical foundation of the study consists of a database created during our previous qualitative research, comprising semi-structured interviews and related case studies conducted in ten Hungarian family-owned wineries. The empirical material was collected as part of one author's doctoral research, which examined generational succession and continuity in family businesses using qualitative methods (Vajdovich, 2024). The present study does not involve new data collection; instead, it reinterprets this interview and case study material within a modified analytical framework.

The choice of the wine industry as the research setting is justified by its sector-specific characteristics. Wine production is simultaneously capital-intensive and strongly reliant on intangible elements such as tacit knowledge, reputation, and regional networks, while the concurrent management of tradition and innovation is particularly salient during generational transitions. This context is therefore well suited to a qualitative examination of the transgenerational transfer of family-specific resources and the conditions of continuity.

The analysis applied a **two-step classification of resources**. In the first step, identified resources were grouped according to traditional RBV categories: human capital, social capital, financial capital, and physical capital (Barney, 1991). This classification built on our earlier resource framework, which synthesized the

resources of family-owned wineries and their manifestations in organizational practice (Heidrich & Vajdovich, in press).

In the second step, each resource element was assessed along an additional analytical dimension, examining **whether its persistence requires conscious transmission, maintenance, and renewal (dynamic character), or whether it can be considered relatively stable and transferable through formal mechanisms alone (relatively stable character)** (Teece, Pisano & Shuen, 1997; Teece, 2007, 2014).

This assessment was based on **three interrelated criteria**, which jointly informed the classification of each resource element: (a) the extent to which the value of the resource depends on individual or organizational change; (b) the degree to which the resource requires conscious transmission, maintenance, or reconfiguration to persist; and (c) the manner in which the resource contributes to maintaining continuity during generational transitions (see Figure 1). Accordingly, the analysis applies an RBV-based categorization of resource elements in the first step, and in the second step evaluates their **transmission sensitivity and continuity relevance** along a dynamic–stable dimension.

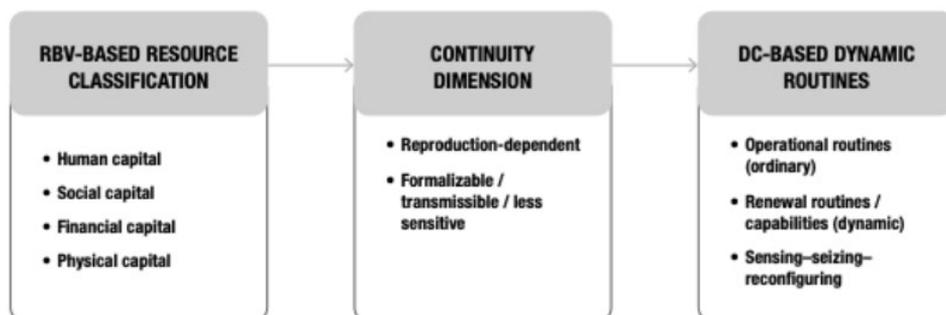


Figure 1: Three-step analytical framework

Source: Own editing

The classification of resources according to their dynamic or relatively stable character emerged from an inductive analytical process. The categorization was developed based on recurring patterns identified in the narratives of the interviews and case studies.

4 Results

Based on the empirical data collected, we distinguished resource elements within the RBV categories (human, social, financial, and physical capital) that exhibit different patterns with respect to continuity. Along the continuity dimension, we distinguished between resource elements that require reproduction to remain functional — that is, those dependent on conscious transmission, maintenance, and renewal — and those that are more readily transferable through formal mechanisms and are therefore less sensitive. The dynamic capabilities perspective is applied as an interpretive framework to capture how resources are enacted through ordinary and renewal-oriented routines (Winter, 2003; Teece, 2007; Teece, 2014) (see Table 1).

Table 1: Continuity-oriented classification of resource elements

RBV resource category	Resource element / sub-dimension	Continuity-oriented character	Observed reproduction mechanisms
Human capital	Tacit knowledge, routines, decision-making patterns Renewal capabilities (innovation, reconfiguration)	Requires reproduction	Joint work, mentoring, gradual involvement Joint innovation decisions, experimentation, technological integration
Social capital (external) (internal/cognitive)	External relational networks, reputation Culture, identity, traditions	Requires reproduction	Successor introduction, networking, joint appearances Shared events, explicit articulation of values, narratives, redefinition
Physical capital	Land, facilities, infrastructure	Formally transferable / less transfer-sensitive	Formal inheritance, investment planning, maintenance
Financial capital	Own equity, resources, financing	Formally transferable / less transfer-sensitive	Liquidity management, risk management, profit reinvestment

Source: authors' own elaboration based on empirical reinterpretation

a) Dynamic (resources requiring conscious reproduction)

Resource elements classified in the table as dynamic and reproduction-dependent share the common characteristic that their value is closely tied to their enactment in everyday practice — through individuals, relationships, and informal routines — and therefore cannot retain the same level of functionality through formal transfer alone.

From a continuity perspective, these resources remain functional only if successors integrate it in the everyday routines and decision-making situations in which such knowledge, trust, identity, or renewal capacity is generated.

Within human capital, tacit professional knowledge, routines related to quality standards, and decision-making patterns appeared as practice-based elements that are learned through practice and are therefore inherently fragile. Their value can be preserved only if successors do not merely receive information but actively participate in practice. In the wineries studied, transmission typically took the form of joint work, mentoring, and gradual involvement; professional socialization was embedded in everyday work routines. **One interviewee described this mode of learning as follows:** *“I made the wine in my own vineyard, or we made it together — and this was perhaps the most important moment.”* (W4)

Knowledge related to harvest timing, tasting decisions, and cellar practices was in several cases explicitly not formalized. Rather than being codified in manuals, it was transmitted through recurring situations, shared interpretations, and decision contexts. For continuity, the decisive factor was therefore not declarative knowledge transfer, but whether successors were exposed early and frequently enough to situations in which they had to apply the same decision logics.

The dynamic character of external social capital — regional professional ties, commercial networks, collaborations, and reputation — stemmed from the fact that their maintenance requires active presence. Without the visibility of successors, relational resources tended to erode over time. In the cases examined, founders’ relational capital appeared as a key condition for market access and stability. **Another winemaker described the logic of maintaining relationships in the following way:** *“I have always believed that long-term viability is built through shared thinking and joint decision-making.”* (W4)

Transmission could be observed only where successors were gradually introduced into the professional milieu through events, organizational memberships, and regional exposure, and where the handover of relationships was handled consciously and transparently. In these cases, reproduction did not consist of transferring a name, but of rebuilding trust-based relationships around the successor as a person.

Culture, identity, and traditions emerged in the empirical material as internal integrative resources that support intra-family cooperation, the legitimacy of decisions, and a shared understanding of quality. Their dynamic nature is derived from the fact that persistence was not a matter of declaration, but was tied to shared events, recurring narratives, and the explicit articulation of values. Harvest-related traditions often carried strong identity-forming functions; where traditions operated as lived practices, cohesion and commitment appeared stronger. By contrast, where traditions were not experientially accessible to successors, identity reproduction did not occur automatically but required conscious redefinition. From a continuity perspective, dynamic functioning was evident where culture did not appear as a “preserved” element, but as a shared meaning that was repeatedly reinforced. **One interviewee reflected this identity formation as follows:** *“I grew into this from childhood — it was not a conscious process; it simply evolved this way.” (W5)*

The above resource elements — especially relational capital and culture/identity — primarily strengthened the cohesive and coordinating dimensions of continuity. At the same time, a distinct pattern emerged across the cases: firms did not respond to change in an ad hoc manner, but through recurring decision routines, and were able to rearrange elements of their operations when necessary. In line with dynamic capabilities theory, we interpret this pattern as renewal-oriented routines. These consist of decision-making patterns that enable the recognition and interpretation of change, the formulation of responses, and the conscious reconfiguration of resources and organizational routines. **This logic of joint decision-making was explicitly articulated in one of the wineries as follows:** *“Our decisions work when we all stand behind them — and if they fail, they still are shared decisions.” (W9)*

In the present analysis, renewal capabilities are treated as a distinct, reproduction-dependent subdimension within human capital, as their persistence is typically realized through experiential learning, joint problem-solving, and shared decision-making rather than through formal transfer. In the cases studied, renewal did not manifest as the abandonment of tradition, but as the updating of quality and market interpretations. In several wineries, established traditional practices were combined with modern technological solutions. Where founders and successors participated jointly in innovation-related decisions, reconfiguration appeared as a gradual transition rather than a sharp rupture; the shared decision space also tended to reduce tensions arising from shifts in roles and responsibilities. Thus, the dynamic

character is captured not primarily in innovative outcomes themselves, but in the firm's capacity for conscious, context-sensitive reconfiguration of routines and resource combinations.

b) Formally transferable (less transfer-sensitive) resources

In the cases examined, physical and financial resources typically persisted through formal transfer, yet on their own they did not explain differences in continuity. Elements of physical capital — vineyards, cellar facilities, machinery, and infrastructure — were generally inherited within formal legal frameworks. From a continuity perspective, these resources provide the operational base and production capacity of the firm, but they do not determine long-term continuity.

Financial capital, including equity, external funds, and financing opportunities, appeared as a precondition for development and stable operation. However, across the cases, financial resources alone did not constitute a sufficient explanatory factor for variations in continuity. Their impact became analytically meaningful only when considered in conjunction with managerial and renewal capabilities: the quality of resource allocation, investment decisions, and risk management was closely linked to ordinary and renewal-oriented routines.

Across the cases analysed, human and social capital resources predominantly exhibited a dynamic character, requiring conscious reproduction, while physical and financial resources were largely relatively stable, except where their value depended on renewal-oriented routines. This distinction highlights that continuity in family-owned wineries is closely tied not only to ownership and formal transfer, but to successors' sustained participation in routines, decision-making, and relational practices.

Finally, building on the preceding analytical steps, we identify dynamic familiness as those family-specific intangible resource elements and routines whose functionality, in the cases studied, could not be sustained through formal transfer alone, but required conscious reproduction through transmission, maintenance, and renewal. These include tacit knowledge and decision-making processes, trust-based and regionally embedded relational networks and reputation, culture, identity, and

traditions, as well as capabilities associated with renewal and reconfiguration routines.

5 Conclusion

The main finding of this study is, that in the family-owned wineries examined, continuity depends less on the formal transfer of physical or financial capital than on family-specific intangible resource elements. Tacit knowledge and decision-making routines (human capital), trust-based and regionally embedded relational networks (social capital), culture, identity, and traditions, as well as capabilities linked to renewal and reconfiguration routines — need to be effectively transmitted and sustained over time. Case-based patterns indicate that physical and financial resources constitute necessary conditions for operation, but do not in themselves explain divergent continuity outcomes. In several instances, family-specific intangible elements remained functional only through conscious reproduction involving transmission, maintenance, and renewal.

The theoretical contribution of the study lies in the empirical grounding of the concept of dynamic familiness. Building on the familiness literature (Habbershon & Williams, 1999), we argue that the role of the resource and capability bundle emerging from the interaction between family and business in ensuring continuity is best understood through its temporal functioning. What matters is not merely whether a resource exists, but whether it can be transmitted, sustained, and reconfigured by the successor generation in a context-sensitive manner. In this perspective, the study links the VRIN logic of the RBV (Barney, 1991) with the temporal dimension emphasized by dynamic capabilities theory and explains continuity in terms of the ability of resources to remain functionally viable across generations.

From a practical perspective, ensuring continuity requires not only the identification of key resources, but the deliberate development of the transferability, adaptability, and reconfigurability of family-specific intangible resources. Within this framework, the dynamic functioning of familiness can be interpreted as a learnable and developable bundle of capabilities, whose sustainability over time determines whether family resources effectively contribute to the long-term continuity of the firm.

These findings are interpretive in nature and context-bound to Hungarian family-owned wineries; however, the proposed distinction offers a transferable analytical lens for examining resource continuity in other family business contexts.

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