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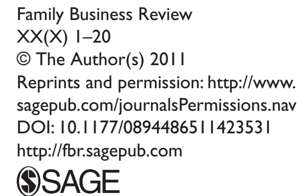

From Longevity of Firms to Transgenerational Entrepreneurship of Families: Introducing Family Entrepreneurial Orientation

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Abstract

Whereas existing research on the longevity of family firms has focused on the survival of firms, this article investigates transgenerational entrepreneurship of families. By building on the transgenerational entrepreneurship research framework, the authors argue that by shifting from firm to family level of analysis, one gains a deeper understanding of family firms' ability to create value across generations. The authors find evidence for their argument in that such a level shift reveals extended entrepreneurial activity, which is missed when focusing exclusively on the firm level. The study introduces and empirically explores the construct of family entrepreneurial orientation, which may serve as an antecedent to transgenerational value creation by families.

Keywords

longevity, family firm, transgenerational value creation, transgenerational entrepreneurship

Introduction

John Ward's (1987) seminal study on family firm succession was the first and still remains the most influential to put a number to the rate of success in intrafamily business succession. Family business consultants and popular press journalists quote Ward's statistic that 30% of firms survive through the second generation, 13% survive the third generation, and only 3% survive beyond that. The 30/13/3 statistic has been largely unchallenged and moreover seems to suggest that there is something fundamentally "wrong" with family firms and that they inevitably fall into the three-generation survival trap. Even though these figures are often misquoted and misunderstood—for example, it has been shown that the survival rates of publicly quoted nonfamily firms are by no means larger (Aronoff, 2001)[1]—earlier family business research has contributed to this rather depressive image of family business succession. These studies often view nepotism, preservation of the status quo, and expropriation of nonfamily shareholders as main rationales for succession within the family (Fukuyama, 1995; Morck, Shleifer, & Vishny, 1988; Morck & Yeung, 2003). The literature that does focus on successful succession within family firms concentrates on building a model or identifying variables which can overcome the fundamental

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"problem" of succession in family firms (Le Breton-Miller, Miller, & Steier, 2004). Even in this examination of successful succession, the assumption is that there is a fundamental hurdle in all family firms which stems from family relationships complicating business activity and a CEO talent pool limited to a few family members (Le Breton-Miller et al., 2004).

Reaching beyond this gloomy picture of family succession, more recent research has shown that continued family control can be efficient, since families are, for example, able to positively affect the resource inventory and usage of their firms (Arregle, Hitt, Sirmon, & Very, 2007; Habbershon & Williams, 1999), apply a long-term perspective allowing for unique strategic positioning (Zellweger, 2007), have less agency problems and higher firm values (Anderson & Reeb, 2003), or drive new entrepreneurial activity (Kellermanns & Eddleston, 2006; Nordqvist & Melin, 2010). This research provides insights into how families make a positive contribution to their firms.

The purpose of the present study is to offer an alternative to the intrafirm succession approach to study longevity of family firms, which has dominated literature, and to explore how families become drivers of entrepreneurial activity and growth over time. More specifically, our aim is to outline a conceptual approach with the family, rather than the firm, as the relevant level of analysis for longevity and transgenerational value creation. Whereas the firm- and the individual-level perspectives have received considerable attention in entrepreneurship research (Lumpkin & Dess, 1996; Scott & Rosa, 1996), we follow calls by researchers to include family as an additional level of analysis (Astrachan, 2010; Dyer, 2003; Moores, 2009; Nordqvist & Melin, 2010; Uhlaner, Kellermanns, Eddleston, & Hoy, in press; Zahra & Sharma, 2004). Introducing such a perspective is timely because existing family firm survival studies tend to neglect the portfolio of entrepreneurial activities of business families beyond a core company and most traditional longevity studies fail to acknowledge other (appropriate) forms of succession beyond passing on the baton within the family, such as the sale of the firm as way to harvest value and create new opportunities for the family. Taken together, our article seeks to answer two main research questions: First, to what degree do business families have entrepreneurial activity beyond the core firm and dynamically adapt their portfolio of activities over time? And second, what kind of attitudes do these families exhibit toward entrepreneurial activity?

Our research seeks to make three main contributions to literature. First, we build on and refine the concept of transgenerational entrepreneurship (Habbershon, Nordqvist, & Zellweger, 2010; Habbershon & Pistrui, 2002). Second, we explore empirical evidence to justify the use of the family level of analysis in entrepreneurship research. In this pursuit, we revisit and challenge some of the assumptions and conclusions drawn in studies investigating the longevity of family firms (Le Breton-Miller et al., 2004; Ward, 1987). Third, we introduce the concept of family entrepreneurial orientation (FEO) and provide exploratory scale development. We suggest FEO to be an example of a new family-level construct, which can be developed to understand how the attitudes and mind-sets of the controlling family affect entrepreneurial activity.

Our study is structured as follows. We start with an articulation of the transgenerational entrepreneurship research framework as our theoretical lens. We continue by discussing the family as a level of analysis in entrepreneurship research and explore how such a perspective extends our understanding of longevity in family firms. Then, we present findings from an exploratory study which lends support to examining the family level of analysis. We conclude by theorizing and empirically exploring FEO and suggest several areas for future research.

Theoretical Framework: Transgenerational Entrepreneurship

To explore the processes at the family level that lead to longevity of business activity and ultimately value creation across generations, we draw on the concept of transgenerational entrepreneurship (Habbershon & Pistrui, 2002; Nordqvist & Zellweger, 2010). Habbershon et al. (2010) define transgenerational entrepreneurship as "the processes through which a family uses and develops entrepreneurial mindsets and family influenced resources and capabilities to create new streams of entrepreneurial, financial and social value across generations" (p. 1). Within this definition, the entrepreneurial mind-sets are seen as the attitudes, values, and beliefs that orient a person or a group toward the pursuit

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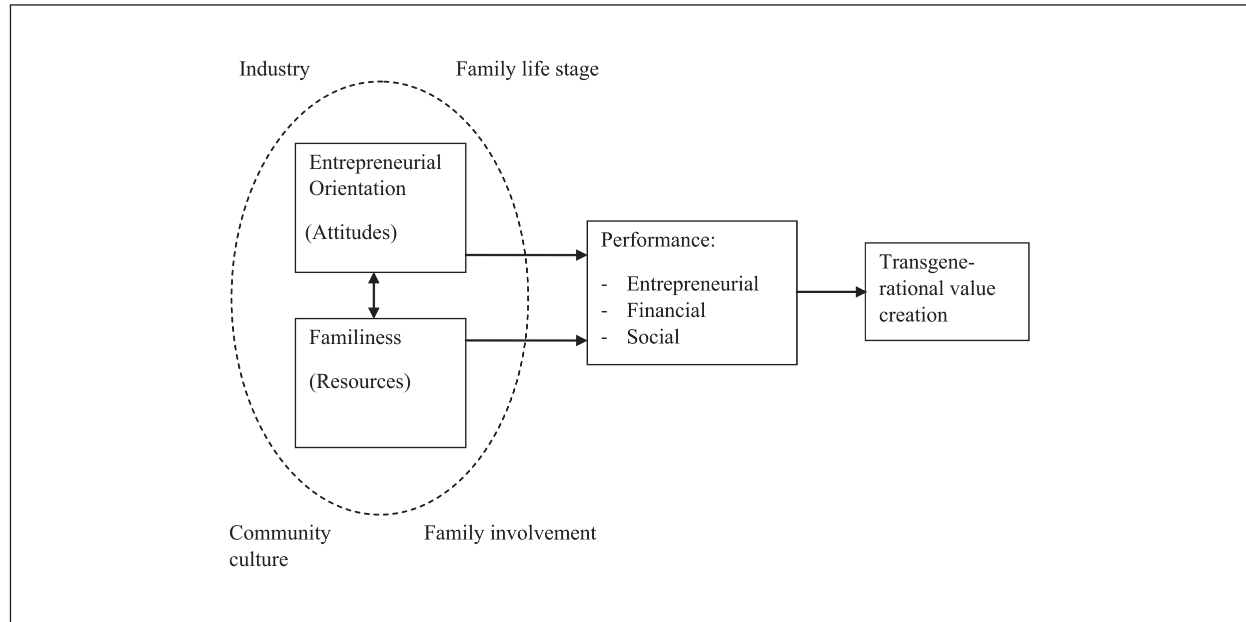

Figure 1. Transgenerational entrepreneurship research framework
Note. Adapted from Nordqvist and Zellweger (2010, p. 9)

of entrepreneurial activities (Lumpkin & Dess, 1996; Miller, 1983). Entrepreneurial capabilities refer to the resources and capabilities of a given family that may facilitate entrepreneurial activities and create competitive advantage (Habbershon, Williams, & MacMillan, 2003; Sirmon & Hitt, 2003). New streams of entrepreneurial, financial, and social values refer to a broader understanding of performance and value that reaches beyond the boundaries of only economic performance outcomes in the context of families and family firms (Chrisman, Chua, & Litz, 2004; Zellweger, Nason, Nordqvist, & Brush, in press-b). Finally, the transgenerational entrepreneurship framework adopts a longitudinal perspective by looking at how value is created not only for the current stakeholders but also for the future and, in particular, future family generations. The conceptual framework, including contingency factors such as community culture, industry, family life-stage, and family involvement, are depicted in Figure 1.[2]

Whereas the central building blocks of the model and their interconnections are laid out in Nordqvist and Zellweger (2010), the present article investigates in more detail two elements of the framework, namely (a) the level shift from firm to family and its consequences for our understanding of family firm longevity and (b) the entrepreneurial mind-set of the family. The choice to focus on the entrepreneurial mind-set of the family in exploring longevity is threefold. The first is the general relevance of entrepreneurship for a firm's long-term success (Schumpeter, 1934) through renewal, innovation, and new entry (e.g., Dess et al., 2003; Zahra & Covin, 1995). Second, there is a fragmented picture regarding whether family firms represent a context encouraging or discouraging entrepreneurship (e.g., Eddleston, Kellermanns, & Zellweger, 2010; Naldi, Nordqvist, Sjöberg, & Wiklund, 2007; Schulze, Lubatkin, & Dino, 2003). Third, there is already a growing stream of literature elsewhere that focuses on family-level resources and capabilities (Danes, Stafford, Haynes, & Amarapurkar, 2009; Pearson, Carr, & Shaw, 2008; Sharma, 2008; Sieger, Zellweger, Nason, & Clinton, in press).

From the Firm to the Family Level of Analysis

A central precept of transgenerational entrepreneurship is the focus on the family itself, independent from any individual firm, just as the family's impact on

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entrepreneurial activity (Habbershon & Pistrui, 2002). This approach is distinct from most entrepreneurship research which focuses on either the level of the firm or the level of the individual entrepreneur (Davidsson & Wiklund, 2001). Regarding the firm level, corporate entrepreneurship studies have undertaken considerable efforts to unveil the entrepreneurial orientation of corporations (e.g., Ahuja & Lampert, 2001; Zahra, 1995). Overall, these studies have found a positive link between the level of entrepreneurial orientation in a company and its performance (Rauch, Wiklund, Lumpkin, & Frese, 2009).

In their seminal article, Low and MacMillan (1988) demonstrated that entrepreneurship is a phenomenon that occurs across levels of analysis and thus should be studied accordingly. Davidsson and Wiklund (2001) later suggested that by focusing solely on the firm level, we fail to account for sequential or parallel entrepreneurial activities undertaken by individual entrepreneurs. The rise of portfolio entrepreneurship literature has in part sought to fill this gap by shifting the level of analysis away from the firm level and toward the team or group level (Scott & Rosa, 1996; Westhead & Wright, 1998). Birley and Westhead (1994) explain the rationale behind this shift as follows:

> If the business is the sole unit of analysis, there is a threat that the value of the new venturing event will be underestimated. It also indicates that future attempts to explain business growth should incorporate the possibility that owner-managers may attempt to resolve their personal materialistic aspirations through the growth of further business operations, which may not be directly related to the single unit of analysis being studied. (p. 57)

Family business research exploring entrepreneurship to date has largely been conducted at the firm level. Researchers have explored firm-level phenomena such as risk taking (McConaugby, Matthews, & Fialko, 2001; Naldi et al., 2007), innovativeness (Craig & Moores, 2006), proactiveness (Daily & Dollinger, 1992), competitive aggressiveness (Zellweger & Sieger, 2010), autonomy (Donckels & Fröhlich, 1991), internationalization (Zahra, 2003), or long-term entrepreneurial strategies (Zellweger, 2007). Overall, these firm-level studies draw an inconclusive picture about the intensity and form of entrepreneurship in family firms.

Although extant literature on corporate entrepreneurship in family firms has increased our knowledge, the inconclusiveness of results is striking. Building on the transgenerational entrepreneurship framework, we contend that the uncertainty reflected in the aforementioned research is at least partly due to the neglect of the family as a distinct level of analysis. There are at least three major reasons why the family should be considered as a distinct level of analysis in future research.

First, the family represents a defining element of any family firm (Chua, Chrisman, & Sharma, 1999) and can be seen as a stakeholder category unique to this type of organization (Zellweger & Nason, 2008). The involvement of this stakeholder category imbues the firm with family elements, such as benevolent ties among actors, affect, identity concerns, and extended time-horizon on firm-level behavior (Cruz, Gomez-Mejia, & Becerra, 2010; Dyer & Whetten, 2006; Lumpkin, Brigham, & Moss, 2010). Such firm-level outcomes of family influence include, for example, persistence with underperforming activities (Sharma & Manikutty, 2005), the inclination to take risks to preserve socioemotional wealth (Gomez-Mejia, Haynes, Nunez-Nickel, Jacobson, & Moyano-Fuentes, 2007; Zellweger, Kellermanns, Chrisman, & Chua, in press-a), and the borrowing of resources among family members to start new entrepreneurial activities (Chua, Chrisman, Kellermanns, & Wu, in press; Pearson et al., 2008; Steier, 2007). In consequence, we argue that many behavioral antecedents critical to survival and organizational success in family firms cannot be understood without inclusion of the family element (Dyer, 2003).

Second, the presence of the family as a distinct stakeholder category has an impact not only on the behavioral outcome but also on the logic guiding both the family and the firm's decision making. Families who run firms are often confronted with the management of paradoxes that emanate from the overlap of family and business systems (Nordqvist & Melin, 2010; Smith & Lewis, 2011; Tagiuri & Davis, 1996), such as balancing the wish for stability and continuity inherent in the family system and the need for adaptation and change inherent in the business system. Accordingly, and by the very nature of their constituents, family firms need to deal with competing demands to assure the persistence and the success of the combined family business system. In light of not only the resulting trade-offs but also potential synergies between family and business system, we

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argue that there is a need to acknowledge the combined logic at play in the context of family firms which is neither purely family nor purely business oriented but seeks to accommodate often opposing forces.

Third, investigating the family level of analysis is further justified if the families in family firms are active in the ownership and management of multiple businesses. The implicit assumption in most longevity studies is that a family firm consists only of a single business entity. This oversimplification of the family business leads to a discourse about whether that core company either succeeds or fails in terms of remaining within family control. This perspective, however, neglects to account for family firms—even smaller ones—who start or acquire multiple firms in a portfolio of activities (Naldi, Nordqvist, & Zellweger, 2011; Sieger et al., in press). In this regard, although in an emerging stage, the research on family offices clearly demonstrates that business families are active in a diverse range of business activities (Jennings, Horan, Reichenstein, & Brunel, 2011). Although often set up on firm exit, some controlling families also set up a family office whereas still active in ownership and management of a particular firm. The family office phenomenon alone demonstrates that there is significant family-level business activity that has been almost entirely neglected with the prevailing focus on firm-level studies.

Taken together, and in line with Davidsson and Wiklund (2001), we therefore acknowledge that entrepreneurship occurs at and affects different levels and suggest that the family level has been largely neglected but warrants future attention. This is reflected in Moores's (2009) argument that family business research has reached paradigm consensus regarding (a) the focus on the business activity currently controlled by a family, (b) the neglect of the dynamic nature of entering and exiting of business activity, (c) the implicit assumption that business families control just one firm, (d) the assumption that the ideal way forward for family firms is to ensure the survival of the originally controlled firm just as close family control over this firm, and (e) the neglect of the family, as opposed to the firm or the individual entrepreneur, as the ultimate account for success and driver of economic activity. Therefore, we suggest that there is a threat to misunderstand and underestimate longevity and, more specifically, value creation through family-controlled business activity if the family as a level of analysis is not taken into consideration.

As a result of shifting the level of analysis to the family, we are not interested as much in continuity, succession, and stability of an individual family firm—which have been dominant in family business and longevity studies to date—as we are in change, growth, and the creation of the new induced by the controlling families. In short, building on Habbershon and Pistrui (2002), this level shift moves the interest from the firm to the family as the engine for entrepreneurial activities and growth across generations. Next, we show how a family-level approach addresses some of the past assumptions in previous research, creates new challenges, and provides opportunities going forward.

Consequences of Introducing the Family Level of Analysis

From family business to business family portfolio. The primary consequence of shifting the level of analysis to the family is related to the scope of business activity under examination. Recent studies show that even small to midsized family firms often engage in corporate strategy (Naldi et al., 2011). As such, by solely focusing on the most visible and often oldest firm controlled by a family, we fail to account for other business activities undertaken by the family. Business families may add new ventures, business units, or firms, for example under a holding structure, extending ownership to a group of individuals rather than one individual, with or without nonfamily participation. In this vein, Carter and Ram (2003) argue that "an analysis of the wider literature suggests that for many small firms, family circumstances may influence both the decision to engage in portfolio strategies and also the processes which are used in the portfolio approach." A growing literature around family-controlled portfolio entrepreneurship also challenges this core company view (Carter & Ram, 2003; Plate, Schiede, & von Schlippe, 2010; Scott & Rosa, 1996; Sieger et al., in press; Westhead & Wright, 1998).

Definition of family business. Shifting the level of analysis to the family and exploring a broader range of business activities challenges us to revisit the very definition of family business both structurally and temporally. It is essential to consider the many changes in ownership, board, and management structure occurring in all firms over time, which can affect whether a firm is deemed "family" or "nonfamily." For example, the transition from a sole family owner-manager, to a nonfamily CEO

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with continued family ownership may mean that this firm loses its "family business" status under the strictest definitions and would have to be qualified as a failure in the traditional succession and longevity logic (Chua et al., 1999; Ward, 1987).

We can also reexamine the temporal dimension in the definition of a family business proposed by Chua et al. (1999) with a transgenerational entrepreneurship mindset. They note

> The family business is a business governed and/or managed with the intention to shape and pursue the vision of the business held by a dominant coalition controlled by members of the same family or a small number of families in a manner that is potentially sustainable across generations of the family or families. (Chua et al., 1999, p. 25)

If a family is holding multiple businesses, the family may not intend to control or continue to shape the strategy of any individual business across generations, but rather to control and to shape the strategy of a collection of firms and business activities across a limited holding period.

For this reason, when studying longevity through the lens of transgenerational entrepreneurship, it is important to use a family business definition which is broad enough to encompass family-controlled entrepreneurial activity despite alterations in governance and activity type across time.

Success and failure in family firms. Related to the definitional questions, introducing the family as the level of analysis requires that we reexamine how success and failure are characterized in family firms. Following the definition of a family firm as a single entity which is intended to remain under family control, business exit is always seen as a failure. In John Ward's (1987) original sample of 200 manufacturing firms in Illinois, it is true that only 13% remained intact and under family control through the third generation. However, it was actually 20% of the firms which survived. Of the remaining 7%, 5% were sold to outsiders and 2% went public. Applying a transgenerational entrepreneurship perspective, this 7% would not be seen as a failure but rather likely a success for two reasons. First, the family may retain control of a firm that goes public through voting rights or other control mechanisms (Faccio & Lang, 2002); in fact, we know that 35% of publically traded *Fortune* 500 companies remain family controlled (Anderson & Reeb, 2003). Second, and more important, the strategic move to exit a business may further greatly increase family wealth and resources to be redeployed in other business opportunities (DeTienne, 2010; Mason & Harrison, 2006).

Under the transgenerational entrepreneurship frame, a different perspective of failure is needed if a firm under family control is closed down. The transgenerational entrepreneurship approach follows Sharma and Manikutty (2005) who contend,

> for firms desirous of longevity as family firms of interest to us, changes in the environment require strategic responses on the part of a firm (such as readjustment of the business portfolio and divestment of unproductive resources), so as to enable regeneration and renewal. (p. 295)

This means that the divestment or closure of a business may actually be the opposite of failure, but necessary to sustain a competitive advantage and ensure longevity for family-controlled business activity eventually in a new setting. In fact, recent research indicates that previous entrepreneurial failures can have a positive impact on growth of future entrepreneurial ventures (Yamakawa, Peng, & Deeds, 2010).

The family as a unitary actor. Although shifting to the family level of analysis seems appropriate, it also raises unique challenges. When trying to explore a family level of analysis, it seems fair to challenge the *unity* of families, and thus the appropriateness of family as a *unit* of analysis (Nordqvist & Melin, 2010). Like firms and organizations, business families are constituted by several individuals who may not always agree on all issues while working together. Families, like organizations, are dynamic as they evolve and change over time—members come and go. Examples of tensions, disagreements, and conflicts are often very destructive and span several generations and branches of families and are indeed manifold, not the least in family business literature (cf. Gordon & Nicholson, 2008; Levinson, 1971).

At the same time, however, many families have an astounding ability to align their views and act united in situations where it is mostly needed. In fact, a key feature of the family is its tendency to perpetuate its existence by ensuring its integration, despite threats of dilapidation and dispersion (Bourdieu, 1996). Sociologists and

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economists have long considered the family a central actor in both the social and economic realms. For example, Berger and Luckmann (1966) suggest that the family is one of the strongest and most unified societal institutions. Family is seen as one of the "key sites of the accumulation of capital in its different forms and its transmission between the generations. It safeguards its unity for and through this transmission" (Bourdieu, 1996, p. 23). Bourdieu (1996) contends that the family acts as a collective subject in such activities even more than internally weaker institutions such as firms do. Such a perspective of treating a family as a unitary actor is in line with a common practice among social scientists to attribute properties and opinions of an individual to that of a group (Nordqvist & Melin, 2010).

Supporting such a unitary actor view, Nordqvist and Melin (2010) argue that even if a family refers to a collective of individuals, there is often, like in organizations and firms, a dominant actor or a coalition of actors that represents a vision above others which determines the future of the family's entrepreneurial activities (Chua et al., 1999; Cyert & March, 1963).

Taken together, despite possible differences among family members, and just as is done for firm-level studies, there are good arguments to treat a family as a unitary actor and a collective subject given the unifying forces at play, such as social norms for harmony and mutual support not to mention the factual inability to leave one's family.

Families as basal system of economic activity and the accrual of wealth. Whereas management scholars see the firm as the engine and the account for growth, the level shift of analysis implies that we assign the same role to families. In consequence, the ultimate measure and account for success is the degree to which a family is able to generate value and ultimately wealth. Accordingly, it seems inappropriate or at least insufficient to use firm-level outcomes such as survival, independence, size, or performance of single organizations as the sole account of success for a family's wealth creation abilities.

Exploratory Findings of Entrepreneurial Activity at the Family Level

At this early stage of theorizing that families are the drivers of entrepreneurial activity, it seems premature to suggest causal relationships between family attributes and the level and form of entrepreneurial activity controlled by families. Accordingly, we refrain from developing hypotheses on such relationships. Rather, and in an exploratory manner, we collected data on the broad relevance of our phenomenon of interest, which is the level of entrepreneurial activity undertaken by families. In this regard, we hope to offer an introductory test to see if further research focusing on the family rather than the firm level is justified. More specifically, we collected data about the degree to which a business family is involved beyond a core company and the evolution of the family's entrepreneurial activities over the family's history. Through these questions we attempt to capture both the breadth and historic development of a family's entrepreneurial activity.

Method

To answer these questions we crafted an electronic survey that was sent to respondents from two address data sets: the first data set stems from the Family Firm Institute, Boston, which sent the link to the survey to their members (n = 1,600) asking them to forward the link to their family business contacts. One reminder e-mail was sent out to increase the response rate. The second data set stems from Babson College that sent the survey to students and alumni who attended family business classes during the past 4 years (n = 921). Again, one reminder e-mail was used to increase response rate. In total, we received answers from 541 respondents—all family members and owners—resulting in an aggregate response rate of 21%. We then screened the responses for quality purposes and only included data sets in our analysis where respondents had provided answers to all questions. Whereby this measure increased the quality of our data, it also significantly reduced the number of respondents to 118 data sets (5% response rate). Although this response rate is lower than expected it is not uncommon in surveys sent to family business owners and managers. The reason for the large number of incomplete questionnaires may be threefold. First, members of Family Firm Institute (most of them consultants and other service providers) might have taken a look at the survey to judge whether they wanted to forward the survey to their clients, and thereby created an entry with incomplete data in our database. Second, we included a branching question at the beginning of the survey asking whether there

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is a controlling family holding at least 50% of the voting rights of at least one company with at least at second-generation family involvement in the businesses. Although this question assured data gathering about family firms with a transgenerational perspective, it meant that respondents started filling out the survey thereby leaving an entry in the database but dropped out if they did not meet the aforementioned criteria. Third, the number of incomplete surveys may be particularly high due to the confidentiality of certain questions, such as total sales volumes of all firms controlled by the family, and because of the difficulty to answer certain questions, such as the number of businesses controlled over a family's continued business activity. This drop in number of responses is significant, however not uncommon and needs to be balanced against the increase in data quality and reliability of our findings.

To investigate the degree to which a business family is involved beyond a core company, we collected data on the number of firms currently controlled by the family and the sales volume of the individual firms being part of the family's extended portfolio of business activity. To answer how the family's entrepreneurial activities evolved over the family's history, we collected data on the number of firms controlled over family history, the number of firms added through mergers and acquisitions, number of firms divested over family history, and the number of industry shifts. To complete the picture, we also collected data on ownership control by the family in the individual firms and the involvement of the family in operations (number of family and nonfamily employees).

Results for Entrepreneurial Activity at the Family Level

Overall, 75.4% of our respondents indicate that their firms' headquarters are located in Northern America, 8.5% in Latin America, 7.6% in Europe, 6.8% in Africa and 1.7% in Asia. Even though our sample has an international focus, our findings are, thus particularly, reflecting the North American context. The mean age of family control in the family's core company is 60.2 years,[3] with the 2.8th family generation being in control. On average, the sales volume of the total business activity by the extended family amounts to US$173.7 million. The mean number of full-time nonfamily employees in these activities is 491 and 3.9 family employees. The mean ownership stake of the family amounts to 93.4%.

Table 1 reports the current and past entrepreneurial activity of the controlling families who responded to our survey.

Table 1 provides exploratory yet striking evidence of entrepreneurial activity beyond a core firm. In fact, only 10.6% of our respondents indicate that they control just a single firm. The mean number of firms currently controlled by the family is 3.4 firms, whereby the core company on average makes up roughly three quarter of total sales of the family-controlled business activity, that is, the family business group.

Also, Table 1 provides testimony of strong entrepreneurial activity across time. On average and over the family's history these families controlled 6.1 firms, created 5.4 firms, added 2.7 firms through merger and acquisition activity, spun off 1.5 firms, and shifted industry focus 2.1 times. Put differently, these families exhibit a significant level of entrepreneurial activity over time, in terms of rearrangements of the portfolio of activities through founding activity, mergers, and acquisitions as well as divestments. If indeed families serve as drivers of entrepreneurial activity, the second research question explored is, what then is the family-level mind-set that leads to entrepreneurial activities?

Toward Family Entrepreneurial Orientation

This preliminary evidence of entrepreneurial activity beyond a core business seems to suggest that further study of business activity on the family level is justified. In the following section, we theorize and provide preliminary empirical testing for a construct that taps into the family-level mind-set to engage in entrepreneurial activity. We call this concept family entrepreneurial orientation (FEO) and define it as the attitudes and mind-sets of families to engage in entrepreneurial activity.

Martin and Lumpkin (2003) introduce the notion of family orientation and contrast it with entrepreneurial orientation at the firm level. They suggest that an increasing family orientation will overtake the entrepreneurial orientation as the family firm is passed on through generations. Their family orientation dimensions are interdependency, loyalty, security, stability, and tradition (Martin & Lumpkin, 2003). These authors thus argue for a trade-off view between entrepreneurial

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Table 1. Entrepreneurial Activity of Controlling Family

Descriptive statistics	Mean	SD
Years of continuous family control of core company	60.2	44
Number of employees across all companies controlled by family		
Nonfamily employees	491	1,724
Family employees	3.9	3.0
Ownership stake of the family in core company	93.4	14.5
Largest firm (sales)	3.02 bn USD	
Oldest firm	384 years	
Current entrepreneurial activity of the family beyond core company		
Total sales volume of family business group, whereof	US$174 million	US$362 million
74% Core company		
18% Second company		
8% Third company and beyond		
No. of companies currently controlled by family	3.4	3.3
Share of respondents: Family controls one company	10.6%	
Share of respondents: Family controls two companies	44.7%	
Share of respondents: Family controls three companies	12.8%	
Share of respondents: Family controls four companies	10.6%	
Share of respondents: Family controls five or more companies	21.3%	
Entrepreneurial activity over the family's history	**Mean**	**SD**
No. of companies controlled over family history	6.1	12.3
No. of companies founded over family history	5.4	10.9
No. of companies added through merger and acquisition over family history	2.7	4.7
No. of companies spun off over family history	1.5	3.3
Times main industry shifted over history of business activity	2.1	1.2

Note. Definitions: *Core company*—the largest firm within the family business group in terms of sales volume. There are family business groups that only consist of one company, which is then defined as the core company. *Family business group*—the entirety of the business portfolio controlled by the business family. The family business group can consist of one or multiple companies.

and family orientation where both postures cannot exist simultaneously. According to this incongruence perspective it should therefore be unlikely that family firms will survive over long periods of time, given the necessity for firms to adapt to an ever-changing environment and hence be entrepreneurial to a certain degree. In their view, sooner or later, family firms should fall prey to inertia and will go out of business due to family orientation suffocating entrepreneurial orientation. However, the empirical reality challenges this assumption—family firms that are generations and even centuries old exist in great numbers. For example, in our sample (notably dominated by North American firms), 12.7% of all firms were more than 100 years old.

At the same time, it seems inappropriate to simply extend traditional corporate entrepreneurship measures to the family level. Such an approach intending to find aspects that entrepreneurship and family business share is limited in terms of its explicative power. If the goal is to study family businesses through the lens of entrepreneurship, the appropriate approach will have to define what actually is relevant to study given the characteristics of the family firm context. In other words, since the individual and organizational aspects represented in dominant corporate entrepreneurship approaches do not cover specific family-related factors, it is unsatisfactory to just apply these approaches to explain transgenerational entrepreneurship without appropriate contextualization.

Indeed, scholars have aired important concerns about the applicability of traditional entrepreneurship constructs such as entrepreneurial orientation to the context of family firms. For example, Nordqvist, Habbershon,

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and Melin (2008), Zellweger and Sieger (2010), and Lumpkin et al. (2010) all suggest that whereas risk-taking and competitive aggressiveness are less important to family firms, autonomy, innovativeness, and proactiveness are more important and have greater meaning for transgenerational value creation. These authors also suggest a distinction between internal and external autonomy (independence of business units and teams within a firm vs. independence from external stakeholders) as well as internal and external innovativeness (internal innovativeness defined as the innovation in terms of processes and structures within the firm, vs. external innovativeness, defined as new products or new market entry). To an established scale, these distinctions and refinements question its overall applicability for the specific family firm context.

Martin and Lumpkin (2003) are helpful in that they point at the relevance of dimensions such as interdependency, loyalty, security, stability, and tradition, which simultaneously coexist with the need for change, innovation, risk-taking, and growth. A possible measure of FEO therefore needs to combine attributes that are prototypical of the family *and* business domains. In consequence, a FEO scale should, on one hand, incorporate attitudes such as security, control, stability, and tradition. These attributes are reflective of a family's goal to assure the family's oneness and the family's wish for control over the activities undertaken across time (Albert & Whetten, 1985; Bourdieu, 1996; Nordqvist & Melin, 2010; Zellweger et al., in press-a). On the other hand, and to cover firm-related attitudes toward entrepreneurial behavior, FEO should include items covering autonomy within the firm, innovation orientation, proactiveness, and the willingness to take risk.

The notion of FEO thus seeks to capture bivalent attributes and the resulting tensions in family firms (Tagiuri & Davis, 1996). Such a perspective alludes to Nordqvist et al. (2008), who draw on the five dimensions of entrepreneurial orientation and integrate the concept of duality to interpret what characterizes entrepreneurship in family firms over time. They identify three dualities related to the dimensions of entrepreneurial orientation: the historical/new path duality, the independence/dependence duality, and the formality/informality duality. Nordqvist et al. (2008) thus implicitly suggest that instead of maximizing their entrepreneurial orientation at any point in time, long-term value-creating family firms seem to manage these dualities to combine the attributes of family and business. Such an argument for the quest of an equilibrium between stability and change is largely supported by Zellweger and Sieger (2010) who suggest that entrepreneurial orientation is applied or misunderstood as a normative concept of the "right" entrepreneurial behavior and that more entrepreneurial orientation is always better. These concerns are related to the observation that many newly established firms are highly entrepreneurial but unable to survive more than a few years (Audretsch, 1991).

Early family business scholars and scholars rooted in economics have taken an approach to these tensions by claiming that the business system is superior to the family system in creating value across time and hence the business logic should dominate the family logic (*trade-off perspective*; e.g., Levinson, 1971; Morck & Yeung, 2003). More recently, scholars have started taking a *contingency perspective* by exploring the conditions under which family is beneficial or detrimental to a firm. The idea here is to separate the extremes structurally, temporarily, and spatially, seeking for the situations under which the tensions were most effective. Scholars of this tradition have, for example, explored the alignment of different resource configurations and the quality of interactions (Eddleston & Kellermanns, 2007; Eddleston, Kellermanns, & Sarathy, 2008), and the quality of the institutional setting (Gedajlovic, Carney, Chrisman, & Kellermanns, 2011).

In contrast to contingency theory, a *paradox perspective*, which we suggest for the FEO concept, assumes that tensions persist within complex and dynamic systems such as in family firms. Similar to the duality approach mentioned above, such a paradox perspective can shift the attention asked by contingency theorists from identifying the conditions under which organizations are more driven by certain factors (e.g., stability vs. change orientation or family vs. business interests) to how firms engage in these competing factors simultaneously (Smith & Lewis, 2011). Such a paradox perspective moves away from the original meaning of paradox, which is simultaneous existence of at least two incompatible dimensions. Previous family business research has shown that family and business factors are not necessarily incompatible but can indeed be synergistic (Basco & Perez-Rodriguez, 2009; Stewart & Hitt, 2010; Zellweger & Nason, 2008). Focusing on the underlying tensions as dualities between two elements, the definition of paradox suggested by

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Smith and Lewis (2011) is useful for our purpose. They view paradox as “contradictory yet interrelated elements that exist simultaneously and persist over time” (Smith & Lewis, 2011, p. 382). This definition highlights two components of paradox: (a) underlying tensions, that is, elements that seem logical individually but inconsistent and even absurd when juxtaposed and (b) responses that embrace tensions simultaneously (Lewis, 2000).

In this context, managers are urged to overcome disjunctions, to seek synergies between the two, and to strive to harness efficiency advantages from the complexity. This perspective is in line with an emergent “systemic” view (Luhmann, 1984) that has been tentatively addressed in recent family business research (Basco & Perez-Rodriguez, 2009; Frank, Lueger, Nose, & Suchy, 2010; Habbershon et al., 2003; Litz, 2008; Schuman, Stutz, & Ward, 2010; Simon, 2006; Stewart & Hitt, 2010; Zellweger & Nason, 2008).

Results for Exploratory Scale Building for Family Entrepreneurial Orientation

It is beyond the purpose of this study to develop and test a full-fledged scale of FEO. Instead, we have conducted an exploratory empirical survey with the aim of making first steps toward a future establishment of such a scale. In these attempts, we have followed guidance from the scale-building literature (Churchill, 1979; Hinkin, 1995; Liu, Chua, & Stahl, 2010).

In a first step, and building on above considerations about the appropriate content of an FEO scale, defined as the attitudes and mind-sets of families to engage in entrepreneurial activity, we selected items that had a priori content validity given our concern for family and business-related dimensions, as outlined above. On the side of the family we incorporated attitudes such as security, control, stability, and transgenerational orientation (Lumpkin, Martin, & Vaughn, 2008). Regarding firm-related attitudes toward entrepreneurial behavior we included autonomy, innovativeness, proactiveness, and risk-taking, following guidance in the corporate entrepreneurship literature, as outlined above (Covin & Slevin, 1991; Lumpkin & Dess, 1996; Zahra, 2005). We also considered the distinctiveness of internal and external types of autonomy (Nordqvist et al., 2008; Zellweger & Sieger, 2010). In addition, we included items related to resource focus and the formality of strategizing. The reason was to be able to forge links between the traditional EO measures and resource management, which has received increased attention in family business literature (Chrisman, Chua, & Sharma, 2005; Sirmon & Hitt, 2003) and transgenerational entrepreneurship writings (Nordqvist & Zellweger, 2010).

In a next step, we discussed the concept and items with senior scholars in the field[4] and shortened the scale. Following scale-building literature (Churchill, 1979), we then conducted a pretest with two U.S.-based families and incorporated feedback to clarify items. The resulting items and the introductory question are provided in Table 2.

These items were included in the survey outlined above. Given the sample size of 118 respondents our analysis exhibits an item to response ratio of 10.1 (=118 respondents/11 items) which is well above the threshold of 4 (Hinkin, 1995). We then conducted an exploratory factor analysis with varimax rotation to extract a number of uncorrelated components describing FEO, which resulted in four components with eigenvalues greater than 1. Together these four factors account for 63.8% of the variance.

We then investigated the meaningfulness and postrotation loadings of the components. Although the first two components seemed meaningful and exhibited postrotation loadings >2, Components 3 and 4 were not retained. Components 3 and 4 consist of two, respectively, one item and exhibit relatively weak postrotation loadings of 1.44 and 1.08. Moreover, we had concerns about content validity. Cronbach’s alpha for Component 1 was .613 but could be improved to .728 in case the external stakeholder dependence item (external autonomy) was deleted. The same assessment for Component 2 resulted in a satisfactory alpha of .736. No improvements in alpha could be achieved by omitting one of the items. Since Component 1 covers aspects such as value generation for future generations and willingness to change and create new businesses, we decided to label this item *transgenerational entrepreneurial orientation* of the family. Component 2, in contrast, captures *risk and innovation orientation* of the family. Taken together, although our survey development efforts for measurement of FEO resulted in a two-factor, eight-item measure, the reliability measures indicate that further item development is needed to refine the scale before it can be used in substantive theory testing.

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Table 2. Items for Family Entrepreneurial Orientation and Results of Exploratory Factor Analysis

		Component (varimax rotation)			
Item description	Introductory question: "The family as a whole . . ."	1	2	3	4
Preservation orientation	. . . strives to preserve existing businesses//Strives to create new businesses.	**.804**	.174	–.012	.206
Transgenerational outlook	. . . makes decisions primarily with the success of the current generation in mind//Makes decisions primarily with the success of future generations in mind.	**.730**	.115	–.093	–.023
Change orientation	. . . is resistant to change//Is very willing to change.	**.655**	.333	–.317	–.069
Autonomy (external)	. . . is highly dependent on relationships with external stakeholders to grow the business//Is not at all dependent on external stakeholders to grow the business.	**.505**	–.089	.381	–.421
Risk orientation	. . . favors low-risk projects with normal and certain rates of return//Favors high-risk projects with chances of very high returns.	.074	**.849**	–.085	–.136
Resource focus	. . . pursues opportunities with close attention to the resources we currently control//Pursues opportunities without regard to resources currently controlled.	.145	**.676**	.328	.162
Proactiveness	. . . is seldom the first to introduce new products/services, technologies, etc.//Is often the first to introduce new products/services, technologies, etc.	.216	**.628**	–.076	.084
Innovativeness	. . . favors a strong emphasis on existing internal processes (e.g., managerial, technological)//Favors a strong emphasis on new internal processes (e.g., managerial, technological).	.544	**.552**	–.103	.069
Stability versus growth	. . . values growth and expansion//Values stability and continuity.	–.172	–.321	**.766**	.075
Formality of strategizing	. . . tends to grow through a formal strategy//Tends to grow through an informal strategy.	–.083	.254	**.672**	.040
Autonomy (internal)	. . . allows individuals/teams to pursue business opportunities on their own//Expects individuals/teams pursuing business opportunities to obtain approval from their supervisor(s).	.102	.026	.127	**.892**

Note. Items loading on the same component in bold.

Discussion

Whereas the firm and the individual entrepreneur levels have received considerable attention in strategy, entrepreneurship, and family business research (Lumpkin & Dess, 1996; Scott & Rosa, 1996), we follow calls by researchers to include family as an additional level of analysis when investigating family firms and their longevity (Dyer, 2003; Moores, 2009; Nordqvist & Melin, 2010; Zahra & Sharma, 2004). The inclusion of the family as a distinct level of analysis is warranted because the family stakeholder category with its particular logic has a crucial impact on firm-level behaviors (Gomez-Mejia et al., 2007) and because business families often control more than a single firm (Naldi et al., 2011; Sieger et al., in press). Therefore, to unveil the scope and longevity of family-controlled business activity it is misleading to just focus on a single organizational entity.

Moving from the family business to the entirety of family-related business activity and assessing its evolution in a longitudinal manner has important consequences

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for our understanding of family firms and their longevity. It is essential to consider the many changes in ownership, board, and management structure occurring in firms over time, which can affect whether a firm is deemed "family" or "nonfamily." When studying longevity through the transgenerational entrepreneurship perspective, we cannot accept a narrow definition of family firms or organizational failure as divestments, as even firm failure can be useful for long-term value creation (Yamakawa et al., 2010). Just as importantly, when a next-generation family member is unwilling to take over from parents, this may not be seen as failure but as a value-creating strategy in light of other options for the firm and its leadership. Also, the level shift from firm to family further implies a focus on the portfolio of business activities of the family, beyond the single firm, and sees the family as the appropriate vehicle to assess whether value and wealth are created or destroyed over time. Finally, shifting from the family to the firm implies a unitary perspective of the family, despite potential intrafamily differences in preferences and perspectives.

Our preliminary empirical investigation of entrepreneurial activity at the family level provides exploratory data on the importance of such a level shift. Roughly 90% of the families responding to our survey indicate that they control more than a single firm. Our results suggest that there is strong entrepreneurial activity undertaken by controlling families beyond their core (i.e., largest) company. It is important to note here that in the traditional succession and longevity logic, families in our sample would be accountable for 2.7 failed firms over time (6.1 firms controlled over history—3.4 firms currently controlled). In the transgenerational entrepreneurship logic, however, these rearrangements of the business portfolio, in particular the firms divested or closed, may be seen as value-enhancing activities that advance the wealth position of the family as a whole.

Beyond the shift in level of analysis our study explores a further building block of transgenerational entrepreneurship, namely FEO, defined as the attitudes and mind-sets of families to engage in entrepreneurial activity. We argue that this family-level scale needs to combine attributes that are prototypical of the family domain—such as interdependency, stability, and transgenerational outlook—with attributes that are exemplary of the business domain—such as change, innovation, and risk orientation. The notion of FEO thus seeks to capture these bivalent attributes and the resulting tensions in family firms (Tagiuri & Davis, 1996). In such a paradox perspective the family and business logic seem logical individually but inconsistent and or even absurd when juxtaposed (Lewis, 2000). The argument of seeing FEO as a mix of family and business logic follows the systemic tradition according to which organizations have to attend to competing and often paradoxical demands simultaneously (Smith & Lewis, 2011). Both systems, family and business, are definitional and hence integral part of the family firm reality. They persist over time and cannot be separated from each other. Accordingly, the various tensions within family firms (for instance between stability and change, innovation and tradition, short-term and long-term orientation, family first and business first) cannot be resolved by the annihilation of the respective other dimension (Stewart & Hitt, 2010) and should therefore both be captured in an FEO scale.

With our, admittedly tentative, scale-building attempt, we have sketched out a possible FEO scale and identified two underlying components that are reflective of our considerations about combining family and business orientation in a combined measure: *transgenerational entrepreneurial orientation* and *risk and innovation orientation*. The first component, transgenerational entrepreneurial orientation, is particularly worth discussing in more depth. This dimension includes elements typically assigned to the business sphere such as creating new firms and at the same time also includes the family element of decision making with the next-generation mind. The fact that these seemingly opposing statements load on the same component reflect the synergistic perspective outlined above. Families are willing to foster change and growth of business activities, but they do so for the benefit of the next generation, and not solely the immediate benefit of the current owners. In addition, although previous literature has been divided with regard to how important innovation and risk-taking are for entrepreneurial development and longevity of family firms (Naldi et al., 2007; Schulze et al., 2003; Zahra, 2005), our preliminary findings suggest that risk and innovation are critical components of a business family's entrepreneurial orientation.

Seeing family and business perspectives as nonsubstitutable alludes to recent ambidexterity literature which suggests that organizations need to be aligned to both exploitation and exploration (Andriopoulos &

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Lewis, 2009; He & Wong, 2004; March, 1991; Sharma & Salvato, in press). Just as a one-sided exploitation may enhance short-term performance but can result in a complacency and competency trap because firms may not be able to respond adequately to environmental changes (Gibson & Birkinshaw, 2004), a one-sided focus on family can result in similar constraints. Conversely, just as too much exploration admittedly enhances a firm's ability to renew its knowledge base, it may spark endless cycles of trial and error. In analogy to this perspective, an excessive emphasis of business over family logic may undermine trust-based family relationships, reduce family commitment and, for instance, willingness to lend patient capital and can limit the value creation potential through the synergies from family involvement. Just as March's (1991) argument that successful firms are ambidextrous, contributed to a general shift in organizational research from trade-off to paradoxical thinking (Eisenhardt, 2000; Gavetti & Levinthal, 2000; Lewis, 2000), when trying to investigate longevity of family firms we suggest a shift to paradox thinking as reflected in our FEO concept. Taken together, just as firms are ambidextrous when able to simultaneously accommodate exploration and exploitation tendencies, our understanding of FEO suggests business families to be ambidextrous and ultimately value creating across generations if they are able to simultaneously accommodate paradoxical family and business orientations.

Limitations and Future Research

We need to point to some limitations of our study, most of which are related to the exploratory nature of the empirical part of our research. In addition to the limited sample size, our study may be affected by selection bias. In fact, the introductory question to our survey asking for family majority voting control in at least one company may have led to an overrepresentation of firms with multiple businesses in their portfolio, thereby inflating the evidence of portfolio activity. Given the address data sets we used, midsized to large firms are likely to be overrepresented. Accordingly, our findings may be particularly applicable to this type of firm.

Asking for business activity over time requires a level of familiarity with the evolution of entrepreneurial activity of the family, whereby older respondents may be more knowledgeable. However, in light of the mean age of our respondents of 49.2 years we have no indication that especially elder people should have filled out the survey, and hence would have inflated the level of family-controlled business activity over time. Our study may be affected by differing definitions of the family. How extended is the family? Who is part of it, and accordingly, what business activity is part of the family's portfolio of activities? While the various definitions of family represent a challenge, especially in cross-national studies of entrepreneurship because of the differing meaning of family across cultures, the impact of this aspect is likely to be limited in the present study given that the majority of firms in our sample are from North America. On the downside, we are not able to extend our findings to cultures and nations outside North America.

Also, our scale-building attempts are exploratory at best. Scale-building literature suggests that two data sets should be used to validate scales (Churchill, 1979). Unfortunately, however, we just have one sample at hand, and it is too small for a sample split. In addition, we did not perform a confirmatory factor analysis to further validate the distinctiveness of the two components of FEO. Given these restrictions we refrained from developing hypotheses about relationships between these components and some outcome variable.

Moreover, our data are affected by survivor bias. Part of the influence of John Ward's original study was his meticulous methodology to track individual firms over their history and note when firms "died." Given the resource constraints to this research, large-scale duplication of John Ward's methodology was not possible. Since we are only able to study living cases and not able to track firms that have disappeared or have reemerged, our findings are biased by the fact that we are investigating firms that have been successful in many of the dimensions we are investigating. Furthermore, we do not explore philanthropic activities, family offices, or to what extent families loan money to relatives to start their own businesses. These are all important areas for future research.

Future research can be designed to address these limitations. In fact, our study opens up a wide set of research opportunities. First of all, we suggest replicating our exploratory empirical study on a random sample of business families. More specifically, strategy and family business scholars have only started to look into the corporate strategy making and portfolio activities of

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business families. For too long, family firms have been assumed to be run as a single business entity by an owner-manager. As our research indicates, business families are often engaged in several businesses as a way to grow their total economic activity. More research is needed to better understand the drivers and motives behind this entrepreneurial behavior of families (Sieger et al., in press). Future research can also investigate how heirs use either inheritance money or trust fund money to fund their own business ventures. This may be a particularly common practice as businesses get older and branches on the family tree multiply; it then becomes an important way for family businesses to create transgenerational value.

Further attempts are needed to advance toward a scale of FEO. The challenge related to building such a scale is that it simultaneously combines family and business elements. The items and components in Table 2 may just be starting points in this direction. More solid scale-building attempts are needed to advance in such a direction. In doing so, the various scale-building methodologies will be helpful (Churchill, 1979; Hinkin, 1995; Liu et al., 2010; Schwab, 1980).

Alternatively, researchers could adhere to the empirical methodologies within ambidexterity literature. One way of advancing along this path is to investigate how various degrees of family orientation—measured through Lumpkin et al.'s (2008) family orientation dimensions, for example—combined with various degrees of business orientation—measured, for instance, through growth expectancies of the controlled activities—affect the transgenerational value creation in the controlled firm(s). Researchers could investigate how a family that scores high on both logics affects value creation, in which case the product (Family orientation * Business orientation) would be a good proxy for ambidexterity. Alternatively, a family may be regarded as ambidextrous if it displays relatively equal emphasis on both logics. In this balanced approach, one would have to take the difference (family orientation – business orientation) as the proxy for family ambidexterity. In this case, even a firm that puts low emphasis on both dimensions would be classified as ambidextrous (Andriopoulos & Lewis, 2009; He & Wong, 2004; Raisch & Birkinshaw, 2008).

Finally, as FEO is a construct intended to be measured on the family level of analysis, we believe that it may also be useful in helping explain a new set of family-level dependent variables in future research. Future research may attempt to measure total wealth accumulated by families across generations or entrepreneurial activity across generations. Exploring these dependent variables for future research would be most appreciated since it could give voice to our more fundamental observation that families and not only entrepreneurs or individual firms are drivers of economic growth and prosperity.

Implications for Practice

Our proposed approach to longevity in family firms has several important implications for practice. By shifting the level of analysis to the family, business families can decouple family and firm life stage in a way that may lead to the creation of new streams of value over time. Seeing a family's entrepreneurial orientation as a critical antecedent to transgenerational value creation, it may be important to shift a family's self-understanding from controlling a "family business" to being an "entrepreneurial family."

Second, this article offers an alternative approach to the often contentious process of succession in family firms. For those firms that view the family as the wealth creation vehicle and strive to create new businesses over time, they may be able to move beyond the succession model which is based on identifying the single most competent heir to become the CEO. Rather, when there are multiple firms or the opportunity to create new firms, there are also multiple leadership roles for next-generation family members. Next-generation family members may not only take over the core family firm, but they may also start a new firm, create value by developing a philanthropic arm, and lead a major new initiative within the family firm—for instance franchising or taking a manufacturing company into retail.

Third, those who wish to intentionally integrate entrepreneurial behavior into their business family need to find mechanisms and structures which facilitate this in a way that is not tied to a single firm. Although further work needs to be done to study their effectiveness, a few examples include creating an internal family venture fund, a family-controlled holding company, an incubator for new ventures, or an online family forum for sharing ideas.

Conclusion

We believe that our study contributes to the ongoing and important debate about longevity in family firms by

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redirecting the discussion to the family level of analysis. Such a family-centered perspective that takes into account the total entrepreneurial activity of a family has been conspicuously overlooked in the literature to date and significantly adds to our understanding of family firm longevity and transgenerational value creation of families. Our exploratory study offers initial insights into how we might reframe the longevity and succession discussion in family firms and stimulate promising research about transgenerational entrepreneurship and value creation.

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Notes

1. In fact, many have misquoted Ward's statistics, indicating at each level that family firms survive "to" the next generation, rather than "through" that generation. This small change in preposition has large impact considering that a generation lasts 20 to 25 years.
2. This figure also represents the basic research framework of the STEP project, a global collaboration of more than 40 universities to explore entrepreneurship in the family context. The research framework has been developed jointly by researchers active in this project. For more information visit www.STEPProject.org
3. We defined core company as the largest company within the family business group in terms of sales volume. There are family business groups that only consist of one company, which is then defined as the core company. This definition was provided in the introduction to the survey. Family business group in turn refers to the entirety of the business portfolio controlled by the business family. The family business group can consist of one or multiple companies.
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