Managing in the Long Run in Family Businesses: Factors Influencing Trans-Generational Continuity

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Abstract

The trans-generational business continuity of family businesses (FB) is contingent on entrepreneurial orientation (EO) through multiple generations. Research shows that EO declines precipitously after trans-generational family succession. In contrast, previous studies have found that exceptional FB establish trans-generational entrepreneurship (TGE) throughout generations by imprinting EO on incumbent and next-generation family successors, practising entrepreneurial legacy. While the founder of the business is vital in the first generation, EO is more contingent upon interpreting the competitive environment in the second generation. In the third generation and beyond, it is access to non-family resources that drives EO. Whereas professionalisation of management is seen as a remedy that helps maintain EO, preservation of familiness and socio-emotional wealth (SEW) sometimes prevents the professionalisation of the management of FB. The entrepreneurial legacy that has previously been theorised limits the explanation of the imprinting of EO only to family successors. Taking forward this argument and bringing the ideological perspectives of the family and family relations into play, the paper argues that EO, familiness, and SEW can be imprinted on non-family professional managers, thus ensuring TGE trans-generational business continuity in FB.

Keywords: Family businesses, Trans-generational entrepreneurship, Familiness, Socio-emotional wealth, Professionalisation, Trans-generational business continuity

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Introduction

The numerical dominance, and the contributory significance of family businesses (FB) in the world economy is now a well-established and widely acknowledged fact (Chrisman & Chua, 2005; Miller & Miller, 2005; Morck & Yeung, 2004; Poza & Daugherty, 2014). Nevertheless, the trans-generational business continuity of FB is reportedly poor, with about 30% surviving to the second generation, about 13% to the third, and only less than 3% being lucky enough to see the light of the generations beyond (Aronoff et al., 2011; Chittoor & Das, 2007; Lucky et al., 2011; Poza & Daugherty, 2014; Ward, 1986, 2011). Ward's (1987) seminal discovery of the 30/13/3 statistic, which is largely unchallenged, has compelled FB consultants and researchers to explore the veracity of this claim (Zellweger et al., 2012). Though Ward (1987) focused on American Family Businesses, no evidence was found to prove that FB in other parts of the world are vulnerable to this rather unfortunate fate (Poza & Daugherty, 2014; Ward, 2011).

Schumpeter's Life cycle Theory predicts that business booms and busts follow predictable wave-periods of standard lengths (Schumpeter, 1939). Leon A. Danco, a legendary family business author (Aileron, 2013), writing the foreword for Ward's (1987) book " Keeping the Family Business Healthy", stresses that the demise of once-thriving family businesses in America "are not due to the popularly cited scapegoats such as confiscatory taxation, ruthless competitors, unproductive labour, technological change, and insidious regulations, but are destroyed, slowly but surely, by the actions or more accurately, the inactions of the owners and managers" (Ward, 2011). Hence, FB researchers and consultants are posed with the challenge of finding more sustainable and meaningful answers (De Massis et al., 2008), mainly related to the actions and inactions of owners and managers of FB. Miller and Le Breton-Miller (2005) elaborate on the depth of the wounds, and the magnitude of the pain caused to the global economy in the early 2000s when many family-owned businesses collapsed. The managers of these concerns, who should have been held accountable, failed to prevent these enterprises from getting into trouble.

For most FB CEOs and owners, planning for the continuity of the enterprise is the ultimate management challenge (Aronoff et al., 2011). This issue is now called trans-generational business continuity (Stangei et al., 2013). It is defined as the capability of the founding entrepreneur's business to ensure the existence (Zellweger et al., 2011), and continuity of its operations after the founder's exit from the business (Nkambwe, 2010), and beyond his/her lifetime (Labaki et al., 2012). Trans-generational business continuity also means successfully continuing, and maintaining the business' original entrepreneurial orientation (Lumpkin & Dess, 2001), through many generations (Tokarczyk et al., 2007), whether the business is family owned, controlled, and managed by family members (Dawson, 2014), or by non-family professional managers (Johannisson & Huse, 2000).

The existing literature reveals that strategies found and practised by businesses to maintain trans-generational business continuity have failed continuously (Miller, D. 2004; Rosa, 2008). For instance, the poor management of ordinary succession which refers to the transfer of ownership and control to legitimate family members (Handler, 1990; Le Breton-Miller et al., 2004), is cited as a cause for the inability to ensure trans-generational business continuity (Miller & Miller, 2005; Rosa, 2008). Professionalisation, which refers to the passing of management to professional non-family managers is another widely practised but scantly researched area (Chittoor & Das, 2007). Miller et al., (2005), pointed out how professional managers of family businesses have often failed in preventing companies getting into trouble. Nevertheless, though professionalisation does not guarantee trans-generational entrepreneurship, previous researches studying the generational perspective of family businesses found that access to non-family resources, that is professionalisation, drives entrepreneurial orientation to a great extent, particularly after the third generation (Cruz & Nordqvist, 2012).

Entrepreneurship is recognised as the basic essence warranting the success, survival, and continuity of every business (Shane & Venkataraman, 2012; Sirmon et al., 2003). However, for long-term survival, FB need to continuously engage in entrepreneurial activities to revitalise themselves, and stay competitive (Cruz & Cristina, 2012; Ward, 2011). The failure of FB, particularly falling into the three-generational survival trap, is due to the decline in entrepreneurial orientation after family succession (Zellweger et al., 2012). Research shows that FB lack the reputation for being entrepreneurial (Block et al., 2013; Jaskiewicz et al., 2015), particularly once control is passed from the founders to next-generation family successors (Cruz & Nordqvist, 2012; Gómez-mejía et al., 2007; Jaskiewicz et al., 2015). In this regard, certain factors like nepotism, the need to preserve the status-quo, securing socio-emotional wealth, and avoiding agency problems (Sirmon et al., 2008) are used to justify family succession (Fukuyama, 1995; Morck & Yeung, 2004).

In contrast to the general trend in precipitously declining entrepreneurial behaviour after family succession (Bertrand & Schoar, 2006; Block et al., 2013), research shows that some exceptional family businesses have maintained entrepreneurship through multiple generations (Jaskiewicz et al., 2015). Recently, Jaskiewicz et al. (2015) theorised "entrepreneurial legacy" to explain how exceptional family businesses maintain entrepreneurial orientation through multiple generations using rhetorically reconstructed narratives of their past entrepreneurial successes or resilience. As cited by Marquis and Tilcsik (2013), it is possible to systematically imprint entrepreneurial propensity on incumbent and subsequent generation family owners by practising three strategic initiatives: strategic education, entrepreneurial bridging, and strategic succession. However, the fundamental lacuna found in Jaskiewicz, Combs, and Rau's (2015) theorising of "entrepreneurial legacy" lies in the fact that the imprinting of entrepreneurial orientation is limited to incumbent and next generation family owners, and does not discuss the possibility of imprinting entrepreneurial orientation on non-family professional managers. Whereas professionalisation is recognised as a crucial step in maintaining entrepreneurial orientation, particularly in the third generation and beyond (Cruz & Nordqvist, 2012), how family businesses imprint entrepreneurial orientation on non-family professional managers, ensuring that trans-generational business continuity, remains an issue that demands explanation.

It is a well-established fact that family-owned businesses are full of emotional dimensions due to the intersecting ideologies of the founder, family, and management (Poza & Daugherty, 2014; Tagiuri & Davis, 1996) acting as three sub-cultures. Familiness,, which differentiates family businesses from their non-family counterparts, is explained by the resource based view, which states that idiosyncratic and heterogenetic assets which are highly ideological, play a pivotal role in developing competitive advantages in volatile business environments (Poza & Daugherty, 2014; Ward, 2011). Hence, scholars suggest the imperativeness of studying the ideological and emotional aspects in FB (Koiranen, 2003; Krueger, 2003), i.e. familiness, and socio-emotional wealth, which are recognised as under-researched areas of the family business phenomenon (Dyer, 2003; Labaki et al., 2012). According to these arguments and evidence based on the current literature, professionalisation is recognised as a strategy that can be utilised to ensure trans-generational business continuity (Chittoor & Das, 2007). Therefore, the present study argues that only through imprinting the entrepreneurial orientation of the founder entrepreneur on, and systematically transferring socio-emotional wealth and familiness to non-family professional managers, family businesses can ensure establishing trans-generational business continuity. Accordingly, the following research question is raised: What factors influence the trans-generational business continuity of family businesses?

This paper makes several contributions to the entrepreneurship and family business literature. Firstly, it explores the determinants and process of imprinting a founder's entrepreneurial orientation on non-family professional managers. Secondly, it addresses the process of transferring the ideological perspectives of FB to non-family professional managers, perspectives that include the constructs of familiness, and socio-emotional wealth, which distinguish FB from non-family businesses. Thirdly, this paper adds to the scant body of knowledge on how trans-generational entrepreneurship of non-family professional managers moderates the relationship between professionalisation and trans-generational business continuity. Fourthly, the paper contributes to the family business literature by exposing a new dimension in proposing a credible theoretical solution for the three-generational survival trap facing family businesses.

The remainder of this paper is organized as follows. As there is a longstanding definitional ambiguity in the family business research domain, this article first clarifies what a family business is. Then, the existing literature on the concept covered in this study is reviewed sequentially, starting with trans-generational business continuity, and followed by trans-generational entrepreneurship, succession in family businesses, professionalisation of management, familiness, and socio-emotional wealth. Thereafter, the conceptual model is presented based on the reviewed literature, together with five propositions. Finally, the theoretical and managerial implications of the study, and directions for future research are offered. The paper ends with some concluding remarks.

Literature review

Family businesses

Despite the economic dominance of family-owned businesses which have gathered momentum over three decades, it is a well-established fact that researchers have failed to agree on a unified definition for family businesses (Chrisman & Chua, 2005; Lucky et al., 2011; Poza & Daugherty, 2014). Due to the availability of a plethora of definitions, researchers have emphasised the necessity of arriving at a general agreement by focusing on the specific research subject (Alderson, 2011; Chrisman & Chua, 2005). Chittoor and Das (2007) point out that the component-of-involvement approach draws attention to the founder's entrepreneurial orientation, trans-generational entrepreneurship, succession, familiness, and socio-emotional wealth. The current study follows Chua, Chrisman, and Sharma's (1996, p. 25) definition of a family business as "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". These definitions of FB clearly outline its significant components, such as the fact that they are governed, managed, and shaped by, and pursue the founder's vision, are family controlled, and come under family members' influence. These components need to be theoretically understood in studying the critical issues that prevent FB from maintaining trans-generational business continuity.

Trans-generational business continuity

In general, business continuity means a firm's ability to continue its key operations without stoppage, irrespective of adverse circumstances or events. In FB, continuity means the ability to, at the very least, survive beyond the first generation (Dyer, 1988). Continuity characterises the age of a company, regardless of its ownership structure. Therefore, it is often measured by the length of organisational survival. Survival is linked to the age of any organisation, whether it is or is not owned, and controlled by the same family (Stangei et al., 2013). However, FB differ from other forms of businesses due to the involvement of family, and the influence of business matters. Business continuity in FB is largely tied to the intentions of the founder, family, and family members to continue (Handler, 1990) the business under family control, without harming the founder's entrepreneurial spirit and leadership (Kenyon-Rovinez & Ward, 2005), to maintain the legitimate right to use power, to grow wealth, to feel joy (Koiranen, 2007) and family harmony (Poza, 2010), while protecting rights of possession and freedom of disposal (Hage & Pfordten, 2009; Sharma, 2004). Different events have been cited that threaten the continuity of FB. Business continuation is an important aspect of every business (Handler, 1990). The fundamental factors cited in Schumpeter's Life cycle Theory apply to every business, irrespective of whether it is a family or a non-family business.

Although the trans-generational business continuity of family businesses is of socio-economic significance, Zellweger et al. (2011) highlight that the three-generational survival trap limits trans-generational longevity. As stated above, research shows that the trans-generational survivability of FB is reportedly poor, where only 30% survive to the second generation, 13% to the third generation, and only less than 3% is capable enough to survive beyond (Aronoff et al., 2011; Ward, 2011). In contrast to the above phenomena, Jaskiewicz et al. (2015) highlighted some exceptional family businesses that have survived multiple generations by maintaining a form of trans-generational entrepreneurship called entrepreneurial legacy. Entrepreneurial legacy comprises strategic education, entrepreneurial bridging and strategic succession (Jaskiewicz et al., 2015)

When theorising entrepreneurial legacy, entrepreneurs rhetorically reconstruct narratives of their entrepreneurial successes, and the resilience of founders and members of past generations who imprint (Jaskiewicz et al.,2012; Marquis & Tilcsik, 2013) entrepreneurial capabilities on family successors, whereby trans-generational entrepreneurship is established.

Trans-generational entrepreneurship

Scholars define entrepreneurship as creating new enterprises, innovation, new ventures, and strategic renewal leading to social and economic performance within firms (Habbershon et al., 2010). Habbershon, Nordqvist, and Zellweger (2010) argue that entrepreneurship is the key to performing well, and maintaining success over multiple generations in family businesses. Shane and Venkataraman (2000) stated the essentials of entrepreneurship as business success, survival, and continuity. For FB, maintaining long-term survival requires engaging in entrepreneurial activities to revitalise their businesses, and stay competitive (Cruz & Nordqvist, 2010). It is reported that FB is less entrepreneurial after the founder's/s' exit from the business (Bertrand & Schoar, 2006; Block, 2012; Block et al., 2013; Jaskiewicz et al., 2015). Therefore, entrepreneurial orientation is a prerequisite for trans-generational business continuity. Trans-generational entrepreneurship creates value for the current stakeholders and future stakeholders, particularly for future family generations (Zellwerger et al., 2011). Habbershon et al. (2010) define trans-generational entrepreneurship as "the process through which a family uses and develops entrepreneurial mindsets and influences resources and capabilities, to create new streams of entrepreneurial, financial, and social value across generations" (p.1). Trans-generational entrepreneurship is mainly discussed in the context of family and family relationships. In this regard, Le Breton-Miller and others (2004) highlight that succession in family businesses is a crucial issue. However, most studies highlight that family businesses select succession based on nepotism, preservation of the status-quo, and on many other ideological reasons (Fukuyama, 1995; Morck & Yeung, 2004; Zellweger et al., 2012).

Succession in family businesses

The preferred choice of a family business is handing over the management to the members of the same family, who naturally inherit the right to own, and manage the business (Chittoor & Das, 2007). Empirical evidence highlights succession as the most central issue for trans-generational survival of family businesses (Poza & Daugherty, 2014; Ward, 2011). In the context of family businesses, succession refers primarily to "the transfer of management and/or ownership from one family member to another" (Danny Miller, 2004). Nevertheless, Beckhard and Burke (1983) define succession as "passing of the leadership baton from the founder-owner to a successor who will either be a family member or a non-family member; that is, a "professional manager". Handler (1994) argues that succession is not merely passing the ownership baton to a family member, but instead, a systematic and well-planned process that should progress through several stages and evolve, and, in most cases, begin earlier than the prospective successor enters the business. Rosa (2008), evaluating factors on why family businesses fail to transfer or survive into the next generation, highlights that not managing succession is a primary reason for business failure (Poza & Daugherty, 2014).

Success within the family members is a strong reason for family businesses falling into the three-generational survival trap (Jaskiewicz et al., 2015; Poza & Daugherty, 2014). Miller et al. (2003) explained three patterns of ineffective 'succession' in FB: Conservative, Rebellious and Wavering. In the Conservative succession pattern, the next generation is locked in the parental shadow in the firm, and its strategies are anchored in the past. In the Rebellious pattern, the next generation ignores and disregards traditions, legacies, and secrets to success, and attempts to start on a clean slate. In the Wavering pattern, the next generation is paralyzed by indecisiveness, and the inability to adjust the business to current competitive conditions. Cruz and Nordqvist (2012), studying the generational perspective of family businesses with entrepreneurial orientation, found that while the founder is vital in the first generation, access to non-family resources drives entrepreneurial orientation to a greater extent in the third generation and beyond (Cruz & Nordqvist, 2012). Further, the above researchers found that non-family managers on the top management team make a positive difference to EO only in the third generation and beyond. Therefore, professionalisation of the management brings access to non-family resources which help family businesses ensure entrepreneurial orientation, a key prerequisite for success and survivability of family businesses (Fang et al, 2012; Songini Lucrezia, 2006).

Professionalisation of the management

Family researchers define professionalisation using two concepts. First comes the transformation of 'succession of management from a family member to a non-family professional manager' (Chittoor & Das, 2007; Dyer, 1988). Second comes adopting professional norms into management (Fang et al., 2012; Hofer & Charan, 1984). Lee et al. (2012) argue that due to the need for protection of the socio-emotional wealth of the family system (Gómez-mejía et al., 2007), and the need for avoiding agency costs (Chua et al., 2009), family businesses exhibit relatively less professionalisation. In contrast, in developing economies, some family businesses are inclined to professionalisation to enjoy first-mover advantages, and to achieve above-average-returns, though most market players are non-professionalised family firms (Lee et al., 2012). Dyer (1988) argues that though professional managers can bring new ideas and management techniques in accounting, marketing, and other operating systems to run a business more efficiently, they can sometimes alienate employees working for the family, since the business will now be run under a different set of assumptions. As professional managers have fewer ties to the past, they can see new possibilities that can move the business in a new direction (Dyer, 1988). Chittoor and Das (2007) propose the professionalisation of management as a crucial link for successful succession in family businesses, often resulting in intra-generational business continuity. In line with this, Feng et al. (2012) verified that professionalisation is a driver for competitive advantages.

Contrary to the argument of professionalisation of management for better performance (Vandekerkhof et al., 2014), it has weaknesses in the context of family businesses. Notably, as family businesses differ from other forms of businesses due to family involvement and family relationships, which is seen as a unique competitive advantage inherent in family businesses, it is argued that professionalisation may dilute such an advantage. In addition, familiness, which has three dimensions – structural, relational, and cognitive – is an emotional resource that needs to be understood as an internal resource (Kansikas et al., 2012), whilst professionalisation is an external resource available for family businesses.

Familiness, the idiosyncratic resource of the family

As stated earlier, the involvement of the family in the business differentiates FB from other forms of businesses (Chrisman et al. 2003; Irava & Moores, 2010; Tagiuri & Davis, 1996), and acts as a unique competitive advantage central to the family business strategy (Astrachan et al., 2002). As Irava and Moores (2010) claim, this uniqueness is a result of the idiosyncratic resources and capabilities generated when the family system interacts with the business system, and hence, is labelled as "familiness" (Irava & Moores, 2010). Habbersshon and Williams (1999) defined familiness as "the unique bundle of resources a particular firm has because of the systematic interaction between the family, its individual members and the business". However, Kansikas and others (2012) grouped these resources under three dimensions; structural, which refers to network ties; relational, which includes trust, norms, obligations, and identifications; and cognitive, which consists of the shared vision of family members and shared language, which relates more to the emotional dimension in the relationships of family members. In addition to familiness, socio-emotional wealth plays a significant role in family businesses.

Socio-emotional wealth (SEW), the non-financial endowment of family businesses

In addition to familiness that stems from family relations, family businesses are typically motivated by, and committed to the preservation of socio-emotional wealth (SEW), which refers to non-financial aspects or the "affective endowment" of family owners (Berrone et al., 2012; Vandekerkhof et al., 2014). Berrone and others (2012) state that to preserve SEW endowments, FB tend to make decisions that are not driven by economic logic, and hence, would sometimes not hesitate to put themselves at risk. Further, Berrone et al. (2012) propose different dimensions of SEW, referred to by the acronym FIBER. These comprise family control and influence, identification of family members with the firm, binding social ties, emotional attachments of family members, and renewal of family bonds through dynastic succession.

Gomez-Mejia (2007) developed the SEW model as a general extension of the Behavioural Agency Theory containing integrated elements of the Prospects Theory, the Behavioral Theory of the Firm, and the Agency Theory. The fundamental premise of the SEW model is that firms make choices depending on the reference point of the dominant principals, and that these principals will make decisions in such a way that they preserve accumulated endowments (Berrone et al., 2012; Deephouse et al., 2013). Therefore, in the case of family principals, preserving SEW is critical. Previous studies suggest that access to resources by non-family professional managers is crucial for firms to be entrepreneurial in the third generation and beyond (Cruz & Nordqvist, 2012). However, the necessity for the preservation of SEW forces many FB to adhere to a suboptimal choice of keeping the management within family hands (Deephouse et al., 2013; Vandekerkhof et al., 2014). Accordingly, FB face this paradox: and hence, they need to professionalise the business while, simultaneously, finding ways to preserve SEW.

Propositions and conceptual framework

Professionalisation of management

Professionalisation refers to the passing of the leadership baton from the founder-owner or the incumbent owner to a successor, either a family member or a non-family professional manager (Beckhard & Dyer, 1983). Scholars refer to professionalisation primarily as management succession and not ownership succession. Thus, professionalisation of the management of a family business emerges in the event on the grounds of succession. Herein, business control is handed over to a non-family professional manager instead of a family member (Chittoor & Das, 2007). Professionalisation of management in FB is recognised as a remedy when succession within family members is not possible (Chittoor & Das, 2007). This may be due to the limitation of the CEO talent pool within the family, the necessity to avoid intra-family conflicts, and/or the desire to obtain superior performances (Stewart & Hitt, 2012). Researchers have found that to maintain business success and continuity, particularly beyond the second generation, access to non-family resources is essential (Coleman & Carsky, 1999; Cruz & Nordqvist, 2010, 2012). Hence, they advocate passing the management to non-family professional managers (professionalisation). If a family business behaves as a non-family business, it could sometimes be favourable for the business continuity, and this advantage is typically couched in terms of professionalisation of the management (Stewart & Hitt, 2012). Professionalisation is recognised as a remedial measure that can overcome most traditional weaknesses in family businesses, and takes advantage of the strengths to succeed (Martinez et al., 2007). Therefore, professionalisation of the management in family businesses helps access of non-family resources that are needed when the family talent pool is inadequate, to establish effective management practices, eliminate traditional weaknesses, achieve superior performance, and maintain continuing vitality. Based on these arguments, and the aims of the study related to exploring the determinants of trans-generational business continuity of FB, the researcher proposes the following preposition;

P_1: Professionalisation of the management of family businesses will ensure trans-generational business continuity.

Entrepreneurial orientation and imprinting entrepreneurial propensity on non-family professional managers.

Entrepreneurial mindsets are seen as the attitudes, values, and beliefs that orient a person or a group towards pursuing entrepreneurial activities (Lumpkin & Dess, 1996; Zellweger et al., 2012). The strategic behaviour of a person or a group that is characterised by pro-activeness, innovativeness, and risk-taking is labelled as entrepreneurial orientation (Boling et al., 2015; Lumpkin & Dess, 2001; Tajeddini, 2010; Zellweger et al., 2012). The term entrepreneurship refers to the content of entrepreneurial decisions by addressing what is undertaken. Entrepreneurial orientation refers to key entrepreneurial processes that reveal how new ventures are undertaken (Lumpkin & Dess, 2001, 1996). Hence, while the entrepreneurial mindset is vital to maintaining entrepreneurship through multiple generations, it is entrepreneurial orientation that answers how the processes continues, and hence, it is more important in maintaining trans-generational business continuity. By acting entrepreneurially, firms are better equipped to adapt to change, compete, and gain competitive advantages (Jaskiewicz et al., 2015; Lumpkin & Dess, 1996).

Though family businesses are the dominant form of businesses globally (Chrisman & Chua, 2005; Morck & Yeung, 2004; Poza & Daugherty, 2014), they lack reputation for being entrepreneurial (Block et al., 2013). This means the commitment to entrepreneurship declines precipitously once control is passed from the founding member/s to later generations (Block et al., 2013; Cruz & Nordqvist, 2012; Gómez-mejía et al., 2007; Jaskiewicz et al., 2015). Ward (2011) explains that only 30% of family businesses survive to the second generation, 13% to the third, and less than 3% survive beyond that. This decline is due to poor planning, implementation delays, conflicts (De Massis et al., 2008), family succession, and the inability to maintain entrepreneurial orientation through multiple generations (Aronoff et al., 2011; Cruz & Nordqvist, 2012; Jaskiewicz et al., 2015; Ward, 2011). Research on entrepreneurship has recognised genetic factors (Nicolaou & Shane, 2009), and role modelling by entrepreneurial parents (Laspita et al., 2012) that make FB less or more entrepreneurial (Jaskiewicz et al., 2015; Kellermanns & Eddelston, 2006; Zahra & Covin, 1995). Furthermore, evidence suggests that these two factors dissipate by the third generation (Cruz & Nordqvist, 2012; Jaskiewicz et al., 2015; Laspita et al., 2012), suggesting that the age of the person in charge is the next factor that determines whether FB is less or more entrepreneurial of (Jaskiewicz et al., 2015; Laspita et al., 2012). Therefore, to maintain trans-generational entrepreneurship in FB, particularly after the third generation, it is essential to find a strategy that would preserve the genetic factors, and role modelling of the founder's entrepreneurism in the firm and the family.

Nevertheless, contrary to empirical evidence that claims that FB are less innovative and entrepreneurial, particularly after ordinary succession (Block et al., 2013) as has already been discussed above, exceptional FB compete by repeatedly engaging in entrepreneurship across multiple generations (Miller & Le Breton-Miller, 2005). Jaskiewicz et al. (2015) point out that such businesses maintain trans-generational entrepreneurship by imprinting strength on to trans-generational entrepreneurship by imprinting the founder's entrepreneurial orientation on incumbents and next-generation family members.

The Imprinting Theory (Stinchcombe, 1965) predicts that individual and organisational responses to environmental conditions can persist long after these environments change (Jaskiewicz et al., 2015). Marquis and Tilcsik (2013, p.201) define imprinting as "a process whereby, during a brief period of susceptibility, a focal entity develops characteristics that reflect prominent features of the environment, and these characteristics continue to persist despite a significant environmental change in subsequent periods". At the individual level, microeconomic conditions experienced in early life profoundly influence risk propensity several decades later (Malmendier & Ngel, 2011). Therefore, at the organisational level, leaders' actions and routines during crucial and stressful periods shape the organisational characteristics imprint that they persist over time (Jaskiewicz et al., 2015; Marquis & Tilcsik, 2013). Thus, the original entrepreneurial orientation of the founding entrepreneur can be imprinted on his/her successor.

The role modelling engaged in by entrepreneurial leaders necessary to nurture trans-generation entrepreneurship is required for second-hand imprinting that focuses on three strategic activities: strategic education, entrepreneurial bridging, and strategic succession. Marquis and Tilcsik (2013) found that a sensitive period will be remembered throughout the business from its entrepreneurial imprinting on non-family professional managers even after the founder entrepreneurs have departed. Therefore, entrepreneurial orientation (EO) or propensity can be passed on to non-family professional managers to ensure trans-generational business continuity in family businesses. Accordingly, this researcher argues that the EO of the founder can be embedded/imprinted not only in/on family members but also in/on non-family professional managers. Hence, the following preposition is advanced;

> *P_2: By practising the three strategic activities of entrepreneurial legacy, namely, strategic education, entrepreneurial bridging, and strategic succession, family businesses can imprint entrepreneurial orientation on non-family professional managers.*

Idiosyncratic and heterogenetic advantages of familiness and access to non-family resources

It has been found that FB often outperform their non-family counterparts financially (Irava & Moores, 2010; Villalonga & Amit, 2004), using their uniquely inherent competitive advantages arising out of family involvement in the business (Tagiuri & Davis, 1996). When the family and business systems interact and work together, it results in a unique bundle of idiosyncratic resources and capabilities, valuable, rare, inimitable, and non-substitutable, labelled as familiness (Habbershon & Williams, 1999; Irava & Moores, 2010). Therefore, familiness is a unique and rare competitive advantage that every FB must secure, and use for success in order to move ahead of rivals in competitive business environments.

Researchers who have focused on the generational perspective on FB have found that FB maintain entrepreneurial orientation across generations (Cruz & Nordqvist, 2012; Jaskiewicz et al., 2015) by preserving and capitalising on the idiosyncratic and heterogenetic advantages of familiness (Habbershon & Williams, 1999), However, they also found that access to non-family resources, particularly in the third generation and beyond, is vital for long-term success and survival (Cruz & Nordqvist, 2012). Similarly, in examining familiness that results from importing family concepts into business operations with non-family members (Chrisman et al., 2003), researchers have revealed that family influence create positive performance when the views of non-family members in management are also considered (Kansikas et al., 2012; Sirmon et al., 2008). Researchers found that even in multi-generational FB where different generations participate in management, ownership and/ or governance, familiness is a resource that can be positively utilised for competitive advantages (Irava & Moores, 2010). Whereas familiness is defined according to the resources available, researchers group these resources under three dimensions: structural, which refers to network-ties, relational, which comprises trust, norms, obligations, and identifications, and cognitive, which involves shared vision, and shared language (Kansikas et al., 2012; Pearson et al., 2008).

Hence, as these arguments suggest, familiness is a rare and unique bundle of resources stemming from family relations, which are structural, relational, and cognitive, that can be used productively to obtain competitive advantages. Also, the access gained non-family resources by the professionalisation of management also leads to the long-term survival of FB. Based on the above arguments, the following proposition is advanced;

> *P_3: By transferring the structural, relational, and cognitive dimensions of familiness to non-family professional managers, family businesses will retain the entrepreneurial orientation of non-family professional managers.*

Transferring socio-emotional wealth to non-family professional managers

Whilst familiness endows unique competitive advantages to FB due to family involvement in business, socio-emotional wealth (SEW) is the other non-financial endowment that FB inherit due to familiness (Berrone et al., 2012). The main attributes of SEW are those related to social and family identity, emotional bonds and attachments between family members, and renewal of family bonds through dynastic succession. Therefore, FB tend to, sometimes, make decisions that are not economically logical, but serve to preserve their SEW (Deephouse & Jaskiewicz, 2013). In other words, the central argument related to SEW and FB is that FB make decisions based on socio-emotional reference points, and not just based on an economic rationale (Gómez-mejía et al., 2007). Thus, FB work to protect their social status and reputation, as family members are identified with the firm. The SEW perspective indicates that FB behave in a more socially responsible manner, and ignore short-term economic goals for the firm (Berrone et al., 2012; Deephouse & Jaskiewicz, 2013). Non-family professional managers, as non-family resources FB, are also vital for maintaining long-term success and survival, particularly in the third generation and beyond (Cruz & Nordqvist, 2012). However, these professional managers have no reputation been linked to the past of FB, and emotionally bonded with the firm, and hence, may not be capable of preventing the business from getting into trouble (Miller et al., 2005). Therefore, the researcher argues that transferring socio-emotional wealth to non-family professional managers will enable managers to act as family members would, in any given situation. Based on the above arguments, the researcher advances the following proposition and propose;

P_4: By transferring socio-emotional wealth (SEW) to non-family professional managers, family businesses will retain entrepreneurial orientation in non-family professional managers.

The moderating effect of the trans-generational entrepreneurship of non-family professional managers

Despite its contributory significance and numerical dominance, it is evident that the trans-generational business continuity of FB is poor due to the three-generational survival trap (Jaskiewicz et al., 2015; Ward, 2011; Zellweger et al., 2012). Nevertheless, research has found that exceptional family businesses survive multiple family generations by maintaining trans-generational entrepreneurship, thus successfully avoiding the three-generational survival trap (Jaskiewicz et al., 2015). By acting entrepreneurially firms are better equipped to adapt to change, compete, and gain competitive advantages (Jaskiewicz et al., 2015; Lumpkin & Dess, 1996; Zahra & Covin, 1995). Hence, maintaining entrepreneurship is the basic essence that warrants success and survival in every stage of the business, and ensures trans-generational business continuity (Shane & Venkataraman, 2012). Therefore, to establish trans-generational business continuity, FB need to maintain trans-generational entrepreneurship (Cruz & Nordqvist, 2012; Habbershon et al., 2010; Shane & Venkataraman, 2012).

Entrepreneurialism is a cognitive construct that explains a person or group's attitudes, values, and beliefs (Lumpkin & Dess, 1996). The encouragement to engage in strategic behaviour proactively, innovatively, and being ready to bear risks is defined as entrepreneurial orientation (Boling et al., 2015; Lumpkin & Dess, 2001; Tajeddini, 2010). Therefore, entrepreneurial orientation is the outcome and action-process that implements entrepreneurship (Boling et al., 2015; Lumpkin & Dess, 2001) in creating new products and services, entering new markets, adopting innovative products and services, developing new raw materials, and implementing new ways of business activities (Jaskiewicz et al., 2015; Schumpeter, 1934). Nevertheless, research shows that entrepreneurial orientation in FB declines rapidly once control is passed from the founding generation to later generations (Block et al., 2013; Cruz & Nordqvist, 2012; Gómez-mejía et al., 2007), and this eventually leads to the three-generational survival trap (Jaskiewicz et al., 2015).

In contrast, the second generation largely depends on adapting to the external business environment, and the third generation and beyond rely on access to non-family professional managers (Cruz & Nordqvist, 2012). Therefore, it is understood that maintaining entrepreneurial orientation and handing over the management to non-family professional managers (professionalization) are equally required for family businesses to maintain trans-generational business continuity. An exceptional family business maintains entrepreneurial orientation through multiple family generations by imprinting its entrepreneurial legacy on incumbent and next-generation family members (Jaskiewicz et al., 2015; Block et al., 2013; Cruz & Nordqvist, 2012). Therefore, in this study, trans-generational business continuity becomes the dependent variable, and the non-family professional manager is considered the independent variable. The empirical evidence stated in the above paragraphs proposes a positive correlation between the entrepreneurial orientation of non-family professional managers and the trans-generational business continuity of family businesses. EO of non-family professional managers, more or less, has a moderating influence on trans-generational business continuity. Therefore, these arguments lead to the following proposition;

> P_5: *Entrepreneurial orientation (EO) of non-family professional managers moderates the relationship between professionalisation and trans-generational business continuity.*

Based on the above-mentioned arguments which are commonly found in almost all the family business literature, succession, professionalisation, and business continuity can be considered as sequential and inherent events in the family business life cycle. One of the key distinctions differentiating family businesses from non-family managerial businesses is idiosyncratic and heterogenetic resources stemming from highly ideological family relationships. Therefore, transferring management to non-family professional managers due to the business lifecycle has its weaknesses, as it disconnects the ideological constructs of familiness. Thus, in attempting to fill the research gap, and develop a credible answer to the research questions, the above-stated relationships are shown graphically in Figure 1.

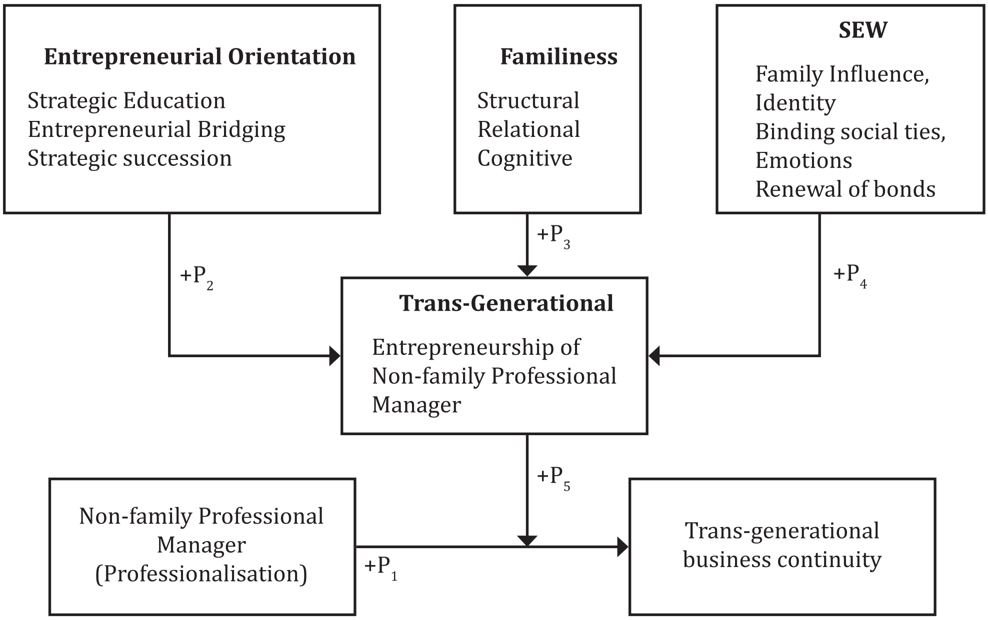

Figure 1: Conceptual model

Theoretical implications

The Systems Theory is the most commonly used theoretical approach in the family business research domain (Poza, & Daugherty, 2014). According to the systems theoretical approach, the family business is a social system comprising three overlapping, interacting, and interdependent subsystems of family, management, and ownership (Davis, 1983; Tagiuri & Davis, 1996). Each subsystem maintains boundaries that separate it from other subsystems and the general external environment within which the family business operates (McCollum, 1988; Poza & Daugherty, 2014). For the organisation to perform optimally, the subsystems must be integrated so that the entire system functions in a synergetic way (Poza & Daugherty, 2014). Accordingly, the family business is best understood and studied as a complex and dynamic social system that achieves integration through reciprocal adjustments among subsystems (Poza, & Daugherty, 2014). Further, this study sheds light on the entrepreneurial orientation of the founder, which lies in the ownership subsystem, and the succession of family members placed within the family subsystem.

Nevertheless, previous studies have used alternative and different theoretical routes in theorising the main constructs of this study, succession, professionalisation, familiness, and socio-emotional wealth. The relationships and behaviours described by the Institutional Theory have been widely used in entrepreneurship and family business research (Ayranci, 2010; Bruton et al., 2010) to explain the professionalisation of family businesses (Fang et al., 2012). Professionalisation of family businesses refers to transferring the management to non-family professional managers (Chittoor & Das, 2007), and adopting professional norms in the management of the business (Fang et al., 2012). The Institutional Theory suggests that family businesses tend to adopt professional norms due to the prevalence of professional norms in the environment. Though previous studies attempted to theorise the professionalisation of FB and its impact on performance outcomes, trans-generational business continuity is yet to be satisfactorily theorised.

The antecedents and consequences of professionalisation of FB have been studied primarily by blending the Institutional Theory and resource-based views. It has been found that FB professionalisation is more likely to become a source of competitive advantage in an institutional context of developing economies rather than developed economies (Fang et al., 2012). However, this fact does not help explain trans-generational business continuity. In adopting the generational perspective to investigate entrepreneurial orientation in FB, previous studies emphasised the significance of the founder in the first generation, and pointed out that non-family managers on the top management team in the third generation and beyond make a positive difference to the EO of the business (Cruz & Nordqvist, 2012). Hence the professionalisation of FB, and its positive impact on EO for trans-generational survival has already been justified.

Transferring the entrepreneurial orientation of the current generation to the next generation has been previously theorised using the Imprinting Theory (Marquis & Tilcsik, 2013) and the Theory of Entrepreneurial Legacy (Jaskiewicz et al., 2015). However, both approaches fail to explain how the entrepreneurial orientation of founder entrepreneurs are transferred to non-family professional managers. Socio-emotional wealth in FB is theorised as a general extension of the Behavioural Agency Theory, integrating the element of the Prospects Theory, the Behavioural Theory of the Firm, and the Agency Theory (Berrone, P.Cruz, C.Gomez-Mejia, 2012). Fundamental to these theories is the fact that firms make choices depending on the reference points of their dominant principals. Accordingly, founders and family members assess problems based on how they will affect socio-emotional endowments. Hence, they may make decisions that are not economically logical, thus exposing the firm to risks (Berrone et al., 2012).

When multiple methods and theoretical explanations lead to a singular proposition about a phenomenon being studied, good research practice obligates the researcher to use theoretical triangulation to enhance the validity of research findings (Mathison, 1988). Theoretical triangulation involves using factors from different theoretical perspectives concurrently to examine the same dimension of a research problem (Hopper & Hoque, 2006). This approach creates theory from the extant situation, rather than forcing the data to a particular theory (Covaleski et al., 1996; Hopper & Hoque, 2006; Humphrey & Scapens, 1996). The primary strength of theoretical triangulation is its ability to look deeper into one theoretical perspective, decreasing the number of alternative explanations for a dimension or phenomenon. Thus, each construct used in the framework of this research paper is supported by a distinct theory.

Managerial implications

While dreaming of the success and survival of the enterprise he/she passionately created, every entrepreneur wishes to see its survival and continuity even after they depart from the business. Whereas the ownership succession to the legitimate siblings of the founder is an inevitable event, there is no guarantee that such family successors will inherit the founder's entrepreneurial talents. As such, founders, family successors, and professional managers are eternally facing the challenge of maintaining entrepreneurial orientation through multiple generations. In other words, they need to continuously engage in entrepreneurial activities to stay alive. The ironical three-generational survival trap has forced FB consultants and researchers to explore credible explanations to this phenomenon, and demand answers to this socially and economically impactful event. As businesses in most economies come under the FB category, the founders of FB and responsible managers are accountable for the antecedents and consequences of precipitately deteriorating entrepreneurism, mitigating the consequences, and staying alive in highly competitive and ever-evolving business environments.

Reflections on future research

For future research, it would be fruitful to study both the context in which trans-generational business continuity in family businesses is developed, and the content that is discussed. Case studies might be especially suitable for this purpose because they allow greater insight into the family system. The use of longitudinal data could help clarify FB from trans-generational entrepreneurship to trans-generational business continuity in family businesses. Future researchers interested in long-term orientation of trans-generational business continuity in family businesses also need to investigate how contextual strategies work separately or simultaneously for the continuity and sustenance of family businesses.

Conclusion

Family businesses face the fundamental challenge of maintaining entrepreneurial orientation as they move through generations in order to stay competitive, and ensure trans-generational business continuity. This study extends entrepreneurial orientation to include non-family resources, professionalisation, and the non-financial endowments of ideological perspectives, familiness and SEW, on professional managers. Entrepreneurially oriented professional managers can positively influence the establishment of trans-generational business continuity in family businesses. The study contributes to the ongoing research on trans-generational continuity of family businesses by looking at family business research from the point of view of family succession moving towards entrepreneurially oriented non-family professional managers. Further, the study extends FB research from trans-generational entrepreneurship to trans-generational business continuity in family businesses. The study explores how essential elements of entrepreneurial orientation are established and maintained through multiple generations, while examining the impact of two ideological dimensions of family relations in FB, familiness and SEW, on non-family professional managers.

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