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Researchers should not state agreements that permit the research sponsor to control the publication of the findings.

Editors should always be disposed to publish corrections, retractions and apologies when needed.

6. Plagiarism

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We use this service on all documents that have surpassed the editorial classification process and so are susceptible to revision from a blind reviewer.

The journal reserves the right to reject articles with an unacceptable proportion of similarities.

Additionally, specific plagiarism detection tools, such as Unicheck (a free access platform), are used in order to supervise the originality of the work and any plagiarism.

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Introducing the New Editorial Team

Amaia Maseda[a], Vanessa Diaz-Moriana[b], Remedios Hernández-Linares[c], Valeriano Sanchez-Famoso[a],

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Editorial letter

The *European Journal of Family Business (EJFB)* was founded in 2011 with the name *Revista de Empresa Familiar*, changing its name to the current EJFB in 2016. As a result, the year 2021 marks the 10th anniversary of this journal, which provides an appropriate occasion to share our vision for the direction of the journal, identifying some priorities for the coming years.

We inherit a journal that wants to be a platform through which to explore new perspectives of family business research, enhancing the communication between academia and practice. We aim to support rigorous research with practical interest for family firms and entrepreneurial families while also nurturing new and overlooked lines of research that might deepen our understanding of the family firm field. We envision EJFB as a point of convergence where the rich heterogeneity of the family business realm presents competing perspectives, from which scholars and practitioners can question, enrich and extend the dialogue between academia and practice. We are also committed to fostering conversations in different fields that work in the broad domain of family business, welcoming scholarship from affiliated fields.

In addition to research papers and reviews, we encourage the submission of articles that provide new ideas or perspectives by building upon existing or new theories to understand contemporary trends related to enterprises in general and family firms in particular, point/counterpoint debates, articles with a practical orientation and practitioner commentaries. Overall, we look forward to serving and bridging the gap between research and practice by facilitating communication in both directions. The journal will feature a new section entitled *Commentary* where family business practitioners can write about their experiences. We believe that their comments will help 'theorists and researchers keep practice in mind when they do their work' (Vought, Baker, & Smith, 2008, p. 1112). The aim of this section is to enhance the research agenda by learning scientifically from practice and also applying 'the theoretical and empirical research findings back to practice' (Strike, 2012, p. 168).

We believe this new editorial team is particularly well suited to the tasks of supporting research of family firms for its applicability to practice and helping practitioners advance family firms' knowledge from a research perspective. We therefore look forward to working with a global community of family business scholars and practitioners.

In concluding this introduction, the Editorial Team of EJFB wants to thank the journal's founder and outgoing editor, Dr. Vanesa Guzman-Parra, who saw the need for a journal dedicated to advancing research on family firms. We also extend a heartfelt thank you to the Editorial Board for the trust they have placed in us as the new Editorial Team. We would also like to thank our Managing Editor J. Roberto Vila and UMA Editorial for their continued and substantial assistance that

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has enabled the journal to reach a significant milestone: its 10-year anniversary! We also extend our gratitude to all our reviewers, readers and authors, occasional and regular, whose support of EJFB is acknowledged and greatly appreciated. We look forward to reading your insights in future issues.

Editor-in-chief
Dr. Amaia Maseda

Deputy Editors
Dr. Vanessa Diaz-Moriana
Dr. Remedios Hernández-Linares
Dr. Valeriano Sanchez-Famoso

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A new era for EJFB

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Editorial letter

To commemorate the 10th anniversary of the *European Journal of Family Business* (EJFB), we are pleased to present this issue (volume 11, no. 1) that has involved the participation of prominent authors who have made significant contributions to the growth and consolidation of the family business in the field of research and to EJFB over the years. The papers presented in this issue provide an ideal opportunity to present how the field has evolved in recent years, but also to reflect on contemporary challenges in the broad domain of family business.

When the journal was launched in 2011, family business research attracted widespread attention from a growing audience due to the relevance of the topic for scholars and practitioners. Family business practitioners (lawyers, accountants, business consultants, family office directors, family philanthropy managers, financial services advisors, management consultants, family therapists and psychologists among others) were key elements in the dawn of the family business (Sharma, Chrisman, & Gersick, 2012). Providing assistance to both family business operators and advisors in understanding family firms was indeed one of the many reasons for the creation of *Family Business Review* (Lansberg, Perrow, & Rogolsky, 1988) and later for the creation of the *Journal of Family Business Strategy* (Astrachan & Pieper, 2010).

The family firm field is fortunate that many of those who have brought this field forward have focused on ensuring that the field had a good theoretical foundation that facilitated research and allowed the field to progress (Vought, Baker, & Smith, 2008). But it is also true that following the strong tradition of theory-building and testing expected in high-quality business journals (Sharma, Chrisman, & Gersick, 2012) has led the practice orientation of the family firm field to change over time (Reay, Pearson, & Dyer, 2013, p.209). The field became mostly research-oriented, relying heavily on quantitative empirical research. We believe that these studies should be complemented by other research approaches that allow for capturing the specific complexity and dynamics unique to family firms (Nordqvist, Hall, & Melin, 2009).

The literature shows diverse examples of how collaboration between professionals and researchers (e.g., Davis, Dibrell, Craig, & Green, 2013) is a successful way to promote more research (Reay et al., 2013, p. 210).

In a business world that is increasingly cognisant of the critical role of evidence-based management, family firm practitioners need to be connected to research while having the potential to serve as a mechanism for transferring research knowledge to implementable practices (Reay et al., 2013). ‘Practitioners can identify the actions and access sources. Researchers must search for the meaning of those actions, their interlinkages, and what

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the act represents to develop theoretical propositions' (Strike, 2012, p. 168). Similarly, more practice-oriented research is also necessary to aid practitioners in advancing their knowledge of family firms from a research perspective. In summary, practitioners and researchers need to work together to enhance the research agenda by learning scientifically from practice and applying 'the theoretical and empirical research findings back to practice' (Strike, 2012, p. 169). This is the gap that EJFB wants to fill in its new era. We consider this issue to be a good example of our vision of the journal.

Thus, for example, the paper by *Ernesto Poza-Valle (2021)* offers a review of the academic research and practitioner best practices literature highlighting how little we still know about the role that ownership control plays in the continuity of founder-controlled and family-controlled firms. Statutory ownership control, psychological ownership and family unity approaches are all considered in an exploration of a future ownership development perspective and approaches that controlling families can take to preserve ownership control.

In the same vein, based on the author's experience with entrepreneurs who built successful businesses, the paper of *Miguel Angel Gallo (2021)* identifies four elements that are critical to achieving transgenerational continuity in family firms: coexistence, unity, professionalism and prudence. The paper provides guidance to help both scholars and practitioners in the family business field pursue the continuity of the family firm over time.

Cristina Cruz, Rachida Justo and *Jeanne Roch (2021)* expand our knowledge of the intersection between the family and the firm. In particular, they develop a theoretical framework explaining why and how business-owning families engage in impact investing. For a business to be sustainable as a family firm across the years, it is necessary to look at the internal processes that occur within the firm itself and understand the relationship between the family and the business.

Where have we come from, where are we now? *Gloria Aparicio, Txomin Iturralde, José Carlos Casillas and Encarnación Ramos-Hidalgo (2021)* present a bibliometric analysis of family firm research, giving a holistic overview with a bibliometric evaluation of 3,368 articles published from 2010 to 2020 on family firms. The study provides a synthesis and organisation of existing knowledge on family firm research.

A practical perspective is presented in the paper of *Paco Valera, Neus Feliu and Ivan Lansberg (2021*). They use the metaphor of biological DNA to describe generic and specific family business cultures and suggest that Latin family businesses inherited four key cultural DNA building blocks—trust, loyalty, authority and justice—from historical Roman times. Like biological DNA, family businesses are forced to change in order to be fit for the future. They draw upon their firm's 30 years of work consulting with Latin family businesses and present a wide range of supporting cases and stories.

Juan Corona (2021) approaches the great issue that affects the vast majority of family firms, successful succession. Through his expertise, the author shares his thoughts about the importance of the successor's preparation, the role of family harmony and the necessity of developing a new generation of leaders.

The commentary of *Gibb Dyer (2021)* describes the trends in the field of family business over the past forty years in terms of theory and practice. Topics such as succession, consulting with family businesses, the effectiveness of family firms, the role of socio-emotional wealth in family firms, heterogeneity in family businesses and the impact of family capital on the business and the family are discussed.

The worldwide explosion of interest in family business research has created a knowledge vacuum requiring educators, scholars and practitioners to share their collective wisdom to further the field. Specifically, we would like to encourage family business practitioners to write about their experiences, partner with researchers and academics to systematically study advising and share their work through contributions to EJFB. This collaboration will allow the family business field to further understand the 'what' of the intricacies and dynamism of family business captured in descriptive works and explore the 'how, when and why' that arise when theory is developed to inform practice. So, long live family business research!

Editors of this issue
M. Concepción López-Fernández
Amaia Maseda

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Coexistence, Unity, Professionalism and Prudence

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JEL CLASSIFICATION
L20, L21, M10, G30

KEYWORDS
Family firm, Professionalism, Leadership, Coexistence, Family-business balance

Abstract Family firms are complex and dynamic entities that are rich with peculiar, idiosyncratic features. The objective of this paper is to provide guidance to help those involved in family businesses, businesspersons, and family members to pursue the continuity of the family firm over time. Based on the author's experience with entrepreneurs who built successful businesses, this paper identifies four elements that are critical to achieve transgenerational continuity in family firms, namely: coexistence, unity, professionalism, and prudence. The analysis of each element provides suggestions and key considerations for both scholars and practitioners in the family business field.

CÓDIGOS JEL
L20, L21, M10, G30

PALABRAS CLAVE
Empresa familiar, Profesionalidad, Liderazgo, Convivencia, Equilibrio empresa-familia

Convivencia, unidad, profesionalidad y prudencia

Resumen Las empresas familiares son entidades complejas y dinámicas, así como ricas en características peculiares e idiosincrásicas. El objetivo de este documento es brindar orientación para ayudar a quienes participan en empresas familiares, empresarios y familiares para buscar la continuidad de la empresa familiar en el tiempo. En base a la experiencia del autor con emprendedores que construyeron negocios exitosos, este trabajo identifica cuatro elementos que son críticos para lograr la continuidad transgeneracional en las empresas familiares: convivencia, unidad, profesionalidad y prudencia. El análisis de cada elemento proporciona sugerencias y consideraciones clave tanto para académicos como para profesionales del campo de la empresa familiar.

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1. Introduction

A long time has passed since the publication of Gallo and Sveen's (1991) article in the *Family Business Review* journal. I have had the opportunity to meet a significant number of family businesses in different countries during this time. On many occasions, I have also had the opportunity to contribute to their development and growth by performing the responsibilities of a member of their ordinary governing body, the Board of Directors.

Building a good firm is always an arduous task but leading a family business with the intention of ensuring its continuity over several generations is a particularly difficult example.

In the following brief notes, I shall try to share part of what I have learned from family entrepreneurs who have succeeded. Entrepreneurs who are true masters of coexistence, unity, professionalism, and prudence.

2. Learning from Entrepreneurs who Successfully Built Good Family Businesses

The entrepreneurs who successfully build good family businesses are undoubtedly masters of CO-EXISTENCE. Coexistence is that between family members who work in the firm, with the rest of its employees, and with the other family members. The fact that successful coexistence must take place for long periods of time should not be forgotten. With the general increase in life expectancy, nowadays, it is not rare to find three generations working in a firm, thus the periods of coexistence can last a significant number of years.

A significant number of academics have devoted and continue to devote their efforts to research succession in family businesses (e.g., Beckhard & Dyer, 1983; Cabrera-Suárez, De Saa-Pérez, & García-Almeida, 2001; Corrales-Villegas, Ochoa-Jiménez, & Jacobo-Hernández, 2018; Daspit, Holt, Chrisman, & Long, 2016; Gallo, 1998). Generally, such research does not consider, as would be appropriate, that succession is a process that occurs within a period of good or bad coexistence. If the coexistence has been and continues to be good, the succession is more likely to be successful. However, when the coexistence is not good, the succession is often traumatic. The study of succession should therefore include the analysis of coexistence.

Following Álvaro D'Ors (cited in Domingo, 1987), the important distinction between '*potestas*' as socially recognised 'force', that is, 'power', and '*auctoritas*' as socially recognised 'truth', that is, recognised 'knowledge', is considered on several occasions. This distinction is crucial to better understand many of the firm's governance problems, especially in the case of family businesses. The balance between these two different realities in individuals, between their personal levels of '*potestas*' and '*auctoritas*', is necessary for them to successfully carry out their responsibilities in the firm. The exercise of a broad '*potestas*', which is generally linked to ownership, by those who have a low level of '*auctoritas*' leads to tyranny, and a good coexistence is not possible in such cases. On the other hand, considering that the opposite situation can occur, whereby the level of '*potestas*' is much lower than that of '*auctoritas*' for a more or less prolonged period of time, is equivalent to thinking of the actuality of a coexistence that will never be real.

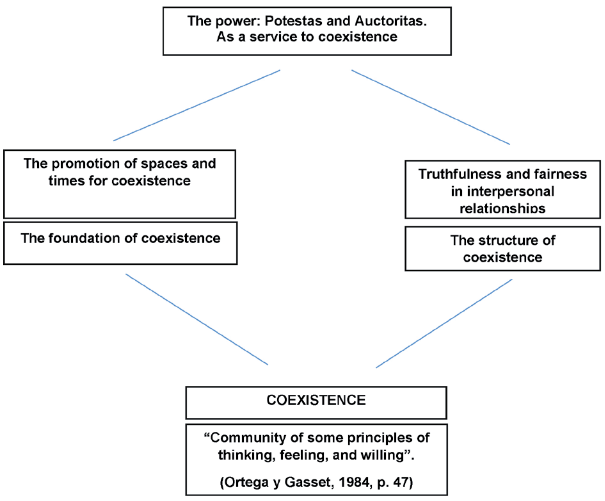
Both situations of imbalance are often resolved rather quickly in non-family businesses. The opportunities provided by the capital market (capital with which the '*potestas*' is acquired) and the professional market (individuals with knowledge and qualities that allow them to possess a recognised '*auctoritas*') influence the solution to such problems, since they make it possible to achieve a new balance soon compared to family businesses. However, this tends not to be the case in family businesses in which the two 'markets' often operate very differently. This is because there is no capital market or a very small one, so the change of ownership occurs late or not at all, and the '*potestas*' therefore remains unchanged. Furthermore, the professional market is not generally as influenced by competitive forces as in the case of non-family businesses. Hence, the imbalance can last much longer unless action is taken, which often tends to be drastic, or painful events occur, such as traumatic separation or the death of a family member.

Ensuring a successful coexistence is one of the main responsibilities of those who have '*potestas*' in the firm. If they do not know how to or do not want to promote and achieve it, they will show a serious deficit in their level of '*auctoritas*'.

Coexistence is about living with others, establishing a 'community of some principles of thinking, feeling, and willing' (Ortega y Gasset, 1984, p. 47) in interpersonal relationships. Establishing this community of principles is everyone's responsibility, but especially those in power. As members of an extended family pursuing the project of continuity, others also have their share of responsibility, even if they are not part of the family business.

Those who hold power in family businesses, now understood as both '*potestas*' and '*auctoritas*', should place it at the service of coexistence. They should bear in mind that the seed of coexistence can only arise and develop firstly by promoting spaces and times in which individuals can live together in harmony, and secondly, that the interpersonal relationships that exist in these spaces and times should be based on truthfulness and fairness. According to these considerations, Figure 1 graphically illustrates coexistence building.

Figure 1. Coexistence building



Building and maintaining a successful coexistence over a long period of time is a difficult challenge. The spaces and times for coexistence have to be pleasant, and this depends on almost all of those who live together. Truthfulness and fairness also depend on each person who lives together. However, if the coexistence disappears, it is preferable to find new and different ways out of the family business, since the intended project can no longer be carried out as planned. There will be no unity if people are not able to coexist harmoniously, and what is not united runs the risk of deteriorating. What is not united sooner or later deteriorates. This leads to another of the basic requirements for achieving continuity.

As is well known, family members' unity with each other and with their firm is the fundamental strength of the family business. It is fundamental in the sense that the strengths of the firm can be built on this basis to compete in the environment. A lack of unity is a shaky ground on which no lasting competitive strength can be built, but rather ground for significant weaknesses to emerge when competing.

Since the passage of time can promote its erosion as family members evolve and their preferences and intentions change, achieving the necessary level of unity and keeping it alive requires a significant and growing input of energy.

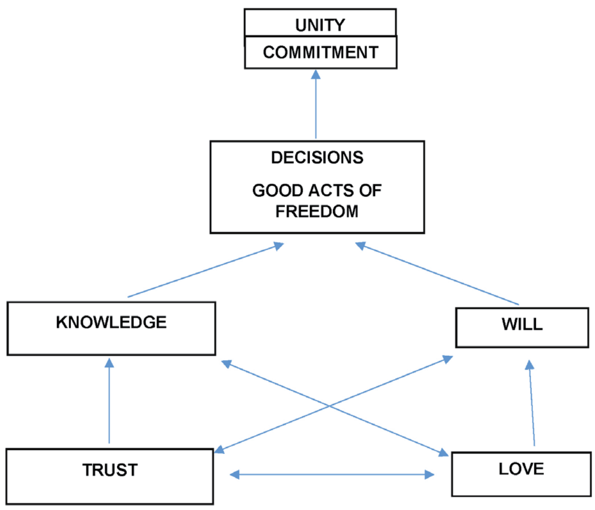
This energy in family businesses is the double COMMITMENT of all involved. Firstly, commitment to govern, manage, and run the firm with the professionalism of any good businessperson. Secondly, commitment not to fall into the well-known 'traps' that are so typical of family businesses. Since it is very difficult to avoid falling into these traps over long periods of time, commitment to implement an effective and lasting way out of such traps before disunity occurs.

The most common way for family members to bring energy for unity, that is, to fulfil their commitment to the firm, is by making and implementing free decisions when carrying out their individual responsibilities. In other words, the decisions that correspond to the '*potestas*' that they have in the firm. For a decision to be free, one must have knowledge of what is being decided. Furthermore, one must have the will to decide, that is, to abide by the consequences that follow the making and implementation of the decision. In other words, one must decide based on the appropriate level of '*auctoritas*'.

As expected, further reflection on commitment in family businesses brings us back to the necessary balance that each family member needs to achieve between their levels of '*potestas*' and '*auctoritas*' so as not to neglect them.

When carrying out responsibilities in the firm, it is nearly impossible to have all the necessary knowledge to make decisions if one does not trust others. The acquisition of knowledge in the firm implies trusting others' information and intentions. In addition, the willingness to decide freely in a family business presupposes the love for the business project. Based on these statements, Figure 2 graphically illustrates the structure with unity at the top and the commitment with the energy that keeps it solid.

Figure 2. Unity-commitment building



Knowledge, gained through one's own effort and supported by trust, and will, the operationalisation of love for the project, are closely linked. When well united, they give rise to the positive virtuous spiral of 'knowing more to love more', and, consequently, to the decision in favour of professionalism in the work of all. When poorly united, they give rise to the negative vicious spiral of 'losing love and knowledge due to increasing distrust', and, consequently, the decision in favour of personal instead of common good.

This leads to the third point that is essential for continuity over several generations, PROFESSIONALISM. It is appropriate to start with a statement that family members sometimes need to be strongly reminded of, whether or not they are part of the family business, as well as some of those who advise in the field of family business: to be a good family business, it is necessary, first and foremost, to be a good business firm.

There are few doubts regarding which comes first, 'to be a good family and then build a good business firm' or, conversely, 'to be a good business firm and strive to be a good family firm'. In almost all cases, one must first have a good business firm. To do business honestly in a competitive environment is an arduous task, and requires permanent professionalism, since possible temporary strokes of genius are not sufficient. The affirmation of the need for professionalism does not imply that family members should be removed from the business. On the contrary, it is an urgent call for them to acquire the necessary qualities to carry out responsibilities in their businesses, something that is not impossible, and that has an ethically required minimum, acquiring the skills that will make them a responsible owner.

Unless it is a form of apprenticeship, giving responsibilities to those who are not professionally prepared, that is, who do not have the '*auctoritas*' required to carry them out, is a serious mistake that the firm and the individuals end up paying for. It is also a mistake to create new jobs or duplicate existing ones to give 'shelter' to family members who do not have or do not want to have other alternatives.

The firm's responsibility structure, that is, its set of jobs, should be the vehicle through which the company fulfils its strategy. Each job should provide the best possible balance between '*potestas*' and '*auctoritas*' in the person who performs it.

The preparation of the family business so that coexistence, unity, and the balance between '*potestas*' and '*auctoritas*' becomes a reality, and that this reality continues to be present even when people change and environments evolve, requires the exercise of the habit of PRUDENCE as a 'rational, true, and practical disposition with regard to what is good… and an inherent quality of politicians and administrators' (Aristotle, p. 93). That is, it is the main virtue of the good ruler.

The increase in complexity of most family businesses is inherent to the development and growth of the business and the family (Gersick et al., 1997; Gómez & Gallo, 2015). A prudent firm's governance also consists of preparing to be able to deal with such complexity and achieve continuity from an early stage.

For many years, the firm's continuity has been considered one of its social responsibilities. Continuity does not mean staying in the same business for decades and even centuries, but it does mean continuity in entrepreneurship, job creation, and investment opportunities.

In accordance with the previous points, those who are crucial to the firm's governance must ensure that, in the future, the firm's ownership, governance, and management will be in the hands of those who, knowing and willing to coexist, are drivers of unity, have their levels of '*auctoritas*' in balance with their levels of '*potestas*', and are eagerly seeking the continuity of the firm.

Prudence will lead them to discover those family members who wish to share the entire project and those who do not, as well as those who wish to start their own business project and those who wish to stay aside or follow other paths.

For the reasons indicated above, prudence will also prompt them to prepare the firm's corporate and organisational structure so that the group can be subdivided before there is a disunity that would be difficult to resolve and that would weaken the firm, perhaps irreparably.

When speaking of 'pruning the tree', this generally refers to a drastic way of acting during the transition from the first to the second generation in small family businesses, in 'comparison' with the family size. This way of acting tends to lead to the disunity of the family, with the firm often becoming no more than a 'bonsai'.

This loses sight of the fact that 'pruning the tree' is often necessary in large, developed family businesses and small-sized families, also in 'comparison' with the firm's size. This new understanding has the ultimate goal of preserving the unity of each business activity and is equivalent to separating dry branches, transplanting, and grafting, so the initial business becomes a collection of different leafy trees.

Prudence will lead to the issue of a 'plague of ties' in the exercise of political rights, ties not only in the general meetings of the owners of the firm's capital, but also in its governing bodies. This is a disease that starts well before the discussion takes place, since the latent threat of a tie vote is well known. This disease is much more widespread in the family business than one might think. This is because it is not openly discussed and is even hidden behind expressions such as ‘it will never happen to us’. This disease is undoubtedly one of the important causes of the slower development of family businesses, as well as their death.

There are known procedures to solve tie votes, since the disease is old but so are the existing remedies. However, they are not clearly established to avoid referring to the scourge of the disease. When they are established, it is not customary to consider that the best action would be to quickly solve the tie, since the competitive environment has its own dynamics, and the firm cannot follow any other.

When structuring the firm’s assets and liabilities, prudence entails how to have the necessary funds to ‘prune the tree’. For many family businesses, these funds have been referred to as ‘macro liquidity’, which should be considered one of the strategic funds for the future.

All of the above is the polar opposite of a type of firm that many external, and not very experienced, observers do not hesitate to describe as a very good family business. A firm that has been in the hands of an excellent businessperson who, with their great strategic vision, did not insist on continuing with mature businesses, but knew how to strategically revitalise the firm and successfully developed its organisation.

Some or all of the owner’s children are part of the firm. The owner has a family protocol that is implemented in matters that do not require a strong commitment, nor a discussion that could lead to discord. Similarly, the firm has its ordinary governing body with directors who, in theory, are independent, but, in reality, are ‘vases’ that adorn the firm, or ‘yes men’ who praise the owner.

Most of those with whom the owner and other members of the firm interact consider the owner to be an excellent businessperson and the firm to be a model family business.

Unfortunately, on many occasions, this is not a model of coexistence, nor of unity since this firm’s unity is only temporary and apparent. It is also not a model of a permanent search for a balance between ‘*potestas*’ and ‘*auctoritas*’, and much less an example of prudence. On the contrary, this is a person for whom the firm is a ‘personal toy’. At the core, this leader’s intentions are considering the firm they have designed, built, maintained, and improved as a personal toy. The toy of its owner and master, who is intelligent and wilful, but rather irresponsible for not thinking with due realism about the continuity of the firm when the owner is gone.

This leader is happy with their toy and is determined to play as long as they have the strength. They will play part-time when they lack the strength, not getting tired beyond reason, and will publicly state that the succession has occurred and that this happened successfully. However, the controls of the toy, the ‘*potestas*’, will remain in their hands, and their ability to set the future route, ‘*auctoritas*’, will be weak and nonexistent.

3. Conclusion

It is not about ending on a pessimistic note, with the theme of the ‘toy’, but it is about encouraging those involved in family businesses, businesspersons, and family members to make the effort to improve the firm’s viability. This is the only way to create quality jobs and nonspeculative investment opportunities, two of the scarcest assets in recent years, and whose real improvement will not occur by any other means than having good businesses.

Extensive research on family businesses is still required. However, such research should focus on more fundamental points about how to enable the continuity of this very attractive type of business.

There is much to be done in family business counselling. To some extent, this counselling should also focus more strongly on improving the qualities of the individual.

Businesspersons and their successors have a significant amount of work ahead of them, but this can lead to sterile results if they do not strive to achieve the ‘*auctoritas*’, which enables the firm to fulfil its social responsibilities. Without this ‘*auctoritas*’, they do not deserve the ‘*potestas*’ they have or will get. They will not be happy, and their life will not have been as useful to society as it could and should have been.

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Ownership Control Eats Strategy and Culture for Lunch[1]: The Case for Future Ownership Development Prior to Ownership Transition

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Abstract A review of the academic research and practitioner best practices literature highlights how little we still know about the role that ownership control plays in the continuity of founder-controlled and family-controlled firms. Founder-controlled firms have been shown to financially outperform other firms. Allowing for more nuanced findings given the heterogeneity of family businesses, a similar advantage has been found in family-controlled firms around the world when their performance is contrasted with that of management-controlled firms. Research points to generational and family participation effects that may contribute to a gradual decline in this advantage over the generations. Still, controlling families of family firms face the prospect of leading a family-controlled firm across generations that continues to derive the financial and noneconomic benefits of such control or to squander that opportunity by not having ownership control be a fundamental consideration in their owners' strategy when facing a generational transition. Statutory ownership control, psychological ownership and family unity approaches are all considered in an exploration of a future ownership development perspective and approaches that controlling families can take to preserve ownership control and the resulting comparative advantage evidenced in higher financial and noneconomic returns over generations.

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PALABRAS CLAVE
Empresa familiar,
control de la
Propiedad

El control de la propiedad deteriora la estrategia y la cultura. La importancia del desarrollo de la propiedad antes de su transmisión

Resumen Una revisión de la investigación académica y la literatura sobre las mejores prácticas de los profesionales destaca lo poco que sabemos todavía sobre el papel que juega el control de propiedad en la continuidad tanto de las empresas controladas por el fundador como de aquellas controladas por la familia. Se ha demostrado que las empresas controladas por los fundadores superan financieramente a otras empresas. Estudios más detallados, considerando la heterogeneidad de las empresas familiares, han encontrado una ventaja similar en las empresas controladas por la familia en todo el mundo cuando su desempeño se contrasta con el de las empresas controladas por la dirección. La investigación apunta a que la participación generacional y familiar pueden contribuir a una disminución gradual de esta ventaja a lo largo de las generaciones. A pesar de ello, las familias que controlan empresas familiares se enfrentan a la perspectiva de liderar una empresa controlada por la familia a lo largo de generaciones para continuar obteniendo los beneficios, tanto financieros como no económicos, de dicho control o de desperdiciar esa oportunidad al no tener que considerar el control de la propiedad como un elemento clave en la estrategia de sus propietarios cuando se enfrentan a una transición generacional. Los enfoques de control de propiedad legal, propiedad psicológica y unidad familiar son considerados en una exploración de una perspectiva de desarrollo de propiedad futura y los enfoques que las familias controladoras pueden adoptar para preservar el control de propiedad y la consiguiente ventaja comparativa, que se refleja en mayores retornos económicos y no económicos a lo largo de generaciones.

1. Author's note: "Culture eats strategy for lunch" suggests the relative importance of these two managerial concepts and is attributed to Peter Drucker in some of his early management articles. The title of this article suggests that ownership control is a more potent concept than either culture or strategy in explaining the strategic behavior and financial performance of family-owned companies.

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1. Introduction

Research on family enterprise has demonstrated the potential for financial outperformance of family-controlled firms when compared to management-controlled companies (Anderson & Reeb, 2003). But whether it really constitutes outperformance is highly debated by academics and ranges widely given the heterogeneous and idiosyncratic nature of family businesses, and the industries and institutional contexts they operate in (Gómez-Mejía et al., 2007; Madison, Kellermanns, & Munyon, 2017; Villalonga & Amit, 2006). More importantly, the reason for family business outperformance has not achieved consensus in academia nor is it apparent among practitioners from best practices acknowledged in the literature (Cruz & Jiménez, 2017; Poza & Daugherty, 2017).

In this paper, we build a case for an ownership control advantage resulting in the financial outperformance of family-owned firms. A hypothesis that from the author's perspective as a practitioner scholar with more than thirty years of experience in the academic and practice arenas of family business, deserves more attention and research than it has received over the past two decades.

The corporate control literature suggests a measurable financial impact from control transactions. In the public company arena, substitution of management for a different set of managers, for instance, often results in financial gains because assets increase in value and multiples on equity increase under better management. In both the public and private market arenas, the literature suggests that changes brought about by pruning or squeezing out shareholders or managers reduces the agency costs of principal-agent goal divergence and lowers financial control, administrative and other managerial costs (Easterbrook & Fischel, 1981-1982). Realignment of ownership control may also result in more effective pursuit and exploitation of growth opportunities available to the corporation (Easterbrook & Fischel, 1981-1982).

The importance of the ownership control advantage argument in founder-owned and family enterprises is particularly significant since family-controlled firms constitute the single greatest contributor to economic activity worldwide. But the majority of both research and practice into these firms has been dedicated to entrepreneurial exits, family dynamics, family conflict, generational transition or succession and governance of the family and its corporate entities. As a result, research and best practices addressed in the literature have focused on the work of boards of directors, family councils, and the use of financial planners, organization development consultants, legal and wealth advisors, and family/individual psychologists (Easterbrook & Fischel, 1981-1982).

Practitioners in all of these specialty areas wrestle with ownership and its consequences in their work, but none target nor comprehensively address ownership control itself as the focus of analysis, understanding and intervention in the pursuit of continuity.[2] In responding to this challenge, this paper proposes an ownership development perspective and set of practices to enhance responsible ownership control through the cycles and generations implicit in the founder-owned to family-owned business form. The absence of this perspective and accompanying practices may very well contribute to both the scarcity of firms that in the past continued to successfully grow and operate past the twenty-five-year mark and the observed drop-off in financial outperformance of founder-owned and family-owned firms over the generations. (A drop-off in the compounded annual growth rate of share price of 3.3% - from 7.4% to 4.1% for example, has been reported between founder-owned firms and fifth generation family-owned firms. Although even in their fifth generation of ownership, these firms outperformed the MSCI All Countries World Index that registers a compounded annual share price increase of only 2.1%) (Credit Suisse Research Institute, 2016).

We begin by exploring the source of the financial outperformance of founder and family-controlled enterprises and the absence of research and best practices in the literature on the ownership control advantage. We proceed to propose a set of experiments and approaches that are aligned to the concept of ownership development as fundamental to the capacity to preserve the ownership control advantage and to have the family enterprise financially outperform across multiple generations of owners.

2. The Financial Outperformance Potential of Founder-Controlled and Family-Controlled Businesses

In the United States, family firms account for 49 percent of the gross domestic product (GDP), or approximately $7.5 trillion, 85 percent of private-sector employment, and about 86 percent of all jobs created between 1999 and 2009. In Germany, they represent 79 percent of all businesses and employ 44 percent of the working pop-

2. While very limited, some research on the impact of ownership control in family firms has been published. See, for example, Leitterstorf, M., & Wachter, M. (2016). Takeover premiums and family blockholders. *Family Business Review,* 29(2), 214–230.

ulation. Family businesses are also ubiquitous in the economies of Spain and France, where they are estimated to represent 85 percent of all companies and account for 42 and 49 percent of the employment, respectively. In Italy, India, and Latin American countries, the estimates skyrocket, with 90 to 98 percent of all companies being family firms, accounting for approximately 80 percent of all employment. In Asia and the Middle East, they are estimated to comprise 95 percent of all businesses. And in some sectors, such as construction, retail, services, and wholesaling, the proportion is estimated to be as high as 99 percent worldwide (Poza & Daugherty, 2017).

A U.S. study noted that 35 percent of the S&P 500 firms are family-controlled (with the families owning nearly 18 percent of their firms' outstanding equity), and these family-controlled firms outperformed management-controlled firms by 6.65 percent in return on assets (using either earnings before interest, tax, depreciation, and amortization [EBITDA] or net income) in the 10-year period between 1992 and 2001. Family firms were also responsible for creating an additional 10 percent in market value between 1992 and 1999, as compared with the 65 percent of the S&P firms that are management-controlled (Anderson & Reeb, 2003)

Heterogeneity among family firms and differing definitions of what constitutes a family business, its generational stage, ownership levels of control, and management/governance effects (e.g., whether the CEO is a family member, whether the family is still active in management and/or the board) has resulted in some inconsistent findings (Villalonga & Amit, 2006). But there is compelling evidence that U.S. firms with founding-family ownership can perform better, on average, than nonfamily-owned firms. This strongly suggests that the benefits of family ownership influence often outweigh its costs. Costs which some argue are unique to the family business form as a result of principal-principal misalignment due to majority-minority ownership, altruism towards family members, etc. (Schulze, Lubatkin, Dino, & Buchholtz, 2001).

In Europe as a whole, family-controlled firms (with a minimum family stake of 50 percent) outperformed the Morgan Stanley Capital International Europe index by 16 percent annually "from 2001 to 2006 (Maury, 2006). (The study controlled for size and sector effects, and neither of these was an important driver underlying the solid outperformance of family-controlled businesses.) Another study of European family-controlled firms (this one with a minimum family stake of 10 percent and $1 billion in market capitalization) found that family companies outperformed the pan-European Dow Jones Stoxx 600 Index by 8 percent annually from the end of 1996 to the end of 2006 (Poza & Daugherty, 2017). A more recent study based on a 900 company index of founder and family-controlled but publicly traded firms found that between 2006 and 2015, a ten year period that included the 2008 financial crisis, these firms had an excess return of 4.5% CAGR and generated twice the economic profit – earnings in excess of the opportunity cost of utilizing assets or capital - compared to the benchmark, the MSCI All Countries World Index (Credit Suisse Research Institute, 2016).

Another study in the US found family companies outperforming the management-controlled universe even after teasing out all companies that had not made a generational transition and were still founder-owned from their sample. These companies produced considerably higher stock returns than their non-family counterparts. Interestingly it attributed much of the outperformance to the ownership control. It argued that a family that both owns and controls a company avoids the classic agency problem; the natural tendency of professional managers to pursue some private interests at the expense of their shareholders that confronts most publicly traded companies. And that the family's concentrated, long-term investment in the company and knowledge of the business made them an effective and highly motivated monitor of the business (McVey & Draho, 2005). Some of this outpeformance has been observed only when in combination with best governance practices in these later generation firms (Miller & LeBreton-Miller, 2006).

Notice that most of the data comes from family-controlled but publicly traded firms (Lin, 2015). Research comparing the performance of the privately held universe has produced mixed results, that is, it has failed to conclusively point to founder-owned and family-owned firms outperforming management-controlled firms, or vice versa[3]. This is hardly surprising given the heterogeneity of family firms and the different definitions being used by scholars in determining what constitutes a family business in the samples studied. Additionally, privately held firms are notoriously reluctant to report reliable financial information to outsiders.

3. Ownership Control as Strategy

Ownership control in the world of family business is often considered by researchers and academics

3. An exception to this is the study *La Empresa Familiar en España*, where privately-held firms in Spain were found to outperform management-controlled firms during the 2006-2013 period that included the great financial recession (*Instituto de la Empresa Familiar, 2016)*.

as an anachronism; a vestige of a dynastic and robber baron past or a misplaced obsession with the high locus of control exhibited by so many entrepreneurs.

While it may be true that the intent to control ownership can be traced back to the entrepreneurial roots of many families in business, this strategic intention by an owning family can hardly be considered a useless quirk, or antiquated tradition. Consider Larry Page and Sergei Brin, former chairman & CEO of Google, who as of this writing held 54% of the voting stock in Alphabet. Or Mark Zuckerberg, founder and chairman, Facebook, with control of 57% of the voting stock.

Facebook competitor Snapchat, went public with 2 classes of stock. In that IPO, 100% of the shares had NO voting rights; but the founders (Spiegel & Murphy) retained 90% voting control. Dropbox went public in 2018 with founder Drew Houston getting 10X super-voting shares and 35% of the stock with his co-founder, thus retaining control. In fact, between 2005 and 2015, IPOs that have consisted of different classes of stock (super-voting, voting and nonvoting) increased from 1% to 14% of all offerings[4]. And in 2017, 67% of venture-backed tech companies that staged IPOs had super-voting shares for insiders, up from 13% in 2010. Spotify shareholders issued special "beneficiary certificates" to its founders in February 2018, in part because co-founder and CEO Daniel Ek wanted to maintain control of the music streaming service post-IPO. The certificates boosted the co-founders' voting control to a combined 80.5%, or double their economic ownership[5]. Lyft's IPO in 2019 granted founders John Zimmer and Logan Green super-voting shares that allowed them to retain shareholder control[6]. And an old-fashioned family business, Levi-Strauss returned to the public markets in 2019 in search of growth financing. But this time 2 classes of stock were used, giving the founding family ownership control and the long-term investment horizon they sought when first going private 30 years ago.[7]

And it is not just about control and the long-term investment horizon, family business owners routinely disclose that it is about staying true to the founder's vision, tapping the unique resource which is the founder's mentality (Zook & Allen, 2016) and sufficiently valuing the financial independence and wealth-creating opportunities that ownership control provide for the founding generation and potentially for later generations too. In other words, today's founders/owners believe that their controlling ownership is a fundamental contributor to the sustainability of their successful business model and its resulting financial performance.

4. Ownership Transition from a Financial and Tax Planning Perspective

As we have discussed above, ownership control represents a North Star for many business owners. Still the family business research literature on this subject is almost non-existent and the practitioner literature on the topic is dominated by financial and tax planning considerations for the business entity and the family of wealth when it comes to generational transitions of ownership.

Financial and tax planning has as its primary objective, an efficient ownership transition; one that reduces the total tax liability resulting from a change in owning and controlling generation. Its chief proponents work for financial institutions and wealth management firms and their best practices receive ample coverage not just in professional and business journals but also in the mainstream media. Some of this literature is more legal in nature, and quite diverse given the very different institutional and statutory regimes in different countries and even different states or provinces within those countries. (The exclusively legal perspective will be discussed in the next section as it is both very influential and widely used).

More rigorous academic research exists, some previously mentioned here, but neither the practitioner nor the academic literature has adequately tied the very visible impact of tax savings during a transition to the continuity, future financial performance or continued success of founder-owned or family-owned businesses in transition. So, while the immediate impact of tax policy and regulations on wealth and wealth preservation is well documented in the literature, only by extension is its long-term impact on operating businesses owned by families addressed. (And it is certainly hard to argue that a reduction in total taxes owed upon generational transition is not beneficial to the long-term viability of a family business. After all, their impact on flows of capital when compared to not deploying tax liability approaches in planning for an ownership transition is significant).

What the financial planning perspective most ignores is that families have non-economic ob-

4. Dealogic. May 2018. www.dealogic.com
5. *Wall Street Journal*, May 29, 2018.
6. *Wall Street Journal*, February 13, 2019.
7. *Wall Street Journal*, February 14, 2019.

jectives which may very well be constrained or negatively impacted by tax planning and tax minimization strategies and approaches. Dr. Leon Danco, a pioneer in the family business field, often proclaimed in his articles and seminars that "business owners that let tax strategies dominate their succession planning get what they deserve; a lower tax bill and a business that will not survive across generations of owners"[8].

5. Ownership Transition from a Legal Perspective

Corporate law is quite clear, well-developed and with a long history of precedents establishing the rights and responsibilities of ownership and ownership control. It brilliantly distinguishes between economic interests and benefits (as in shareholder value and dividends) from control (as in voting and determining the outcome of a corporate decision). Trusts and trust law also represent a well-developed body of powers and rules to guide decision-making and determine issues of tax liability and ownership control.

While in the United States and many other developed countries, minority rights are well recognized and protected in the eyes of the law, ownership stake still establishes the hierarchy of corporate control; not seniority or birth order as in a family, nor title, as in a managerial structure. This makes a recognition of ownership structure of paramount importance in any work being done with a family-owned company. The legal practitioner literature acknowledges the importance of ownership control and generational transition of this ownership control. And while the legal profession also acknowledges the complicated and onerous tax consequences of succession, it often fails to recognize the competing interests of family dynamics, family culture and identity, owner intentions and other non-economic goals of a family in business. This oversight often leads to a myriad of unintended consequences for individual family members and the family unit as a whole from a generational transition process; from disengagement to cut-offs from other family members to a sense of betrayal or a feeling of profound injustice that reverberates over several generations.

6. The Ownership Development Perspective: Recognizing the Fundamental Contribution of Ownership Control to the Strategy and Financial Performance of Family Enterprises

Much progress has been made in the past decade in differentiating between management and family and therefore promoting professional management of the family enterprise whether the CEO is a family member or not. Much less progress is evident in the literature, or in practice, on differentiating family from ownership. While this is understandable given the very high correlation between family and ownership group in the family enterprise, this oversight poses significant challenges to the responsible ownership of the firm.

There needs to be more systemic and holistic analysis and analysis-driven interventions on ownership that promote the continued idiosyncratic advantage of the family-controlled form of enterprise across generations of owners.

Much like the socio-emotional wealth (SEW) literature broadened the scope on the non-economic drivers of family-in-business behaviors and strategies (Gómez-Mejía et al., 2007), the family business literature and practice of the next decade needs to reflect a more thorough grappling with the unique dynamics of ownership control and its implications for transgenerational family enterprise. Owner-operators think and act differently than owners only. Family owners are significantly different vis-à-vis the family enterprise than family members with no ownership stake. Minority and majority shareholders, the literature has documented, are also significantly different in their relationship to the firm (Schulze, Lubatkin, & Dino, 2003). More importantly, what all these differences represent to our understanding of the impact of ownership control on the enduring comparative advantage of family-owned and family-controlled firms is far from clear and actionable.

But in the spirit of experimentation that leads to learning, and with the conviction that in the family business field practice often leads research and therefore both the practitioner and academic literature, let me propose a series of possible interventions rooted in both the literature and practice that as a whole aim to increase the proactive management of ownership control in the search of the potential advantages it poses for the continued success of family enterprises.

7. Approaches that Focus on Ownership Control During Generational Transitions

Traditionally, legal and estate planning practice and literature have advocated for "pruning the family tree" as the first order of business in succession planning. The idea is to simplify ownership control by whatever means available; birth order, gender, employment in the firm, wills and

8. Personal conversations with Dr. Léon Danco by the author.

inheritance, buy-sell agreements, trusts and estates. Many examples of these are evident in sixth and seventh generation firms in the food, wine and agricultural industries, especially in Europe and Asia.

These traditionally successful approaches have long historical precedent and have generally met the goal of preserving ownership control in the transition between a current and a next generation. But as societal expectations have changed worldwide, they often present unintended consequences to family unity and therefore set-in motion dynamics that going forward conspire against future generational transitions that preserve the ownership control advantage.

More recently, the development of more sophisticated governance structures, including independent or professional boards, private trust companies and owner councils aim to accommodate family group ownership and more collaborative approaches to ownership control. These provide for decision-making and control capabilities that the earlier statutory control approaches did not require.

Innovation in governance structures and social processes may go a long way in ensuring agility in decision-making while allowing for more collaborative, familial, approaches to ownership control. This innovation is urgently needed given the increased cultural diversity and geographic dispersion of multigenerational enterprise families and the significance of the ownership control resource. The future ownership development perspective is a first step in that direction. What follows are a few approaches to consider with the same experimental discipline that today's scale fast ventures are being pursued; develop an in-situ hypothesis for a particular case, test and expand or pivot based on the preliminary results.

8. Approaches that Promote Continued Ownership Control by Building Bridges Across Generations of Owners

"Even though you try to put people under control, it is impossible. The best way to control people is to encourage them to be mischievous. They will be in control in the wider sense. To give your sheep or cow a large spacious meadow is the way to control him" (Suzuki, 1970)

Perhaps the most predictable conflict between the generations is the conflict between incumbent generation and next generation members concerning the strategy of the firm. Technological and societal changes that impact the fabric of next generation member's lives serve up disagreements on doing business online, respecting traditional relationships and supply chains, the appropriateness of the current business model, the traditional organizational culture, leadership behaviors and practices. New ventures, funded by a family fund acting as family bank or seed capital fund and structured under market rules that are captured in contractual agreements represent an opportunity to channel the energy behind that predictable disagreement into risk-managed opportunities. After all, most firms could benefit from the agility and innovation that may result from the natural talent and motivation of opportunity seekers and opportunity creators in the next generation. Their propensity for "mischievous" behavior may very well promote exploration and exploitation by harkening back to an entrepreneurial past and a future of renewed wealth creation.

At the board level, board service in companies or subsidiaries controlled by the owning family that represent an easier challenge and therefore a lower-risk developmental opportunity for next generation members may be a good option. Cultivating next generation ownership talent in prestigious, less-complex and non-stigmatizing appointments to boards has shown promise in strategically preserving the family ownership advantage (Jeong, Kim, & Kim, 2021). Guest membership rotations by next generation family members on the company's (or companies') boards is current best practice in many centennial family companies (Poza & Daugherty, 2017). Board service internships in non-profits and other family firms in the owning family's network also represent opportunities for the development of responsible ownership.

A family council, a family assembly, or regular family meetings are effective tools for engaging the family in dialogue about important matters, such as values and overall direction, and the relationship of shareholders to the board. Indeed, one of the most important responsibilities of a family council is to serve as an effective communications link between the family and board of directors. The family council must make sure directors understand family objectives and that the family remains informed of the extent to which family objectives are achieved.

The writing of a family constitution is a family council initiative and its dissemination and consistent use as a reference for family member behavior, is a great contribution to a sense of win-win and fairness among family members.

Participation in the family council and family assembly also represent an opportunity to beneficially engage next generation members in ways other than board membership. It is not unusual, in the absence of this opportunity, to have next generation members grow up with the expectation of one day serving on the board of directors of their family company, regardless of what may be ill-suited talents and self-serving motivations (Poza & Daugherty, 2017).

Special projects like the development of a social media strategy for the firm or research into how artificial intelligence or AI could be a strategic contributor to inventory control, supply chain management or pricing strategy by the firm, could be undertaken by next generation members (who are in or recently graduated from universities) wanting to make a positive difference in how "their" family company leverages its business model going forward. These projects would be tasked by the family council and could parallel board committee work or resemble a junior advisory board to family leadership of the company.

9. Approaches that Promote Continued Ownership Control by Aligning Family Owners and Owner-Operators as Well as Wealth-Creators and Stewards of the Family's Wealth

Paradoxically, nonfamily management with its capacity to set a higher standard for professional management of the firm can improve the alignment of owners and owner-operators. Nonfamily CEOs often play this role quite effectively as can nonfamily CFOs and other key management. They motivate family members to professionally exercise their management responsibilities and enable owners who are not employees to hold their owner-operator relatives accountable in traditional managerial terms; goals met or unmet, variances from budget, etc.

A family office can also prove helpful in aligning owners and owner-operators in the same owning family group. While too much reliance on family office administrators can reduce the appropriate interdependence of owners, the interdependence that forces them to make decisions as a team and enriches their decision-making by the very diversity of their viewpoints, delegating a myriad of tasks and operational details to family office personnel does reduce the possibility of the owner's diversity of thought progressively becoming a significant source of conflict.

Special projects by family members of any generation, on company-related subjects as discussed in the previous section, as well as on community-related or philanthropic projects can also help align family owners and family owner-operators by reducing the "us and them" mentality that can emerge from the distinct experience and mindset of employed-in-the-firm family members and nonemployee family members. These would be tasked by a family council or family assembly and report progress periodically back to that governance body.

An owners' council could complement the governance work of the company board and the family council by focusing its work specifically on the ownership and ownership control of the family enterprise. It can be a vehicle for ensuring that the firm is managed in the interests of all family shareholders. It can help foster the founder's mentality that family shareholders be patient capitalists with a long-term investment horizon and that they remain committed to business continuity under the responsible ownership and control of family members.

Typical responsibilities of these owners' councils include:

1. Create and oversee the functioning of family governance bodies deemed essential to governing the family-business relationship. Ensure that their processes are well coordinated and that they all support the priorities of shareholders and the board of directors.
2. Initiate the process of identifying candidates for independent director positions and family director positions on the board of directors and collaborate with other board members, or the nominating committee of the board, in the selection and onboarding of these directors.
3. Write and publish an Owner's Manual (Buffet, 1996) where members of the family are informed and educated on what it means to be and what is expected of a shareholder of the family-controlled company. The rights and responsibilities of ownership and the ways in which the management of the firm can be evaluated to ensure that management (both family and nonfamily) remain accountable to shareholder priorities.

Think about it. A consumer purchases an auto, a computer, even a toaster, and receives an owner's manual with it. A family member becomes a shareholder, a much greater opportunity and responsibility, and receives little guidance or education on how to operate and care for the enterprise now owned.

Finally, annual partnership agreements represent another opportunity to align the interests of owners and owner-operators and therefore enhance the potential derived from ownership control. One such agreement was entered into every year by four sibling partners, where two were owner-operators and two were owning family members. The four shareholders met every December to ask themselves whether their work and relationship over the past year met the standard and whether that meant that they wanted to continue as partners in the new year. This review sometimes meant a commitment to changes that needed to be made. After agreeing to any changes and new principles, they drafted their new partnership agreement and recommitted to their partnership for the coming year.

10. Approaches that Promote Continued Ownership Control by Aligning Family Wealth and Family Unity in Future Generation Owners

Here too, an owners' manual with a "Quick Start Guide" and orientation to business vision and mission, a family constitution, financial metrics, and trouble-shooting guide, as to what to do in the face of conflict often proves useful.

Family shareholder initiatives in philanthropy are another great unifier and therefore a consolidator of family control via family unity. Next generation members that participate in gifts and grant decisions or perform a donor-advisor role for family philanthropy effectively join the controlling team and through teamwork experience developmental opportunities in the family shareholder role. A shareholder group of a large retailer in America has the next generation members participating in the annual family assembly meeting do due diligence on philanthropic initiatives they would like to individually support. During the family assembly, the shareholder group hosts a meeting that resembles an episode of "Shark Tank" where next generation members submit the proposals to careful scrutiny before deciding to put all of their funds behind the single initiative they agree as a generational team to be the best. Even young family members who appear least interested in the family's business come together around an initiative that all know is, even if indirectly so, funded out of the family business' wealth creating capacity.

Psychological ownership may not trump statutory ownership and control of an asset but can certainly assist in a coordinated fashion to amplify the family's unity and resulting control of its assets.

An owners' council, as previously discussed can also make a contribution to aligning family wealth and the benefits and opportunities they represent to family unity and ownership control. So too can the publication and dissemination among family shareholders of an owners' manual and owners' plan. Family business consultants often hear independent directors on a family business board ask, "What does the family want?" A written document such as an owners' plan provides a forum for the family to answer this question. The owners' plan is intended to communicate to the board both the family's general values and interests for the company and the more specific financial requirements expected by the owners. Dividend/distribution and reinvestment policies may be included as well as nonfinancial goals of the enterprise family (Daugherty, 2017).

Education in responsible ownership behaviors as part of annual family assembly meetings can also make a steady contribution to aligning family wealth and family unity. Short sessions can educate and inform on financial metrics, business operations and provide opportunities for first-hand customer experience of product/service. Conceptual or experiential learning modules can help develop psychological ownership and family-firm identity formation. e.g., "ambassadors of the brand" and bring renewed appreciation for the family's history in the business(es). Digital media conversations that renew the founder's vision can also renew the sense of opportunities and the spirit of entrepreneurship in the context of the annual family assembly meeting.

11. Conclusions, Limitations and Suggested Future Research

Ownership control eats business strategy and organizational culture for lunch. A strategic focus on preserving ownership control as a tangible resource or strategic endowment offers founder-controlled and family-controlled enterprises the potential of preserving the comparative advantage responsible for the superior financial returns they enjoy relative to management-controlled firms. Traditional and innovative equity and trust ownership structures can make significant contributions to this effect, but so can innovative governance, familial and ownership development approaches that build bridges over the increasing diversity of later generation families in business.

A clear limitation of this work is that while we have acknowledged the traditional and innovative legal and financial approaches to ownership control here, our focus has been instead on the developmental edge leading to ownership control in future generations; that is on approaches that build on the legal foundation but provide greater requisite variety befitting owning families planning for a future where the ownership control will be in the hands of a larger and more diverse family than during the founder stage. And while not the focus of this work, it is fair to say that innovation in legal and statutory regimes impacting ownership control worldwide will continue whether in response to legal challenges or changes in the overall social, political and economic climate and may very well better accommodate some of the generational transition challenges we have discussed.

As with any work on family business, there is a possibility that the heterogeneity of the family business form itself limits the generalizability of this work. Another limitation is the absence of a robust literature on the chosen subject. Future empirical research into the direct impact of ownership control on the financial performance of family-owned firms, perhaps like Villalonga and Amit (2006) with more extensive use of panel data sets from large samples, is suggested. Further research on owner strategies aimed at preserving the family control advantage over generations is also encouraged. Future work could apply quantitative and qualitative methodologies to shed light on causal relationships or embark on historical analysis or the use of cases in search of patterns or critical factors. Longitudinal studies, notwithstanding their difficulty, could be particularly enlightening on this subject.

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Engaging in a New Field: Business-Owning Families' Differential Approach to Impact Investing

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Abstract We develop a theoretical framework explaining why and how business-owning families (BOF) engage in impact investing. Despite its exponential growth, the burgeoning field of impact investing is still subject to competing interpretations and varying practices. Building on the framework proposed by Nason et al. (2019b), we argue that a business-owning family's frame of reference (backward vs. forward-looking and internally vs. externally oriented) constitutes a relevant heterogeneity that triggers a unique driver for engaging in impact investing and a distinct set of practices to do so.

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PALABRAS CLAVE
Familia propietaria de empresas, Inversión de impacto, Filantropía de riesgo, Riqueza socioemocional, Punto de referencia

Participando en un nuevo campo: La aproximación diferencial de las familias propietarias de empresas a la inversión de impacto

Resumen Resumen Desarrollamos un marco teórico que explica por qué y cómo las familias propietarias de empresas (BOF) participan en la inversión de impacto. A pesar de su crecimiento exponencial, la creciente inversión de impacto en este campo está todavía sujeta a interpretaciones contrapuestas y prácticas variables. Sobre la base del marco propuesto por Nason et al. (2019b), argumentamos que el marco de referencia de un BOF (retrospectivo vs prospectivo y orientado internamente vs externamente) constituye una heterogeneidad relevante que desencadena un impulsor único para participar en la inversión de impacto y en un conjunto distinto de prácticas para hacerlo.

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1. Introduction

The field of "impact investing" (II), commonly understood as a financial practice aiming at generating a measurable social impact alongside a financial return (Global Impact Investing Network, 2021), is in full expansion. In Europe only, impact investors and venture philanthropists allocated close to 4.9 billion euros to social purpose organizations in 2019 and the market is believed to pursue a steady growth in the years to come (European Venture Philanthropy Association, 2020).
Despite this evolution, there is no strong consensus on the meaning of II, as the field is still home for a series of competing ideas brought in by actors from adjacent sectors (financial markets, philanthropic sector, public sector, etc.) who are negotiating how II ought to be done (Hehenberger, Mair, & Metz, 2019).
Recent literature on the subject acknowledges the crucial role of diverse actors such as investment funds, high-net-worth-individuals, and policy makers in shaping the field of II (Hannigan & Casasnovas, 2020; Hehenberger et al., 2019). In parallel, a thriving practitioner's literature highlight business-owning families (BOF) as key actors in the development of the field (Hand, (Hand, Dithrich, Sunderji, & Nova, 2020; UBS, 2019, 2020; World Economic Forum, 2014). The latter phenomenon, however, is currently absent from scholarly conversations about II and family businesses.
The lack of scholarly attention to families' II practices stands in stark contrast with the growing academic interest in the social behaviour of BOF within the boundaries of their firms, by examining for example, family firms' corporate social responsibility (Cruz, Larraza-Kintana, Garces-Galdeano, & Berrone, 2014; Labelle, Hasfi, Francoeur, & Ben Amar, 2018) and corporate philanthropy (Campopiano & De Massis, 2015). Yet, the use of a firm level of analysis obscures the numerous vehicles that BOF, especially wealthy families, may have at their disposal to create social value (Feliu & Botero, 2016). In particular, impact investments are mainly channelled outside the family firm, usually by means of a family office or a family foundation (Financial Times, 2017).
BOF' prominent role in II begs the question of what drives their engagement in this burgeoning field and what specific practices they leverage to do so. It also elicits the question of what makes them differ in these motivations and practices, as an ample academic research emphasizes the heterogeneity of social behaviours among family-owned businesses (Bingham, Dyer, & Smith, 2011; Cennamo, Berrone, Cruz, & Gomez-Mejia, 2012; Déniz-Déniz & Cabrera-Suárez, 2005; Marques, Presas, & Simon, 2014; Niehm, Swinney, & Miller, 2008) and practitioners report that BOF vary greatly in their impact investments (Bertelsmann Stiftung, 2020).
Accordingly, the aim of this article is to provide some preliminary insights on the following research question: *How do business-owning families' motivations for engaging in impact investing and corresponding practices differ across family types*?
To do so, we build on the Socioemotional Wealth perspective (SEW - Gomez-Mejia, Cruz, Berrone, & de Castro, 2011), the dominant paradigm used to explore family firms' social behaviours (Cennamo et al., 2012; Cruz et al., 2014; Kellermanns, Eddleston, & Zellweger, 2012). The SEW approach's main premise, that the trade-off between financial and socioemotional goals is what makes BOF unique (Berrone, Cruz, & Gomez-Mejia, 2012), fits naturally with the impact investing field, with practitioners highlighting that balancing financial and nonfinancial goals is central to every impact investment decision (EVPA, 2018; GIIN, 2021). This may explain why many family offices and family foundations have pioneered the integration of social goals within financial investment strategies, even before the term "impact investing" was coined. As expressed by Justin Rockefeller referring to the Rockefeller family II behaviour: "*My great-great grandfather spent the first half of his life making money, and the second half of his life, giving it away - and the family has continued strong tradition of both business and philanthropy. I see impact investing as a natural continuation of those themes and those family values*" (The ImPact, n.d.).
While we consider the SEW perspective as a "natural fit" to explain how BOF practice II, we also acknowledge its limitations as highlighted by the literature (Chua, Chrisman, & De Massis, 2015; Martinez-Romero & Rojo-Ramirez, 2016; Swab, Sherlock, Markin, & Dibrell, 2020). Accordingly, we use the extended framework proposed by Nason, Mazzelli, and Carney (2019) that addresses some of the issues posed by the SEW perspective, and propose a typology of BOF based on how their reference points shift along a temporal (from backward to forward-looking) and a spatial (from internal to external orientation) dimension. We first argue that business families that engage in II have either a forward-looking or an external reference point or a combination of the two. Next, building on the four typologies of families that emerge from Nason et al. (2019b)'s framework (rentier, entrepreneurial, long-lived and traditional families) we theorize how BOF differ in the way they engage with and practice II.
This article contributes to the literature in several ways. First, we respond to recent calls to

transcend the traditional SEW logic portraying BOF as mostly conservative and risk-averse (Chua et al., 2015; Nason, Carney, Le Breton-Miller, & Miller, 2019; Zahra, 2018). Using the SEW perspective extended by Nason et al. (2019b), we argue that, guided by unique reference points, many of these families can in fact dare to engage in, and sometimes contribute to shape, the new field of II. We also show that the different combinations of these reference points make the practice of II idiosyncratic, responding to scholarly calls to further investigate the heterogeneity of BOF in their social practices (Van Gils, Dibrell, & Neubaum, 2014). Further, by adopting a family level of analysis we contribute to broaden our perspective on the social value creation of BOF (Feliu & Botero, 2016) and better comprehend the range of operations they may conduct outside their firm (Schickinger, Bierl, Leitterstorf, & Kammerlander, 2020; Welsh, Memili, Rosplock, Roure, & Segurado, 2013; Wessel, Decker, Lange, & Hack, 2014).

Last, we contribute to the emergent literature on II by examining an overlooked, yet key actor in shaping its development. In doing so, we shed light on the diversity of impact investors and on their idiosyncratic preferences, going beyond the usual duality between socially driven versus financially driven investors.

2. Theoretical Background

2.1. The competing paths towards II

As acknowledged by practitioners, “impact investing is a big tent” (Sullivan, 2021) and there is still no consensus on how to define it (Bugg-Levine & Emerson, 2011; Hannigan & Casasnovas, 2020; Höchstädter & Scheck, 2015). The European Venture Philanthropy Association (EVPA) refers to “impact investing” as “investing *for* impact” and broadly defines it as “financial activities related to social and environmental causes”. This definition encompasses two views on the practice (Hehenberger, 2020). The first one refers to a financial practice that aims at “investing with the intention to generate positive, measurable social and environmental impact alongside a financial return” (GIIN, 2021); the second one refers to “venture philanthropy”, an approach to philanthropy that borrows the logics of the venture capital sector (Frumkin, 2003) and where the accent is on providing tailored financing and highly engaged non-financial support to social purpose organizations. The broad definition proposed by the EVPA fits the purpose of our research as we aim to examine the vast range of approaches that different BOF use to practice II, which in turn mirror the varying meanings given to this new field.

Indeed, the lack of agreement regarding what II really means implies that the field is subject to competing interpretations. While there are many aspects on which actors in the field diverge, nascent academic and practitioner literature on the subject emphasizes four main dichotomies that underlie an idealized view of how II ought to be:

(1) *The objective of the investment: Impact first vs finance first*

As a practice born at the intersection of the financial and the social sectors, II may be primarily conducted from a financial perspective where the emphasis is on the potential of the investment to generate a market-competitive financial return, settling for a moderate impact; or from a social impact perspective, where the investor seeks to maximize the social impact generated and be content with a limited financial return (Glänzel & Scheuerle, 2016; Harji & Jackson, 2012; Rangan, Appleby, & Moon, 2012). This dichotomy is arguably the most important aspect that allows to differentiate among impact investors and has often important implications on the type of social projects that are eligible for investment.

(2) The scale of the impact generated: Localized versus global solutions

Another key criteria for impact investors to select an investment is whether the solution is customized to address the idiosyncratic needs of local communities (e.g., selling dairy products that have been designed to meet the nutrient deficiencies of children in Bangladesh; Danone, 2020) or is standardized and may be applied on a broad scale and replicated in multiple contexts (e.g., treating a health issue that is spread worldwide, such as the cataract disease; Rangan, 2009) (Ebrahim & Rangan, 2014; Hehenberger et al., 2019; Phillips & Johnson, 2021). The geographic scale of the investment will not only influence the pool of social projects that are eligible for investment, but also the profile of the impact investor that is most appropriate to support these projects (Phillips & Johnson, 2021). Indeed, a successful investment in a localized social project will require a relatively high-level of local knowledge and cultural embeddedness, as well as strong relationships with other actors in the projects’ ecosystem. It will also have implications for the potential for scalability, an issue that is becoming increasingly salient in the II space due to the development of funds operating at a global level with a strong emphasis on replicable solutions (Frumkin, 2003; Voss, 2021). In fact, many of these funds are heavily inspired by the venture capital notion of “going to scale” (Moody, 2008, p. 332).

(3) The anchor for decision-making: Needs versus tools

One for the most recent aspects on which impact investors might diverge relates to the rationale for decision making. On the one hand, need-first investors emphasize that social challenges are complex and require above all a deep understanding of the problem at hand and beneficiaries' needs (Burns, Cottam, Vanstone, & Winhall, 2006; Chalmers, 2020). As such, the specific tools used to generate impact, and their degree of innovativeness, should come in second rank (Phills, Deiglmeier, & Miller, 2008). On the other hand, tool-first investors tend to emphasize the catalysing power of business to generate impact and, as such, focus primarily on applying innovative business and finance instruments as an effective solution to social problems (Cohen, 2012; Hwang & Powell, 2009).

(4) *The criteria for impact assessment: Narratives versus quantitative measures*

The different approaches to social impact measurement have been the subject of heated debate within the social entrepreneurship and third sector realms (Ebrahim & Rangan, 2014; Gibbon & Dey, 2011; Luke, 2016), and such arguments have also infused II (Agrawal & Hockerts, 2021; Reisman & Olazabal, 2016). In essence, investors may choose to assess and communicate the impact of their investment leveraging two types of evaluation approaches. The first, and more conventional approach, often relies on storytelling and qualitative disclosures from beneficiaries (Glasrud, 2001; Rossi, Lipsey, & Freeman, 2004) or on methods known as "theory-driven evaluation" (e.g., Chen & Rossi, 1983; Rogers, 2007) which consist in explicitly articulating a model of how the program will cause the intended impact (Ebrahim, Battilana, & Mair, 2014). These types of evaluation are often idiosyncratic to each class of social intervention and allow to capture the often-intangible nature of social change. The second approach relies on collecting data that is more consistent and comparable across interventions, focusing on metrics that are quantitative and often monetized, i.e., expressed in a given currency (e.g., Nicholls, Lawlor, Neitzert, Goodspeed, & Cupitt, 2012). In recent years, the II industry has developed a multitude of methodologies aimed at quantifying social performance (So & Staskevicius, 2015) such as the benefit-cost analysis and the social return on investment (SROI) (IRIS, 2019; Tuan, 2008; Weinstein & Bradburd, 2014).

2.2. The social behaviours of BOF from a SEW perspective

The notion that family owners attach socioemotional value to firm ownership and that SEW is a primary reference point for family firms have become a dominant paradigm in research on family firms (Gomez-Mejia et al., 2011). As a result, there is a fruitful literature comparing family firms and nonfamily firms in their social orientation using the SEW perspective as the main theoretical framework. According to the SEW approach, the desire to protect the family image and reputation (Berrone, Cruz, Gomez-Mejia, & Larraza-Kintana, 2010; Cruz et al., 2014; Dyer & Whetten, 2006; Zientara, 2017) and to bequeath the business to the next generation (Dou, Zhang, & Su, 2014), two key SEW dimensions (Berrone et al., 2012), may explain the prosocial behaviour of family firms (Cennamo et al., 2012).

The SEW approach seems to be the ideal framework to explore why BOF embrace II. Central to the SEW reasoning is the notion that BOF's decision-making entails a trade-off between gains and losses of financial and socioemotional wealth (Gomez-Mejia et al., 2014; Gomez-Mejia, Patel, & Zellweger, 2018). As mentioned earlier, the field of II continues to debate whether II does or does not achieve market-rate returns at the expense of social impact. Nevertheless, the SEW perspective poses certain limitations that may be consequential when studying how BOF engage and practice II. First, it was originally intended to explain the organizational behaviours of family firm as influenced by the nonfinancial objectives of the owning family. Thus, it has a firm level of analysis. This is a severe limitation to understand the broad scope of social value creation of BOF, as much of their social endeavour, including impact investments, may be conducted beyond firm boundaries (Feliu & Botero, 2016; UBS, 2019, 2020). Second, the SEW perspective has often been described as a monolithic concept, that is homogeneous among BOF and static along the family's life cycle (Martinez-Romero & Rojo-Ramirez, 2016; Swab et al., 2020). In contrast, ample evidence shows that BOF may differ in their socioemotional wealth composition (Patel & Chrisman, 2014), including the emphasis they put on protecting their image and reputation (Berrone et al., 2012; Deephouse & Jaskiewicz, 2013; Zellweger, Nason, Nordqvist, & Brush, 2013) and in their transgenerational intentions (Lähdesmäki & Takala, 2012; Uhlaner, van Goor-Balk, & Masurel, 2004).

To overcome these limitations Nason et al. (2019b) proposed to expand the SEW framework by: a) broadening the socio-cognitive foundations of BOF from the firm to the family level of analysis and b) allowing families' reference points to vary in both a temporal and a spatial dimension. In the temporal dimension, BOF can shift from a backward-looking reference point, (formed by the "recall of past events"), to a forward-looking reference point (turned towards "what the future holds"). In the spatial dimension, families may go from an internally oriented reference point, formed by the building and monitoring of core internal competencies, to an externally oriented reference point, with an emphasis on "outflanking competitors, responding to stakeholders' claims, and accessing relevant resources outside of the firm or the family's direct reach." (Nason et al., 2019b, p. 849). According to Nason and his colleagues, these reference points are not mutually exclusive. Indeed, the authors suggest the existence of four types of BOF (rentier families, long-lived families, entrepreneurial families and traditional family firms) based on how the families position themselves along the two dimensions (temporal and spatial) of the reference points. We argue that modelling BOF's respective frames of reference in function of these two dimensions matter to understand not only their motivation for engaging in II but also the type of practices they would favour. Therefore, in the following section we outline a series of arguments regarding which type of II approach each typology of family is more likely to opt for and practice.

2.3. How do BOF engage in and practice II?

(1) *Rentier families: Families with a backward-looking and an externally oriented reference point*

Depicted as "passive owners who are focused on deriving income from investments rather than salary", these families are deeply embedded into the capitalist class (Nason et al., 2019b, p. 860), commonly considered an elite and wealthy social category (Palmer & Barber, 2001). As such, they face public pressure to justify their privileged economic position (Graffin, Bundy, Porac, Wade, & Quinn, 2013) and are therefore more prone to develop an externally oriented reference point, being highly concerned with institutional pressures and paying a great attention to stakeholder claims. According to Nason et al. (2019b), such an orientation prompts a commitment towards "salient collective goals and societal themes" (p. 856). We extend this reasoning to explain rentier families' engagement in II. These families would be highly responsive to the growing trend of responsible and sustainable investments as recently illustrated by the head of a family office: "*We don't have a mandate for ESG, but it's not rocket science to look at the change in consumer demand and the political and social environment […] it's important now in the public eye and in the consumer's eye. It's something that we can't just brush over because people are only going to pay more and more attention to it, and governments are only going to pay more and more attention to it.*" (Chief investment officer of a European family office; UBS, 2020, p. 25). This motivation, known as "mainstream adoption" referring to the need to embark on a movement that is becoming mainstream, is a common driver for investors new to the II field (Mudaliar, Schiff, & Bass, 2016).

Rentier families are also characterized by a backward-looking reference point prompting them to be mostly focused on preserving what the family already has. In fact, Nason et al. (2019b) suggest that these families have often sold their firm and do not have an immediate family successor, which makes them conceive the remains of their business operations in "instrumental terms" (p. 860). Such instrumental focus combined with their high visibility should be reflected in an II strategy that is strongly driven towards extracting a financial return while preserving the family's reputation. Specifically, the emphasis on profitability and on the social salience of the family's good deeds will push the rentier families to adopt a "finance first" scheme, favouring a form of II that contributes to the family's reputation, while emphasizing the potential for financial return and the low risk profile of the investments. Practically speaking, rentier families may turn towards "ESG-compliant" funds where financially profitable companies (often listed) are selected for their good standing on environmental, social and governance considerations (UBS, 2019, 2020) but whose actual impact does not necessarily come under a high level of scrutiny. According to the principal of a European single-family office: "*We are not willing to take a lower return just because it has social impact. If you do it the right way, you can achieve a return set to market.*" (UBS, 2019, p. 35).

Accordingly, we argue that rentier families will likely target global social issues that have a broad institutional appeal (e.g., education, climate change, gender inequality, etc.) rather than the more idiosyncratic needs of less visible local communities (Hand et al., 2020). They will also tend to give relatively less importance to the type of impact measurement approach adopted. In fact, these passive investors will likely be indifferent to the rationale used to substantiate the impact generated, if the investment's instrumental objective is achieved. As such, they might invest in projects that exhibit influential narratives of social impact as well as more quantitative impact indicators, provided the effort involved in collecting these indicators does not compromise the investment's profitability, as social impact measurement may be time and resource-intensive (Maas & Liket, 2011; Rawhouser et al., 2019). In fact, rigorous impact measurement and reporting are often cited as providing evidence of the investor's strong commitment to social purpose (Findlay & Moran, 2019).

Finally, we argue that rentier families will be more prone to adopt a tools-based approach, as the entailed solutions usually require a lower involvement and understanding of the social problem at hand, an approach that may be perceived as less risky for these business owners who might prefer to rely on tried-and-true business models that are familiar to the capitalist class. In a nutshell, rentier families will align with the prototype of finance-first investors, who "want less focus on impact measurement and more on building credibility to invest at scale and achieve (near) market returns" (Findlay & Moran, 2019, p. 856).

(2) *Long-lived families: Families with a forward-looking and internally oriented reference point*

These BOF present a frame of reference that is heavily oriented towards the future. Their forward-looking reference point prompts them to actively involve the next generation of business owners in the family's decision-making, which fosters vitality and an innovative culture to ensure the longevity of their business. We argue that this forward-looking orientation is their main driver to engage in II. As in the case of rentier families, we also suggest that the particular configuration of reference points (forward-looking and internally oriented) of long-lived families implies a unique way of practicing II.

According to Nason et al. (2019b) long-lived families tend to be embedded in their local communities and show a more "localized identification" (p. 860). Because they attribute part of their financial success to these communities, they are eager to give back (Peake, Cooper, Fitzgerald, & Muske, 2017), often earning an image of "local heroes" (Breeze, 2009). Hence, for long-lived families, II is seen as a direct continuation of their philanthropic commitment towards the communities in which they are embedded. This translates into an II practice that follows an impact-first scheme and that is focused on supporting projects that are customized to the needs of local communities the family feels close to. Quoted by Sullivan (2015) the chief executive of a family foundation involved in II illustrates this local attachment: "*As with many families, place matters to them. It's where this business is from. The kinds of impact they can enact — they can see and touch it*".

At the same time, their forward-looking reference point and the involvement of the next generation will make them open to experiment with a tools-driven approach. Indeed, this approach is known for being cherished by younger generations as it allows them to exploit their innovative and entrepreneurial drive to catalyse change and create social impact. However, these families' deep embeddedness into the local fabric will also heighten their awareness about the complexity of social problems and the need to partly adapt existing tools to the specificities of targeted beneficiaries. As such, long-lived families are uniquely positioned to combine, in the ways they consider the most effective, an innovative tools-based approach with a needs-based one. This approach will be paired with quantifiable metrics of the impact generated as a way to substantiate the effectiveness of their investment strategy. In an article published in the New York Times, an expert on the field declared: "*Sophisticated families are being just as rigorous in their local philanthropy as those who cast their net wider […] Many are engaging in the same type of impact investing — meaning that they measure what their dollars accomplish — that is at the heart of much global giving. And thinking in those terms, even using that phrase, is keeping younger family members engaged*" (Frederic J. Marx, lawyer; Sullivan, 2015). Practically speaking, as "hard-nosed social investors" (Frumkin, 2003, p. 8), they may engage in venture philanthropy funds, where donations are treated as investment and where the fund's managers "draw on the analytical rigor of the for-profit world to assess the nonprofit organizations they support" (Voss, 2021, p. 1).

(3) *Entrepreneurial families: Families with a forward-looking and externally oriented reference point*

These BOF are characterized by a frame of reference that is both oriented towards external stakeholders and towards the future, a combination that is particularly suited for the family to take audacious strategic moves, according to Nason et al. (2019b). Because they are very conscious of their visibility, these families also show a great concern for stakeholders' claims and are attentive to market trends. However, they are also very much future-oriented and manage their business and social activities in an innovative and forward-looking way. Accordingly, and compared to rentier families, entrepreneurial ones will go beyond mere mainstream adoption and engage in II also as tool for strategic innovation.

In the II realm, the combination of future and external oriented reference points would crystallize into an II practice that solves the trade-off between a "finance first" and an "impact first" approach, but rather strives to reach an optimal balance between both. To use the terms of Liesel Pritzker Simmons from the Pritzker family: "*We are taking a total portfolio approach. We think about this investing very rigorously and pay a lot of attention to our risk-adjusted returns because* *this is not our play money, this is everything*" (Foley, 2016). For these entrepreneurial families, embracing an II strategy is a must to stay relevant in the eyes of external stakeholders, but most importantly it is an opportunity to shape the economy and the society of tomorrow and ensure the longevity of their activities. As such, we suggest that entrepreneurial families will support ambitious impact investments, that target global social issues while favouring programs and organizations that show the highest potential for social impact.

We further suggest that they will tend to actively measure the impact generated through recent methodologies that track social impact while also monetizing it to better inform their investment decision-making. As a member of the Pritzker family declared: "*We want to know what the return is and what are the top three impact key performance indicators. One extra dimension we look at with a catalytic investment is: Did it do what it said it was going to do, and did it scale?*" (Liesel Pritzker Simmons; Sullivan, 2021). Practically speaking, it is not rare to find entrepreneurial families at the head of their own funds, as the case of The ImPact, an impact fund entirely owned by business families (including the Rockefeller and the Pritzker family) (Foley, 2016). Oftentimes, these funds are run by next generation family owners. This is the case of Impact Finance, a leading II fund in Europe co-founded by Cedric Lombard from the Lombard Odier banking family and Benjamin Firmenich, whose family is at the head of the world´s largest privately owned fragrance company (Finnigan, 2016; Richterich, 2018).

For Nason et al. (2019b), these families are "outliers occupying a small but powerful fragment of the broad family business landscape" (p. 861). While further research will be required, we also identify this particular type of families as the ones that have pioneered the field since its emergence at the turn of the century.

(4) *Traditional business families: Families with a backward-looking and internally oriented reference point*

These families are referred to by Nason et al. (2019b) as "the primary domain of SEW research" (p. 860) and usually depict families whose main frame of reference is to maintain control and influence over their assets and who have little perspective for a dynastic succession. Such a combination is characteristic of highly conservative and risk averse BOF. The absence of a strong institutional pressure to embrace the new trend of II as well as the lack of involvement of the next generation imply that these families stay closer to a traditional perspective of philanthropic grant-making and therefore will be less likely to engage into II. This view was best illustrated during the interview of a member of a Singaporean business-owning family "*I'm not a millennial that needs to feel good about making money; let's be pragmatic about it. If you're here to change the world, just use the [philanthropic] foundation where there's no need to make a return. That's the right approach for me, though I know I'm in the minority*" (UBS, 2020, p. 24).

Table 1 summarizes the motivations and practices for engaging in II of the three typologies of BOF.

Table 1. Typologies of BOF and II

	Rentier families	**Long-lived families**	**Entrepreneurial families**
Motivation for engagement	Mainstream adoption	Continuing a tradition of doing good	Strategic innovation
Impact first vs. finance first	Finance first	Impact first	Finance & Impact
Local vs. scalable solutions	Scalable	Localized	Scalable
Tools-based vs. needs-based solutions	Tools first	Needs &Tools	Tools first
Narratives vs. quantitative measures	Narratives & Measures	Measures	Measures

3. Discussion and Conclusion

In this paper, we propose a theoretical framework to explain how BOF engage in the nascent field of II. We draw on Nason et al.'s (2019b) extension of the SEW approach to argue that depending on their particular frame of reference, BOF will differ in their engagement with and practice of this new form of asset class. Our theorizing suggests that rentier, long-lived and entrepreneurial BOF are more likely to embrace II than traditional family firms. This is because they have either a forward-looking reference point (long-lived families), an externally oriented reference point (rentier families), or a combination of the two (entrepreneurial families).

We also theorize that the unique combination of reference points will crystallize into different types of BOF exhibiting a unique motivation for engaging in II, as well a distinctive approach to practicing this activity. Specifically, we argue that rentier families will adopt a finance and tools-first II approach, favouring scalable solutions. Long-lived families, in turn, will focus primarily on impact-first localized investment where impact is thoroughly quantified. Finally, entrepreneurial families, going beyond the finance-impact dilemma, will mainly choose investments based on their scalability and measurability through quantitative metrics, leveraging a tools-first approach.

While our theorizing focuses on dichotomies situated at the extremes of the II field and take BOF categories as static, both are best understood in continuous rather than categorical terms. In fact, Nason et al. (2019b) acknowledge that BOF may adopt a frame of reference that is more or less turned towards the outside and towards the future, and that the categories identified are theoretical in nature. Similarly, practitioners in the field of II recognize that the different approaches to II are part of a spectrum (e.g., the "impact ecosystem spectrum" of EVPA, 2018). As such, the opposing views identified in this article should be treated as endpoints along a continuum. What is more, while we theoretically argue that each frame of reference will determine how families position themselves on the extremes of II on a given dimension, we also suggest that some BOF may side-line the dispute by embracing an integrative approach of some of these dichotomies. Specifically, we posit that entrepreneurial families may be more likely than other types of families to free themselves from the "finance first" vs. "impact first" dilemma and combine these two approaches to "align their assets with their values" (TheImpact, n.d.). Similarly, we suggest that rentier families may be agnostic to how the impact generated should be measured, as their primary focus is on the profitability of the investments and the perceived attainment of the intended impact.

Through this theoretical development, we contribute to the literature on the social behaviours of BOF by broadening our perspective on the range of social actions undertook by these families beyond the boundaries of their firm, and the richness of their motivation to do so. Moreover, we contribute to the literature on II by providing a finer-grained analysis of the heterogeneous group of impact investors that populate this growing field, with their respective viewpoints, expectations, and motivations. As highlighted by Gutterman (2021), "impact investors enter the marketplace from a number of different paths and each come with their own unique set of motivations and goals" (p. 13). However, until now, the literature has failed to provide a framework to explain and substantiate this diversity. With this work, we shed light on the motivations of BOF, as a unique group of impact investors, and on how different types of families will approach the dichotomies that are still subject to debate in the field. We also build on recent research on the cognitive processes underlying II decisions. Specifically scholars suggest that prompted by "categorical cognitions" or "prior beliefs", investors generally struggle to reconcile the notion that a particular fund may generate both a social impact and a financial return resulting in outcomes inefficiencies (Lee, Adbi, & Singh, 2020, p. 88). In this paper, we theoretically propose the existence of a class of impact investors (i.e., the entrepreneurial families) who transcend the dilemma impact first vs. finance first, therefore contributing to the field through a more efficient allocation of resources both in social and financial terms.

Future research should extend our conceptual work exploring whether there are other factors that may affect the way in which BOF approach these II dichotomies. Conversely, some of the identified dichotomies may not be relevant to certain types of families, who may be facing others not yet reported in the academic and practitioner literature on II.

More importantly, future research would benefit from examining whether and how adopting a mid-range approach to II, the way some BOF do, influences the social and financial performance of these investments. Indeed, we have a limited understanding of the actual impact investors make through II (Kolbel, Heeb, Paetzold, & Busch, 2020). While recent research suggests that impact investors who demand less rigorous impact metrics (whether these are more qualitative or quantitative in nature) are less likely to produce significant social change (Findlay & Moran, 2019), little is known as to whether adopting a variety of needs-first and tools-first strategies yields differential impact over time. We propose that further research explores these interrogations through grounded theory.

Finally, our theory suggests that the adoption of some particular reference points (forward-looking and externally oriented) may prompt certain BOF to go beyond the goal of preserving family control and lead them to engage in an innovative way of creating social impact. This contributes to recent calls on reconciling the SEW approach with the observed entrepreneurial behaviour of many BOF (Zahra, 2018). Nevertheless, entrepreneurial, rentier and long-lived families may also be influenced by SEW preservation motives that may bias their impact investment decisions. Future research should investigate how SEW motives influence the impact investment behaviours of BOF compared to other key actors in the field such as institutional investors, for example.

This current work also has important implications for practice. BOF who are contemplating the possibility of engaging in the II space may want to first consider the different approaches available for doing so and the extent to which they align with their own frame of reference and idiosyncratic objectives. Similarly, family advisors and fund managers might want to do a thorough due diligence of business-owning family profiles before offering them a specific type of impact investment strategy. A better understanding of the families' triggers for engaging in II could help family advisors to provide valuable advice, by warning rentier families for example of the risks of being subject to charges of "purpose-washing" that are increasingly affecting the reputation and legitimacy of some impact investors (Findlay & Moran, 2019).

In conclusion, our theoretical development opens promising avenues for future research and practice regarding the engagement of BOF in the nascent field of II. We portray BOF as a unique but also as a heterogeneous group of investors interpreting and practicing impact investments in ways that correspond to their respective frames of reference.

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Family Business Research in the Last Decade. A Bibliometric Review

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Abstract This article seeks to offer a better understanding of the existing literature on family firm research, expanding on aspects that previous literature review studies have not fully understood or evaluated. It provides an updated and holistic perspective based on the compilation, organisation, and systematisation of 3.368 family firm research articles published from 2011 to 2020. By conducting a descriptive bibliometric analysis, the study reveals patterns in journals, articles, and authors that will aid future research.

CÓDIGOS JEL
M1, M2

PALABRAS CLAVE
Empresas familiares, Revisión bibliométrica, Investigación futura

La investigación en empresa familiar en la última década. Una revisión bibliométrica

Resumen Este artículo intenta ofrecer una mejor comprensión de la literatura existente sobre investigación en empresas familiares, ampliando aspectos que estudios previos de revisión de la literatura no han comprendido o evaluado completamente. Proporciona una perspectiva actualizada y holística basada en la compilación, organización y sistematización de 3.368 artículos de investigación de empresas familiares publicados entre 2011 y 2020. Al realizar un análisis bibliométrico descriptivo, el estudio revela patrones en revistas, artículos y autores que ayudarán a la futura investigación.

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1. Introduction

Family firms (FF) are the most common business entities worldwide, the most ubiquitous form of business organisation in any world economy (La Porta, Lopez-de-Silanes, & Shleifer, 1999), and play an important role in generating employment in the private sector and contributing to gross domestic product (GDP) (e.g., D'Angelo, Majocchi, & Buc, 2016). However, family business research has been slow to gain traction and accumulate a body of knowledge (Gedajlovic, Carney, Chrisman, & Kellermanns, 2012; Sharma, 2004). 'An aspect of family enterprise in the industrial revolution' published by Ra Church in 1962 was the first article published in the categories of 'business', 'business and finance', 'economics', and 'management' of the Social Science Citation Index in the Business History journal. However, it was not until 1992, when a minimum of five articles were published uninterruptedly each year, going to a minimum of 10 articles annually from 2000. It was not until 2009 when the real increase in the number of articles published with a minimum of 100 per year.

The increase in research in this area generated the appearance of four specific family business journals: Family Business Review, Journal of Family Business Strategy, Journal of Family Business Management, and European Journal of Family Business. This significant increase in articles in the FF literature makes it necessary to review them for several reasons. To advance scientific knowledge, researchers generally emphasize the importance of classifying the literature of a research area based on the main trends in the discipline (Bjork, Offer, & Söderberg, 2014). A literature review is a reference point to advance knowledge, as it engages researchers and practitioners both by providing a transparent audit trail for legitimising the order and flow of articles and stimulating debate on its future development.

To date, several literature reviews have been published to determine what is known about the FF research field (Benavides-Velasco, Quintana-García, & Guzmán-Parra, 2013; Chrisman, Kellermanns, Chan, & Liano, 2010; Debicki, Matherne, Kellermanns, & Chrisman, 2009; Gedajlovic et al., 2012; Rovelli, Ferasso, De Massis, & Kraus, 2021; Sharma, 2004; Xi, Kraus, Filser, & Kellermanns, 2015). These reviews have shown that the field of family business is constantly evolving, and new approaches are needed to better understand the past, present, and future of family business research.

The present work aimed to delve into the most recent evolution of the field, specifically in the last decade, to complement the recent work of Rovelli et al. (2021) by adopting a bibliometric approach and expanding the scope of the analysed journals.

2. Methodological Procedures of the Bibliometric Review

2.1. Previous reviews of the family business field

As mentioned in the introductory section, there have been several studies of literature reviews of family businesses over time, some of them quite recent. To contextualise our work, the main published review papers are summarised in Table 1.

Table 1. Overview of literature reviews in the family firm field

Author (year)	Source	Review
Sharma (2004)	Family Business Review	In this article, based on a review of 217 refereed articles on family business studies, the literature is organised according to its focus on individual, interpersonal or group, organisational, and societal levels of analyses. An assessment of the status of the current understanding at each level is provided, and directions for future research are suggested.
Casillas & Acedo (2007)	Family Business Review	The aim of this article was to identify different research trends in the field by studying all the papers published in only one specialised journal, the *Family Business Review*, from its foundation in 1988 through to the December 2005 issue.
Debicki, Matherne, Kellermanns, & Chrisman (2009)	Family Business Review	This review focused on the contributions of individual scholars and academic institutions and the interrelationships between them by analysing 291 family business articles published in 30 management journals between 2001 and 2007.
Chrisman, Kellermanns, Chan, & Liano (2010)	Family Business Review	This review identified 25 particularly influential articles and discussed their most important contributions to scholars' current understanding of family business.

Author (year)	Source	Review
Gedajlovic, Carney, Chrisman, & Kellermanns (2012)	Journal of Management	In this review article, the authors sought to document the growing maturity of family business research and to promote its integration into broader streams of inquiry in the organisational sciences. They concluded that the area holds great promise to 'give back' and provide meaningful contributions to the general field of management.
Benavides-Velasco, Quintana-García, & Guzmán-Parra, (2013)	Small Business Economics	This article analysed the content of papers focused on family firms published in any journal of the categories 'business', 'business finance', 'economics', and 'management' of the Social Science Citation Index during the 1961–2008 period. The analyses enable the identification of potential avenues for future research that could be meaningful to advance in the consolidation of the discipline.
Xi, Kraus, Filser, & Kellermanns (2015)	International Entrepreneurship of Management Journal	This article, based in a bibliometric analysis, highlighted the most influential publications and discussed changes in citation patterns before and after the year 2000. Five thematic clusters were identified, reflecting the clues that family business research follows and revealing avenues for future research.
Rovelli, Ferasso, De Massis, & Kraus (2021)	Journal of Family Business Strategy	Finally, the most recent review offered a comprehensive bibliometric review providing a complete overview of family business research conducted in the most specific relevant journals: *Family Business Review*, *Journal of Family Business Strategy*, and *Journal of Family Business Management*. This laid the ground for future developments.

Undoubtedly, these studies have made significant contributions to the field. In this context, with a new bibliometric literature review, we present a deeper view of the latest trends in FF research by focusing only on articles published in the last decade and expanding the number of journals analysed in the review by Rovelli et al. (2021). In so doing, we developed a complementary review of Rovelli et al. (2021).

Thus, the present study aimed to synthesise and organise existing knowledge in the FF research field published in any journal of the categories 'business', 'business and finance', 'economics', and 'management' of the Social Science Citation Index during the 2011–2020 period. The specific contributions of the study are as follows. First, using performance analysis and certain productivity and impact indicators, in particular, it is possible to reveal patterns in journals, articles, authors, and topics, showing the intellectual structure of the research field. Second, to identify possible avenues of future research, we added a research road map that may be significant in advancing the continuous consolidation of the area.

To fulfil the purpose of this literature review, that is, to synthesise and organise existing knowledge in the field of FF research, we used a performance analysis of a selection of research articles. An important concern is the definition of the databases commonly used and the protocol for the retrieval of articles.

The methodological design for this bibliometric study involved two phases: data collection selection and performance analysis.

2.2. Data collection

The choice of the database of documents is one of the most important steps in performing a reliable literature review. Clarivate Analytics' Web of Science (WoS) database has long been considered the 'gold standard' in measuring scholars' performance and is used in many international rankings of universities (Harzing & Alakangas, 2016), as well as in bibliometric studies in the field (Brito-Ochoa, Sacristán-Navarro, & Pelechano-Barahona, 2020). We used this database because it provides a set of metadata that are essential for the bibliometric review, including abstracts; references; number of citations; lists of authors, institutions, and countries; and journal impact factor (Carvalho, Fleury, & Lopes, 2013). We restricted our review to articles published between 2011 and 2020 because the focus was only the last decade, and written in English, since this is the common practice in the field (Yildirim-Öktem, & Selekler-Goksen, 2018).

Publication keywords are considered the basic elements for representing knowledge concepts and are widely used to reveal the knowledge structure of research domains (Chen & Xiao, 2016). The combination of keywords used in our search was based on previous research in FF (Calabrò, Minichilli, Amore, & Brogi, 2018; Pukall & Calabrò, 2014). Specifically, we used the following combination of keywords or search strategy: ('family firm*') OR ('family business*') OR ('family enterprise*') OR ('family influence*') OR ('family owner*') OR ('family SME*') OR ('family control*') OR ('family involvement'). We considered documents with keywords that appeared as a social science topic (i.e., keywords in document titles, keywords, and abstracts). The 'type of document' was specified as the 'article' and 'review' categories, and as that is, works published in journals, as is common in the family business literature (Hernández-Linares, Sarkar, & López-Fernández, 2017). Finally, the documents were selected from the discipline categories most commonly used to classify journals that cover FF research, including the WoS subcategories of 'business', 'business and finance', 'economics' and 'management' categories in the Social Science Citation Index and Emerging Sources Citation Index of the WoS database. Using these search criteria, we obtained 3,368 articles that formed the basis of the bibliometric review.

2.3. Performance indicators

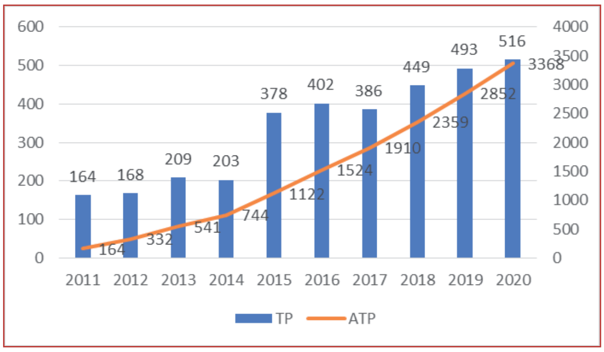
The most popular performance analysis indicators are those that consider the number of publications and citations. The number of publications is related to the productivity of an author, and the number of citations is related to a paper's influence on the scientific community (Aparicio, Iturralde, & Sánchez-Famoso, 2019; Cobo, López-Herrera, Herrera-Viedma, & Herrera, 2011). Thus, in addition to the evolution of the research, or the number of published papers by year, with the performance indicators, it is possible to identify the main researchers and studies and characterise the journals selected for the literature review in terms of the number of published articles and their conjoint impact, with all of the indicators calculated in the specific research domain.

3. Results

3.1. The evolution of scientific research on FF

The growing pattern of FF research between 2011 and 2020 and its chronological distribution provide some initial information for analysing the research domain (see Fig. 1). As we can graphically observe, publications on the FF topic have grown continuously over the analysed period, although this increase was not regular.
The positive trend of the curve (Accumulative Total Papers) indicates that FF research continues to attract considerable interest among scholars. However, the data show a discontinuity in the growth in 2015 compared to the previous year. This is because the WoS database included, in 2015, some new journals that published FF articles: Journal of Family Business Management, Journal of Small Business and Enterprise Development, Corporate Governance the International Journal of Business in Society, and Entrepreneurial Business and Economics Review.

Fig. 1. The evolution of scientific research



ATP: total accumulative papers, and TP: total papers

3.2. Top articles in the FF research field over the last decade

The number of citations of an article is generally considered to reveal the importance of that research; that is, the citations provide an overview of the most influential research. Our review revealed the top ranking of documents in terms of the highest number of citations received in WoS in the FF research field. There were 3,368 articles in the sample, published in the 2011-2020 period, with a total of 59,969 citations, which is equivalent to an average of 17.81 citations per article. However, 479 articles had no citations, 2,889 had a minimum of one citation, 1,281 articles had 10 citations, 99 articles had 100 citations, 28 articles had 200 citations, and 10 articles in Table 1 had a minimum of 300 citations.
Socioemotional wealth (SEW) approach, corporate social responsibility, heterogeneity in family firms, family involvement, family centred non-economic goals, corporate governance, and work-family conflict were the main topics of the most cited articles, as shown in Table 2. Of these articles, two articles stand out above the others: 'Socioemotional Wealth in Family Firms: Theoretical Dimensions, Assessment Approaches, and Agenda for Future Research' by Berrone et al. (2012) and 'The Bind that Ties: Socioemotional Wealth Preservation in Family Firms' by Gomez-Mejia et al. (2011). These articles make the case for the SEW approach as the potential dominant paradigm in the family business field. The authors argued that the SEW or affective endowment of family owners significantly explains many of the differences between family businesses and other organisations. The SEW approach has been one of the most widely used as a theoretical justification in many of the empirical studies conducted in the period analysed in this review, which explains the high number of citations of these articles. The third most important article, 'Antecedents of Work-family Conflict: A Meta-analytic Review' by Michel et al. (2011), provided an interesting framework and theoretical model of

work–family conflict, revealing its antecedents: work role stressors, work role involvement, work social support, work, and personality.

Miller (31), Kotlar (29), and Calabrò (29). In the last five years, De Massis was the reference author with 35 articles, followed by Calabrò with 25 articles, Kellermanns with 22 articles, and Kotlar with 18 articles.

Table 2. The most influential papers in the FF research field in the last decade

R	Title	Authors	Journal	Year	TC
1	Socioemotional wealth in family firms: Theoretical dimensions, assessment approaches, and agenda for future research	Berrone, P; Cruz, C; Gomez-Mejia, LR	Fam. Bus. Rev.	2012	775
2	The bind that ties: Socioemotional wealth preservation in family firms	Gomez-Mejia, LR; Cruz, C; Berrone, P; De Castro, J	Acad. Manag. Ann.	2011	726
3	Antecedents of work-family conflict: A meta-analytic review	Michel, JS; Kotrba, LM; Mitchelson, JK; Clark, MA; Baltes, BB	J. Organ. Behav.	2011	525
4	Variations in R&D investments of family and nonfamily firms: behavioral agency and myopic loss aversion perspectives	Chrisman, JJ; Patel, PC	Acad. Manage. J.	2012	520
5	Family involvement, family influence, and family-centered non-economic goals in small firms	Chrisman, JJ; Chua, JH; Pearson, AW; Barnett, T	Entrep. Theory Pract.	2012	453
6	Corporate governance and firm value: The impact of corporate social responsibility	Jo, H; Harjoto, MA	J. Bus. Ethics	2011	406
7	Corporate governance and corporate social responsibility Disclosures: Evidence from an emerging economy	Khan, A; Muttakin, MB; Siddiqui, J	J. Bus. Ethics	2013	353
8	Partial least squares structural equation modeling (PLS-SEM): A useful tool for family business researchers	Sarstedt, M; Ringle, CM; Smith, D; Reams, R; Hair, JF	J. Fam. Bus. Strateg.	2014	351
9	Corporate governance in emerging markets: A survey	Claessens, S; Yurtoglu, BB	Emerg. Mark. Rev.	2013	321
10	Sources of heterogeneity in family firms: An introduction	Chua, JH; Chrisman, JJ; Steier, LP; Rau, SB	Entrep. Theory Pract.	2012	309

R: rank; TC: total cites.

3.3. Top authors in the FF research field in the last decade

In the last decade, 5,699 authors participated in 3,698 articles published in the field of FF research during the analysed period. Of these, 75.38% (4,296/5,699) published only one article, and less than 1%, or 49 authors, published more than 10 articles.

Table 3 illustrates authors who published 15 or more articles and authors with more than 100 citations per paper. De Massis, with 59 articles, and Kellermanns, with 47 articles, were the most productive authors, followed by Chrisman (33),

Gomez-Mejia and Cruz, co-authors of the two articles with the highest number of citations, were the authors with the highest number of citations per article. These authors are some of the researchers who introduced the concept of SEW in the field of FF. Therefore, we can consider them references in the area. It is also necessary to highlight the influence of Chrisman and Chua, co-authors of several of the articles with the most citations (Table 3), who had more than 100 citations per article.

Table 3. The most influential and productive authors in the FF research field in the last decade

R	Authors	TC	TP	TC/TP	11	12	13	14	15	16	17	18	19	20
1	De Massis, A	3018	59	51.2	0	2	4	9	9	5	3	11	6	10
2	Kellermanns, FW	2204	47	46.9	1	7	3	6	8	3	4	5	3	7
3	Chrisman, JJ	3373	33	102.2	4	6	2	3	4	6	2	5	1	0
4	Miller, D	1727	31	55.7	3	0	4	4	5	3	4	3	1	4
5	Kotlar, J	1540	29	53.1	0	0	3	5	3	2	1	8	3	4
6	Calabrò, A	711	29	24.5	0	0	1	2	1	7	4	4	6	4
7	Nordqvist, M	1330	24	55.4	1	5	3	2	3	3	2	2	0	3
8	Chirico, F	966	24	40.3	2	1	2	4	3	2	2	2	2	4
9	Eddleston, KA	1053	23	45.8	1	6	2	1	1	0	2	4	2	4
10	Memili, E	485	23	21.1	2	1	2	4	5	1	1	3	1	3
11	Voordeckers, W	660	22	30.0	3	0	4	2	4	2	1	1	2	3
12	Le Breton-Miller, I	1321	21	62.9	3	0	2	3	4	3	2	2	1	1
13	Kraus, S	576	20	28.8	1	1	0	3	1	5	2	4	2	1
14	Kammerlander, N	774	19	40.7	0	0	1	1	5	2	0	3	1	6
15	Basco, R	383	19	20.2	1	0	1	1	3	2	5	0	3	3
16	Gomez-Mejia, LR	2416	18	134.2	1	4	1	2	0	2	2	3	1	2
17	Minichilli, A	663	18	36.8	2	1	1	3	0	3	2	5	0	1
18	Campopiano, G	498	17	29.3	0	0	1	1	3	2	3	0	3	4
19	Hack, A	299	17	17.6	0	0	1	3	4	3	1	0	3	2
20	Chua, JH	1798	16	112.4	2	4	2	1	3	2	0	1	1	0
21	Carney, M	606	16	37.9	0	1	2	1	4	1	1	1	4	1
22	Hiebl, MRW	169	16	10.6	0	0	2	1	5	0	2	1	3	2
23	Sharma, P	517	15	34.5	2	0	2	4	2	0	0	1	2	2
24	Steijvers, T	430	15	28.7	0	0	3	2	4	0	3	1	1	1
25	Wu, ZY	246	15	16.4	1	1	0	2	0	3	2	3	2	1
26	Cruz, C	2324	14	166.0	1	4	0	3	1	1	1	1	1	1
27	Zellweger, TM	1315	10	131.5	0	6	1	0	1	0	1	1	0	0

R: rank; TP and TC: total papers and cites, TC/TP cites per article, 11, 12,…, the year 2011, 2012,….

3.4. Top journals in the FF research field in the last decade

One of the most important research activities is the diffusion of results. Journals occupy a primary place in the area of academic dissemination. Table 4 presents journals with 15 or more FF articles. In addition, some bibliometric indicators, such as the total number of FF papers (TP), total number of citations (TC), and ratio of TC/TP are presented. The number of papers published each year is also included.

Table 4. The most influential journals in the FF research field in the last decade

R	Journal Title	TP	TC	TC/TP	11	12	13	14	15	15	17	18	19	20
1	J. Fam. Bus. Strateg.	206	4326	21.00	-	22	22	35	21	22	18	23	24	19
2	Fam. Bus. Rev.	169	6368	37.68	18	19	17	17	18	16	16	17	16	15
3	Entrep. Theory Pract.	128	5980	46.72	7	13	18	9	16	15	7	14	18	11
4	J. Fam. Bus. Manag.	114	591	5.18	-	-	-	-	16	18	18	18	23	21
5	J. Bus. Res.	65	1269	19.52	2	2	4	3	6	9	6	12	12	9
6	J. Bus. Ethics	63	2107	33.44	4	6	3	4	5	4	4	12	5	16
7	J. Small Bus. Manag.	60	1745	29.08	1	1	3	10	13	9	8	6	5	4
8	J. Corp. Financ.	58	1257	21.67	5	3	4	5	15	4	5	2	5	1-
9	Small Bus. Econ. Group	57	2121	37.21	2	7	8	3	8	7	4	3	9	6
10	Corp. Gov.	52	1220	23.46	4	5	4	4	15	7	2	2	5	4
11	Asia Pac. J. Manag.	45	935	20.78	4	4	12	1	1	2	4	6	2	9
12	Bus. Hist.	44	333	7.57	-	3	13	6	8	7	1	2	-	4
13	Rev. Manag. Sci.	30	421	14.03	-	1	1	3	3	4	3	4	3	8
14	J. Small Bus. Enterp. Dev.	29	153	5.28	-	-	-	-	2	7	9	2	3	6
15	Pac.-Basin Financ. J.	29	329	11.34	2	1	2	-	2	4	-	1	10	7
16	Int. Entrep. Manag. J.	28	385	13.75	-	-	1	3	3	2	5	6	3	5
17	Int. J. Entrep. Behav. Res.	26	333	12.81	-	2	-	-	5	4	-	8	3	4
18	Int. Bus. Rev.	25	590	23.60	2	-	3	3	1	4	3	2	5	2
19	Manag. Decis.	24	225	9.38	-	1	-	3	4	4	3	1	5	3
20	Corp. Gov.-Int. J. Bus. Soc.	23	232	10.09	-	-	-	-	2	6	3	6	5	1
21	Eur. J. Int. Manag.	23	193	8.39	-	-	1	2	7	5	3	3	2	-
22	Int. Small Bus. J.	23	551	23.96	3	3	-	2	-	2	2	5	2	4
23	Strateg. Manage. J.	23	989	43.00	-	1	2	3	2	5	3	2	1	4
24	J. Bank Financ.	22	656	29.82	4	4	5	1	1	3	-	1	2	1
25	J. Manag. Gov.	22	202	9.18	-	-	-	-	1	4	7	4	1	5
26	Emerg. Mark. Financ. Trade	20	87	4.35	1	-	2	2	3	1	-	4	4	3
27	Acad.-Rev. Latinoam. Adm.	19	71	3.74	2	-	1	-	-	9	3	-	2	2
28	J. Manag. Organ.	19	187	9.84	2	1	4	3	1	3	4	1	-	-
29	Eur. Manag. J.	17	306	18.00	1	3	-	3	2	-	2	1	1	4
30	J. Bus. Ventur.	17	1621	95.35	3	4	-	2	3	-	2	2	-	1
31	J. Manag.	17	1134	66.71	2	1	1	-	2	3	2	1	4	1
32	J. World Bus.	17	742	43.65	-	1	2	1	1	3	3	3	1	2
33	Res. Int. Bus. Financ.	17	96	5.65	-	-	-	-	1	2	3	3	3	5
34	J. Prod. Innov. Manage.	16	886	55.38	-	-	1	1	6	-	-	4	-	4
35	Long Range Plan.	16	102	6.38	-	-	-	-	-	2	3	5	1	5
36	Bus. Strateg. Environ.	15	268	17.87	-	-	-	1	-	1	1	2	4	6

R: rank; TP and TC: total papers and cites, TC/TP cites per article, 11, 12,…, the year 2011, 2012,….

According to Table 4, it is necessary to indicate that three of the most productive journals, Journal of Family Business Strategy, Family Business Review, and Journal of Family Business Management, are journals with specific topics on family firms and therefore only publish FF articles. The Journal of Family Business Strategy published its first article in 2010, and its articles have been collected in the WoS since 2012, while the Journal of Family Business Management published its first article in 2011, and its publications have been in the WoS since 2015. Entrepreneurship Theory and Practice stands out from the other journals with 128 articles. It is also necessary to highlight the recent increase in the publication of articles in FF in the Journal of Business Research and Journal of Business Ethics.

Another important aspect to consider in this section is the analysis of the total number of citations on the FF. Family Business Review and Entrepreneurship Theory and Practice stood out for having the largest number of TCs, followed by the Journal of Family Business Strategy. In analysing the average number of citations per article, Journal of Business Venturing highlighted 95.35 citations per article. The articles published in the Journal of Management were also highly cited, with 66.71 citations per article, followed by those published in the Journal of Product Innovation Management and Entrepreneurship Theory and Practice. In analysing the three specific journals on the topic, the articles published in Family Business Review were the most cited, followed by those published in the Journal of Family Business Strategy. These results seemed to be coherent, considering the different ages of the journals. However, this difference will diminish over the years owing to the increasing number of journals that have included family business articles in the last decade.

3.5. Analysis of keywords

Keywords are used to catalogue and index documents and, consequently, to find documents and related issues. In bibliometrics, it is assumed that keywords extracted from papers can represent a specific research direction or subject of a field (Ding, Chowdhury, & Foo, 2001). Hence, keywords serve as a first approximation to reveal the knowledge structure of a research area (Chen & Xiao, 2016).

As there is no standardised glossary of keywords, the authors of an article select a set of keywords to the best of their knowledge; this is the likely reason that there were 4,403 keywords in the dataset. Table 5 lists keywords with 50 or more occurrences. The generic keywords used as search terms in the identification process of our data set were the most repeated words: family business (585) and family business (822), but they were not included in the list. The table also shows the number of times each keyword in each period.

To analyse the relevance of the keywords and observe the trend of potential research interest in the FF research field over time, we estimated the periods in which each keyword was more important. To do this, the percentage that a keyword appears in a given year was calculated by dividing the occurrences of the keyword in one year by the sum of occurrences in all years. In those years in which the percentage of a keyword was greater than that of the total keywords, the importance of that period for that keyword was greater than that of the rest of the years.

Corporate governance was the most commonly used keyword, as it has been the main concern of researchers. Also noteworthy were ownership, succession, innovation, SEW, and internationalisation. However, it is necessary to indicate the importance of each keyword in each period. Corporate governance, ownership, agency theory, and stewardship theory are the keywords most used in the first years of the analysis period. It is important to highlight agency theory and stewardship theory, which were two theories widely used at the beginning of the period and less used in recent years. In this regard, the SEW approach has gained considerable attention in recent years.

In recent years, we observed a difference in the keywords, which may indicate a change in research topics. Keywords such as succession, innovation, SEW, gender, corporate social responsibility, sustainability, branding, and entrepreneurial orientation have taken on more weight in recent years. This is a very important piece of information when discussing future research trends.

In some cases, the evolution of these keywords was also related to the evolution of the publication of articles in some journals in the FF research field. Specifically, without considering the three specific journals of FF, the Journal of Family Business Strategy, Journal of Family Business Management and Family Business Review, Journal of Business Ethics, Business Strategy and the Environment have increased in number of publications in recent years by fundamentally focusing their publications on the corporate social responsibility, sustainability, and gender keywords. Socioemotional wealth was a topic used mainly in Entrepreneurship Theory and Practice and the Journal of Business Ethics; innovation was a topic published mainly in Small Business Economics and the Journal of Business Research. Internationalisation was a keyword published more in the International Business Review and Journal of Business Research than in the specific journals of the family business research field and the keyword entrepreneurship orientation has grown with the evolution of the International Entrepreneurship and Management Journal.

Table 5. List of most used keywords in the FF research field in the last decade

R	Key Word	TOTAL	11	12	13	14	15	15	17	18	19	20
1	Corporate governance	344	17*	24*	24*	19*	53*	44*	28	43	44	48
2	Ownership	220	9*	10	14*	14*	25*	27*	21	31*	30	39*
3	Succession	199	9*	9	10	11*	25*	23	17	25	31*	39*
4	Innovation	182	6	6	10	8	19	23*	16	23	33*	38*
5	Small and medium enterprise	178	8*	9*	8	5	19	22*	22*	21	26	38*
6	Socioemotional wealth	172	0	4	8	9	10	24*	19	27*	35*	36*
7	Internationalization	160	4	9*	7	8	11	21*	26*	25*	24*	25
8	Family ownership	145	9*	8*	10*	7	12	14	14	18	29*	24
9	Entrepreneurship	126	3	8*	3	3	15*	16*	12	20*	17	29*
10	Entrepreneurial	124	4	8*	6	7*	9	20*	18*	17	17	18
11	Performance	120	8*	4	6	4	17*	13	17*	20*	20*	11
12	Agency theory	115	5*	9*	9*	3	11	17*	15*	16*	16	14
13	Firm performance	108	5*	7*	4	10*	14*	12	15*	9	17*	15
14	Corporate social responsibility	103	2	6*	2	8*	7	13*	11	18*	15	21*
15	Gender	99	3	2	3	5	4	14*	14*	15*	22*	17
16	Strategy	94	3	8*	4	7*	11*	9	13*	11	4	24*
17	Board of Directors	91	6*	4	5	6*	14*	9	9	10	15*	13
18	Social capital	82	4*	5*	2	8*	13*	4	9	14*	13*	10
19	Governance	76	3	3	3	5*	16*	13*	9*	10	2	12
20	Entrepreneurial orientation	64	1	3	0	3	1	7	11*	10*	14*	14*
21	Family control	63	4*	4*	4*	4*	10*	9*	4	7	5	12*
22	Family businesses	62	2	4*	5*	4*	3	6	11*	9*	8	10
23	Family involvement	60	0	1	4*	4*	5	9*	5	10*	10*	12*
24	Emerging Market	59	2	3*	4*	0	7*	6	10*	6	13*	8
25	Business group	58	3*	2	5*	1	5	9*	10*	9*	7	7
26	China	57	1	5*	8*	2	13*	6	3	7	8	4
27	Stewardship theory	57	1	4*	3	6*	4	11*	8*	8*	5	7
28	Sustainability	52	0	1	3*	1	1	4	10*	8*	11*	13*

R: rank; TP and TC: total papers and cites, TC/TP cites per article, 11, 12,….the year 2011, 2012,…

The analysis of keywords over the last decade revealed a different evolution in relation to the topics of interest in the study of family business. Although Table 5 represents the main topics addressed in the last 10 years, not all of them experienced a similar evolution. Therefore, with the values in Table 5, we analysed the evolution of keywords based on the number of papers in which they appeared in the two five-year periods into which the decade can be divided (2000-2015 and 2016-2020). Likewise, we divided the 28 topics into two equal groups based on their frequency (the first 14 compared to the last 14). Based on these criteria, we differentiated four groups of topics:

- **Very relevant topics and rising.** They have shown great interest on the part of family business researchers in the last decade and, in addition, their relevance gained importance from the second half of the decade compared to the first. Here, we identified the following

topics: *small and medium-sized enterprises, family ownership, innovation, succession, gender, and entrepreneurship*. We also identified *socio-emotional wealth* as an increasingly prevalent theoretical perspective.
- **Less relevant topics but growing.** This group included keywords that, although less frequent, did show growth as of the second half of the last decade. These were the study of *family business strategy*, *entrepreneurial orientation*, *corporate social responsibility*, and *sustainability* of family businesses.
- **Very relevant topics but declining.** These were keywords that had shown a high presence throughout the decade, but their relevance had decreased in the second half compared to the first. *Internationalisation*, *performance*, and *corporate governance* were in this cluster of topics. Here, we also found *agency theory* as a theoretical approach to family business research.
- **Less relevant and declining topics.** These keywords were found in the lower part of Table 5 and were also reduced in importance throughout the decade. Here, we found the study of family businesses in emerging markets, such as *China*, the analysis of *governance structure*, *board of directors*, and *business groups* as well as the *stewardship* perspective from a theoretical point of view.

3.6. Future research lines

The evolutionary analysis of the keywords revealed several relevant aspects that allow us to glimpse how the near future will develop in the studies of family business. Based on the analysis of the recent evolution of family business research, we propose four lines of future research development for the next few years.

First, a growing predominance of the SEW approach was observed, compared to other theoretical perspectives, such as agency theory and the stewardship approach. In this sense, the validity of a theory depends on its ability to evolve over time and be able to better explain reality and an increasing number of phenomena. Therefore, more research is needed to advance the development of this approach, such as recent studies that focus on mixed gamble (Bauweraerts, Díaz-Moriana, & Arzubiaga, 2020; Cruz & Justo, 2017; Gómez-Mejía et al., 2014; Hussinger & Issah, 2019). Following this line, new research is needed to delve into the determinants and results of SEW in family business decision making. In this regard, researchers have the opportunity to answer the following research questions:

- What are the determinants of SEW?
- How does the heterogeneity of family businesses (corporate governance and ownership structure) affect the role of SEW in decision making?
- How does SWE affect retrenchment decisions and performance threshold?
- What role does SEW play in the agility, flexibility, and resilience of family businesses in the face of a crisis?
- Is SEW a long-term stable trait, or does it evolve over time? In such a case, how can SEW evolve over time?

Second, the boom that a classic theme such as succession is experiencing is striking. Despite being one of the original topics in the field, our results showed it to be a topic of interest. From our point of view, this growth is due, to a large extent, to a change in the environment that causes succession to develop in a new context. The past decade has been especially turbulent from a competitive point of view, with a global economic-financial crisis at the beginning and a pandemic at the end, in the context of globalisation and the development of new technologies that have introduced exponential rates of uncertainty and risk. In this highly uncertain context, in which it is difficult to predict even the short term, succession, as a very long-term planning process, takes on special interest. For this reason, it is necessary to delve into future work on questions such as the following:

- How is succession planned in highly dynamic and uncertain environments?
- How do socio-emotional dimensions affect succession processes?
- How is information and knowledge managed during succession processes?
- Are the recipes applied to preceding succession processes valid for future succession processes?
- How do succession processes interfere with strategic business processes (internationalisation, innovation, business development, etc.)?

Third, and related to the previous point, compared to a structural approach, based on the study of the decision-making bodies of family businesses (corporate governance, board of directors, ownership structure), the decisions that these bodies adopt in the sphere of the family business are gaining relevance. Therefore, there is growing interest in the strategic decisions of family businesses, especially in relation to their adaptability to changes in the environment. Again, the paradox that requires greater attention from researchers in the coming years is the long-term adaptability of family businesses to an exponentially dynamic and uncertain environment in the short term. For this reason, studies on innovation, sustainability, or entrepreneurship in these types of companies have been emerging. However, more work is needed to answer questions such as the following:

- What are the micro-processes that family businesses develop to adapt to changes in the environment?
- Are family businesses more flexible, agile, and resilient than non-family ones?
- What characteristics of family businesses (heterogeneity) allow them to be more flexible, agile, and resilient?
- Under which circumstances are family businesses best prepared to survive a crisis?
- What kind of decisions do family businesses make in the face of a radical change in the environment?

Finally, the representativeness of a brand and its relevance can be, along with other aspects, translated into consumer loyalty and consumer willingness to pay a premium price, so that the strengthening of the brand can revert to financial performance gains (Fischer, Völckner, & Sattler, 2010; Simon & Sullivan, 1993). Furthermore, in the last century, a new organisational strategy of brand orientation was theorised that takes the focus of the company from just meeting the needs of customers to create a strategic meaning for the brand (Urde, 1999). For marketing scholars, images are defined by an external approach; however, studies that consider consumer response, instead of financial or business performance, as a result of family firm brand decisions, are very recent and scarce. Therefore, in relation to family-based brand identity (Craig, Dibrell, & Davis, 2008) more work is needed to answer questions such as the following:

- In addition to formal communication about family firm characteristics, are there any implicit message-enforcing behaviours of organisation and family members that determine the family firm brand image?
- Regarding brand crises derived from negative behaviours or events of family shareholders in the eyes of stakeholders, how can they be managed with an integrated marketing communications approach?
- In the specific case of family firms, could the interactions among product and brand portfolio characteristics reinforce, or not, corporate brand equity and the recognition of the family brand?

4. Summary

This study uses a bibliometric analysis approach to synthesize and organize existing knowledge in the field of FF research in the last decade, based on publications available in the WoS database. The article considers several quantitative indicators based on the analysis of articles, journals, authors and keywords. In addition, it aims to identify the current trend and identify gaps in the research on FF. Therefore, this article provides a broad overview of research in this field and attempts to contribute to a further generation of literature on FF and to facilitate the work of academics for future research.

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Fit for the Future?
The Cultural DNA of Spanish and Latin American Family Businesses

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Abstract We use the metaphor of biological DNA and its essential building blocks to describe generic and specific family business cultures and suggest that Spanish-speaking or “Latin” family businesses inherited four key cultural DNA building blocks—Trust, Loyalty, Authority and Justice—from historical Roman times. Like biological DNA, family businesses are forced to change when its environment changes. In this context, we discuss recent changes representing paradigm shifts to which family businesses relying on “Roman DNA” must adapt in order to be fit for the future. We draw upon our firm’s 30 years of work consulting to Latin family businesses and present a wide range of supporting cases and stories.

CÓDIGOS JEL
M10, M14

PALABRAS CLAVE
Empresa familiar,
ADN cultural,
Entorno

¿Preparadas para el futuro? El ADN cultural de las empresas familiares españolas y latinoamericanas

Resumen Usamos la metáfora del ADN biológico y sus bloques de construcción esenciales para describir culturas génericas y específicas de las empresas familiares y sugerimos que las empresas familiares hispanohablantes o “latinas” heredaron cuatro bloques de construcción de ADN cultural clave (Confianza, Lealtad, Autoridad y Justicia) de los históricos tiempos romanos. Del mismo modo que el ADN biológico, la empresa familiar se ve obligada a cambiar cuando cambia su entorno. En este contexto, discutimos los cambios recientes que representan cambios de paradigma a los que las empresas familiares que se basan en el “ADN romano” deben adaptarse para estar en forma de cara al futuro. Nos basamos en los 30 años de trabajo de nuestra firma en consultoría para empresas familiares latinas y presentamos como respaldo una amplia gama de casos e historias.

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1. Introduction

Do aspects of family business firms' "cultural DNA" prepare them to succeed in the present and future?

In this article we present ideas based our consulting firm's 30 years of working with major family businesses in Spanish-speaking countries and ask whether elements of their cultural DNA (which have undoubtedly contributed to their past success) are fit for today's world and position them well for the future. More specifically, we identify the kinds of adaptations required for success over time, illuminating these with examples of how some of our clients have faced and embraced change. In other cases, family firms resist adaptation to the point of bringing about painful decline or demise.

Our analysis leans heavily on the metaphor of biological DNA: the molecules that enable all life to adapt (or perish) in the face of significant environmental change. We use the metaphor to identify historical origins and characteristics of the Latin "character," which we have found to be so deeply embedded that Latins (like other language-based groups such as Anglo-Saxons and Asians) are not conscious of their influence: it is just "how we are" and "how we do things." The characteristics we identify overlay the traits common to all cultural groups that help the human species survive, while each group carves out and enriches its respective culture-based niche.

We find the DNA metaphor useful in our client work because everyone appreciates that DNA is both the "engine" and "glue" for the continuity of all life. DNA can keep a species going over millions of years, but may also bring about, in very short measure, its extinction. Nature is beautiful, but also dispassionate: when something in the environment changes and causes the decline and/or death of an individual or entire species, an opportunist typically jumps into the vacant space and uses the newly available resources, with the mission of surviving and thriving in the new conditions indefinitely. It is a reality, then, that while adaptation does not equal success, inability to adapt will in time bring about failure.

We humans come from and are part of nature, so it follows that when a once-thriving entity loses its way, whether a species or enterprise, it becomes unfit for its environment and faces an uncertain future. Without the necessary adaptation, it is only a matter of time before its glory fades. Another leader or visionary group can then step in to reinvigorate it by leading modifications well-suited to the changing environment. If that adaptation proves unsuccessful, then a death is inevitable.

The Latin character we have seen in our client work (and which our Spanish-speaking Latin consultant peers have also observed) is expressed generically: through the assumptions upon which our clients tend to base their decisions, through the behaviours they show and wish to see respected in their families and businesses, and through the extension of these into the expression of worldviews recognisable as "Latin." The Latin character is also expressed specifically in the uniqueness every family exhibits and enjoys celebrating as its own, differentiated way-of-being. We see the latter, for example, in the nature and style of the family and work environment created, and in the behavioural norms people know and accept as specific to their family/employer.

Our notion of "cultural DNA" came about when we compared our peer consultants' experiences of assignments with English-speaking clients with our experiences with Spanish-speaking clients. From that analysis came the undeniable, fascinating differences we describe below. Consultants and advisors, we learned, must be able to recognise and attune themselves to such differences, or clients will instantly sense the mismatch and look elsewhere for a collaborator who better understands their assumptions, behaviours and worldviews — in short, their ways-of-being.

2. Our Roman DNA: The Origin of the Latin Character

Long before the heyday of the Romans some 2000 years ago, civilisations had already worked out how to rule over their tribes or citizens using some degree of absolute authoritarianism. But it was the Romans, in spreading their influence from the Mediterranean as far as northern Europe, who aligned very well an epicentre of power (Rome) with the means by which to execute power (Roman Law).

These, we argue, became embedded in the cultural DNA of the Romans' far-flung descendants. The ways of thinking and being those early behavioural patterns gave rise to remain engrained, in various essences, degrees, and forms, in everyday life across Spanish-speaking cultures, hidden in plain sight. So embedded are these that the vast majority of us with Latin heritage do not realise they are in play it until it is pointed out.

For example, the paterfamilias or "father of the family" was, as the oldest male in the Roman household, the head of the family. He owned and held authority over all the family's resources. He was also the patria potestas, or "legal father of the family." Indeed, he could, under law, sell any family member into slavery or even put them to death. Legally, he could also choose to abandon a child born of his wife, acknowledge a child he fathered outside marriage as "family," or adopt the children of others as his own and arrange their marriages. Other family members, understandably, had to adapt to find ways of living with such terrifying uncertainty.

Fortunately, these extreme practices have died out along with the laws that enabled them! But our broader point is that the ancient Roman cultural DNA predisposes the Latin character to look to an authority figure and to accept that one's own choices and degree of self-determination (individuality) will be limited when such an authority figure reigns.

In this context, consider the modus operandi of several memorable historical Roman figures. For instance, when Julius Caesar made his famous decision to cross the Rubicon, the Roman river separating Gaul from the Roman nation, he first took control of the Senate and then, using his legions to thwart any opposition, established himself as dictator. He assumed the role, in principle, to grant himself absolute power as a temporary emergency measure. But Caesar got a taste for such absolute power and held on to the role for life – until he was assassinated.

In contrast, Caesar's successor, the Emperor Augustus, had succession in mind. He accepted that his reign should and would end, and wanted a family member to take on the mantle. Keeping power within the family, he believed, provided stability and offered reasonable and peaceable lives for loyal citizens.

From Augustus there follows a long lineage of Roman emperors and family dynasties in which it was understood that identifying a successor in the dynastic line was as important as winning wars and gaining territories. That lineage is a goldmine for stories of sibling rivalry and family conflicts, as potential successors vied to be the chosen one—emphasis on the one. Power-sharing, that is, was not in the cultural DNA. There are examples, however, when such sharing was a tactic used expediently on the way to absolute power. The first triumvirate, with Caesar, Crassus, and Pompey, is one such case of power-sharing; another is the second triumvirate, with Augustus (the Octavian), Lepidus, and Mark Anthony (the latter known today mostly for his affair with Cleopatra). But both were short-term political agreements, and each turned into a prelude to war between the former power-sharers, with the emergence of Julius Caesar as a dictator for life and Augustus as the first Roman emperor, respectively.

2.1. How were succession choices made?

The dilemma this question represents permeated the entire period of the Roman empire: choosing between (a) someone non-family: battle-tested with a long list of conquests and territorial annexations to his name, or (b) someone from the family: in whom enough family members would place their trust to deliver another generation of stability for the dynasty.

History shows that the latter choice, family, won every time, leading to the institutionalization of nepotism. Consider the first emperors belonging to the Julio-Claudian dynasty, the names of which remain deeply rooted in our Latin culture: Caligula, Claudius, and Nero. Consider also the line of politically astute women including Livia and Messalina, each wielding their own authoritative power and style. Literature, theatre, and cinema have elevated these names (and thereby our perceptions of who they were and how they operated) into a mythos. Our perceptions of these larger-than-life figures naturally include the shadow side of autocratic power based on about 2000 years' worth of story interpretation and tropes detailing sexual perversions, promiscuity, madness, intrigue, and murder (poisoning as the specialty).

Stanford historian Tom Hendrickson also finds these dynamics fascinating. "It's not that power-sharing was never tried," he commented on our premise. "It's just that power-sharing is really hard, especially in a family situation. And especially so when the father figure is gone." He points to the example of Septimius Severus and his sons: "Septimius took power in AD 193. He made his sons Caracalla and Geta his co-emperors, which was a common way for emperors to groom successors. But when Septimius died in 211, the power-sharing agreement didn't last long: Caracalla murdered Geta within the year. (I can't imagine how furious their mother was!)"

The legacy of this mythos for families in business today is a bad reputation and some negative assumptions about the process of family succession. Add to that the reality that ancient Roman DNA still predisposes the Latin family to trust "family" succession candidates over non-family, and we start to see how entrenched Latin family businesses might be in their assumptions, worldviews, and behaviours.

That entrenchment translates into a deep cognitive resistance, common to our species, to doing things differently, to changing the status quo. That might work in the short term, while the family and business are demonstrably fit for the near future. But in a changing world and fluid business environment, such resistance may at best yield a turbulent path forward and, at worst, mean the death of the enterprise.

Regarding entrenchment, Roman history asks us not to forget Marcus Aurelius, the Stoic philosopher and consummate strategist known as the last of the five good emperors. For even he failed to follow his own logic of choosing a successor most qualified for the role or ruler. Instead, he chose his son, Commodus, empowering an eventual ruler of dubious reputation and superficial talent. This succession signaled the end of the period known as the Pax Romana, creating the instability that ultimately undermined and brought down the Roman Empire.

3. Roman Cultural DNA in Latin Family Business

To further appreciate how Roman cultural DNA-related behavioural traits influence Latin families in business today, we draw upon a more detailed understanding of the biology of DNA.

If we pull apart DNA's famous double-helix strands, we see that each comprises four building-block proteins ordered in a specific way to do a specific job. By changing the order and nature of the assembly of these building blocks, this simple but ingenious structure enables unlimited variation and creates the myriad species – and their evolving variations – observed on our planet over history.

To carry forward the metaphor, we can identify the equivalent of DNA building blocks in family businesses. What "switches on the engine" – and enables life on the planet - is the make-up of what we will call the "soup," the medium or environment surrounding the DNA strands of building blocks, suspended as in a pool. When something comes along to upset the soup's delicate balance or equilibrium, the DNA is prompted to change itself and generate something that can thrive in the new medium. But if the soup is spoiled, the DNA cannot do its job. Something critical the organism needs will be lacking, resulting in stagnation, sickness, or death.

When we pull apart the strands in what we are calling Roman cultural DNA, the metaphorical "building blocks" revealed promote behaviours we have observed in our clients. The four building blocks we have identified are *Loyalty, Trust, Authority, and Justice*.

To illuminate these building blocks in action, we provide select examples below.

3.1. Loyalty

In our Latin clients, the expectation of loyalty to the leader is paramount and can be summed up as "You are either with me or against me"—likely unsaid, but definitely understood. Disloyalty amounts to betrayal; anyone who elevates their individuality over the collective expectation of loyalty is likely to do so with feelings of guilt (for the betrayal), anger (for feeling forced to step over the line), and shame (for violating a major family norm).

What does disloyalty look like? Leaving the family business. Defending or endorsing an outsider's opinion. Supporting another family branch against one's own branch. In short, if you have a different view, yet want to remain part of the family and belong to the group in control, you would never make evident such indicators of a disloyal attitude. You would tread carefully and cautiously.

"Even though we may disagree outside," one client said, "once we are in the boardroom, family members are expected to speak with one voice without discordance or disagreement."

"In case of doubt it is better not to ask questions," commented another. "It is safer to keep your mouth shut."

In times of succession, a particular facet of loyalty is an expectation of cross-generational respect for the senior, which tightens the incumbent's grip over key decisions – decisions that belong in the broader business and family.

In a Latin family business, one example of a "loyalty" conversation certain to trigger the Roman DNA would be if a son told his father to step down and make way for him. Or if a son vocally opposed his father's strategic decision, such as with regard to entering a certain sector of activity. Triggering the Roman DNA brings into play assumptions, worldviews, and behaviours that would not arise if the conversation were between, say, the CEO and the Chairman of the Board of a nonfamily firm.

In the general domain of loyalty, a sibling must also be able to differentiate between when they are speaking as a representative of their family branch and expressing their own voice. This is something we work on in great depth in our confidential conversations with client family members. As we hope this article makes clear, subverting the cultural norm is not easy in this context.

Sometimes this expectation of loyalty and conformity extends to how the outside world perceives "us" (the family and its business as a political entity) and how "we" view the outside world. Close attention is paid to what is said or done that reveals "our" political ideas and religious beliefs. It is immensely difficult for individuals uncomfortable with any of this to break the chains of expected conformity. Ongoing group membership requires not only supporting one another but agreeing on the publicly stated or perceived version of the group's thinking. In the most extreme cases, it behooves those around the table to think exactly alike.

3.2. Trust

Trust is a controversial element in Latin business families. For example, in some non-Latin cultures, asking a family CEO to be accountable to the Board of Directors may seem just part of the role. But in the Latin culture, the CEO is likely to feel this accountability threatens their position. It feels personal, that their competencies are being challenged.

Indeed, consider that in the Spanish language no word represents the notion of "accountability," defined here as a person agreeing to be answerable, to be deemed responsible (and thereby blamable), and to be held liable for their actions by the appropriate governance body.

Continuing with the point above, in Latin culture, asking someone to be held accountable has been perceived as an act or evidence of mistrust, almost as if they had committed a crime. "If you don't trust me, tell me" is a phrase we have heard countless times in conversations between family members. And of course, the answer is almost always, "Yes, of course I trust you." The unspoken sentiment, however, may well be "If I tell you what I truly think, the relationship will end here." It would be like saying "I don't love you" or "You are a bad person." You can't say that to parent, child, sibling, cousin, or other relative when they are part of your circle of loyalties.

Again we can find parallels of these trust and accountability issues by looking back to the Romans. For example, reporting in his Annals of Imperial Rome, Tacitus states, "The whole point of autocracy ... is that the accounts will not come out right unless the ruler is their only auditor."

If we can agree accountability is problematic, then let us consider next the evaluation of a family member's performance in their business role. If the person got into the role despite not being qualified and/or has not proven capable with assigned tasks (both are common contemporary aspects of Roman nepotism), then how difficult will it be to communicate this without eliciting shame for both the exposure of poor performance and for having placed someone into that position in the first place?

Moreover, what happens when someone has to leave their senior position? No Roman Emperor ever resigned; quitting is simply not part of the cultural DNA. The only choice seems to wait it out until illness, mental decline, or some other unexpected event brings the matter to a head. Or, more common (and more Roman) has been the removal of the incumbent by force, against their wishes. Left with no choice but to face their unwanted fate, the outgoing family member is left feeling scarred, insulted, and resentful. That resentment can be taken up by their other family branch members, and thus lingers in the hearts and minds of succeeding generations in that wing of the family. It can appear in assumptions, attitudes and behaviours expressed in meetings and at seemingly innocuous social occasions. Worse, it can escalate into revenge, which supplants the initial shame or guilt for not having been able to stay in situ or to have performed to the standard expected.

Lest this all sounds overly pessimistic, we can report seeing some cases of families, albeit few, where meaningful conversations about forgiveness, love, and being welcomed back into the group have enabled a genuine letting go of the resentment and other negative feelings. In such cases, the family achieves redemption and the turning over of a new leaf, with the integration of positive lessons, boding well for future relationships.

3.3. Authority

The origin of the word authority takes us back again to Rome and the Latin auctoritas, which denoted the authority conferred to an individual by their title's prestige. (Today, auctoritas is more likely to be associated with moral authority.) This was separate from potestas, or authority based on law, and imperium, or entitlement to wield power (usually by means of force, coercion, or threat).

In the foundational stage, an archetypal founder is like a successful, benevolent emperor. The familiar archetype is that of a strong man forged by hard times (until recently it was invariably a man, hence our frequent use of the male pronoun here). His moral authority was reinforced by his business successes and the power brought by the law as an owner, and by his imperium (not in the coercive sense, but in the sense that someone is in charge, has the power to make decisions, and has a praetorian guard and army of followers with the mission to follow and execute that vision).

And what of those who serve under him? A line from the Castilian epic poem *El Cantar del Mio Cid* reads, "Que buen vasallo sería si tuviese buen señor!": what a good vassal, if I had a good lord!. In Latin culture, when we are sure our leader has all the qualities we expect and hope for, we will follow his vision and authority as if following a hero. In a tough world, where merely surviving is sufficiently challenging for most, it can be a relief to hand over the reins of one's life, in exchange for greater stability and the extinguishment of much worry and suffering.

But who has the authority in the sibling or cousin stages? It does not follow that family members who have the surname, some of the business shares, and up to half of the founder's biological DNA inherit any of his vision and moral authority. Any whiff of entitlement, indeed, is an expression of Roman cultural DNA.

Ivan Lansberg, one of this article's authors, often points to Shakespeare's highlighting of the conflation of succession with entitlement. Shakespeare wished to say a successor must be tested, and must earn the right to rule and to enjoy the respect of their subjects. His play *Henry V* dramatizes that premise when the dilettante successor-in-waiting Prince Hal realizes he must change his ways to earn his right to reign, to bear the title of King and have bestowed upon him everything that goes with it. It is a stirring and moving moment when we witness the change: no longer does Hal want the easy life epitomized by his nemesis and enemy, the French Dauphin. Rising to the challenge, the prince girds himself and his men prior to leading them into the fray, with victory far from certain. Gone are his drinking songs. Instead, to inspire and rally them behind him, he says,

We few, we happy few, we band of brothers;
For he to-day that sheds his blood with me
Shall be my brother…
And gentlemen in England now a-bed
Shall think themselves accurs'd they were not here,
And hold their manhoods cheap whiles any speaks
That fought with us upon Saint Crispin's day.

In Latin culture, the Roman cultural DNA still seeks to have authority bestowed and locked into formal titles. Terms and concepts such as el *jefe* (the boss) or el *presidente* (the Chairman) denote the embedded expectations that exist about the role, task, and very identity of the person who bears it. The boss is conceived of as a father figure to be obeyed without negotiation. Normally the people with these titles are thought of as the ones who command or rule, as if crowned and seated on the throne in the Shakespearian sense, rather than actively leading on the battlefields of enterprise.

We mentioned earlier that commanders and rulers, in many cases, have a shadow side (think: Caesar, Augustus, Marcus Aurelius). So too do those who follow. In times of crisis and uncertainty, followers may look to that figure of authority to exempt them from responsibility for their own decisions and actions. When they are disappointed, their support degrades into secret complaining. They have adopted the shadow role of victim. To step into one's courage like Prince Hal and risk making mistakes is not in the cultural DNA of followers by nature, but it can be developed. This is the nature of the supportive work our consultants engage with at the personal level with many clients.

Unsurprisingly, the Roman cultural DNA has given rise to a very personalistic culture with little interest in the use of institutions as a primary instrument of governance. In Latin family businesses, succession work has inherited all this cultural baggage. Rather than engage in a process exposing the problematic Roman cultural DNA assumptions, worldviews, and behaviours, Latin family businesses instead put effort into finding The One to replace that successful historical figure. This may make instinctive sense, but not if elements of the "soup" in which that Roman cultural DNA sits has changed.

The challenge, therefore, is to give the Roman DNA a chance to adapt, to mutate if needed, to learn how to accommodate the new elements in the "soup." A client's adaptation, in the context of our face-to-face work, is learning about and designing a set of institutions and processes that guarantees the governance and continuity of their particular business family for rising generations.

Moreover, leaders operating under the influence of their Roman cultural DNA are likely to regard governance institutions such as the Board of Directors as obstacles to their rule. They may see Boards as unnecessary bureaucracy impeding implementation of their vision. Under the influence of elements bubbling in the new "soup," the DNA would prompt leaders to learn how a properly constituted and well-run board is a valuable resource to facilitate implementation, something that adds value to the whole process.

Even in Latin companies that do have boards, it is our experience that the title (*El Presidente*) and charisma of the figure bearing the title are more important than any role or structure listed on paper. When this is the case, it is very difficult and frustrating for highly experienced executive and non-executive directors striving to add the value for which they were recruited.

The obsession with title and public image is another dominant element of our inherited culture. The word "chairman," for example, does not translate into Spanish. Here we speak of *El Presidente*. The role of chairman in the Latin world has everything to do with visibility. For example, appearances in influential magazines and online forums equate to being perceived as more (or less) important in the business, social, and political worlds. Titles are meant to influence what others will think about the family and the firm. Titles motivate onlookers to speculate about how much actual power the holder wields. This is of more interest than what the individual is actually doing in the role and the contribution they are making.

When it comes to the succession of *El Presidente*, in some cases, there is an expectation amongst family members waiting in the wings that "my turn is coming." Their Roman cultural DNA tells them to regard it as a right or entitlement, rather than something to be earned, Prince Hal-like, with the effort, personal sacrifice, and dedication such responsibility entails.

3.4. Justice

Latin culture is, on the one hand, very legalistic. Our way of resolving a conflict is to turn to a text or a code that tells us what is right or wrong; what to do; how to impart justice in cases testing or violating the code.

On the other hand, we like to make our own interpretation of the law and written agreements. As such, justice in the Latin world becomes a matter of finding support for our opinion or for what we think is right or the right thing to do. And if there is no such support, then we feel entitled to contradict the law, and will look for ways to "bend" the rules. In sum, we make the law and change the rules - because we are the law.

This may seem an exaggeration until we consider our extensive experience working with the detailed contents of *protocolos*: governance documents sometimes called a Family Constitution or Carta Magna. This document aims to regulate family and business relations in order to provide direction and order to the continuity of the family business. Thus in times of doubt or conflict people ask, "What does the family protocol say about this?"

We can also think of a *protocolo* as a highly specific set of cultural building blocks bathing in its own home-grown "soup," giving rise to specific segments of bespoke DNA. Because the ingredients of the "soup" change when the environment changes, the recipe must be tweaked occasionally by means of ongoing conversation.

Further, Roman cultural DNA is triggered when blame is attributed in a dispute. "Mud sticks," people say, and "There is no smoke without fire." Such refrains fly off the tongue and disrupt objectivity in tense times. A verdict of guilt is presumed, and placed upon the shoulders of the "guilty party," who faces the burden of providing evidence to defend their innocence. Next, a parallel justice of public opinion occurs, typically with judgment in advance of presentation of actual evidence. Thus, it very difficult for the so-called "guilty party" to shake off the image of having done something against the rules or indeed the Law, even if the opposite is proven later.

Indeed, conversations that we have with parties in a dispute speak to these ideas. For example, we often hear, "They have already judged me without even listening to me or verifying the facts they are talking about." The "guilty party" and their own nuclear family, in many cases, may already have been ostracized socially and in the business. Sometimes the facts behind the accusation are true and sometimes they are not; but when Roman cultural DNA for loyalty has been activated, by the time the truth of the matter is verified, the damage is done – and memories are long.

Overall, we can think of a *protocolo* as a tailor-made suit, one that can be modified when conditions or family size changes. It has to be made of a material that is flexible enough to adapt not only to what we are currently, but also to what we want and will be in the future.

4. Cultural DNA and Adaptation to Changes in the Family Business Environment

Many of the things we "should" do to adapt and be fit for the future fly in the face of our Roman cultural DNA. Our clients dedicate their lives to building family businesses into solid socio-economic entities using for "bricks" their own building-block norms for Loyalty, Trust, Authority, and Justice. But if no space exists for heartfelt conversation and the free exchange of opinion, it suggests a thick fog of Roman cultural DNA has settled on the entity, through the operation of internalized assumptions, worldviews, and behaviours.

We hope that the metaphor of biological DNA here has helped to expose dynamics hidden in plain sight. Reading about it, indeed, may have prompted an examination of the extent to which these building blocks have a role in your family business. It will be useful, especially, to notice how tightly they interlink - just like the actual DNA double helix - and to determine whether their presence creates a wall of resistance to the many profound changes in today's world.

5. Change Ingredients as Forces for Adaptation

Change is in the air worldwide, with serious impact on the "soup." In companies owned and run by Latin families, strong expressions of their Roman cultural DNA may have been a key to their past success. But it is time to examine what new ingredients have pushed their way into the soup. Adaptations to these are necessary for ongoing success, and unless they are understood, planned for, and executed effectively, they will be painful. Moreover, the list of new ingredients could be endless. We will focus therefore on several which the present, controlling generation could not have anticipated having to address. We view these very real issues, described below, as paradigm shifts that have already prompted adaptation in our forward-thinking clients. How they work together to anticipate likely unwanted consequences and put into place the means by which to manage or contain such elements of their "soup" is adaptation in action.

In this context, it is a mistake to believe that culture should be fixed and unchanging. Culture is a catalyst for the enterprise's effective functioning, and for the family, and yet it must evolve over time. Culture encompasses artifacts, perspectives, values and assumptions that can be learned and transmitted between individuals and can change over time (Schein, 1985). This process of transmission and change speaks to Darwin's principle of descent with modification through natural selection. When a cultural trait is not adaptive, its frequency in the population decreases; it will not be transmitted to successive generations through social learning, and thus fades and dies out.

Through our work we are seeing families facing cultural transitions, most of them as part of generational transitions. In this process the old order comes apart when some of the assumptions we have covered here prevent effective response to the challenges and needs of the company and its shareholder base. Often, the assumptions are no longer aligned with the enterprise's purpose and interests, or with the motivations and challenges of rising generations, nor with those of business and society at large.

We have been tracking the rise of these paradigm shifts in our work for the last 30 years, and find that they correlate to emerging research on perceptions and attitudes toward family enterprises amongst the different generations and stakeholder groups within a family business. Below we begin with a shift related to the next generation.

5.1. Adaptation to incoming Millennials: The push for meritocracy

Millennials were born, raised, and socialized in the digitized, connected, globalized world. Educated in this context, as young adults they are rapidly recruited to firms looking for their set of knowledge and attitudes. In the working world they become key players in stimulating, innovative teams and develop influential networks, attaining a high level of personal and professional growth, often before the age of 30. They know that the most important outcomes require collaboration and enjoy working in that ethos. Millennials expect to be mentored and evaluated, and to receive honest, comprehensive feedback on their performance. Their experience outside the family enterprise tells them that in a business, management and leadership accountability is needed to accomplish financial goals.

This pattern represents a paradigm shift away from the cultural DNA we laid out earlier. It suggests Millennials can and will articulate their expectations about the enterprise and pursue them elsewhere if necessary. This is critical because no business desiring continuity can afford to lose its talent. No family wanting to pass its business to future generations can afford to lose or drive away its next-generation members.

Now, in the 2020s, most young family business people have been well-educated on the ingredients for family business success and, equally, the ingredients that cause jeopardy, decline, and failure. Well aware of the complexity that a multigenerational family enterprise can face, these future owners want to see the best team in management, regardless of whether they themselves are the chosen successors.

As such, as the family grows, Millennials know competition for leadership roles will increase. They want that competition to be fair, held on a level playing field. Moreover, as relationships between relatives "thin" from siblings to cousins or second cousins, demanding accountability and results – which Roman DNA would not have tolerated – becomes easier and less likely to be considered a form of disloyalty.

Indeed, with Millennials in the "soup," the cultural DNA is challenged to rely less on the old building block of Loyalty, Authority, and Trust, and to incorporate more fully the core value of Talent. That Talent needs a meritocratic environment in which to thrive.

In line with this, we increasingly see next generations prioritizing Talent over family factors when it comes to their career plan. "It was a sobering day," one client told us recently, "when the first of our next generation knocked on the door of the family business with her world-class CV and a salary to match (having already earned and commanded it elsewhere), asking: with whom will she work, doing what, with what prospects, and what are the terms and conditions?"

5.2. Adaptation to the demands of people and planet: Owners push for diversity, inclusivity, and sustainability

The patterns for distribution of ownership throughout generations are also evolving. More and more we see ownership shifting toward inclusivity through more equal distribution among all descendants, female and male. Nepotism in its many forms, a mainstay of Roman DNA, is becoming untenable, and traditions such as male primogeniture or daughters receiving real estate assets but not business assets are declining. We continue, however, to see cases where only those who participate actively in the business can become owners.

This paradigm shift puts the business and its needs firmly in the spotlight when considering family wealth and power transfer, and requires the family to orient itself around the business as befits their wishes, passion, and commitment.

Moreover a larger, more diverse shareholder base that owns a large company requires a more complex system of governance. If the family is to retain influence over the business vision and direction, then seats within the key governing structures must be reserved for members of the owning family, people who have the passion, interest, education, and skills to inhabit governance. True value can be generated by developing a strong ownership base populated by people who have internalized and can convey the values of the enterprise as well as its goals and challenges, while committing fully to the related decisions made.

These trends and changes in the "soup" impact the building blocks in the DNA by threatening the old norms of Justice, Authority, and Loyalty. Adaptation means new assumptions about inclusivity and fairness. Enterprises must embrace the usefulness of governing structures to be fit for this different environment.

5.3. Adaptation to participation: The push for stewardship, shared power, and accountability

The push for a participative, meritocratic culture is a paradigm shift away from the historical paternalistic stance supported by the Trust building block. Indeed, participative management is underpinned by an idea at the other end of the spectrum: that no one person should have sole power over all the talent and knowledge required by the family enterprise to be successful and sustainable. The leadership function, once fulfilled by an individual's charismatic style, has evolved in many cases of family enterprise to leadership based on structures. Responsibility and accountability fall to these governance structures and forums. To adapt from one way of being (Roman DNA-based Trust) to another takes education, time, and thoughtful process.

Similarly in governance, it is paramount to have trust and belief that the effort going into using structures that represent the enterprise will deliver on owners' expectations. The shareholders of many Spanish and Latin American family businesses resist such a change because their Roman DNA convinces them it is normal to mistrust "structures." In his article "Ruling vs. Governing: On the Dialectics of Governance" (*Family Business Magazine*, Autumn, 2009), Ivan Lansberg comments,

> *"Indeed, in several cultures around the world, including many Latin American and Middle Eastern countries, family business shareholders often do not behave in accordance with the assumptions underlying the model of enlightened stewardship. There, individuals and shareholders mistrust "systems" but latch on tightly to "personalities" - that is, to an individual whom they trust to take care of them"*

Key to Trust is accountability, that formerly non-existent concept in the Latin world. Adaptation means "enlightened" shareholders and managers learning to work in a regime where authority is shared. It is not easy, for sometimes founders and leaders can feel they are sharing decision-making with those who have not yet "earned it." Overall, this age-old debate between centralized personal authority versus participative enlightened governance, immortalized in the writings of philosophers like Hobbes and Rousseau (and articulated beautifully in Dostoevsky's "The Grand Inquisitor"), is very much alive and well in the microcosm of family enterprise.

There is no doubt that in any family business, culture frames how internal governance choices are perceived, thought about, and implemented. Latin family enterprises have inherited a cultural bias for autocracy and personal leadership, under certain circumstances this model has proven successful. But it is also the case that in many other global regions, like Asia and the Middle East, where patriarchic cultures predominate, family businesses are nevertheless having to evolve to more democratic governance arrangements as the global "soup" requires.

This presents a paradox and a need for coping with incongruent scenarios. The choice often involves either breaking up the system or sharing power. This is not easy when the people concerned hold a cultural worldview in which democratic decision-making is thought of as weak and inefficient - a necessary evil.

As in many aspects of family enterprise, the tension between relying on structures and governance OR on strong leadership to sustain the unity and commitment of family shareholders presents a on-going dilemma. Over time effective families adopt a "both/and" mindset rather than a reductionistic "either/or" approach to managing these dilemmas

That families (like their businesses) are continually evolving. Owners and their descendants age, some die, new ones are born, some marry and some divorce, some stay local and many move away. "Every effective solution to the governance and integration of owners," says Lansberg, "is but a temporary equilibrium that buys the proprietary family periods of stability in the long-term journey across generations."

This truth has serious implications for families in their approach to governance. "My sobering conclusion is that no solution is perfect or eternal," says Lansberg. "Quite the contrary, there are dialectics associated with 'governing' (integration through structure) and with 'ruling' (integration through a leader) that must be anticipated and managed. Governance must be approached as a lifelong process rather than as an engineering problem for which there is a lasting "silver bullet" solution. Inoculating families to this reality and getting them ready for the inevitable periods of transition is critical."

5.4. From shareholder value to shareholder values and purpose

Our experience over the past 30 years has illuminated the rewards for family enterprises who broaden the scope of opportunity for owners to find their place in the enterprise through active participation in governance. These families enjoy a significant increase in owners' sense of belonging to the enterprise and commitment to the continuity of the shared family project.

Today, family businesses are expanding their sense of purpose beyond the family or group of shareholders to embrace inclusivity. It is part of a broader global paradigm shift that also applies to family businesses (Feliu & Labaki, 2020). Family-owned companies have always had a long-term vision; now, in their cultural principles, they are broadening their focus to include other stakeholders (community, customers, employees, suppliers). This suggests that the purpose of the family enterprise is broadening beyond creation of shareholder value to generation of long-term value for a wider range of stakeholders, in many cases society at large.

This push from the younger generation introduces other objectives for the family enterprise. In terms of financial objectives, for example, it likely means a positive income statement with sustainable development objectives. Family companies are increasingly defining their priorities around sustainability and the impact they are having on the environment. Without abandoning traditional objectives, what we are learning today is that being sustainable is "business." Well managed, sustainability can and should have a positive impact on the bottom line.

One of the learnings here is that what has not changed in the culture of the family enterprise is its long-term vision. So, the shift in priorities noted here is a reflection of what families consider will support them in being "sustainable as a business" over time and across generations.

However, though we are still observing this change with great intensity in many families, we believe that it is not yet a general change in the world of family enterprise. This implies they are losing, as a collective, the possibility of being leaders in this evolution, putting their future legacy at risk. (The authors of PWC's 2021 Family Business Survey also share this concern).

The bottom line here is this: we cannot go back to "business as usual." Change has to happen. The Covid-19 pandemic has highlighted important vulnerabilities in our societies and our economic system, and a more resilient economy depends on making the shift to a healthier, long-term way of doing business by adopting sustainability practices.

We believe that an important part of the cultural change that family enterprises are effecting is precisely to highlight their values and culture. The pandemic crisis is showing us that it is those enterprising business families with their clear and shared values and well-established culture of family and organization who are best able to make the difficult decisions required of them for immediate and longer-term success.

6. In Conclusion

Growing complexity within the family enterprise; the need for diverse talent; new knowledge and perspectives in the business and its governance—all of these suggest that family enterprise and its governance are not static.

A paradigm shift from Roman DNA would be having a diverse board whose members are selected for their willingness to challenge the status quo as much as their specific expertise, along with their ability to openly challenge management and other directors through open debate (Jared Landaw, 2020 HBR), and their commitment to call-out groupthink when they suspect it.

Board members also bring important insights on topics unheard of only a generation ago: sustainability as a business imperative affecting the bottom line; social inclusivity and diversity in employment (and governance) practices; the internet of things; automation and artificial intelligence replacing human resources; the cost and process of decarbonization; changing markets based on aging demographics….to mention just a few.

In this article we have relied upon examples from our clients where we have seen high degrees of reliance upon the building blocks of what we have called the Roman DNA exemplified in today's Latin character: namely *Loyalty, Trust, Authority*, and *Justice*. In so doing, many Latin business families may feel as though we have shown them an Everest-high peak and asked them to climb it. We understand that this may appear a daunting ask. Yet the important thing to remember is that adaptation is a journey of a thousand miles, and always begins with the first step. And then the next. And so on, until the broad challenge has been broken down into manageable projects with clear aims and objectives. Doing this work of course elicits the natural human tendency to resist change and to avoid unpleasant emotional challenges. These, however, have been the nature of our work with clients over the past decades and it has been a fascinating privilege to bear witness to their willingness to engage with and ultimately embrace the work and the many smaller tasks and processes it comprises. In so doing, they are making the critical changes that will make them truly fit for the future.

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My Forty Years in Studying and Helping Family Businesses

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Abstract This article will describe the trends in the field of family business over the past forty years in terms of theory and practice. Topics such as succession, consulting with family businesses, the effectiveness of family firms, the role of socio-emotional wealth in family firms, heterogeneity in family businesses, and the impact of family capital on the business and the family will be discussed.

CÓDIGOS JEL
M10, L20, L26

PALABRAS CLAVE
Empresa familiar, Sucesión, Capital familiar, Voluntad familiar, Riqueza socio-emocional

Mis cuarenta años estudiando y ayudando a las empresas familiares

Resumen Este artículo describe las tendencias en el campo de la empresa familiar durante los últimos cuarenta años en términos de teoría y práctica. Se discuten temas como la sucesión, la consultoría con las empresas familiares, la eficacia de las empresas familiares, el papel de la riqueza socio-emocional en las empresas familiares, la heterogeneidad en las empresas familiares, y el impacto del capital familiar tanto en la empresa como en la familia.

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1. Introduction

For forty years I have been involved in doing research and consulting with family businesses. My introduction to family business as a subject of study occurred in 1980 during a lunch I had with Dick Beckhard, a faculty member at the Massachusetts Institute of Technology (MIT). Dick lived in New York City but would fly to Boston on Thursday nights to teach his Friday class on consulting. I was assigned to be his teaching assistant for this class. During lunch together Dick asked me: "Gibb, what do you know about family businesses?" I admitted that I did not know much, only that my grandfather ran a family-owned grocery store in Portland, Oregon and that my father delivered groceries for him. Dick told me that many of his clients owned and operated family businesses and that they were extremely difficult clients to work with. He would help his clients solve various business problems only to have family conflicts undermine his work. He proposed that we work together on a research project to study the problems of family businesses and suggested that we invite some of his clients to Boston to listen to their issues and concerns. We would then develop a research agenda based on their issues.

After Dick's family business clients arrived in Boston (there was one client from Canada, two from the U.S. and two from Venezuela), I spent three days listening to problems that I never encountered in my MBA program, which focused primarily on challenges facing large, public corporations. For example, the founder of one family firm said the following:

> Succession planning... is really digging your own grave. It's preparing for your own death and it's very difficult to make contact with the concept of death emotionally... It is a kind of seppuku—the hara-kiri that Japanese commit. [It's like] putting a dagger to your belly... and having someone behind you cut off your head... That analogy sounds dramatic, but emotionally it's close to it. You're ripping yourself apart—your power, your significance, your leadership, your father role (Dyer, 1992, p. 172).

This statement left an impression on me and I decided that I would focus on the dynamics of family businesses for my dissertation. That is how I got introduced to the field of family business.

In this article I will briefly describe the different trends I have seen regarding theory and practice concerning family firms over the past 40 years. I will briefly review the topics of succession, consulting, family firm performance, socio-emotional wealth and heterogeneity in family firms that have influenced my thinking over the past forty years. I will then present my current focus on family business, that of "family capital."

2. Succession in the Family Firm

During the meeting in Boston with Dick Beckhard's clients, the issue of succession in the family business was central to those who participated. Questions that were raised in the meeting included:

1) How can we get the founder of the family business to give up control and start succession planning?
2) How do we prepare the next generation to take over ownership and management of the business?
3) How do we manage conflicts between and within generations of the family business?

As we grappled with these issues, I decided to do my dissertation in a relatively large family business, The Raymond Corporation, that was located in Greene, New York. The company was sixty years old and had gone through a transition from the founder, George Raymond, Sr., to his son, George Raymond, Jr. The next generation of Raymonds were looking to eventually take over the business. As I did an historical study and looked at the transition in family leadership, it was clear the culture of the Raymond family was an important factor (Dyer, 1986). In short, I discovered that a family firm with a "participative" business culture, governed by an "advisory" board of directors, and owned by a "collaborative" family had the best chance for managing succession successfully. There was little research done on family business at the time, but my dissertation and the work of John Ward, Ivan Lansberg, John Davis and others focused largely on the problem of succession. Over time, as a field, we have come to better understand the challenges family firms have in planning for succession and have come up with a variety of good options for family businesses in making such a transition (see Hilburt-Davis & Dyer, 2003). In my early article with Professor Beckhard titled: *Managing continuity in the family-owned business* we outlined our own views about how to best handle the succession problem (Beckhard & Dyer, 1983).

3. Consulting with Family Businesses

As I started my career as a professor in the Marriott School of Business at Brigham Young University, I had many opportunities to consult with the leaders of family firms. One family business leader I worked with had a particularly difficult problem. He called me and asked me to come to lunch with him where he would then share his concerns. At lunch he said: “Professor Dyer, this is my problem. I thought one of my sons who works for me was doing something unethical, so I fired him. My wife got so angry that she kicked me out of the house and I am sleeping on the couch at my office. What should I do?” This was indeed a difficult problem and over time, in working with the family, I got the father and son to reconcile and come up with a new employment agreement.

This case and others like it encouraged me to try to help family businesses be more effective through effective consulting and I collaborated with Jane Hilburt-Davis in writing one of the first books on the consulting process in family firms that was titled: *Consulting to family businesses: A practical guide to contracting, assessment and implementation* (Hilburt-Davis & Dyer, 2003). In the book, we describe our approach to helping family businesses by first creating an effective consulting contract with clients so they and ourselves, as consultants, would be clear about the objectives and methodology of the consulting engagement. Second, we outline, using the “three system family business model” that included: 1) the business system, 2) the governance system, and 3) the family system, as a framework for gathering data from the family business and identifying key problems. Third, we describe various interventions that we have used to help family businesses improve. Such interventions include:

1) Family business retreats to help family businesses.
2) Educating the next generation to plan for succession.
3) Creating an effective board of directors for the business.
4) Helping family members work through conflicts.
5) Team building in the family firm.

The last topic, that of team building, is my area of expertise. One of the most important interventions that I have done in family firms is to help family members clarify roles and expectations through a variety of team building exercises. These exercises can be found in my new book, *Beyond team building: How to build high-performing teams and the culture to support them* (Dyer & Dyer, 2020). Over the years, many more approaches have been developed to help family firms which have been effective in helping family firm leaders deal with the challenges they face.

4. Are Family Firms Really Better?

One of the questions for research early in the formation of the field of family business was: are family businesses more effective than nonfamily firms? The advice at that time by some academics and practitioners was to move the business as quickly as possible away from having family management and to turn to professional managers to operate the business. The transition to professional management would thus avoid nepotism and the family conflicts that plague family firms. However, in 2003, an article by Anderson and Reeb in the *Journal of Finance* was to change all that (Anderson & Reeb, 2003). They discovered that large public corporations that were led by families performed better than nonfamily firms. This sent shock waves through the field and spurred many studies looking at the differences between family and nonfamily firms to find out if, and why, family firms were better performers than nonfamily firms. The results of this research were conflicting: some studies showed family firms to be more effective than nonfamily firms while other studies came to the opposite conclusion. As I wrestled with this issue, I came to write the article *Examining the family effect on firm performance* (Dyer, 2006), which used agency theory and the resource-based view of the firm to describe why certain family businesses might be more effective than others and potentially outperform nonfamily firms. I developed a typology of the “clan,” “professional,” “mom and pop,” and “self-interested” family firms, with the clan family firm being the most effective and the self-interested family firm least effective. According to my typology, clans were significantly more effective because they had significant family assets and low agency costs. Conversely, the self-interested firm had significant family liabilities and high agency costs. In this article I did argue, however, that the professional family firm was likely to be the best option for family firms that wanted to grow since it protected family assets by incurring some of the costs related to professionalization. I have continued to look at this issue over time and believe that family firms, under certain circumstances, can indeed outperform nonfamily firms (Dyer, 2018). Much of my consulting work focuses on helping family firms move to become more professional since they do want to grow.

5. The Role of Socio-Emotional Wealth in Family Firms

In recent years, the work by Luis Gómez-Mejía and his colleagues has focused our attention on the role of “socio-emotional wealth” (SEW) on family business dynamics (see, for example, Gómez-Mejía et al., 2007). In short, SEW refers to the noneconomic goals that families have when owning and managing a business. These include: the psychic and social rewards from owning a business, using the business to help family members, and seeing the business as an extension of themselves. In my own work, I have looked at how family businesses tend to be more socially responsible than nonfamily firms (Bingham, Dyer, Smith, & Adams, 2011; Dyer & Whetten, 2006). Our studies have suggested that family businesses who are interested in maintaining their SEW are more attuned to be socially responsible by developing safe products, treating employees fairly, and by supporting their local communities. The reason they are more socially responsible is they see the business as an extension of the family and do not want the family reputation to be blemished by poor actions on the part of the firm. Thus, in studying and consulting with family businesses I have found it important to be aware of the fact that noneconomic goals may be as important, or even more important, to a family business.

6. Heterogeneity in Family Businesses

Another theme in my work has been to encourage those who study family businesses to be aware of the heterogeneity that exists in family firms. Initially, much of the research on family firms assumed that they were somewhat similar. However, my article with Peter Jaskiewicz has discussed the variety that we find in family business, from different family structures, cultures, family dynamics, etc. (Jaskiewicz & Dyer, 2017). Moreover, my article with my son, Justin Dyer, has described how important it is not to neglect the family as a variable in family business research (Dyer & Dyer, 2009). Too often, research and consulting practice focuses only on the business outcomes and not family outcomes. For many families, family outcomes—such as positive family relationships—are even more important than profits from the business. I hope that future research and consulting practice will take family business heterogeneity into account more than they have in the past.

7. Helping Family Firms: The Family Capital Approach

My current focus for both research and consulting is to help families strengthen their "family capital"—the human, social, and financial capital that is needed for both the family and the family business to be successful. This approach is fully described in my recent book, *The family edge: How your biggest competitive advantage in business isn't what you've been taught . . . It's your family* (Dyer, 2019). I have focused on helping families develop family capital because creating such resources can be very helpful in both family and business contexts. Before proceeding to describe how to create and maintain family capital, I will describe in more detail what I mean by human, social, and financial family capital. These three types of family capital are also valuable to family members even if they have no desire to start a business, since they can help them in other ways to achieve their individual goals.

7.1. Family human capital

Families create human capital by sharing knowledge with family members and helping them develop skills to be successful in life and in business. Through conversations around the dinner table, summer employment in the family business, or by watching and working with their parents, children come to understand how to create new products, service customers, and make sales. We find that in certain industries such as farming, construction, funeral homes and distilled spirits are known for having tried and true business tactics that are passed down from generation to generation as family knowledge. The oldest known family business, the Kongo Gumi construction company in Japan, was founded in 578 AD and is being managed by 40th generation family members. Such a business would not be able to continue as a family firm without the family transferring knowledge and skills to the next generation and helping each other by their labor.

7.2 Family social capital

Family social capital refers to the bonds between family members and those outside the family—relationships that can be used to obtain the resources needed to help family members achieve their goals. An example of the importance of family social capital on start-up success is part of the early story of Microsoft. Microsoft founder Bill Gates was able to sell his DOS operating system to IBM because his mother sat on the board of a foundation with the Chairman of IBM, John R. Opel, and helped Bill make that connection. As a result of that relationship, Bill Gates was able to convince IBM to bundle Microsoft's software with its personal computers. Without the help of Bill Gates' mother, Microsoft might not have been able to gain such a dominant position in the software industry. Thus, helping family members develop social capital is one of the goals that I typically have when I consult with family firms. Creating a board of directors with nonfamily outsiders is often an approach I use to get the family to develop connections with important people who can help them.

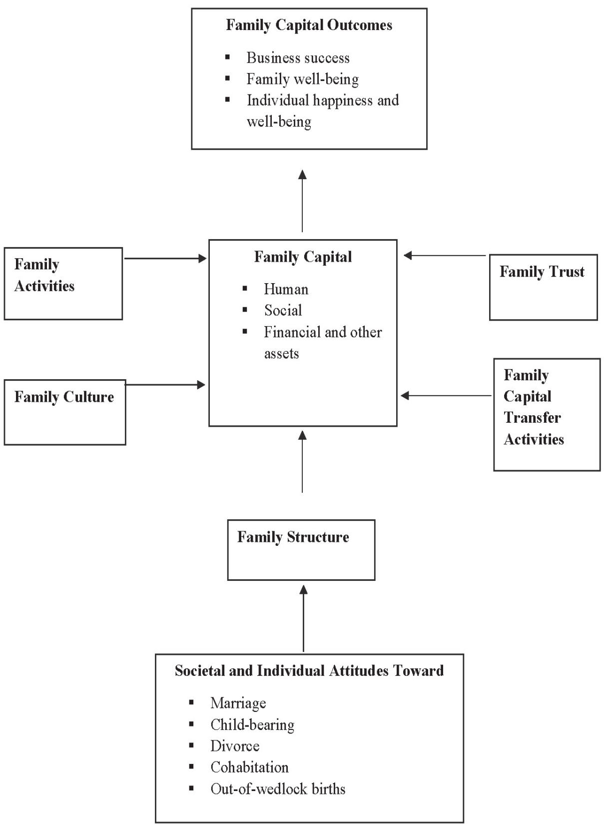
7.3 Family financial capital and other assets

Family capital concerns financial capital and other tangible assets controlled by the family. In the case of starting a family business that may include things such as office space in the family home, family vehicles, phones, and computers. For example, Steve Jobs, founder of Apple, benefitted from his parents' generosity when they allowed him to start his company in their garage. Families also can pool their financial and other resources to help the family business succeed. Sam Walton, the founder of WalMart, was able to launch his business because he had access to the financial resources of his rich father-in-law.

7.4. A model of family capital

In Figure 1 is the model showing the factors that influence family capital as well as its outcomes. Family structure provides the scaffolding upon which family capital is built and has the most significant impact on family capital. However, other factors in the model such as "family culture," "family activities," "family trust," and "family capital transfer activities" also are important to develop family resources. Finally, the major outcomes of family capital are: 1) business success; 2) family well-being; and 3) individual happiness and well-being. I will discuss each of these factors in turn.

Figure 1. Model of family capital



8. Family Structure

Family structure has a significant impact on family size and stability. In general, marriage supports stable family relationships and birth rates increase family size. Divorce, cohabitation, and single-parenthood tend to have a negative impact of family stability and often family size. In the United States, we are currently facing historic lows in marriage rates and birth rates—which does not bode well for the development of family capital. Moreover, families are more unstable these days due to high divorce and cohabitation rates. European families are in a similar situation compared to U.S. families. If families are not being formed and are not stable, that makes creating and sustaining family businesses more difficult. In other parts of the world, there are different family issues. For example, there are approximately 100 million fewer women than men in Asia—primarily due to selective abortions and female infanticide. Thus, many Asian men will find it difficult, if not impossible, to find mates, get married, and have children, which is clearly detrimental to the formation of family businesses. At its current birth rate, the Japanese will disappear from the earth by the year 2500. This is true in many other countries as well (e.g. Korea, Singapore). The prevalence of HIV/AIDs in Africa has left many African children orphans who will grow up without parental guidance and support. For example, in Swaziland, about one-fifth of all children are orphaned, primarily due to HIV/AIDs which afflicts 31% of Swazis (Dyer, 2019).

In summary, in today's world, families are fewer in number and are less stable, and that trend is likely to continue in the future. While I am not a family therapist, one of the roles I play as a family business consultant is to help families members get into counseling to help strengthen their families and help couples remain together in harmonious relationships if possible.

9. Family Culture

As I learned from my dissertation research, the culture of one's family has an impact on family capital since it defines the rules for how family members relate to one another and their environment. "Family culture" can be defined as *socially acquired and share rules of conduct that are manifested in a family's artifacts, perspectives, values, and assumptions* (Dyer, 1986).

Artifacts are the overt manifestations of family rules. There are physical artifacts: one's dress, the state of the rooms in home, implements used for work or school, etc.; verbal artifacts: the language and stories shared by a family; and behavioral artifacts: the rituals and common behavior patterns used by a family. Artifacts are the tangible aspects of culture—things that we can hear, see, or touch.

Cultural *perspectives* are situation-specific rules of conduct followed by family members. For example, in a specific situation like greeting someone in Japan the appropriate behavior is to bow. Before the pandemic, in the United States and most of the Western world we shake hands. In the context of a family, perspectives are the situation-specific rules for dealing with things like greeting family members, deciding rules like curfews, or showing physical affection in public.

Cultural *values* are more general, trans-situational rules that are reflected in cultural perspectives and artifacts. For example, some homes have general rules like “respect for one’s elders,” “be honest in all our dealings,” and “hard work is expected.” These values may even be shared in family mission or values statements.

Assumptions are the most fundamental aspects of culture. They are the basic beliefs that underlie the artifacts, perspectives, and values of the family. Some of these assumptions include: our beliefs about whether we can trust other people (both in and outside the family), our beliefs about which family members should make decisions for the family, family beliefs about how family members should be treated and supported, and family beliefs about the family’s ability to change and improve. These assumptions are the basic premises, often unspoken and generally invisible, that “account for” the more overt aspects of culture. I find that families who create strong family capital have a culture based on the following assumptions: 1) we trust one another, 2) over time children should move from a dependent relationship with parents to an interdependent one, 3) the family should be proactive in trying to adapt to and change its environment for the betterment of family members, and 4) the family should help family members reach their full potential. However, I have found that families that have assumptions that reflect distrust, exploitation or abuse of family members, controlling leadership, with an unwillingness to change to improve the family have difficulty developing and sustaining family capital.

10. Family Activities

Families can also strengthen their family capital through the following activities:

1) Family identity activities: these activities include having the family develop a family mission statement or value statement,
2) Family rituals and traditions: these include family vacations, family dinners, family religious traditions, family parties, and other activities that demonstrate that it is important to be a member of the family,
3) Demonstrating commitment to family: Commitment to family general revolves around spending time with family members and demonstrating through actions that family members have priority over other activities,
4) Coping with crises: All families face crises, but those families who rally around each other and support one another during challenging times strengthen their commitment to the family, and
5) “Spiritual wellness.” One final characteristic of families that develop family capital is what Stinnett and DeFrain (1985) call “spiritual wellness,” which means the family is engaged in achieving a purpose that transcends the fact that family members are living together as a biological or economic unit. It means that the family is willing to have a higher purpose as a family that brings them together which often revolves around serving other people.

11. Family Trust

Creating trust in one’s family is also essential to building family capital. There are three types of trust that we typically find in families. These are:

Interpersonal trust—Interpersonal trust is based on one’s relationship with another person and is primarily based on one’s history with that person. To the extent that another person has proven to be predictable and behaves reliably in certain situations, they are deemed to be trustworthy.

Competence trust—Competence trust is based on the skills, abilities, and experience of the other party. If we believe the other person has the necessary expertise to help us, we “trust” his or her judgment and advice. One’s status in the family, academic degrees, certifications, reputation, etc. are often the way we “know” that someone can be trusted.

Institutional Trust—Institutional trust is based on whether we see “the family,” “the system,” “the rules,” or “the processes” as being fair and trustworthy. Family members want to know if they will have a place to stay, food to eat, and receive social support. They also want to know if they can air their grievances and be treated fairly by family members.

My role as a consultant to families who want to strengthen family capital often involves repairing these three types of trust. To repair interpersonal trust, I often serve as a mediator between family members. To improve competence trust I work with family members to develop career goals to gain the skills and education they need to help the family business grow. I also help the family set up guidelines to monitor the performance of family members in the business to ensure that they are competent to perform their assigned work. For institutional trust, I help the family develop mechanisms to share responsibility in decision-making and to be more transparent regarding the family's dealings—particularly the family leader's will and succession plan.

12. Family Capital Transfer Activities

The final factor in the family capital model concerns family capital transfer activities. If families do not create processes to transfer family capital to the next generation it may be lost or severely compromised. To help a family transfer family capital, I ask the family to answer the following three questions:

1) What kinds of family capital (human, social, financial) will be helpful to future generations of family members?
2) What family capital do we currently have that should be transferred to the next generation of family members?
3) Who has access to this family capital, or, if we do not have the family capital that is needed, how do we develop it so it can benefit future generations?

My own experience as a consultant and my review of the literature on succession planning suggests that most company founders (and their families) cannot fully answer these questions and are not prepared for succession. Thus, to facilitate the process of transferring family capital, I have found it useful for families to do the following:

1) Create a genogram of one's nuclear and extended family, and
2) Develop a "family capital genogram" that identifies who in the family has needed family capital,
3) Develop a plan to improve relationships between those who have family capital and those who need it, and
4) Develop specific plans to transfer family capital from one person to another typically by using a "learning by doing" approach. The "learning by doing" approach involves giving potential heirs experiences and holding them accountable to help them prepare for future responsibilities and to develop the skills, knowledge, and relationships needed to carry on the family legacy.

13. The Outcomes of Family Capital

At the top of the model in Figure 1 are listed the outcomes of family capital. Research shows that family capital has many positive benefits for a family and for society at large. In a recent study my research team used data from over 8,000 teenagers to measure their access to family capital and whether that access influenced them to start businesses later in life (Dyer, 2019). The data showed that those youths who had access to family capital: 1) started more businesses, 2) their businesses had greater longevity, and 3) their businesses had significantly higher profits, than those youths who had less family capital. Furthermore, I have found that families who have family capital experience the following benefits:

- Family members are more resilient in dealing with life's challenges.
- They have a greater sense of well-being, security, and happiness.
- They are more likely to be in healthy and stable family relationships.
- Parents see better school performance and fewer behavioral problems in their children.

These are the important benefits of family capital. Family capital helps families deal more effectively with the challenges that life brings, and for those families who start businesses, family capital helps their businesses succeed in the present and in the future.
In my book, *The family edge*, I have several surveys that I have developed that can be used to assess a family's current status regarding family capital and determine if the family's culture, activities, trust, and family capital transfer activities are sufficient to help the family and its business be successful over time. In summary, my objectives in working with families to strengthen their family capital include:

1) Creating a strong and stable partnership between spouses or significant others.
2) Encouraging a family culture that is based on trust, facilitates the personal growth of family members, and supports positive change within the family.
3) Encouraging family activities that create unity and support within a family. Thus, family mission statements, family traditions, and spending time together as a family is important along with creating a higher purpose for the family.
4) Building trust within the family by repairing interpersonal trust when it is broken. Developing competence trust by encouraging family members to develop skills and abilities and creating institutional trust within the family by sharing decision-making and being transparent.

5) Transferring family capital by identifying where human, social, financial capital and other assets reside within the family. The family should develop a succession plan to ensure that these forms of family capital are transferred to the next generation.

14. Conclusion

In this article I have given a brief overview of my journey in studying and helping family businesses. Family business face a plethora of important issues in today's world that need to be addressed for the family and the business to succeed over time. Hopefully, the description of my journey will be helpful to you as you chart your own course to studying and helping family businesses.

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Succession in the Family Business: The Great Challenge for the Family

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JEL CLASSIFICATION
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KEYWORDS
Succession, Family business, Next generation, Harmony

Abstract One of the most significant challenges facing family businesses, and therefore the most studied, is how to successfully manage succession from one generation to the next. The purpose of this article is to allow the vast quantity of evidence and experience to be contextualised, and enable a better understanding of the challenges, the role the new generation plays, the probate process, the preparation of the successor and the importance of family harmony in family business successions. The paper points to the importance to develop new generation leaders as well as the need to carefully consider when to begin with the succession process. It also highlights that preparing the successor is an evolutionary process and that family harmony is critical to succeed in the process.

CÓDIGOS JEL
G3, L2, M1

PALABRAS CLAVE
Sucesión, Empresa familiar, Próxima generación, Armonía

La sucesión en la empresa familiar: el gran reto para la familia

Resumen Uno de los retos más importantes a los que se enfrentan las empresas familiares, y el más estudiado, es cómo gestionar con éxito la sucesión de una generación a la siguiente. El objetivo de este artículo es permitir contextualizar la gran cantidad de evidencia y experiencia, y permitir una mejor comprensión de los desafíos, el papel que juega la nueva generación, el proceso sucesorio, la preparación del sucesor y la importancia de la armonía familiar en la empresa familiar. sucesiones. El artículo revela la importancia de desarrollar a la nueva generación de líderes, así como la necesidad de considerar cuidadosamente cuándo comenzar con el proceso de sucesión. También destaca que preparar al sucesor es un proceso evolutivo y que la armonía familiar es fundamental para tener éxito en el proceso.

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1. Introduction

Succession is undoubtedly the main challenge faced by family businesses. It is, therefore, one of the most studied subjects by researchers (e.g., Benavides-Velasco, Quintana-García, & Guzmán-Parra, 2013; López-Fernández et al., 2017; Xi, Kraus, Filser, & Kellermanns, 2015). Succession entails numerous implications and affects various areas, such as the economic-financial situation, company valuation, ownership distribution, tax contingencies, and so on. However, existing empirical evidence indicates that the primary difficulties pertaining to succession emanate from personal aspects: the selection of the successor or successors, the acceptance by the family, and the precise timing of the succession. Consequently, these are the main challenges faced by family businesses.

Succession usually consists of one or more family members who aim at managing and/or owning a family business. The role played by members of the succeeding generations varies according to their maturity, skills, and interests. The success of the process of succession also depends on the founder's commitment and the way in which this process is carried out.

Thus, the process is a challenge for both incoming and outgoing generations. Although the two issues are obviously closely linked, in this study, we focus especially on the role that subsequent generations can play in achieving a successful succession.

The success and recognition of the new group is a gradual process and is achieved when, through their actions, they earn the respect of the members of the organisation and the rest of the family members. Knowing about the process of choosing the new successor or successors and whether the election was carried out in a transparent manner is vital.

The incoming generation must be adept with all necessary aspects of managing a company. When considering the succession stage, businessmen ask themselves: Who is the right person; why is he/she really qualified to take over the position? The very nature of the process of incorporating the new generation requires it to be planned and executed delicately and prudently.

Over the last 25 years, my professional tenure at the *Instituto de la Empresa Familiar* has allowed me to gain an in-depth knowledge of many succession processes in leading family businesses, both in Spain and abroad. The following pages contain a summary of my experience regarding succession processes and can serve as a basis for analysing these issues.

2. Role of New Generations in the Continuity of Family Businesses

In every family business, there always comes a time when it is necessary to count on the new generation. To ensure that their role in the continuity of the company is positive, it is essential to train future managers. Therefore, from a very early age, it is necessary to instil in them a sense of responsibility towards the property, what constitutes appropriate behaviour as company managers, and the definition of family and business values that must be preserved and passed on.

Generational change means an increase in the degree of complexity of the family business not only because of the increase in the number of people who make ownership and management-related decisions, but also because a series of important differences surface: different objectives, different criteria and vital interests, alternative styles of managing the company, and so on.

If we use as an analytical basis the well-known theory of the three circles (Company, Property, and Family; Tagiuri and Davis, 1996), it is clear that the training work with the future successors must affect each and every one of the areas. Following Professor Jon Martinez (2010), it is possible to assign a specific concept to each of the circles:

- Company: 'Business leaders.'
- Property: 'Guardians of heritage.'
- Family: 'Custodians of values.'

The objective is to ensure that the new generation can 'unfold' and act in one area or another as required by the needs.

Developing these issues further can indicate the importance of training business leaders for the future. To achieve this, and apart from the specific training that may be offered to successors, it is essential to respect a number of basic principles.

First, overprotection of children must be avoided, as it hinders their development and slows down their ability to face the challenges and difficulties that they will invariably encounter in course of their business life.

On the other hand, we must resist a very human temptation: cloning. The ideal leader in the foundational stage of a company does not necessarily resemble the ideal leader in the following stages of the company. The profile of a company's leader has to adapt to the fluctuations in its internal and external environments.

Third, no family member should be forced to take over the leadership of the company. On the one hand, since it is impossible to make a leader out of a person who lacks the appropriate skills.

On the other hand, the decision must be voluntary, otherwise the essential vocational factor to exercise such a role would be lost.
Finally, it must be taken into account that a leader creates a work team around him composed of people he trusts, who recognise his role as the driving force and reference point of the company. Consequently, it is also necessary to foresee the succession process of his main collaborators when there is a change in leadership.
In order for the new leader to continue the process of the previous generation, he or she must be recognised as such, not only by the family, but also by the professionals working in the company. Although, obviously, this acceptance will depend on their performance as the head of the company, they will not be accepted without initial agreement about their suitability to perform this function. To achieve this, it is advisable that his or her appointment should not come as a surprise. The alternative must clearly be well-known in advance.
To help identify the person or persons who can efficiently assume the role of the new business leader, there are a series of personal characteristics needed in an ideal successor. Strategic vision, ability to anticipate the future, and ability to involve others in strategic planning comprise the sine qua non of a good leader. However, even these are not enough since these must be accompanied by an adequate technical and academic training, relevant business experience, and good knowledge about the company. Last but not least, there must be a desire and willingness on the part of the person to lead the family business.

3. The Probate Process: How It Affects the Successor

Succession should not be initiated when the founder feels the need and the will to retire. Normally, that is what usually happens. When the founder is in the last stage of life, their concerns and worries vary. At the beginning of the business project, the founder invests all his time and effort into growing and developing the company. When his business is already consolidated, which usually happens when the founder is already old, tired, and when his worries are different from when he began. The entrepreneur then begins to worry about his *economic stability*. The founder must become aware of the need to leave the company in the hands of his children, passing on all his experience and knowledge of the business to them. Their training as future managers, owners and/or shareholders should be planned step by step with enough time before the actual retirement. The success of this process depends on the commitment and acceptance of those involved. Likewise, both the founder and his family have to understand that their future and that of the company will depend on how successful this process is because a wrong management in this matter can spell doom for the company. To avoid future conflicts, the role of the leaving members must be clearly demarcated in advance.
The decision to begin the succession process is not an easy task. None of the parties wants to initiate it, neither the children, nor the businessman, nor his wife, nor the managers and employees of the company. They all have different discourses.
The reasons are many and varied and also depend on the character of the entrepreneur. There are entrepreneurs who are afraid of the loss of power both in the company and in the family, they worry over the fate of the company for which they sacrificed so much, their economic stability, and how to cope when they no longer are needed on a daily basis, how to fill the void of the company around which their entire life revolved. Consequently, they see their end much more closely being away from the company.
The businessman's wife is also worried about the change. She has always been the arbiter of the family, the great mediator in the conflicts between father and children and believes that beginning the succession process will create a climate of tension within the family. She also sees the change as a loss of power and social status.
On the other hand, the children do not dare to ask the father to leave and make way for them, they see it as a betrayal to whom they owe everything. However, on the other hand, they feel that this same person is a hindrance to developing their project.
Other actors include the managers, some of whom may or may not be members of the family, but either way, they would prefer that this succession did not take place. Up to this point they had a say, they decided on important matters like their own remuneration, they had developed a friendly relationship with the founder, they see their peace of mind and stability threatened, and probably also the arrival of their own succession.
Another issue to deal with is what happens to family members who are not included in the business project? How are they compensated? What should be done so that no one feels disadvantaged?
There are heirs who will retain the company, but there are others who will remain on the sidelines. Both must perceive the distribution as fair. The company must be valued very well and compensated in a fair way, but it is not an easy task because perhaps when the valuation was made, it was fair, but companies can grow or disappear, and comparisons *are always odious*.

Keeping the shares within the family as far as possible while respecting the needs of each shareholder is crucial. We have often encountered very different views depending on whether some were working within the company. Those directly involved in the company see their needs covered i.e., having economic retribution for their work, they prefer to reinvest the profits, while shareholders who do not work within the company wish the dividends to be distributed. It is very difficult but necessary to keep all shareholders satisfied for the company's survival. It is also very convenient to establish how these shares should be transmitted within the family protocol.

In succession, as in other areas, there is gender discrimination. However, it is important that when faced with an important decision, such as 'who should lead the company,' such prejudices should be set aside and the individual should be valued regardless of their gender.

Within the same gender, there are other problems as well, such as jealousy, rivalries, and so on. It is important that the successors learn not to compete and understand that they can be complementary. It is important that they begin to value each other as a team, that they all row in the same direction, forgetting rivalries they may have nurtured since childhood, fighting for their father's love.

The founder or entrepreneur must facilitate communication with their children, this communication must be fluid and regular from childhood. The relationship between parent and child is fundamental, both must respect each other, listen to each other and think that, although they may have different styles, they can take advantage of the accumulated experience of the outgoing generation on the one hand, and on the other hand, the energies and vitality of the incoming generation. The former parent-child, adult-child relationship must transform into a relationship between adults.

The maturity and personal development of an individual depends mainly on his family because these are nurtured and nourished within the family and more specifically, through the relationship with their parents. If the parents are emotionally-balanced, their children will gain maturity and have a high self-esteem. Parents should support their children and give them as much love as possible so that their individualization process is good.

The founder in the first generation, and from the second generation onwards, the person who leads the company, must clearly know the company's competitive advantages as well as a clear idea of where he/she wants to see the company in the future. Facilitating a climate of trust based on communication and sincerity is also important.

Quality communication and listening to others benefits the achievement of process goals and a successful outcome. In succession, the leader who guides the transition plays a key role. In the first generation, leadership is clearly recognised in the person who created the company, who becomes both the family and business leader. From the next generation onwards, as the family grows and ownership is divided, leadership becomes less clear. The leader must have the family's and employees' support, adjust to the strategic needs, and structure the continuity of the company's plans.

The big question here is: how does this whole process affect the successor? Unfortunately, this question is much less studied because specialists usually focus on the figure of the predecessor and the relationships he has with his successors.

Most successors have a somewhat blurred picture of the family business for a long time. Their perception of it is wrong because they do not know the family business well. This lack of knowledge is often the logical consequence of a faulty communication policy.

If we assume the emotional component necessary for the leadership of the family business, it is easy to appreciate that in order to achieve it, it is necessary, as a prerequisite, to have good knowledge about it. It is difficult to be enthusiastic about something you do not know well. Therefore, the family business faces a double challenge. On the one hand, the generation in charge must be able to make the company known to their successors, and on the other hand, they must be able to ask the right questions that will enable them to acquire good knowledge about their business' reality. Both these must be coordinated, which implies an important effort on the part of all the members of the family.

Incentives must be created for potential successors to get to know the family and the family business better, a function that must logically fall on to the predecessor. That is why it is extremely important to have a dialogue within the family. It is necessary to communicate the main issues that affect the company and not only the problems and difficulties that may arise.

For dialogue to be effective, it is necessary to take into account the age and level of education of the listeners, and at the same time, to be able to listen to their opinions. Communicating implies sharing and having sufficient capacity to listen and understand so that possible conflicts can be foreseen and their growth limited.

It is important that this process is accompanied by training, will, and development of the potential successor's self-esteem, so that he or she can make a free and conscious choice about his or her future role in the company.

4. The Preparation of Successors: An Evolutionary Process

According to Professor Gallo (1995, p. 138): 'Training to be a member of top management has to cover three basic aspects: understanding the business in which the company is involved and how it operates, knowing how to lead, and being personally committed to the whole organisation.'

In some families, the succession process runs smoothly and with little tension, although this is unfortunately not common. The planning and orderly development of a succession process is something that usually only occurs in companies that have already undergone several succession processes, or in companies that are particularly aware of this.

In most family businesses, the transfer of ownership and governance of the company often generates multiple difficulties, mainly due to the belief that the process will develop naturally by itself. This approach is a big mistake, as succession processes require active, precise, and dedicated management to achieve success.

Focusing on the new generations, which are our object of interest in this work, it is clear that the preparation of the next generation is an essential element to guarantee succession success. However, we cannot forget that, although the preparation of the new generation is one of the best investments that the family and the company can make for the future, it requires significant efforts in terms of reflection and dedication.

The governance and management of a company is a task that is becoming increasingly complex over time. Hence, a broad and updated training is essential to ensure the competence of future entrepreneurs. In this sense, there are many variables to consider, which advises an adequate planning of the training processes for the following generations.

Some of them are of a strictly technical nature, while others refer to personal and family values. Following Professors Casillas, Díaz and Vázquez (2005), a series of basic aspects to be taken into consideration can be summarised.

1. Formal education. Although a person's ability to understand and join the company is not guaranteed, given the technical complexity of the business environment and the speed at which change and innovation occur, it is essential today.
2. Business experience. In order for academic knowledge to be translated into efficient management and governance of the company, hard work and experience are essential to get the most out of the training received. Additionally, and if circumstances permit, it is advisable to have a period of work outside the company itself. This provides people with a greater capacity to adapt and ensures that the return to the family business is based on their own merits and not merely because they are family.
3. Knowledge of the family business. It requires specific planning and should not be left to chance. The learning plan within the company must clearly determine the position or level for which the family member is being prepared and what is expected of him/her at the end of the process.
4. Place each person at the right level in the organisation. Although an old business tradition advises starting from the bottom, it makes no sense to consider it if we are talking about someone with a recognised training and some business experience. It would also be a mistake to place the person at an excessively high level within the company. It is simply a matter of applying market principles and placing every individual where he or she can make the most of his or her capabilities and continue to learn for the future.
5. Direct supervision and guidance. Despite the training received and previous business experience, no one is exempt from making mistakes or not properly exploiting their potential when entering their family business. For this reason, it is important that the generation that governs the company designates some person or persons to supervise, instruct, and correct the new generations in the development of their functions.
6. Evaluation based on results. The fact that a member of the new generation starts working in the company does not have to imply the irreversibility of his or her position. In the first stage, the job should be seen as a test or training course. Consequently, objectives to be achieved and performance indicators to be evaluated on a regular basis should be set.
7. Responsibility. The entrepreneur who places his trust in and delegates some functions to one of his successors must take personal responsibility for the learning of the person chosen and readily modify his decisions if necessary.
8. Delegation of responsibilities and trust. As sooner or later the entrepreneur will have to hand over the baton to his successor or successors, it is good to take advantage of the incorporation of new generations into the family business to turn the succession into a gradual process. This idea commonly known as

'sharing the baton of command.' It involves delegation of responsibilities by the entrepreneur so that the future successor gradually adapts to the challenges and demands of assuming business leadership.

9. Enrichment and strengthening of the successor. One of the personal problems that the successor of a family business may have is the lack of self-confidence because he/she considers that his/her main merit resides in the mere fact of belonging to the family. For this reason, it is healthy to venture into other fields and not only work in a different organisation. Considering the possibility of achieving improvements within their own organisation or even living abroad can also help. The aim is to strengthen the confidence and security of the successor for his or her future incorporation into the company.

5. Towards the Institutionalisation of Family Harmony as a Key to Succession

Harmony is defined as the relationship between people whose wills are in agreement and who get along well with each other without quarrelling or arguing. It is evident that family harmony should be a priority for any family because no description can be more positive for a person than the recognition that perfect harmony reigns in his family.

Additionally, family harmony has very relevant implications strictly in the business field. Experience shows us that a good part of the family businesses that disappeared had suffered problems related to the discord or opposition of two or more people in the family with respect to issues related to the business, which is precisely what 'disharmony' is.

Human beings are different, we think in different ways and have very different emotions and perceptions, regardless of our belonging to the same family. We all express ourselves and convey our ideas and feelings in a very personal way, communicating and behaving differently.

This undeniable fact is more complex, if possible, in the bosom of a family since the degree of intensity in relationships and personal emotions are much stronger than in any other case. For this reason, it is logical that, with the passage of time, family harmony runs the risk of being broken by the presence of conflicts or discrepancies between its different components. The existence of such conflicts should not worry us because it is absolutely natural and consubstantial to human beings. What we should be concerned about is our ability to manage such conflicts in a positive way, which can allow us not only to neutralise the negative impact of such conflicts, but also to reinforce family cohesion.

From a rational point of view, it makes no sense to worry about something inevitable, just as it also makes no sense not to establish adequate strategies to optimise its treatment.

To manage conflicts adequately requires, apart from knowing their inevitability, to anticipate them and plan their handling adequately. To do this, we must not only carry out an exercise of temporary anticipation, but we must also guarantee the existence of an environment or framework of family action that helps to preserve harmony.

There are no magic recipes to guarantee family harmony, but experience shows us that the existence of an open and fluid communication between all the components of the family greatly facilitates the existence of a relational model that is very suitable for the adequate management of conflicts and the promotion of a harmonious environment in the family.

There are instruments specially designed to ensure adequate communication within the family, some of them legal or documentary, such as the Family Protocol, others based on the governing bodies, such as the creation of the Family Council and the Family Assembly. However, all of them require the establishment of a culture of communication that, through appropriate channels and procedures, allows these instruments to be fully operational.

From the point of view of the company, the need for family harmony is emphasised because its impact on business results has been amply proven. In fact, we can speak of a feedback process, since a harmonious functioning of the family generally results in a good functioning of the company and, in turn, the latter greatly facilitates the existence of a cooperative environment within the family.

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