Pramodita Sharma, Philipp Sieger, Robert S. Nason, Ana Cristina González L., Kavil Ramachandran (Editors):

Exploring transgenerational entrepreneurship:
The role of resources and capabilities
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The editors of Exploring Transgenerational Entrepreneurship present a variety of articles on entrepreneurship in family firms focussing on the role of resources and capabilities. Published as first volume in The Successful Transgenerational Entrepreneurship Practices (STEP) Series this book attracts not only scholars from the field of family business research but also practitioners and scholars from other management areas.

In the first of ten chapters the editors introduce Transgenerational Entrepreneurship (TE) and the role of intangible resources by first giving a literature review. They define TE according to Habbershon, Nordqvist, and Zellweger (2010) as the process where resources and capabilities are used by an enterprising family to create entrepreneurial, financial and socio-emotional value across generations. Intangible resources were chosen as the primary concern of this book as they gain increasing importance in a knowledge-driven economy. It is further explored how the family represents an idiosyncratic context in which imperfectly imitable resources can be created (Barney, 1991). The authors explain this resource inimitability with unique historical conditions, causal ambiguity and social complexity of family firms. The eight different contributions are summarized at the end of this chapter and an overview is provided (Table 1.1) listing the nature of the resources, the number of investigated family firms and the countries of origin of each article. Differentiating between the internal and external nature of intangible resources provides the basis for structuring the book. The first five articles look at internal intangible resources followed by three chapters focussing more on the external perspective.

The first study on eight Colombian family firms investigates the ways how internal virtues manifest themselves through generations. As part of the STEP project 66 interviews were conducted with the purpose of identifying the importance of different virtues for family members. Courage, wisdom, temperance and humanity scored high whereas the two latter virtues changed over time and the others did not. In order to preserve transgenerational potential the authors recommend family firms to cultivate these virtues.

The second case study explores professionalization processes undertaken by a nearly 200 years old Spanish family business. Outlined as a teaching case, in-depth interviews with eight family and non-family members were conducted and lead to results that confirm earlier studies (e.g. Sharma, 2004). Gimeno and Parada observed that founders and experienced leaders rely more on intuitive decisions, whereas later generations tend to use analytical tools. The authors stress the need for family businesses to balance their decision-making process.
The next single case study from Hong Kong portrays the development of entrepreneurial learning as a main intangible resource. The authors propose a model where entrepreneurial learning moderates the relationship between entrepreneurial orientation and firm performance. Finally they suggest a situated learning perspective when investigating TE in future research.

In the following two articles from Northern America the internal intangible resources are discussed in terms of their relevance regarding succession. The first case from the United States presents a long-lived family firm in which implicit or tacit knowledge was leveraged to achieve longevity. The detailed investigation starts in the year 1998 looking at tacit knowledge influences on the current stock and influx of new knowledge. The conclusion was drawn that tacit knowledge from outside and inside the family firm should be appropriately leveraged to achieve longevity. The multiple case study from Canada reflects on the role of social capital with regards to succession of sibling teams. Tacit knowledge could be identified as a precursor to sibling team succession whereas reputation and networks were recognized as triggers in later stages of the succession process.

The sixth case study from Uganda balances internal and external resources focusing on opportunities and dilemmas of social capital. The authors explain how the extended family representing an overflow of social capital can bring more support, knowledge and networks but at the same time can drain the available resources. Other presented challenges lie in bonding and bridging social capital when intangible resources are centralized solely in the patriarch.

Focussing on external intangible resources the last two articles are again designed as teaching case studies starting with a firm history and posing discussion questions. Firstly, family firms from 5 countries around the world are investigated regarding the role of family business social capital in hostile environments. The main implication of the study is to invest in external social capital to foster the resilience capacity across generations. The next study from Ireland explores the relationship between a family’s entrepreneurial portfolio activities and reputation as a unique family resource. The authors illustrate how different positive perceptions from external resources contribute to entrepreneurial opportunities.

The eight contributions show how family firms develop intangible resources over time to create economic and social value drawing on resources available within the STEP project. From a resource-based perspective 26 family business case studies from 12 different countries are analysed. The presented findings advance the perspective of TE and create a better understanding of the recent discussion. TE can here be seen as very useful construct to explain how value is created in different environments. Future research should link TE with other constructs in family business research and by looking at similarities among the cases build a common framework to investigate how families contribute to wealth creation.

In the last chapter the editors reflect on research and practical implications that can be drawn from these case study investigations. In an interesting synthesis they conclude that “the core values of the controlling family have a ripple effect on the behaviours and transmittal of knowledge, learning, professionalization and the bonds be-
tween family and non-family members in an enterprise” (p. 202-203). This process in which intangible resources are uncovered from one generation to the next is illustrated as a figure with high potential to be developed further from family business researchers. The editors consolidate the findings by sharing overarching observations that might trigger ideas for future research. In particular they emphasize the critical but also nebulous and multidimensional character of intangible resources and capabilities. They stress how many different pathways can be taken to imbue the entrepreneurial spirit in the next generation because the internal context and external environment is specific in every family business. This perspective reflects the current discussion on developing a theory to explain how family firms accomplish TE (Jaskiewicz, Combs, & Rau, 2014). This new direction and other recent research on TE can stimulate not only theoretical but also practical approaches to handle challenges in family firms and create value across generations. Despite recent advances in the field, there is still an absence of validation of the family’s entrepreneurial contribution to long-term wealth creation. Therefore scholars and family business manager will be interested to see further research results and the second volume of the STEP Series.

References


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