An Empirical Investigation of Factors Contributing to Longevity of Small Family Firms

A. Bakr Ibrahim, Jean McGuire and K. Soufani

This exploratory study examines the perception of multigenerational small family firms of factors contributing to the longevity of these firms. Forty two presidents and CEO's of second, third and fourth generation small family firms attending workshops in Montreal, Toronto and New York responded to a questionnaire about items that may impact on the continuity and survival of family controlled firms. Results suggest that three key factors including family members' involvement and commitment, succession planning and the family firm's unique competitive advantage contribute to the survival and longevity of these firms. Based on the empirical findings, and building on previous research work in the field, a conceptual model was developed. It is hoped that the study findings and the integrated framework provide family firms, professionals, academics and policy makers with an insight to factors contributing to longevity in small family firms. Understanding these factors is the cornerstone for developing awareness and training programs to reduce the high mortality rate of this important segment of the business sector.

Field of Research: Family Business, Entrepreneurship

1. Introduction

Family business represents the oldest and most prevalent type of business organizations worldwide. As such, they play a significant role in both, the stability and health of the new global economy. It is estimated that 90 percent of all businesses in the US, Canada and Europe are family owned and operated. Family business also represents the prevailing type of organization in most Asian and Latin American countries due to the strong clan type culture (Ibrahim & Ellis, 2006; Weidenbaum, 1996; Moffett, 1995; Bechard and Dyer, 1983; Lansberg, 1983). Despite their importance to the national economy, the survival rate of family firms beyond the founder's generation is extremely low. It is estimated that less than one-third of family firms survive into the second generation and only 13 percent survive through the third generation (Heck & Trent, 1999; Ward, 1987; Beckhard & Dyer, 1983).
The demise of these firms not only destroys entire families, but also results in job losses and a significant negative impact on the national economy and the competitive position of the nation. On the other hand many family dynasties worldwide have endured many generations of successful business. Including familiar names such as, Kikkoman in Japan; Hermes, Rothschild and Angelli in Europe; Molson in Canada and Rockefellers and Ford in the US. (O’Hara, 2004; Jaffe & Lane, 2004). The ability of some family firms small or large to endure for generations intrigued our research team. Therefore, the objectives of this exploratory research are twofold: first, to explore the factors, perceived by top management of second, third and fourth generation small family firms to be critical to the longevity of these firms. Second, to provide family firms with an integrated framework of longevity based on both the empirical findings and building on existing research. It is hoped that the study findings and the integrated framework could provide some insight on ways to reduce the high mortality rate of this extremely significant segment of the business sector. Indeed while research on family firms has acknowledged many of the factors that are critical to successful succession of these firms, the present study examines the impact of multiple factors on the longevity of small family firms.

2. Conceptual Background

Research on family business has long recognized the unique characteristics of these firms. Family embeddedness implies that both the family and the business are invariably intertwined, overlapping and interconnected. Indeed it is difficult to separate these two systems – the family and the business. Several studies suggest that the overlap between both the family and the business systems and the simultaneous interaction between them, accounts for the unique behaviour of these firms (Sharma, 2004; Aldrich & Cliff, 2003; Litz, 1997). Therefore, research on family business must take into account the family dynamics (Ibrahim & Ellis, 2006; Rogoff & Heck, 2003; Aldrich & Cliff, 2003). While some studies argue that the dual relationship between the social and business systems could provide the family firm with a unique competitive advantage, others see it as a source of major problems that affect its survival (Zahra & Sharma, 2004; Aldrich & Cliff, 2003; Habbershon and Williams, 1999). A study by Olson et al., (2003) found that the success of the family firm is influenced by how the family manages the overlap between the family and the business.

Indeed, the ability to balance the dual identity of both the family and the business represents a source of competitive advantage for the family firm (Taguiri and Davis, 1992; Habbershon and Williams, 1999; Zahra and Sharma, 2004). Several studies extend the Resource-Based View of the firm (RBV) approach to family business and suggest that “familiness” represents the bundle of resources that are unique to the family firm as a result of family involvement such as strong organizational commitment and flexible human resource practices (Habbershon & Williams, 1999; Habbershon, Williams & MacMillan, 2003). Simply stated, the loyalty of family members, their motivation, social ties, and the ability to tap family resources and goodwill can be valuable intangible assets (Anderson, Jack & Dodd, 2005; Niemel, 2004; Simon & Hitt,
Aldrich & Cliff (2003) and Nordqvist (2005) suggest that family businesses are deeply embedded in a complex network of ties which can provide unique resources to these firms. Miller & Le Breton Miller (2005) revealed that the extraordinary success of some well known large family firms is due to a number of characteristics including “stable strategies, clan culture and lifetime tenures”. They suggest that these factors have allowed successful family firms to build a “formidable competitive advantage” from generation to generation. Indeed, Hoffman, Hoelscher, and Sorenson (2006) argue that ‘family capital’ is an important source of sustained competitive advantage in family firms.

Several studies have also argued that “family embeddedness” helps overcome potential agency problems that are often encountered as a result of the separation between ownership and management. Jensen & Meckling (1976) argue that family firms mitigate agency cost. Anderson et al. (2004) and James et al. (2004) examined the agency implications of family embeddedness and suggest that family controlled firms show higher performance than non-family businesses. These findings are congruent with the Resource-Based View (RBV), which argues that reduced agency cost can be an intangible resource to family firms. However, some research argues that the ‘altruistic’ motives of family members can create additional agency problems as the interests of family members and the family unity take precedence over those of outside stakeholders (Lubatkin et al., 2005). Although such altruistic motives may influence a number of phenomena in family firms, they are particularly relevant to succession processes, where maintenance of family control becomes an important issue.

Given the centrality of maintenance of family control to the family business dynamic, the issue of succession tends to dominate the family business literature. Indeed, no other issue can clearly epitomize the dual identity and its impact on the survival and longevity of family firms better than succession. According to Churchill and Hatten (1987) succession in family firms has two unique characteristics: first, it is a biological necessity; the younger generation succeeds the older one in order to ensure continuity; and second, it is a transfer of power based on non-market consideration. As a result, succession is often fraught with emotion, tension, family disputes and ultimately to what Leo Danco (1982) has termed, “corporeuthanasia”.

Succession is a complex process that involves many factors at both the family and business levels. The succession process described in the family business literature includes three steps. The first step involves preparing the offspring for their leadership role at an early stage. The second step includes integrating the offspring into the family business. The final step involves the offspring assuming control of the business (Stavrou, 1999; Handler, 1989; Ward, 1987). However, Davis (1983) contends that the notion of “smooth succession” in family firms is a contradiction of terms. Thus it is not surprising that a large number of studies on succession have widely acknowledged the importance of succession planning to the survival of these firms. (Wortman, 1994; Kets de Vries, 1993; Handler, 1992 and 1990; Poutziouris, 1995). Handler (1989) cited lack of succession planning as a major cause of the high mortality rate in family businesses and noted that succession planning does not take place in most family firms. While most studies of succession planning have focused on the founder’s/CEO’s role in the process (Kets de Vries, 1993; Seymour, 1993; Lansberg, 1991; Handler, 1990), fewer
several studies have examined factors related to the offspring's competence and involvement in the family firm (Handler, 1990; Rosenblatt et al., 1985).

several studies have attributed the founder's reluctance to plan for succession to a number of factors including: the founder's strong sense of attachment to the business, fear of retirement and death and lack of other interests (Seymour, 1993; Lansberg, 1991; Handler, 1990; Dyer, 1986; Levinson, 1971). According to Lansberg (1991), retirement reminds entrepreneurs of their own mortality. Thus it is not surprising that most founders do not retire from their family business; they die while still at the helm according to Navin (1991). This is congruent with a study by Lansberg et al. (1988) which revealed that founders often make themselves indispensable in order to maintain control of the business and remain at the helm.

A number of studies have also examined the offspring's role in the succession process, including: their life stage (Davis and Tagiuri, 1989; Ward, 1987); their gender and birth order (Goldberg & Wooldridge, 1993; Handler, 1991), and their competencies (Goldberg, 1996; Chrisman, Chua & Sharma, 1998). Much of the more recent research has pointed to the importance of the succession process, including preparation and socialization of potential successors, the maintenance of harmonious relations among family members, and the like to building and maintaining the family capital associated with the firm's success (Venter, Boshoff, and Mass, 2005; Murray, 2003; Hoffman et al, 2006; Lee, Lim, and Lim, 2003).

Miller, Steier and Le Breton-Miller (2003) examined problems associated with failure in three large multigenerational family firms and found that succession in most family firms tends to be influenced by personal factors. Therefore it is critical to identify the warning signs and resolve the problems early in the succession process. A key problem identified by Miller et al. (2003) is the unhealthy relationship between the past and the future: on one extreme is the conservative successor who clings to the past, on the other extreme is the rejectionist successor who rebels against the past and in between is the indecisive successor who cannot make up his mind. Each type has a distinct characteristic in terms of strategic direction, organization and governance approach.

Alarmed by the high failure rate of inter-generational succession, Le Breton-Miller, Miller and Steier (2004) conducted a massive survey of the literature on succession and developed an integrative model of effective succession. The model takes into account the impact of a number of issues critical to succession including: the firm's industry and its competitive position; the firm's strategy; ownership structure and composition of its board; the incumbent CEO's personality and commitment to the grooming and mentoring of potential successors as well as the quality and characteristics of potential successors.

This study expands upon previous research on succession and survival of family firms in several ways. First, it focuses on a varied sample of multigenerational small family firms in major North American metropolitan areas. Second, it moves away from the case studies that have dominated the succession literature and presents a quantitative analysis of multiple factors that are perceived by management of family firms to
contribute to the longevity of these firms. The primary research question is: what are the factors contributing to the longevity of small family firms?

3. Sample Selection and Demographics

A questionnaire was sent to 82 presidents and CEO’s of second, third and fourth generation family firms who participated in workshops and seminars conducted by the lead author in Montreal, Toronto and New York’s metropolitan areas in the period from January 2005 to June 2006. To ensure a high response rate a follow-up telephone contact was made. The response rate was 52 percent. The average age of respondents was 48.5. The majority of respondents, 65 percent, were second generation, while 28 percent were third generation and only 7 percent were fourth generation. The average number of family members involved in the business was 2 members and succession to the next generation was considered by 98 percent of respondents. The majority of respondents (72%) were college educated. The average annual revenue was $14 million and the average number of employees was 29. The sample firms consisted of various business sectors including retail (23%), service (61%), and manufacturing (16%). In this context a family business is defined as one in which at least 51 percent of the business is owned by a single family member and at least two family members are involved in the management of the business in which transfer of leadership to next generation family members is anticipated. (Ibrahim & Ellis, 2006; Handler, 1990; Rosenblatt et al. 1985). Table 1 provides a summary of characteristics of responding family firms.

Participants were asked to respond to a randomly ordered listing of items that may impact on the continuity and survival of family controlled firms from generation to generation. These items were selected based on items cited in the family business literature as being critical to family business survival (Beckhard & Dyer, 1983; Ward, 1987; Hollander & Elman, 1988; Handler, 1991; Lansberg & Astrachan, 1994; Chrisman et al., 1998; Olson et al., 2003; Lee, Lim & Lim, 2003; Le Breton Miller et al., 2004). Each respondent was asked to indicate the extent to which the statement is critical to continuity and survival of the family firm on a five-point Likert scale ranging from, “a very little extent”, to, “a very great extent”. The questionnaire items were pilot tested for accuracy and relevance on a group of 5 family firms in Montreal. Their responses were statistically analyzed and questionnaire items were finalized with an item reliability of .93 measured by Cronbach’s alpha coefficient.
Table 1
Characteristics of Responding Business (n = 43)

<table>
<thead>
<tr>
<th>Category</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Age:</td>
<td>48.5</td>
</tr>
<tr>
<td>Response by generation (%)</td>
<td></td>
</tr>
<tr>
<td>2nd</td>
<td>65%</td>
</tr>
<tr>
<td>3rd</td>
<td>28%</td>
</tr>
<tr>
<td>4th</td>
<td>07%</td>
</tr>
<tr>
<td>Number of family members involved in the business (mean):</td>
<td>2 members</td>
</tr>
<tr>
<td>Anticipation of succession:</td>
<td>98%</td>
</tr>
<tr>
<td>Education (%)</td>
<td></td>
</tr>
<tr>
<td>College degree</td>
<td>72%</td>
</tr>
<tr>
<td>Other</td>
<td>28%</td>
</tr>
<tr>
<td>Annual revenue:</td>
<td>$14 million</td>
</tr>
<tr>
<td>Number of employees:</td>
<td>29</td>
</tr>
<tr>
<td>Business sectors (%)</td>
<td></td>
</tr>
<tr>
<td>Retail</td>
<td>23%</td>
</tr>
<tr>
<td>Service</td>
<td>61%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>16%</td>
</tr>
<tr>
<td>Ownership (%)</td>
<td></td>
</tr>
<tr>
<td>Sole proprietorship</td>
<td>91%</td>
</tr>
<tr>
<td>Partnership</td>
<td>91%</td>
</tr>
</tbody>
</table>
4. Results

Factor analysis was used to identify sub sets of items indicating underlying themes of continuity and survival. Three factors accounting for 62.2 percent of the variance were extracted using principal component factor analysis with orthogonal rotation. Rotated factor loadings, communality (actual variance explained by each variable) and content of the factors are shown in Table 2 along with eigenvalues and variance explained. Following the criterion suggested by Kim and Mueller (1978), only variables that exhibited factor-loading greater than 0.50 were included in the interpretation of factors.

Factor 1 included six items related to family involvement and commitment to the family business, with item loadings ranging from .67 to .81. These items included family members' level of commitment to the business, the integration of family members into the business, the family culture, the grooming of offspring, the family council and reflecting the community values. Factor 2 identified items related to the succession process and planning with factor loadings ranging from .64 to .78. Items included succession planning, the quality of the successor, the gradual succession process and family and non-family participation in the succession process. Factor 3 identified items related to family competitive advantage, with factor loadings ranging from .63 to .78. These items included market niche strategy, customers' trust and loyalty, family network of contacts and employees as extended family.

Although our research results are only preliminary, they do seem to suggest that continuity and survival of family firms can be significantly enhanced by three critical factors. These include: a high level of family involvement and commitment; an effective succession process and the family firm competitive advantage. The importance of integrating family members into the business and the succession process (factors 1 and 2) supports recent interest in the succession process as a means of building family capital.
<table>
<thead>
<tr>
<th>Items</th>
<th>Factor 1 Family commitment to the business</th>
<th>Factor 2 Succession planning</th>
<th>Factor 3 Family competitive advantage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commitment</td>
<td>.81</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Integration of family members</td>
<td>.79</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Family values and culture</td>
<td>.75</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grooming of offspring</td>
<td>.73</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Family council</td>
<td>.72</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Community values</td>
<td>.67</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Succession planning</td>
<td></td>
<td>.78</td>
<td></td>
</tr>
<tr>
<td>Quality of successor</td>
<td></td>
<td>.77</td>
<td></td>
</tr>
<tr>
<td>Gradual succession process</td>
<td></td>
<td>.72</td>
<td></td>
</tr>
<tr>
<td>Family participation in the succession process</td>
<td></td>
<td>.71</td>
<td></td>
</tr>
<tr>
<td>Non family participation in the succession process</td>
<td></td>
<td>.64</td>
<td></td>
</tr>
<tr>
<td>Market niche strategy</td>
<td></td>
<td></td>
<td>.71</td>
</tr>
<tr>
<td>Customers’ trust and loyalty</td>
<td></td>
<td></td>
<td>.67</td>
</tr>
<tr>
<td>Family network of contacts</td>
<td></td>
<td></td>
<td>.64</td>
</tr>
<tr>
<td>Employees are extended family</td>
<td></td>
<td></td>
<td>.63</td>
</tr>
<tr>
<td>Eigenvalue</td>
<td>3.87</td>
<td>2.21</td>
<td>1.42</td>
</tr>
<tr>
<td>Variance explained</td>
<td>31.6 %</td>
<td>15.4 %</td>
<td>10.1%</td>
</tr>
</tbody>
</table>
5. Discussion

The research findings of this exploratory study provide an empirical insight into factors contributing to the longevity of family firms. In many respects, these factors are consistent with most of the critical factors identified in Le-Breton-Miller, Miller and Steier's (2004) integrative theoretical model of effective succession in family owned business.

5.1 Family Members’ Involvement and Commitment

Results suggest that family members’ involvement and commitment are critical to the continuity and survival of the family firm. In this context, family members’ integration into the business, the grooming process that takes place to prepare the offspring for their leadership role in the business, the deeply entrenched community values and family beliefs which allow the family business to have its unique corporate culture and to develop its own governance model through its family council, were all found to contribute significantly to the continuity and survival of family firms. Several studies suggest that survival of family firms require commitment and proper grooming of family members (Kuratko, Hornsby & Montago, 1993; Handler, 1990; Churchill & Hatten, 1987). Schein (1983), and Hollander & Ellman (1988), suggest that family members’ commitment to the family business is determined by the degree of involvement in the business and the way they were integrated into the business. The low level of interest and commitment of family members may in fact hinder the growth of the family firm. (Ibrahim et al., 2004). Hollander and Ellman (1988), contend that the founder should develop the appropriate culture that integrates the family into the business effectively. The family business culture according to Harris, Martinez and Ward (1994) is based on shared values and vision. Most effective firms are those with a clear and consistent vision of their families (Ward & Aronoff, 1994). Miller and Le Breton Miller (2005) study of large family firms that dominated the market for many generations such as the New York Times, L.L. Bean and Wal-Mart revealed that these firms place much emphasis on continuity and long term commitment as a result of their strong clan culture, lifetime tenures and community connections. Interestingly, the present study suggests that family council is critical to the continuity and survival of family firms. Research has emphasised the crucial role the family council can play in family firms including the development of the family business governance model based on family and community shared values and its role as a forum for family members to discuss issues critical to both the family and the business (Ibrahim & Ellis, 2006; Anderson and Reeb, 2004; Le Breton-Miller, Miller & Steier, 2004; Lubatkin et al. 2005). Furthermore, an effective family council provides an internal governance system that protects and safeguards the family business against the problems inherent in family firms as a result of their dual identity such as altruism, nepotism and conflict (Lubatkin et al., 2005). Lambrecht (2005) studied European multigenerational family firms of varying sizes and suggests that factors such as sound governance mechanisms, proper grooming and training of family members as well as experience and entrepreneurial spirit are critical to the development of a successful dynasty. Jaffe & Lane (2204) have been working with both small and large multigenerational dynasties, worldwide, and noted that sustainability of
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these firms relies on a “complex web” of structures including councils and effective governance mechanisms that are developed to protect their wealth and continuity. Magretta (1998) described how a multigenerational family firm in Finland were able to develop a proper governance structure and reinvent the family firm. Indeed Lane et al. (2006) cautions against applying popular North-American market oriented governance models that are based on dispersed ownership and do not address family firms' unique governance structure. Lane et al. (2006) noted that governance control models applied in European, Latin American and Asian family controlled firms are much more effective as they take into account the overlap between ownership and management of the family firm.

The above arguments suggest that family members grooming, integration and acculturation process could indeed contribute to the development of family capital in several ways. First, it helps build commitment, vision, and loyalty of the successor and of other family members. In addition, an effective family council could help mitigate the costs of potential altruism by balancing the need for control and monitoring of the succession process with the need to maintain and build family capital in the family firm.

5.2 Succession Planning

Results suggest that succession planning including: the quality of the successor, the gradual transfer of power and leadership to the next generation as well as the participation of family and non-family members in the succession process are critical to an effective succession process and to the continuity and survival of the family firm from generation to generation. Over three decades ago Harry Levinson (1971) noted that succession planning is important to an effective succession in family firms. Research has since examined the impact of succession planning on the survival of family firms (Ibrahim & Ellis, 2006; Lee, Lim & Lim, 2003; Poutziouris, 1995; Kets De Vries, 1993; Handler, 1992 & 1990).

A key component to an effective succession process suggested in the present study is the quality of the successor. Ward (1987) noted that a proper succession process allows the family firm to select an effective successor who is capable of rejuvenating the business. Fewer studies have examined the qualities of an effective successor (Le Breton-Miller, Miller & Steier, 2004; Chrisman et al., 1998; Goldberg, 1996; Lansberg and Astrachan, 1994). These studies focused on the successor’s business experience and management skills and competence. Goldberg and Wooldridge (1993), examined personality traits of the successor, other studies suggest that family firms are similar to monarchies in which the eldest son becomes the uncontested successor regardless of his competencies (Barnes, 1988; Alcorn, 1982). O’Hara (2004) researched the oldest family firms worldwide. He found that the oldest Japanese family firm in the world followed a number of rules including: The Japanese traditional rule of primogeniture; the strive to maintain a balance between the family and the business; the constant drive to reinventing the family business; the respect of outside professional advise; the importance of developing a succession plan and of exploits market niches.

Results also suggest that the succession process should be gradual. According to Handler (1990) a gradual process allows both the departing leader and the successor to
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adjust to their new role; it is a “succession dance” noted Handler. Furthermore, results suggest that participation of both family and non-family employees, in the succession process, is critical to an effective succession and a successful transition. Handler (1991), found that a healthy relationship between family members based on mutual respect and understanding is critical to a smooth transition. Similarly Olson et al., (2003) noted the impact of the interaction between the family and the business on the stability of both. Sharma et al., (2003) found that satisfaction with the succession process is enhanced by a number of factors including succession planning and acceptance of the unique role each family member plays in the business. The integration of non-family members in the decision making process in the family firm has also been recognised. Kets De Vries (1998) emphasized the dark side of succession when non-family employees are not consulted in the succession process and the sense of frustration, betrayal and resentment that they may harbour towards the successor and the family firm in general. Therefore, some researchers have proposed a balanced approach in which all stakeholders including non-family employees are considered in the decision making process in family firms to ensure success (Mitchel et al., 2003; Astrachan & Keyt, 2003).

5.3 Competitive Advantage

Results of this research also suggest that market niche strategy, customers’ loyalty, the way the family firm see its non-family employees as an extension of their family, as well as the family firm network of community contacts are critical to building the family firm’s unique competitive position and thus to the continuity and growth of the business. These findings are congruent with several studies. Le Breton-Miller, Miller and Steier (2004) identified the family firm’s strategy as a critical factor of their integrative model of effective succession. Miller and Le Breton – Miller (2005) found that the firm strategy and its clan type culture allow successful family firms to build a strong competitive advantage. They revealed that successful firms tend to focus on community and connections. Other studies suggest that the family firm resources, including physical and human resources, are intertwined with the family firm’s unique identity to create its specific bundle of resources. The strong personal relationship the family firm has developed with its customer, the quick response to customer needs, the trust family members have built with customers, and employees loyalty and commitment to the business all represent the intangible resources, “familiness”, that provide the family firm with its unique and sustainable competitive position (Pratt & Foreman, 2000; Habbershon and Williams, 1999; James, 1999; Aronoff & Ward, 1991).

These results suggest that the family capital and its competitive advantage are interconnected. This is not to say that family advantage is tied to one particular competitive strategy. Indeed, the range of successful family business suggests that family firms can succeed in a number of contexts and through a number of strategies. It does, however, suggest the need to understand how family culture and family capital can be used to build competitive advantage.
6. Conclusion and Conceptual Framework

The present exploratory research offers researchers and family business practitioners some preliminary findings of multiple factors that were perceived to enhance the longevity of small family firms. While some findings do support previous research investigating the impact of a single or multiple factors on family firms’ survival, we believe this research provides a full picture of longevity and explains how some family firms endure for many generations and develop successful family business dynasties.

The preliminary research findings encouraged us to develop a conceptual model of family firm’s longevity. The framework integrates the research findings and builds on previous research work in family business in areas such as, corporate culture, succession, governance and the family firm’s unique competitive position (Lane et al., 2006; Stavrou et al., 2005; Miller & Le Breton Miller, 2005; Denison et al., 2004; Jaffe and Lane, 2004; Le Breton-Miller et al., 2004; Olson et al., 2003; Astrachan and Kolenko, 1994). As shown in Figure 1, the family firm represents the embodiment of family and community values. These values are transmitted from one generation to the next and are the building blocks in developing a strong family business culture and in setting the tone for the entire business for generational survival. Thus, the family business culture is the cornerstone for: developing a high level of family members’ involvement and commitment; the grooming process of the next generation, the family firm governance model developed through the family council; and the family firm unique bundle of resources—“familiness”. These are the key ingredients that allow a family firm to endure and to develop an effective generational succession process and a sustainable competitive advantage for generations and build family dynasties. These factors also allow the family firm to develop mechanisms to reduce the problems associated with its dual identity such as altruism, family fights and conflict that “plague” them.

7. Research Implications

In light of the significantly high mortality rate of family firms and its serious impact on the national economy and social agenda of most countries, we believe our empirical findings and the conceptual integrative model of longevity could provide some insight on critical factors contributing to the longevity of these firms. Understanding these factors allows family firms, researchers, professionals and policy makers to develop awareness of these factors. The study does seem to have important implications for these groups concerning the value of training for small family firms. Academic institutions and family business organizations such as the Family Firm Institute (FFI); the Canadian Association of Family Enterprises (CAFÉ); the Family Business Network (FBN) and the International Family Enterprise Research Academy (IFERA) have a significant role to play in terms of developing both awareness and training.
8. Research Limitations and Future Directions

Finally, several limitations of the study must be noted. First, in light of the small sample size and the focus on small family firms care must be exercised in the interpretation of research findings, in particular, as one attempt to generalize these findings to broader populations. Second, the study focuses on the perception of factors contributing to longevity of a single-family executive in each firm. It would be worthwhile for future research to include a broader sample of other family and non-family executives in varying organizational size and culture. It would be interesting to use a longitudinal case approach to capture a rarely seen picture of the dynamics and insight of a multigenerational family firm.

The governance structure of multigenerational family firms is a complex area that requires further research. As the family becomes larger over generations with several branches, it requires a unique structure that addresses family members’ needs as well as wealth management to ensure continuity (Jaffe and Lane, 2004; Lane et al., 2006). We believe that training and mentorship of family members of multigenerational firms are critical to the continued survival of these firms. As the family firms move from the second, third and fourth generations, family members need guidance and training on their role, responsibilities, ownership and wealth management in order to ensure continued survival.
Figure 1
Family Business Longevity Model
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