Perceptions of Entrepreneurship across Generations in Family Offices: A Stewardship Theory Perspective.

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Abstract:

Family offices have been in existence for at least two centuries and have substantial impact on the wealth and prosperity of the families behind them. However, despite their practical relevance, family offices remain an under-researched topic in family business studies. Drawing upon stewardship theory, this qualitative study examines the perceptions of different generations (i.e., founder or first generation and second and/or later generations) about entrepreneurship in family offices and their new investments and, in turn, influence on growth and prosperity of their ventures. The results of interviews with two separate generations of family businesses who operate family offices show that each generation exhibits different perceptions of entrepreneurship concerning family offices that we integrate in a model of organizational entrepreneurship in family offices. Implications for future studies and practice are discussed.

Keywords: Family office | Entrepreneurship | Stewardship | family businesses | business strategy | entrepreneurship | business management

Article:

1. Introduction

The family office is increasingly becoming a more widely known and accepted wealth management solution for ultra-affluent families who are focused on multi-generational wealth management and building continuity across generations (Amit, Liechtenstein, Prats, Millay, & Pendleton, 2009). Like family businesses, family offices are organizations affected by family influence and involvement and these organizations are also involved in entrepreneurial practices to elevate the family's wealth. Because of the broad interpretation of what connotes a family office, many families interviewed in this study described having the semblance of a family office. The researchers utilized the definition of family office as “a unique family business that is created to provide tailored wealth management solutions in an integrated fashion while promoting and preserving the identity and values of the family” (Benevides et al., 2009, p. 6). Yet, in numerous instances the family did not identify having a family office as such by name, but they identified with the concept of collectively managing their wealth as a family. The researchers further defined a working definition of the family office that emphasized the process of implementation and development of the family's other investments, ventures, and services, which is conceptually more widely understood by those family enterprises that do not consider themselves as having a family office. A family office often depends on whether the family identifies itself as having one. For those who do not, we use the “family's other investments, ventures, and services” for our study. Hence, the family office must not only preserve wealth, but it must also advise families toward being entrepreneurial through new venture creation and investing entrepreneurially to elevate wealth, as families themselves grow over time.

Family offices have been rarely studied except by the wealth management industry (Rosplock and Welsh, 2012 and Welsh and Rosplock, 2010) due to the difficulties in obtaining information regarding family offices (Amit et al., 2009) coupled with a broad interpretation of what connotes a family office. A recent study by Zellweger, Nason, and Nordqvist (2011) draws attention to the importance of examining the portfolio of business activities of the family beyond the family business (i.e., the family office), the family itself as the key in evaluating whether value is created over time, and attitudes and mind-sets of families which can drive their entrepreneurial activities. Therefore, studies concerning family members’ perceptions of entrepreneurship in family offices can help explain why and how family offices grow or preserve wealth. This can also play a critical role in the growth and survival of the family enterprise (Aldrich and Cliff, 2003 and Welsh and Raven, 2006) since wealth growth facilitated by the family offices can elevate investments in the family enterprise as well, which can consequently help the businesses grow.

Family members’ perceptions of entrepreneurship in family offices may be particularly important since transgenerational survival and success require an enduring “entrepreneurial orientation across generations” (Chrisman et al., 2014 and Chrisman et al., 2003, p. 443). The family office plays a critical role in the manner that wealth is organized, structured, and distributed through generations. However, little is known about the specific factors underlying entrepreneurial orientation, which can be the drivers of organizational entrepreneurship (Dess and Lumpkin, 2005 and Memili et al., 2010), in the family office. In order to enhance our understanding of corporate or organizational entrepreneurship within the framework of family offices, we explore in our study the differential perceptions of entrepreneurship across generations in family offices (i.e., the entity that manages a family's investments, ventures, and services), which can foster entrepreneurial orientation and corporate entrepreneurship within the domain of stewardship theory. Eddleston, Kellermanns, and Zellweger (2012) suggest that a stewardship perspective is the key to differentiating entrepreneurial family firms.

The purpose of our study is to attempt to fill the gap in the study of the family office by examining the perceptions of entrepreneurship across generations in family offices through the lens of stewardship theory. A better understanding of the perceptions of entrepreneurship can shed light onto the entrepreneurial behaviors in family offices. This is important because entrepreneurial perceptions and behaviors can facilitate investing family's wealth into new projects that can enhance the growth of family firms. A stewardship oriented organizational culture can strengthen the relationship between family commitment to the business and ability to pursue and capture new entrepreneurial opportunities (Eddleston et al., 2012 and Zahra et al., 2008), encourage investments benefiting all (Le Breton-Miller & Miller, 2009), and exhibit unusual devotion to the continuity of the business, nurturing and development of employees, and closer connections with customers (Miller, Le Breton-Miller, & Scholnick, 2008).

We begin with an overview of stewardship and entrepreneurship theories as well as the extant family business literature concerning family offices and generational differences. Next, we present our qualitative methodology and analytical procedures. Then, we discuss the findings and integrate them in a model of organizational entrepreneurship in family offices. To conclude, we discuss the limitations of our research and offer suggestions for future research and family business practice.

2. Theoretical overview

2.1. Stewardship theory

Stewardship theory draws on socio-psychological perspectives to study relations in organizations where members are collectivists in the sense that they value cooperative behaviors more than behaviors driven by self-interest (Davis, Schoorman, & Donaldson, 1997). Hence, the individuals' interests are aligned with the interests of the organization, which would suggest that "pro-organizational collectivistic behaviors have higher utility than individualistic self-serving behaviors" (Davis et al., 1997, p. 24). A stewardship approach to the study of organizations might be particularly relevant within the context of family offices, as family members may hold family objectives, such as entrepreneurship, higher than their individual objectives (Eddleston et al., 2012 and Zahra, 2003). Consistent with what would be expected in stewardship theory, family firm research shows that organization members tend to demonstrate high levels of trust and unity (Habbershon and Williams, 1999 and Tagiuri and Davis, 1996) that are necessary for a collective entrepreneurial effort and can lead to superior performance and competitive advantages (Eddleston et al., 2012, Miller et al., 2008, Zahra et al., 2008 and Zahra, 2003).

According to Pearson and Marler (2010), stewardship behaviors can be even extended to include non-family employees in family firms through effective leadership practices. However, we do not know enough about the potential differences in stewardship tendencies across generations, which may play a role in family members' perceptions, attitudes, and behaviors, including those toward entrepreneurship. Indeed, diminishing family influence in later generations can result in differences in the perceptions and behaviors between first and later generations (Campbell et al., 2007, Gómez-Mejía et al., 2007 and Schulze et al., 2003). Therefore, we investigate the perceptual differences between the founder/first generation and second/later generation concerning family offices' entrepreneurship, following an overview of perceptions of entrepreneurship and family offices. Entrepreneurship in family offices is critical for family firms' long-term survival and prosperity because the enhanced wealth can be invested into new entrepreneurial ventures and investments, which can, in turn, sustain the growth of both the family and its businesses.

2.2. Entrepreneurship and the family firm

There has been a prominent stream of research concerned with defining family firms and their differences from non-family firms as well as from other family firms. A recent study by Sciascia, Mazzola, Astrachan, and Pieper (2012) define a family firm as a firm owned by a family and at least one family member participates in the management or the board of directors. Accordingly, the extent of family involvement and influence can differentiate a family firm not only from nonfamily firms, but also from other family firms. With regard to perceptions of entrepreneurship, family firms are often perceived as risk averse and reluctant to change (Habbershon and Pistrui, 2002, Hall et al., 2001, Ward, 1997 and Wilken, 1979), which can shape entrepreneurial orientation. In fact, family firms' entrepreneurial orientation, which is the driving force for organizational entrepreneurship (Dess & Lumpkin, 2005), tends to decrease at later stages of business life-cycles owing to established traditions (Hall et al., 2001 and Ward, 1997). Other family firm studies also suggest that organizational entrepreneurship can contribute to family firm survival, profitability, and growth (Rogoff and Heck, 2003 and Salvato, 2004) and a family-related business culture can affect entrepreneurial orientation (Nordqvist, 2008). Shifting from the firm level to the family level of analysis reveals extended entrepreneurial activity across generations and a greater ability to create wealth (Zellweger et al., 2011). We complement this line of research by examining the perceptions of entrepreneurship across generations in the family office, a unique and understudied form of organization.

In a family business, the owning and/or managing family influences and generates entrepreneurial resources that add value and contribute to generating returns to grow the family office and in turn create growth opportunities for the family business over generations. A recent study by Chang, Memili, Chrisman, and Welsh (2013) shows that enterprising families can provide the resources, encouragement, and social capital that facilitate entrepreneurial activities and success (c.f., Aronoff and Ward, 1995, Chang et al., 2009, Hoffman et al., 2006, Pearson et al., 2008 and Welsh and Raven, 2006). Family members tend to provide mentoring and support (Arregle, Hitt, Sirmon, & Very, 2007) that can elevate the family's entrepreneurial spirit and activities. Family also contributes to entrepreneurial activities through family's finances or help in obtaining external funding (Aldrich and Cliff, 2003 and Dyer and Handler, 1994), labor, support, and networking that can facilitate entrepreneurship (Dyer, 2003, Karra et al., 2006, Sirmon and Hitt, 2003 and Teixeira, 2001). Moreover, reciprocal altruism among family members (Arregle et al., 2007 and Karra et al., 2006), facilitates their willingness to collaborate to ensure the success of the entrepreneurial endeavors. Especially since family members have an entrepreneurship background through their enterprise(s), those members become role models and mentors to aspiring entrepreneurs not only in family business(es) (Aldrich and Cliff, 2003, Chang et al., 2009, Minniti and Bygrave, 1999 and Shapero and Sokol, 1982), but also in the family office (Rosplock and Welsh, 2012 and Welsh and Rosplock, 2010). Additionally, family business members tend to have the flexibility and discretion power to make rapid strategic decision making via heuristics and intuition (Carney, 2005), which can consequently facilitate entrepreneurial activities in family offices. Indeed, families may have even more power, authority, and legitimacy to do so in family offices than in their enterprises, where there may be non-family owners and/or managers.

Family offices can form a bridge for the wealth preservation and growth to pass from one generation to another. This is inclusive of the definition of transgenerational wealth established by Habbershon and Pistrui (2002), as “a continuous stream of wealth that spans generations” (p. 223). The authors identified the family ownership group as the appropriate unit of analysis for a transgenerational, or longitudinal, perspective on the family business. When each generation begins to see itself as the steward of the founding entrepreneur's business, it must support future generations (Miller & Le-Breton-Miller, 2005). Habbershon and Pistrui (2002) highlight the importance of the entrepreneurial mindset for the family ownership group to fulfill transgenerational wealth acceleration and we argue that the family office is the means to do so.

2.3. Entrepreneurship and the family office

Industry studies published by firms in the wealth management industry or professional organizations that cater to the affluent, such as the Family Office Exchange [FOX] (2009), Institute for Private Investors [IPI] (2010), GenSpring Family Offices (2010), and the Family Wealth Alliance (2010), have primarily focused on demographic data, such as the number of assets under management, number of family members serviced, age, services offered, structure, investment performance, asset allocation, and risk management and to a lesser extent on the attitudes, behaviors and practices of clients of a family office (Rosplock, 2008, Rosplock, 2009 and Rosplock, 2010). While it is estimated that there are from 2500 to 3000 family offices in the U.S. (Avery, 2004, Family Office Exchange, 2009, Hauser, 2001 and Shapiro, 2002), and 4000–6000 plus family offices exist worldwide (Family Office Exchange, 2009, Hauser, 2007 and Rankin, 2004); there exist as many as 6000+ informally inside privately controlled businesses, many of whom are in family-owned and operated firms, in the U.S. for Europe and Asia (2009). Although the minimum threshold to warrant a full-service single family office varies, some experts believe that at a minimum, \$200–\$300 million in assets are required to justify setting up single family office (Hauser, 2001; personal communication, T. Livergood, Founder and CEO of Family Wealth Alliance, December 18, 2012).

2.4. Founder/first generation's perceptions of entrepreneurship in family offices

As Le Breton-Miller and Miller point out (2006), families that intend to maintain a linkage between the family and the business, tend to behave in a way that places greater priority on the long-term health of the firm. This is because of stewardship tendencies deriving from the emphasis on the long-term well-being of the family, rather than short-term individualistic goals. We expect this applies to family offices also as a whole since family offices are an extension of family enterprise(s) to primarily serve the purpose of managing the family's wealth. An important perception driving the relevant behavior that promotes the long-term health of a family firm is organizational entrepreneurship and its overall impact on strategic management (Hoy & Verser, 2000). The founding entrepreneur has been cited in his or her critical role in the continuity of the business and moving the next generation from a focus on the past to future entrepreneurial opportunities that will provide sustainability of the business and ensure that entrepreneurship will continue as a key part of the family business identity (Salvato et al., 2010 and Zellweger et al., 2011).

When decision-making is centralized in a founder or first generation family member(s), it has been suggested that flexibility increases, while cost decreases, in decision making and implementation of such decisions (Habbershon & Williams, 1999). As a result, founder or first generation family member(s) can be more responsive to changes in the business environment by rapid decision-making through heuristics and intuition (Carney, 2005), which can foster entrepreneurial perceptions, attitudes, and activities in family offices. Zahra (2003) argues that family leaders significantly affect the strategic choices of family firms. This is because family leaders have the power, authority, and legitimacy to do so (Chrisman, Chua, Pearson, & Barnett, 2012). Consistent with Zahra's (2003) argument, Carney (2005) explains how family business leaders have control rights over the firm's assets and they use these rights to influence and dominate decision-making making processes in their firms. Indeed, the founder or the first generation member(s) with the ultimate power, authority, and legitimacy can ensure that entrepreneurship prevails and relevant activities are pursued.

Furthermore, the longer time horizon deriving from stewardship tendencies and an intention for continuing family control of the firm can help founders or first generation family business members avoid managerial myopia, forgo short-term earnings (James, 1999, Miller et al., 2008 and Upton et al., 2001), and direct efforts toward entrepreneurial activities. The founder or first generation family business members, who are stewards, tend to be driven by a desire to pass on a legacy to future generations (Poppo and Zenger, 2002, Sako, 1991 and Weigelt and Camerer, 1988). Furthermore, family owner-managers who make business decisions based on a long-term commitment to both the family, family business, and family office as a whole are expected to be more motivated to have entrepreneurial perceptions, which can promote the propensity to engage in entrepreneurial practices. This can facilitate sustainable growth and prosperity. Indeed, family handcuffs and emotional attachment to the firm (Gómez-Mejía et al., 2001 and Gómez-Mejía et al., 2003) can elevate the founder's or first generation family member(s)' entrepreneurial perceptions, motives, and behaviors toward family offices, which in turn can generate investment capabilities in the family's businesses.

Prior family business exposure to the entrepreneur and his or her business does make a difference in the ability of the following generation to sustain and grow the family business. Fairlie and Robb (2005) found that intergenerational links do have a direct and indirect effect on small business outcomes. While our sample varied considerably in size, ten families had businesses with less than 25 employees and eight had operating revenues in the range of $5–$25 million. However, we do not know enough about how these links are operationalized. Carr and Sequeira (2007) found significant effects, both direct and indirect, of prior family business exposure on entrepreneurial intent, through the mediating variables of perceived family support, attitudes toward business ownership, and entrepreneurial self-efficacy. However, exposure alone to the family business may not increase entrepreneurial self-efficacy. While family business successors have “de-facto business education” (Krueger, 2007), developmental intensity, internal and external experiences (Sardeshmukh & Corbett, 2008) are necessary for long-term success via entrepreneurial actions.

Nevertheless, family influence tends to diminish in later generations as ownership becomes more dispersed and fractionalized (Gómez-Mejía et al., 2007 and Schulze et al., 2003). This can result in relatively less stewardship behaviors and lower entrepreneurial drive of family business members belonging to later generations. Research suggests that contention with prior entrepreneurial successes and inherited wealth can limit succeeding generations' stewardship and entrepreneurial tendencies (Carney, 2005, Gersick et al., 1997 and Jaffe and Brown, 2009). In extreme cases, some dynastic wealthy families develop more interest in maintaining the status quo through preserving old capital rather than being innovative and actively participating in the political arena to influence public policies, which consequently prevents capital mobility and retards economic growth in a broader sense in countries outside the U.S. and the U.K. (Morck and Steier, 2005, Morck and Yeung, 2003 and Morck et al., 1998). After an optimum level of wealth has been achieved over generations, family business members belonging to second or later generation may prefer to pursue private benefits of control, rather than economic goals such as organizational entrepreneurship (Bertrand & Schoar, 2006). Therefore, Mitchell, Hart, Valcea, and Townsend (2009) suggest that successors need to be trained to be the creators of new wealth rather than merely guardians of created wealth in family firms, which rarely occurs.

We expect that significant family wealth accumulation, which usually involves the management of wealth through a family office, would not have occurred without the founder and/or first generation's entrepreneurial perceptions and actions. The main challenge that families with vast accumulated wealth face appears to be the next generation's ability and willingness to preserve or further increase the family's wealth. This is because the first generation's entrepreneurial perceptions and actions may not be easily transferred to the next generation owing to the diminishing family influence as well as the potential complacency setting in among the generation inheriting wealth. Therefore, we suspect that the founder or first generation family member(s) will perceive the family office more entrepreneurial than the second and later generation.

3. Methods

3.1. Sample

A pilot study was conducted with a sample of 32 families with 52 family members completing the survey, of which 40 were also interviewed. The researchers made every attempt to interview two family members per family from different generations that are/were stakeholders in the business and/or oversaw the family's wealth. In a few cases, family members from different branches of the family that were not from the same generation were interviewed. This allowed the researchers to gain insights from different family member vantage points within the family system. In many cases, the founder or founding generation participated.

The criteria for involvement of families who participated included: ownership and operation of a family business with revenues of $50 + M and/or families with personal net worth exceeding $20 + M and who have/had a family business. The $20 + M personal net worth was selected because this is the typical minimum threshold to consider operating a single family office. The $50 + M operating revenue are the minimum threshold for a family enterprise of that scale that may have the wealth to warrant a family office. While all the families that met this threshold may or may not have desired a family office, their level of wealth determined that they could necessitate a family office. A segment of single family offices who outsource all or a portion of their service offerings to a multi-family office1 and who met the minimum criteria were also invited to participate. It is an industry norm that many single family offices may utilize one or more providers including multi-family offices,1 banks, financial institutions, trust companies, accounting firms among other service providers in support of their family office operations.

The sample was selected from a variety of sources. First, the pilot sample was identified through the personal and professional networks of the researchers. Four of the researchers are highly involved with academic and/or outreach programs geared toward family businesses in their respective universities. Second, the fifth researcher is a professional in a multi-family office with connections to family enterprises within her firm, industry affiliates and associated professional organizations outside of her firm. The sample in the study did include those that were single family offices that outsourced part of their service offerings to a multi-family office. Professional organizations and intermediaries who have family offices as clients such as Family Office Exchange, Tiger 21 and Institute for Private Investors were also contacted to promote the study among their membership. The follow-up interview was conducted with family members who are involved and/or have ownership of the family enterprise.

In our sample, seventy-two percent of the family businesses are U.S. based (23 businesses) and twenty-eight percent are outside the U.S. (9 businesses) were headquartered in Spain. The industries ranged from manufacturing/material/plastics (12), wholesale/distribution (7), construction (6), real estate broker/developer (5), and insurance/accounting (1). Nearly three quarters (72%) of the families still own the business and over half of the businesses (63%) were founded from 1940 to 1970. Participants were asked about the number of generations involved in the business and 56% responded that their business was in the second generation, 38% in the third generation and 6% indicated the business was in the fourth or later generations. Ideally, two key family members from different generations completed the initial background questionnaire and were subsequently interviewed. This allowed for gathering insights from different vantage points in the family office. In some cases, only one family member or two family members from different divisions of the business that are members of the family office but from the same generation participated.

4. Qualitative analysis

4.1. Procedures

The participants received the topics and questions for the interview two weeks in advance, which centered on history, structure, entrepreneurship, and governance issues (see Appendix A for interview questions). The semi-structured interview questions provided an opportunity for family members to focus on their perceptions of entrepreneurial activities and behaviors and to evidence through stories and experiences of how “entrepreneurism” manifested in the family office.

The protocol for individual interviews began with an explanation of the purpose of the interview, followed by preset questions that focused on the family office historically, its present operations and the future opportunities/challenges to sustaining it. Further, practices and experiences that demonstrate and evidence the perceptions of entrepreneurial behavior in the family office were also recorded. Participants were insured that all information shared would be kept confidential, including with other family members.

After the protocol was discussed, researchers gathered feedback from participants regarding the background of the family ownership group and the current operating state of the family office. Next, the interview discussed the origination of the family office and earlier stages of the family office decision making structure. Finally, the interview protocol elicited perceptions of the key success factors of the family office, and the future opportunities and challenges for the family office. Appendix A shows the actual interview questions.

4.2. Analysis

All interviews were recorded and transcribed. The researchers then aggregated the interview data and performed a comprehensive review of all feedback from the participants. Each interview was studied in isolation and then in comparison to its peer group (founder/first generation or subsequent generation). After several reviews of the data, a thematic content approach was determined as the most effective method to distil the core themes from the research. The specific quotes from the matrix of analysis in Table 1 show the emergent key themes.

Table 1.

Entrepreneurial behavior quotes.

Coding	Founder	Successor	Entrepreneurship
B1	X		“Entrepreneurialism-stay to the knitting-individuals other entrepreneurial opportunities over the years. Keep competitive juices going. After a while money is just stuff. Competitive juices.” Founded by entrepreneur “economic risk financially-personal performance and borrowed money”; “[Investment decisions made] with input from wife and growing input from son shifting toward next generation”; “Two daughters in entrepreneurial business. One has a bakery and starting another business. One has software business”; “encouraging entrepreneurs-go ahead and do it. Streaks in younger kids entrepreneurial-grandsons-example”; “We sent monthly to college not all at once. We did that and once they get there they are entrepreneurial”; “[the family office is] Entrepreneurial, treasurer has been that over the years”
B2		X	“[The founder is a] risk taker visionary and has a lot of courage to trust people to help you be entrepreneurial”; “critical to be entrepreneurial, I am entrepreneurial and encourage children to be entrepreneurial. They have a camp between two houses that do a plan to run the craft”; “[New entrepreneurial ventures?] Lots individually, green initiative energy services businesses. Energy, communications, waste stream management, etc. Redeployment in energy payback. Total quality management to C level businesses”; “[On who's more ENT] 5 yrs ago me, now pretty balanced but part of maturation process you become more educated about entrepreneurship and risk taking”; “[Founding generation exposed to entrepreneurial?] on their own beyond the main operating business every job pulled tobacco at 13 yrs. And general contractor buddies picking up track, volunteering”; “[Current generation see FO as Entrepreneurial or Anti-ENT?] Entrepreneurial-they became successful-extension of that, extremely entrepreneurial”
C1	X		“[Founder an entrepreneur?] Entrepreneur, not a good employee, don’t like working for other people”; “[How important for family member to be Entrepreneurial?] Important-7 out of 10”; “First generation [is more] entrepreneurial]”; “Describe nature of previous entrepreneurial experiences [to successor]”
C2		X	“[Founder an entrepreneur?] Absolutely, all him, his brainchild”; “Everything we do is entrepreneurial”; “First generation [more entrepreneurial]”
F1	X		“[Founder an entrepreneur?] Yes, went in business looking to build the company rather than do the same thing every day. Entrepreneurial spirit”; “[Which generation more entrepreneurial?] Sons generation because not trying to keep food on the table and pay bills, he took one step farther, sons take one step further. True of any multi-generation business”; “[Does family see FO as entrepreneurial or anti-entrepreneurial] Entrepreneurial”
F2		X	“[Founder an entrepreneur?] Yes, had the opportunity to work as an hourly carpenter and decided to work for himself”; “[Which generation more entrepreneurial?] Three generations has similar approach and drive, not a major difference, very similar. Not with wealth, grandfather more entrepreneurial to take risk”; “[Previous ENT experience] Grandfather and great grandfather had a carpentry business framing homes. No others”; “[Does family see FO as

Coding	Founder	Successor	Entrepreneurship
			entrepreneurial or anti-entrepreneurial] Entrepreneurial"
J1		X	"[Founder entrepreneurial?] Yes, very personable, charge of war bond campaigns, community minded. Gentleman"; "[Important for next gen to be ENT] Yes, wired for it, assist people but you have to be wired for it"; "[Any other ENT ventures?] Outside investments by brother, brew pub, few things together"; "[More entrepreneurial?] My [second] generation"
J2	X		"[Founder entrepreneurial?] Yes, entrepreneur"; "this business pretty entrepreneurial business-sales"; "[Any other ENT ventures?] Microbrewery, real estate investments individually, partnerships, lots individually"; "[More entrepreneurial?] [Successors] are more entrepreneurial, motivated by money, excitement"; Family see family office as entrepreneurial or anti-entrepreneurial"
S2		X	"I want them to do whatever they want to do, whether it's entrepreneurial or not"; "I don't know that I would say either one of us are strongly entrepreneurial that way. I think we tend to be a little more conservative with it."; "I think other reasons we left some money in TAVA was as the place to go be a bit more entrepreneurial and take some more risks"
S1	X		Interviewer: "So on that same, you know, lens; How important do you think it is to have the next generation of family members be entrepreneurial?" Interviewee: "Well, obviously it's very, you know, very important if that's where their interests lie"; Interviewer ".do you sense that your generation was more entrepreneurial or Scott and Tracy's generation?" Interviewee: "I think probably our generation"; ".it's become a much more corporate environment and a lot less entrepreneurial"; "I think it's more so used to be more entrepreneurial than it is today"; "he (Dad) was entrepreneurial, but he would tend to get a little too focused and not necessarily see the whole big picture"
V1		X	"No, I think most of our family is geared toward individual entrepreneurial efforts"; "I think entrepreneurially in the next ten years, or so, we will, as a family, get more serious about the family council"; "how important it for them to be entrepreneurial"; "I don't think it's important that they're entrepreneurial"; "the elephant in the room that they were entrepreneurial and shame on us if we're not entrepreneurial, but I don't, I don't necessarily think it's important…and I'm not"; "I don't plan to set up the family structures so that we really reinforce entrepreneurialism"; "I wouldn't discourage entrepreneurialism"; "I would hate for us to be perceived to be anti-entrepreneurial"; "So there's… but then my generation, I mean, you know, there is a couple entrepreneurial types, but really their level of risk is a fraction of what those guys took"; "I don't really need them, or want them, or expect them, or think the family needs them to be business entrepreneurs"; "I think there's a chance we have of getting them to be, you know, either social, or maybe even business entrepreneurs"; "I don't see it as being a big priority that they become entrepreneurial, but I'd hate for us…I'd hate for us to block…if that instinct is there, I don't want to block it."
V2	X		"you need to go and be part of the American Management Association Council for Entrepreneurs"; "There's only three or four ways you can organize businesses, straight entrepreneurship, meaning a sole proprietor"; Interviewer: "But, it sounds

Coding	Founder	Successor	Entrepreneurship
			like there is a high degree still of entrepreneurial spirit.” Interviewee: “Yeah”
L1		X	“we’re always looking for good entrepreneurial spirit.”
L2		X	“I would say that G1 was highly entrepreneurial. He would be highly entrepreneurial”; “But the ones that are out of school, I would say we’re all fives. We’re not super-entrepreneurial”; “I mean, I guess it's how you define entrepreneurial. I think of an entrepreneur as someone coming up with new, crazy ideas, and going out and starting companies, or developing products or whatever, and… I just don’t see it”; “So I would say that's entrepreneurial”; “, I just think of an entrepreneur as someone that stays up till 3:00 in the morning working on crazy projects and ideas, and I just don’t see that in any of us, really”; “I mean, at work, I would say, maybe they’re more entrepreneurial than outside of work”; “I think it's fantastic if you’re entrepreneurial, but I don’t think it's necessarily important”; “I would say that it's important to be entrepreneurial in the sense that we need to adapt”; “I think, you know, being entrepreneurial is a terrific thing”; “If you want to build a business such as this, you need to be entrepreneurial”; “if you’re entrepreneurial in how you manage your wealth, that's great.”
Q2		X	“I don’t think we’re that entrepreneurial in managing our wealth”; “We have been entrepreneurial with the business in the sense that.“; “we have been a little bit more opportunistic, but I wouldn’t say necessarily entrepreneurial”; “I think everyone is sort of like going in their own little entrepreneurial venture”; “I think it's important for everyone to be an entrepreneur, but not necessarily, it doesn’t have to be in the family business”; “And I think it's important for each person to be an entrepreneur in their own life”; “We are a little bit more entrepreneurial”
Q1	X		Interviewer: “.How important do you think it is to have the next generation of family members be entrepreneurial?” Interviewee: “I think it is important. But, I don’t think all the members of the family would like to do that.”
M2		X	“it's a very typical entrepreneurial that figured out a way to do business and he actually come up with new product”; Interviewer: “Well how important do you think it is to have the next generation of family members be entrepreneurial?” Interviewee: “Not important”; “I’ve got a 32-year-old that's very entrepreneurial”; “But, if they want to be entrepreneurial, I’d be ready to, you know, mentor them as much as they would want it”; “The only one that is really entrepreneurial is my second boy.”
T1	X		“So yes, we do have a high entrepreneurial spirit”; “the first one is my grandfather was an entrepreneur, but a very unlikely one”; “But in the 1950s Polaroid was the most best example of an entrepreneurial company.”; “My parents’ friends who also became entrepreneurs”; “Wasn’t particularly entrepreneurial, but he was just a persistent sales guy and liked what he was doing”; “Of course, there was George P. running around as a celebrity entrepreneur in my time and then there was a James P. who invented the roller skate”; “.guy who married a Swiss and became an entrepreneur. And his only son is now an entrepreneur so”; Interviewer; “Wow, you certainly are the serial entrepreneur”; “they then went on to entrepreneurs as well”; “my brother is an entrepreneur as well and that he was one of the management owners of a tennis manufacturing company”; “the entrepreneurial spirit is what I think [inaudible] that triggered me. There's entrepreneurial spirit. There's no

Coding	Founder	Successor	Entrepreneurship
			question.”
O1		X	“It wasn’t really part of the entrepreneurial spirit. In fact, [inaudible], my father was very entrepreneurial”; “Although his father was very entrepreneurial; my grandfather made and lost a few fortunes”; Interviewer: “And how important is it to you to have the next generation be entrepreneurial?” Interviewee: “It's not particularly important to me”; “Right, because I would say there's a lot of people who are very entrepreneurial with an operating business, because they feel like they know it, are not necessarily entrepreneurial when it comes to liquidity.”
R1			“So, I think we’re entrepreneurial in terms of… Maybe we’re more, have a little more ingenuity in terms of the current jobs and roles and responsibilities.”; “But as far as entrepreneurial running out and starting our own thing or, that kind of comes from just basic conversations or opportunities that are presented from other people”; “they’re not coming from a true entrepreneurial spirit”; “but I’m going to say my next oldest brother was really, is the guy with the true entrepreneurial spirit, in my mind”
U2		X	“I think that, you know, we’re quite entrepreneurial in the way we go at our businesses and what we do”; “and that was pretty entrepreneurial”; “I think we’re entrepreneurial. But you know, often people think of entrepreneurs as sort of bet the farm, and if you’re good you did great”; “I think they’re very entrepreneurial. So it's just a question of sort of which level you’re looking at it.”
U1	X		“And some family members have invested in other family members’ entrepreneurial ventures. But it's not formal at all”; “There are a lot of sixth generation family members who, there were a lot of fifth generation family members, actually who were very entrepreneurial. Part of that was that they were enabled to be entrepreneurial because they had income that enabled them to do that, because you’ve got to be able to live on not very much if you want to be an entrepreneur”; “because if they’re an entrepreneur, they have no means… I mean, it's not only our family, it's anybody. If you’re entrepreneur, you have no healthcare. And they’re used to being, you know, in our generation, being kind of protected. So it's an interesting question, and I don’t know how entrepreneurial the sixth generation is at this point”; “I don’t know any of them that have really chosen the entrepreneurial route at this point”; “Yes, I think it's really important. And I wish the family had a fund that would support entrepreneurism in the next generation. I think it's critically important. Now I think that there is a lot of entrepreneurial spirit still in the company, and I think there's a lot of support for kind of corporate entrepreneurism.”
N1		X	“I’d say we’re pretty entrepreneurial”; “So yeah, we’re pretty entrepreneurial”; “I’m not so sure that entrepreneurial is the key word. I think it's just generally successful and active”; “Who is a lawyer; or doctor; and is happy doing their thing; and has a successful family of their own; and has grown up; than an entrepreneurial businessperson who is consistently frustrated and has a bad family life because they’re always trying to take on new projects.”
P2		X	“I would say we’re very entrepreneurial in the music industry”; Interviewer: “Now, how important do you think it is for the next generation of family members to be entrepreneurial?”; “I think very important ‘cause I think it's just going to get more

Coding	Founder	Successor	Entrepreneurship
			competitive out there for us”
P1	X		“You know, it's just a very mature business. It's not growing. And you can’t really expect it to grow exponentially. So we have to be entrepreneurial.”
X1		X	“Our father (1G) has a high entrepreneurial profile”; “The children have lived ‘the entrepreneurial spirit of the business’ since they were a child”; “After a separation of our partner, we focused on developing our core distribution business while experiencing financial problem. However the liquidity event allowed us to a great extent to tackle a part of theses financial problems, and seek new growth entrepreneurial opportunities”
W1		X	“The family wealth has entrepreneurially grown beyond “protecting” the families economic security, and now has a mission of also creating jobs and prosperity for employees and even national interest.”; “We have a planning process for our entrepreneurial new investments; “In terms of type of investment planning applied, there is a projection … for the type of entrepreneurial investment we would like which contemplates the spread we start the year with”; “Our father was definitely an entrepreneurial character: he loved to explore the opportunities of new businesses”; “It is nice to have an entrepreneurial next generation, in this 3G… but he is not sure it will be that way”; “We do encourage entrepreneurial activity by allowing them to make decisions or at least participate in the decision”; “The 1G was the most entrepreneurial”
Y1		X	“I would like to remark the entrepreneurial spirit of my grandfather”
ZC1		X	“The family office does not work but as result of the entrepreneurial dynamics of the family”

Coding key:

- Alpha-numeric codes were assigned to each interview participant to track participant responses.
- Alpha indicates respondents are from the same family.
- Numeric indicates what generation: founding (1) vs. successor (2) generation they are a member.
- Qualitative responses were compared among generational respondents and across generations.

While qualitative analysis has been criticized for its lack of rigor, it can uncover richness in the data and has the potential to discover data that might not be readily visible with quantitative methods. Recently, there has been renewed interest in systematic approaches to qualitative data analysis using inductive methods. Gioia, Corley, and Hamilton (2012, in press), for example, use a new approach to grounded theory development to be more rigorous in the analysis and presentation of qualitative data and analytic induction. In light of this article, thematic content analysis was conducted on the individual interviews. One theme that emerged from the interviews of the founder generation indicated the alignment of the founder generation around the importance of entrepreneurship in the originating wealth creation as well as the ongoing wealth regeneration. Further, the founder generation described a greater confidence and sense of ability to rebuild wealth in the face of capital loss or erosion. A second predominant theme with the successor generation emerged around their perceived confidence and ability to match the success of the prior generation's ability to create wealth and their fear of losing the previously established capital. Analytic induction was used as it allows the researchers to build a model using negative cases or events to find new connections to aid in the further development of the original theoretical model. Gilgun (2001) extended Popper's (1968) original use of conjectures and refutations by the use of analytical induction in a manner that develops and modifies theories. To advance the level of knowledge, one begins with a conjecture or possible solution. Conjectures are countered by criticism that raises the level of error or mistake in the original conjecture. Analytical induction was appropriate for this study because of the research design and the theoretical framework that was utilized to guide the interview questions and the data collection. This procedure allows the self-report data to be substantively analyzed and integrated into a theoretical framework describing the interactions and relationships between family members within the family office.

5. Results

The results indicate that the first generation (which may or may not include the founder) perceives the family office as being more entrepreneurial as compared to the second or later generation family members. Baseline data were gathered on the first generation regarding their perceptions of the ability of the family office to be entrepreneurial, and there was a notable difference thematically between the analysis of the first generation or wealth creators and the second or later generations or successors. The founders had a greater confidence and sense of ability to be resilient having often created the wealth than the theme from the succeeding generation who more often than not was an inheritor rather than a wealth creator in his or her own right.

5.1. Major themes

From the analysis of the qualitative data, two main themes emerged. The first theme is that participants value entrepreneurial behavior in their family members, and recognize that the desire to be entrepreneurial has to come from within the family system. One founder rated it as 7 out of 10 in importance, with 10 being very important (see Table 1, participant code C1). This is evidenced by one family founder sharing the importance of “keeping the competitive juices flowing,” which he relays is “an integral part of entrepreneurialism” and encouraging his children who are entrepreneurs to “go ahead and do it” and his grandkids in college to be “entrepreneurial once they get there” by sending money monthly rather than all at once. The same respondent said that he is an entrepreneur who took “economic risks financially” based on his “personal performance and borrowed money,” with investment decisions made “with input from his wife and growing input from his son, shifting toward the next generation.” All of his children are entrepreneurs; some in the business he started and “a daughter with a bakery starting another business and another daughter has a software business” (see Table 1, participant code R1). We interpret this to mean that the competitive entrepreneurial spirit must be maintained. A successor interviewed echoed similar sentiments sharing, “it is critical to be entrepreneurial, I am entrepreneurial, my children are entrepreneurial and encourage children to be entrepreneurial.” “They had a camp between two houses and run a craft business;” as well as “starting new entrepreneurial ventures in green initiative energy services-energy communications, waste stream management, etc.", using "total quality management to develop C level businesses"(see Table 1, participant code B2). Other successors echoed the importance of maintaining the competitive entrepreneurial spirit and that one must be "wired for it" (see Table 1, participant code J1) and "motivated by money, excitement" (see Table 1, participant code J2) and be generally "successful and active" (see Table 1, participant code N1). A successor responded that it was very important to be entrepreneurial as well as in the next generation of family members "because it's just going to get more competitive out there" (see Table 1, participant code P2).

The second theme which emerged is that the younger generation or following generation does not view themselves, nor are they perceived by the older generation, as exhibiting as much entrepreneurial behavior as the older generation. Many of the interviewees, particularly the members of successive generations, described that they were less inclined to be entrepreneurial than the founders. One interviewee stated, "Our generation is used to being kind of protected. I wish the family had a fund that would support entrepreneurialism in the next generation" (see Table 1, participant code U1). One successor responded, "Absolutely, all him, his brainchild, first generation is more entrepreneurial" (see Table 1, participant code C2); another participant shared, "I think we tend to be a bit more conservative" but we left "…some money in place for the place to go a bit more entrepreneurial and take some more risks" (Table 1, participant S2). One participant described that he perceived his generation (the founder level) as being more entrepreneurial because as the business and family office had evolved "it has become a much more corporate environment and a lot less entrepreneurial. I think the business used to be more entrepreneurial than it is today because Dad was entrepreneurial, but he would get a little too focused and not necessarily see the whole big picture" (see Table 1, participant code S1). Other interviewees pointed to the structure as a reason that the business is less entrepreneurial and said, "there's only three or four ways to organize the business, straight entrepreneurship, meaning a sole proprietor" (see Table 1, participant code V2); and "having ingenuity in terms of current jobs and roles and responsibilities" (see Table 1, participant code R1). These quotes could be interpreted as the business becoming more structured or bureaucratic. Another interviewee noted that it was the "elephant in the room", when it came to her generation (successor level) not having the same level of entrepreneurship and drive, "in my generation there is a couple of entrepreneurial types, but really their level of risk is a fraction of what those guys [the first generation] took" (see Table 1, participant code V1). Another successor said, "(the founder) would be classified as highly entrepreneurial, but our generation that are out of school, we are all five ratings [out of ten on a scale of entrepreneurialism with ten being the highest]… I just think of an entrepreneur as someone who stays up till 3:00 in the morning working on crazy projects and ideas, and I just don't see that in any of us" (see Table 1, participant code L2). Yet another successor said, "The first generation was the most entrepreneurial. Our father was definitely an entrepreneurial character – he loved to explore the opportunities of new businesses. It would be nice to have an entrepreneurial third generation, but I am not sure it will be that way, we encourage entrepreneurial activity by allowing them to make decisions or at least participate in decisions" (see Table 1, participant code W1). Another successor generation member stated "I would like to remake the entrepreneurial spirit of my grandfather" (see Table 1, participant code Y1); and yet another said "you think of entrepreneurs as betting the farm and if you did good you did great, but I think it is the level you are looking at (for the next generation)" (see Table 1, participant code U2). The qualitative responses at the successor level of entrepreneurship reveal their perceived challenges of mirroring the success and entrepreneurial tendencies of the prior (founder or first) generation(s).

This was also confirmed by the perceptions of the founders. One founder said that the first generation is more entrepreneurial and that he “is not a good employee and didn’t like working for other people.” However, when asked who was more entrepreneurial, the successor responded that “five years ago I was, but now it is pretty balanced because part of the maturation process is becoming more educated about entrepreneurship and risk taking” (see Table 1, participant code C1). Another founder focused on the lifecycle of the business as creating a need for being entrepreneurial. “It is a very mature business… it is not growing and you can’t expect it to grow exponentially. So we have to be entrepreneurial” (see Table 1, participant code P1). In other words, the obvious that is often not talked about is that the successor generation is not as entrepreneurial. Intimidation of living up to the prior generation's success and filling their “proverbial shoes” was cited as a challenge to the successive generation.

The interview data revealed that there are some similarities between families that collectively managed their wealth through a family office and those that do not collectively manage their wealth. The top two themes for families who collectively manage their wealth through a family office are: first, families aspire for the next generation to follow their passions and inspirations, which may or may not be entrepreneurial in nature. One successor participant interviewed shared that she did not feel as if her generation had to be as entrepreneurial since the wealth was already created. She shared, “we are not super-entrepreneurial… I think it's fantastic if you’re entrepreneurial, but I don’t think it's necessarily important, I think it is important to be entrepreneurial in the sense that we need to adapt” (see Table 1, participant code L2).

Second, the younger generation or following generation feels a different sense of responsibility than the prior generation when it comes to maintaining the wealth. Many of the successor level participants indicated a more conservative nature when it came to the wealth and being entrepreneurial. One described the difference in how the family viewed the business with the wealth. When asked how important it was for future generations to be entrepreneurial, he shared: “It's not particularly important to me, because I would say there's a lot of people who are very entrepreneurial with their operating business, because they feel like they know it, and are not necessarily entrepreneurial when it comes to their liquidity” (see Table 1, participant code O1). We interpret this to mean that being conservative, prudent and vigilant to protect the wealth that has been created is more important that being entrepreneurial at the successor level. For many family members at the successor level, they feel a tremendous responsibility to not lose the wealth that their predecessors created, and consequently they operate with a fear of losing the wealth. This can obviously have significant influence and impact on how the family office and the wealth is directed and managed.

The top two themes for families who collectively manage their wealth through a family office are: first, the older generation is viewed as exhibiting more entrepreneurial behavior and has a higher comfort level with risk-taking or potential loss of capital. With the majority of businesses in the sample being of the second generation, the founder described a greater comfort and confidence with taking risk with their wealth. They were confident they could build their wealth up again if circumstances required. One family founder described tremendous entrepreneurial zeal with a number of different family members who had individually succeeded as successful entrepreneurs. “The first entrepreneur is my grandfather, but a very unlikely one…one of my parents’ friends also became an entrepreneur who was just a persistent sales guy and liked what he was doing, and George P. running around as a celebrity entrepreneur in my time and James P. who invented the roller skate…his only son is an entrepreneur now…my brother is an entrepreneur as well and become one of the management owners of a tennis manufacturing company…the entrepreneurial spirit is what I think triggered me.” “Because there was such serial level of entrepreneurship in the family, the risk of loss of capital was not as paralyzing or concerning, rather just a part of managing the family's wealth” (see Table 1, participant code T1).

Second was the importance placed by the senior generation that the next generation has to have the desire to exhibit entrepreneurial behavior for long-term wealth preservation and sustainability. This longer-term view has been discussed in the family business literature as “patient capital” (DeVisscher, Aronoff, & Ward, 1995). One participant (successor level) shared that “the family wealth has entrepreneurially grown beyond protecting the family's economic security, and now has a mission of also creating jobs and prosperity for employees and even national interest [and that they] have a planning process for their entrepreneurial new investments [in the family office]” (see Table 1, participant code W1). This is just one example from the interviews that exemplifies the desire to have entrepreneurial activity in the family office to perpetuate new wealth creation. Successful entrepreneurial activities can spawn opportunities for liquidity events, and another successor conveyed that “the liquidity event allowed us to…tackle financial problems, and seek new growth entrepreneurial opportunities” (see Table 1, participant code X1). New wealth provides opportunities to invest a portion into new ventures, private equity, direct investments and/or divert to other entrepreneurial activities. Yet, not all families have a desire to reinvest earned wealth from a liquidity event into new entrepreneurial endeavors, and one respondent even blamed the family office as not working because of “the lack of entrepreneurial dynamics of the family” (see Table 1, participant code ZC1). Finding the right balance between wealth preservation and wealth regeneration is a critical issue that all owning families must tackle; and families managing both a family business and family office in particular.

The qualitative results show that family members generally tend to value entrepreneurship in a family office. However, there are distinct differences between the views of the older and younger generations. This should not be surprising since the older generation was typically the founders of the family business or were influential in the growth of the business during their lifetime, while the younger generation may feel more conservative and risk-averse to being too entrepreneurial with the wealth their predecessors created.

6. Discussion

Based on the results of our study, we propose a model of organizational entrepreneurship in family offices that explores the potential link between family members' perceptions of entrepreneurship in family offices and entrepreneurial orientation, which is particularly important since transgenerational survival and success require an enduring "entrepreneurial orientation across generations" (Chrisman et al., 2003, p. 443; Chrisman et al., 2014). Indeed, as the interviews and subsequent analyses showed, the family office plays a critical role in the manner that wealth is organized, structured, and distributed across generations. However, little is known about the specific factors underlying entrepreneurial orientation, which can be the drivers of organizational entrepreneurship (Dess and Lumpkin, 2005 and Memili et al., 2010), in the family office. In order to enhance our understanding of organizational entrepreneurship within the framework of family offices, future research can explore the unique potential antecedents of differential perceptions of entrepreneurship across generations in family offices (e.g., emotional attachment and succession intentions), which can foster/restrict entrepreneurial orientation and in turn affect corporate entrepreneurship (see Fig. 1). Indeed, Penrose suggests that "the decision to search for opportunities is an enterprising decision requiring entrepreneurial intuition and imagination and must precede the 'economic' decision to go ahead with the examination of opportunities for expansion" (Penrose, 1959, p. 34). Drawing on Penrose's (1959) subjective approach, Kor, Mahoney, and Michael (2007) suggest that the dynamic processes that influence the development of entrepreneurial heuristics and business intuitions tend to be tacit and subjective based on entrepreneurs' experiences and knowledge. Complementing perceptions, since perceptions can drive actions, Covin and Slevin (1991) suggest a behavioral model of entrepreneurship, arguing that an organization's actions such as risk-taking, acting competitively aggressive and proactive, and innovations make it entrepreneurial.

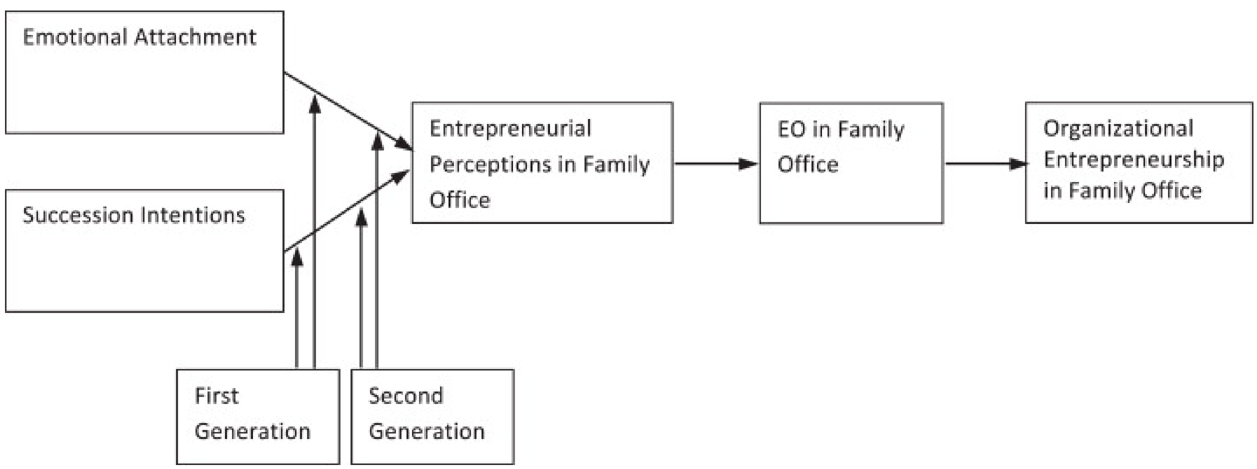

Fig. 1.

Model of organizational entrepreneurship in family offices.

Our suggested model of Organizational Entrepreneurship in Family Offices demonstrates that emotional attachment (i.e., emotional bonding to the organization as a component of organizational commitment) (Allen & Meyer, 1996) and succession intentions (i.e., intentions for transgenerational succession) (Chua, Chrisman, & Sharma, 2003) moderated by the first generation and the second generation are the antecedents of the entrepreneurial perceptions in the family office, which in turn affect the entrepreneurial orientation of the family office. This then leads to the organizational entrepreneurship in the family office.

While family businesses are integral to economic growth around the world (Astrachan, 2003), our understanding of the role of entrepreneurship in successful family offices is limited. Our model begins to define this relationship. In this article, we attempt to explore the entrepreneurial perceptions in family offices in terms of first and later generations within the domain of stewardship theory. In the context of our study, we set out to explore the relationship between entrepreneurial perceptions of two differing generations in the context of the family office. This preliminary study provides initial support for the perceptual differences between the first and later generations concerning entrepreneurship in family offices.

Our preliminary results suggest that subsequent leaders of the family office may become more conservative and not take entrepreneurial risk, especially in later generations. Our findings indicate that the first generation with stewardship tendencies perceives the family office as being more entrepreneurial than the later generations perceive. The later generations (successor level) perceive themselves to be less entrepreneurial in their approach to managing the family office investments and ventures due to the pressure not to lose family capital created by previous generations and diminishing family influence and stewardship. This may impact the ultimate sustainability of the family business and the family office if a wealth preservation, rather than growth, mindset confines or even prohibits entrepreneurship. Our findings indicate that the family must be entrepreneurial in their family office to support and sustain the family and family enterprise, especially during difficult economic times. Although the tendency of many families is to be more entrepreneurial with their businesses and attempt to protect and perpetuate the family's wealth through conservative wealth management strategies, the preliminary findings indicate that families must engender and promote entrepreneurial behavior in family offices to sustain the collective wealth and businesses of the family. Thus, the findings of our study suggest that the success of the family enterprise is also predicated on the family's ability to assimilate and acculturate its future generations to value and pursue entrepreneurship like the first generation.

Our findings contribute to the emerging theory of the family firm (Chrisman, Chua, & Sharma, 2005) by incorporating the family office dimension, which remains largely under researched to this point. The second important contribution of our article is that we explore differences in entrepreneurial perceptions across generations that can drive entrepreneurial activities in family offices. We also draw attention to the potential link between increasing family wealth through family offices and growth in family enterprises. Stewardship is integral to this relationship. Indeed, the generational differences in entrepreneurial perceptions of family offices can reinforce or retard the growth of family wealth and, in turn, impact the growth of the business.

7. Limitations

Our study is not without limitations. First, the sample included families in Spain, and the United States. However, differences in legal systems and culture can impact the functioning of family offices. Therefore, future research should replicate the study in a broader array of countries and cultures. Second, the intent of the researchers was to interview members from at least two generations from each family office. In certain cases, multiple generations were not available so we included individuals involved from the same generation or in a few cases, only one individual was available to be interviewed. This was due to unavailability, disinterest, or conflict (in one case, the founder did not speak to the successor). Additionally, while the founding generation was available in some family offices, in other cases they were not and later generations participated. Thus, longitudinal empirical studies shall be helpful to better capture the generational differences in family offices. Third, there was a variation in the net worth of the families and the family offices that participated in the study. This may be a result of how family members interpreted their net worth as compared to how they viewed their business valuation. Finally, the study was exploratory in nature investigating the perceptions across generations concerning entrepreneurship in family offices. The study did not ask questions that would measure specific entrepreneurial behaviors evidenced by family members in the family office. Qualitative data provided beginning evidence of entrepreneurial behavior in the family office. Additionally, an entrepreneurship definition was not included in the interview protocol, so some interviewees may have perceived entrepreneurship differently from others. Incorporating well-tested scales, measures from the management science and entrepreneurship literature, and conducting surveys for empirical studies would be necessary to further validate these initial findings.

7.1. Implications for practice

Entrepreneurial perceptions and behaviors are critical in the sustainability of family offices and consequently in family businesses since increase in family wealth can facilitate the growth-oriented investments in the family enterprise. Therefore, families and their advisors should cultivate and encourage entrepreneurial perceptions and behaviors and foster a well-developed system of entrepreneurial beliefs and values at the family level that facilitates the development of the family office and its investments, ventures, and services. Family education and entrepreneurial skill development facilitates a strong base of financial and business knowledge and entrepreneurial behavior should be encouraged. Sharma (2004) noted the importance of dissemination of academic research among practitioners to assist family offices. Family business and wealth advisors should communicate to the importance of entrepreneurial behavior in how a family manages its business, but also the family office. This will allow for ongoing renewal and regeneration of the family wealth and enterprise. Especially during economic difficulties, the survival of the family business and the family office may depend on entrepreneurial behavior to achieve sustainability. Considering the economic impact of family offices, local and federal governments may want to provide support programs directed toward successful management of family offices. Since family offices can play an important role in economic growth, the successful management of family offices facilitated greater investments in the enterprise. Governments should consider providing initiatives, guidance, and incentives to turn families’ increasing wealth into fruitful multiple investments.

7.2. Future research directions

Entrepreneurship is not a one-generation phenomenon and continued research needs to be conducted concerning what can facilitate future generations' entrepreneurial perceptions and behaviors in the family office (Gersick et al., 1997 and Handler, 1990). The quality and quantity of the entrepreneurial training and information that is passed on by the founding entrepreneur or following generations of entrepreneurs is critical to for a better understanding of the sustainability of the family office. Is there a difference between the entrepreneurial training that is optimal for a family office than that in a family business? How do the role modeling and leadership influence or inspire entrepreneurial behavior in a family office? How do cross-cultural differences play a role? Are entrepreneurial perceptions different across generations in family offices in emerging versus developed countries? We encourage fellow researchers to explore these and other questions through future studies. Another promising research avenue is the investigation of family firms within the domain of strategic management aside from entrepreneurship. A better understanding of the decision making, learning, conflict resolution, and innovation processes in family offices can shed light onto the strategic choices of preservation of family's wealth or growth and performance of family offices. Moreover, the impact of the family office performance on world economies should be investigated. Indeed, family offices serving the needs of the family may be also influential on the local economies through entrepreneurial activities such as investments and new ventures. In fact, many of today's large banks once started out as family offices.

Other existing measures and scales from the management science, business and entrepreneurship literature may be applied to further evidence entrepreneurial perceptions and behaviors in the context of the family office. Our intent is to take the results from this study to develop a worldwide survey on the role of entrepreneurship in the family office so that a better understanding of how to sustain family offices emerges. Additionally, family firms are characterized by the coexistence of different sets of economic and non-economic goals and trade-offs concerning these goals (Chrisman et al., 2012, Chrisman et al., 2014 and Gedajlovic et al., 2012). How these goals affect strategic decisions and actions in family offices deserves further research attention.

Recent research highlights the heterogeneity among family firms aside from the differences from non-family firms (e.g., De Massis et al., 2012 and Sharma and Nordqvist, 2008). Similarly, we expect to see heterogeneity among family offices. Considerations for heterogeneity are important because assumptions of homogeneity among family offices despite the heterogeneity among family firms can lead to conceptual and empirical deficiencies. Unfortunately, because of data limitations, we are not able capture heterogeneity among family offices in our study. However, future research can explore various configurations of family offices, which are likely to function differently.

8. Conclusion

The sustainability of the family office depends on entrepreneurial perceptions and behaviors rooted in stewardship. One strategy for the family office is to employ risk-adjusted investment management to maximize the return on capital generated from the liquidity generated by the family business. However, passive investing alone will not sustain the enterprise; rather it requires further emphasis on the development of entrepreneurial perceptions and behaviors that can create a sustainable business and family office model and generate wealth which can positively impact society and the economy.

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Appendix A. FAMILY OFFICE INTERVIEW QUESTIONS

1. Interview Protocol for a Semi-structured Interview

Explain to the Interviewee the purpose of the study:

The study will more deeply explore the approach families take to managing the (family) business in relationship to their other investments, ventures and services. If your family no longer has an operating business, please consider responding to the questions reflecting back to when you did have an operating business. The study will explore the evolution of family's with businesses and/or wealth and when, how and why some wealthy families opt to start family offices, join a multi-family office or alternatively task family business professionals with wealth management activities. We are interested to understand the entrepreneurial orientation and governance process of the family and its' underlying business and how/if that impacts the manner that they invest or manage other outside ventures. By looking at the past, present and future of the family, its business and other investments and ventures, we hope to discover important success factors for families to sustain their wealth.

1.1

Opening questions about the background of the family ownership group (Opening questions are optional)

- Icebreaker Questions that may or may not be used or may answered later in the interview.
- Some issues that could be used selectively for opening the interview are:

1. Describe the history of the family enterprise?

a. Who started the business?

b. What was the opportunity?

c. Was the founder an entrepreneur? Why or why not?

d. Did he/she mentor the next generation to be entrepreneurial? Why or why not?

e. Was the success built on how it was organized? How much luck was involved?

f. How is structured and organized today?

g. How much do you attribute your success to luck now?

1.2

The current situation

The objective of this first set of questions is to understand and review the owing family's current management & governance approaches to the wealth and the family.

2. Based on the management approach that you identified in the survey, please share more about how the current governance & management approach works in terms of:

a. Board of Directors

    i. The Role and responsibilities of the Board of Directors to the family and the management of the wealth

b. Family Council

    i. The Role and responsibilities of the Board of Directors to the family and the management of the wealth

c. Family's investments & asset allocation:

    i. How are decisions made for the family's investment strategy and with general wealth management decisions?

    ii. Describe how the family investments policy is agreed upon?

    iii. Is there a family agreement that regulate such a policy? If yes, describe.

    iv. Does the family have a family bank? If yes, how is it utilized by family members? (trying to get at the EO)

    v. In terms of your approach to wealth management, how much emphasis is placed on research and development for innovation of new tools, techniques or processes? (trying to get at the EO)

    vi. (How) are the investment decision responsibilities distributed between family members and non family members? Describe.

    vii. How are new investments opportunities sourced? Describe the process and who is involved.

d. Communication & Reporting Process (see answer from the survey)

i. Are you satisfied with the reporting and its frequency? If not, what would you like to see done differently.

ii. How satisfied would you say other family members are with reporting and its frequency? Describe.

iii Tell us more about your family meetings? Are you satisfied with the nature of your family meetings and the frequency? If not, what would you like to see done differently.

iv. How satisfied would you say other family members are with the family meetings? Describe.

e. Administration & supervision of the other services for the family:

i. What services are most desired by the family?

ii. How are these managed and administered? Describe.

iii. Who decides which are internally provided or outsourced?

f. Involvement of family members (see answers from survey)

i. Describe the involvement of family members with the management of the wealth?

ii. How many generations are involved? Describe their involvement.

iii. Does mentoring and/or financial education occur? Describe what programs or learning opportunities that are utilized by family members.

iv. How important is it to have the next generation of family members be entrepreneurial? Does mentoring occur for them to be entrepreneurial? If yes, how.

g. Planning of new investments & asset allocations:

i. Are there any planning processes implemented?

ii. How frequent is the planning process?

iii. Who facilitates/leads the planning process?

iv. What type of investment planning is carried out, and on what type of investments or assets is applied?

v. Any entrepreneurial ventures or businesses or social entrepreneurship ventures?

1. Describe in perspective the strengths & weaknesses of the current management & governance approach to manage the wealth and other ventures.

1.3

The past/earlier stages

1. Going back to the primary motivations indicated in the previous survey behind collectively managing the wealth, please describe:

a. When did a formal decision making process begin? What prompted a formal decision making process to be instituted? Describe.

b. How has the decision-making process evolved over time? Describe.

2. Describe the decision & consensus process within the dominant family ownership group that led to establish a collective approach to manage the family's wealth.

a. Describe how the consensus and balance between the business interests and the family shareholders' interests is handled.

3. Describe the family ownership group's attitudes to wealth creation & management at that time – Specifically, what is the purpose of the family wealth?

a. In addition describe how they have evolved among the different owning generations

b. As follow up to the survey, which generation do you perceive to be more entrepreneurial when it comes to the wealth? Describe.

1.4

Perception of key success factors and the future and the future

1. Describe in perspective what have been the key success factors to managing the wealth?How/do these success factors impact sustaining the family's wealth over generations?

    a. In hindsight, describe what worked out well

    b. In hindsight, describe what worked out not so well/badly

2. If you were to name the factors that predict success, what would they be?

    a. If you were to name the factors that predict failure, what would they be?

    b. How did your family business avoid these pitfalls?

3. Describe the greatest future challenges to sustain the wealth for your family.

4. How do you see the wealth management practices in your family evolving considering the views and opinions of the succeeding generation? Describe.

1.5 Annex

1.5.1

Other topics concerning the decisional foundations/background of the current situation

The purpose of this section is to collect some issues that that may help to obtain additional information on the decisional foundations/background that led to the current situation.

These questions can be used on a selective basis depending on the profile of the case under study.

1. To what extent had family members of the founding generation been exposed to entrepreneurial endeavors (if any) on their own beyond the main operating business

- Describe what was the nature of their previous entrepreneurial experience

2. What were the key values, rules and beliefs of the owning family's entrepreneurial culture that have been critical over time to contribute to establish such a process within the family?

- How will this culture stand over time?
- Have these been established by a matriarch or patriarch?
- Is a current patriarch or matriarch involved in the entrepreneurial culture now?
- Do they see a FO as entrepreneurial or anti-entrepreneurial if you were to pick one choice?

3. Who were the potential family's “clients” in search/need of a structure & processes to manage for their investments portfolio in new business outside the family business?

4. To what extent has the role of family governance structures & processes been influential to build such a consensus/agreement between the components of the family business system?

5. To what extent has the existence of established policies/guidelines/agreements on family matters been influential to build such a consensus/agreement between the components of the family business system?

6. What was the approach at the family level to exploring & seeking new business opportunities to channel the family's investments & ventures beyond the main operating business?

- How were the new businesses opportunities identified, evaluated and pursued?
- What was the approach to carry out the family's investments and asset allocation?

7. How did the dominant family ownership group reach a consensus with regard to either eventual business diversification strategies (if any), or different/new investments by the owing family that were not strictly related with the core family business activities?

8. To what extent a portfolio approach to business & investment development has been influential both at the family and the Business levels to seek for ways to establish or use some kind of approach and/or organization to administer and supervise the family's investments both at an individual and group level?

9. To what extent the role of the Board of Directors has been influential to build the consensus between the components of the family business system to develop some kind of approach and/or organization to administer & supervise the family's business and investments?

10. To what extent were the family shareholders prepared in terms of their eventual distinctive capabilities as a family ownership group for the establishment or use of some kind of approach and/or organization to administer & supervise the family's businesses & investments?

- Their knowledge of their owners' responsibilities
- Their talent & capabilities for leading and managing/using an eventual
- The scope of their social network
- The risks, sacrifices and responsibilities demanded

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