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Faculteit Bedrijfseconomische Wetenschappen

master in de toegepaste economische
wetenschappen

Masterthesis

Determinants of 'Family Entrepreneurial Orientation'

Laurine Vleeschouwers

Scriptie ingediend tot het behalen van de graad van master in de toegepaste economische wetenschappen,
afstudeerrichting innovatie en ondernemerschap

PROMOTOR :

Prof. dr. Jelle SCHEPERS



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This master thesis was written during the COVID-19 crisis in 2020. This global health crisis might have had an impact on the (writing) process, the research activities and the research results that are at the basis of this thesis.

Preface

This master thesis is the final piece of my master's degree 'Toegepaste Economische Wetenschappen – Innovatie en Ondernemerschap' at Hasselt University. I have chosen to write my master thesis about family firms, more exactly I am going to investigate the determinants of family entrepreneurial orientation in family firms. This topic seemed very interesting to me because I wanted to learn more about the families behind the family firms. My interest in family firms was also sparked because there is a family firm in my family and my boyfriend's parents own a family business.

The creating of this master thesis was an eventful but very educational process. Of course, I would never have been able to achieve the end result alone. That is why I want to acknowledge a couple of people who guided and supported me during the process of writing this master thesis. In the first place, I want to express my gratitude towards my promoter Prof. Dr. Jelle Schepers. From the beginning onwards, he shared his knowledge and assisted me with advice and feedback.

Besides, I would also like to thank a couple of people for their mental support and help during this process. First of all, I would like to express my gratitude towards my parents, they supported me at all times, but more importantly, they made it possible for me to get my master's degree. Last but not least, I want to express a special thanks to my friends, who kept me sane during the COVID-19 crisis through daily ZOOM meetings.

Laurine Vleeschouwers

Neeroeteren, May 19, 2020

Summary

In the family business field, there has been done a lot of research on the firm level, however, the family behind the firm is too often overlooked. The family level must be taken into account because the controlling family is a defining element for firm-level outcomes. In 2012, Zellweger, Nason, & Nordqvist introduced the concept of Family Entrepreneurial orientation (FEO). FEO, as a family-level construct, is defined as the perspective and mentality of families to start with entrepreneurial activities. After Zellweger et al.'s (2012) research on FEO, there was no new research on this concept. This master thesis will look further at FEO and investigates what the determinants of FEO are. The research question that follows is: 'What are the determinants of FEO?'. The first hypothesis that will be tested is H1: *Family cohesion has a positive effect on Family Entrepreneurial Orientation*. The second hypothesis is H2: *Socioemotional wealth will moderate the relation between Family cohesion and Family entrepreneurial orientation in a positive way, where the effect of Family cohesion is strengthened when Socioemotional wealth increases*.

To find an answer to the research question: 'What are the determinants of FEO?'. There first was conducted a literature study. In this literature study hypotheses 1 and 2 were presented. In the conceptual framework is displayed that family cohesion has a positive effect on FEO, this is H1. SEW is seen as a moderator and enhances the effect of family cohesion on FEO, this is H2. The proposed hypotheses will be tested in the quantitative empirical study. The empirical study was done through an online survey on Qualtrics. The online survey was made for a total of 5 master theses. The different constructs the family firms had to give their meaning about for this study were FEO, family cohesion, and SEW. After screening all the received data, the sample consisted of 104 respondents. The dependent variable of this study is FEO, this scale consists of 8 items. Family cohesion is the independent variable of this study, here will be investigated if there is an effect of family cohesion on FEO, the scale that is used also consists out of 8 items. Lastly, a moderator is added, socioemotional wealth (SEW), this scale comprises of 4 items.

A possible determinant of FEO that is explored in this study is family cohesion. Family cohesion stands for the level of closeness amongst family members. When the members of a family are cohesive, they pursue the same targets, they desire to remain with the group, they support the goals of that group and do their utmost to realise the group's mission. If family cohesion is high it will have a positive impact on FEO. This can be explained if looked at the paradox perspective, which assumes that contradictory yet interconnected elements can exist at the same time and keep their existence in the future. FEO has to deal with the family and the business domains at the same time, to combine these elements family cohesion could be a helpful factor. When family cohesion in a family is high, the family can keep distinct barriers between the family and the business. Because of this high level of cohesion in the family, they can minimise the likelihood that family problems and strains are moved into the business. Unfortunately, family cohesion could not be proved to be a determinant in the empirical study, because the effect on FEO was not significant.

Socioemotional wealth (SEW) is placed in the equation as a moderator. It points out the nonfinancial elements of the firm that meet with the concerns and feelings and intuitions of the family such as the identity and the ability to have family authority. SEW consists of five dimensions which are the

most important aspects of wealth for family firms. A first aspect is that the family wants to keep control and influence over the firm. Second, family members need to identify themselves with the firm. Third, there need to be social relationships in the firm. A fourth dimension is the emotional attachment of family members to the family firm, and lastly, the firm needs to be handed over to the next generations. When the family attaches great importance to the SEW of the firm, and when there is also a high level of cohesion in the family, then, this will result in a higher level of FEO. Put more simply, the positive effect that family cohesion has on FEO will become stronger when the family attaches great worth to SEW. Sadly, this relation cannot be accepted.

Although the hypotheses of this master thesis could not be accepted, however, some findings were found that could provide a stimulus for future research. The first interesting finding was a positive correlation between family cohesion and SEW. If there is strong cohesion between family members, these family members might feel a very strong need to pursue the organizational norms that are strongly believed in amongst the members of the family firm. The pursuit of these family goals will in the end always lead to greater SEW. However, when the norms of the family firm are not consistent with universal norms, then the non-family stakeholders will be neglected.

A second interesting notion for future research is the relation between the generation of the family in control and FEO. The correlations show a positive effect when the first generation is in control of the family firm, and a negative effect when the second generation takes over. The generational perspective can put an explanation of this phenomenon. Not all the members of different generations have the same capabilities and can exert the same impact on the strategic direction of the family firm. The founders of the family firm were the ones with the entrepreneurial mindset and with the crucial background that was needed to build up the firm to what it is today. It is possible that the next generation that takes over does not have this entrepreneurial mindset or does not have the necessary qualities to take the firm to the next level. It may also be likely that the managers of the second generation face other challenges and that they have to discover new ways to put new life in the organization.

This paper shows that family cohesion is not a determinant of FEO, however, it could be one of SEW. Additionally, it discovers that there is a relation between the generation of the controlling family and FEO, but this paper does not specify if the generation can also be seen as a determinant of FEO. More research is needed to make this clear.

A possibility for the fact that there are no significant results in the regressions is that the items of the FEO scale were mainly answered with the number 4, this corresponds to 'neither agree nor disagree'. The FEO scale is not quite ready for use and therefore does not bring the desired results to the foreground. Another limitation of this study was the difficult period in which it was written. COVID19 made it very hard to find the right amount of correspondents, and it is also possible that it influenced some of the answers the correspondents gave to the questions in the online survey. The last limitation of this research is the scale that is used for family cohesion. This scale consisted of only 8 items. However, in the literature is also spoken about different levels of family cohesion: disengaged, separated, connected, and enmeshed. To measure these different levels a more extensive scale is needed.

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Determinants of 'Family Entrepreneurial Orientation'

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ABSTRACT

This study builds further on the topic family entrepreneurial orientation (FEO). FEO will be discussed further and there will be investigated what the possible determinants of FEO are. Family cohesion is introduced as a possible determinant of FEO, it can increase FEO, this relation is explained with the paradox perspective. Socioemotional wealth (SEW) was added to this research as a moderator, this effect could not be empirically proven. To test these hypotheses, an empirical study with a sample of 104 family firms was developed. The proposed hypotheses could however not be accepted with the results of the empirical study. Although the hypotheses of this master thesis could not be accepted, however, some findings were found that could provide a stimulus for future research. The first stimulus is a positive relation between family cohesion and SEW, another notion is a relation between the generation of the controlling family and FEO.

1 Introduction

To this day, family firms are of great importance to the Belgian economy, from all the firms in Belgium 77 percent are in family hands, in 55 percent of the cases, the family business counts more than 200 employees. This amounts to 45% of the total employment in Belgium (Depuydt, 2019). This same trend can be recognised in the rest of the world (De Massis, Majocchi, Frattini, & Piscitello, 2018).

Family businesses are unique, they operate in a different way than nonfamily firms, furthermore, they have other values. Family firms attach great importance to the fact that they want to pass on their business to the next generation, they wish to build a lasting family legacy. Therefore, it is argued that they do not want to take up risks that can negatively affect their organisation. Because family firms are risk-averse, they are reluctant to innovate and slow to change. On the other hand, they have

a long-time horizon for decision-making and for choosing which actions they should take. There is a greater interest in the firm's long-run performance (Lumpkin, Brigham, & Moss, 2010).

There has already been a lot of research on family firms, such as what impact the family has on the performance of the firm (Jim Lee, 2006). However, this literature has mainly focused on the firm level. The family behind the firm is also of great importance. This is stated by Pearson, Carr, and Shaw (2008, p.949) who argue that "*identification and isolation of a construct unique to family firms are both groundbreaking and important for family firm research.*" Family involvement can lead to familiness. This can be considered as unique, inseparable, and interdependent resources and capabilities originating from family engagement and interactions (Zellweger, Eddleston, & Kellermans, 2010). This study further focuses on the family as an additional level of analysis (Zellweger, Nason,

& Nordqvist, 2012). There are a couple of reasons why the family should be taken into account as a distinct level of analysis. The first reason is that the family symbolises a defining element in any family firm and can, therefore, be seen as a stakeholder category that is unique to this type of organization. The firm has a lot of family elements like benevolent ties among actors, identity concerns, and extended time-horizon on firm-level behaviour. There is also the inclination to take risks in order to safeguard the socioemotional wealth. Secondly, the existence of the family as a stakeholder can have an impact on the logic that steers the decision making of both the family and the firm. Zellweger et al. (2012, p. 143) introduced the concept Family Entrepreneurial Orientation (FEO), they define this concept as "*The attitudes and mindsets of families to engage in entrepreneurial activity.*"

After Zellweger et al. (2012) introduced the concept FEO, there has been done little to no further research on the topic. That is why this study will further investigate this case and look at some determinants of FEO. More specifically, this study looks at Family Cohesion, "*the degree of closeness and emotional bonding experience by the members of the family*" (Jean Lee, 2006, p.177), as a determinant of FEO and it also looks at socioemotional wealth as a moderator.

This study is structured in the following way. First, in the theoretical framework, the family firm will be defined, after the concept Family Entrepreneurial Orientation is discussed thoroughly. Then the determinants of FEO will be overlooked in greater detail. In the second part of this study, the empirical part, the hypotheses formed in the literature study will be tested. Then, the findings of the research will be presented. Lastly, a discussion is

presented by theorizing and empirically exploring the determinants of FEO, here there are also presented several areas for future research.

2 Theoretical framework

Zellweger et al. (2012) came up with the concept Family Entrepreneurial Orientation. To explore the determinants of Family Entrepreneurial Orientation, there first needs to be an explanation of a few concepts. Because of the fact that this whole study is built around family firms, the concept family firms will be the first one that is explained. Thereafter, the concept 'Family Entrepreneurial Orientation' will be cleared up (Zellweger et al., 2012).

2.1 Defining the Family Firm

To this day, family firms are of great importance to the Belgian economy, from all the firms in Belgium 77 percent are in family hands, in 55 percent of the cases, the family business counts more than 200 employees. This amounts to 45% of the total employment in Belgium (Depuydt, 2019) or the employment of around 1.710.000 people (Lambrecht & Molly, 2011). Family firms are not only of great importance in Belgium, they dominate the economic landscape worldwide. According to the Family Firm Institute, two-thirds of all the businesses around the world are family businesses. In the United States, family firms account for 64 percent of GDP and they also employ 62 percent of the total workforce. In the rest of the world, family firms provide a meaningful contribution to the growth of economies, mainly to those in South and East Asia, Latin America, and Africa (De Massis et al., 2018). A very extreme example is Sweden, here family Wallenberg alone has

indirectly 40 percent or more of the Swedish economy. This family has ownership in companies such as Atlas Copco, Electrolux, ABB, AstraZeneca, and SEB (Depuydt, 2019).

Family firms are a unique combination of a family and a business, therefore they have two different sets of rules, values, and expectations, one for the family and another one for the business (Flemons & Cole, 1992). The families who own the business have a desire to control the firm, they thereby also strive for the continuity of family involvement in the firm. Naldi et al. (2007, p. 35) define family firms as "firms where one family group controls the company through a clear majority of the ordinary voting shares, the family is represented on the management team, and the leading representative of the family perceives the business to be a family firm" (Naldi, Nordqvist, Sjöberg, & Wiklund, 2007).

It is important to look more into family businesses because they are the predominant form of business organizations around the world, moreover, they play an important role in the global wealth creation (Bammens, Voordeckers, & Van Gils, 2011). Craig and Moores (2006) state that family businesses are seen amongst the most complex forms of business in the world. This complexity is due to the overlap of operational and strategic issues of ownership, control, and management. The success of the family firm has not been established from the same performance measures as other types of firms. The most important measures of performance are ownership transition and efficiency of the family business system, rather than wealth creation and financial performance (Craig & Moores, 2006).

2.2 Family Entrepreneurial Orientation

Family entrepreneurial orientation is a construct that exploits into the mindset on the family-level to engage in entrepreneurial activities. It is defined by Zellweger et al. (2012, p. 143) as: "The attitudes and mindset of families to engage in entrepreneurial activity".

Martin and Lumpkin (2003) introduced the construct family orientation and compared it to entrepreneurial orientation at the level of the firm. It is proposed by these authors that the family orientation will increase and eventually overtake the entrepreneurial orientation as the firm is handed on to the next generations (Martin & Lumpkin, 2003).

However, Martin and Lumpkin (2003) argue that a trade-off between the entrepreneurial aspect and family orientation is non-existent. They state that both entrepreneurial orientation and family orientation cannot occur at the same time. Therefore they think it is unlikely that family firms will survive over long periods (Martin & Lumpkin, 2003). These authors believe that the family firms are going to fall prey to tardiness and that they no longer will exist in the business because the family orientation is suffocating the entrepreneurial orientation. However, there is the fact that there are a great number of family firms that have existed for centuries (Zellweger et al., 2012). This is the reason why Zellweger et al. (2012) have come up with the construct Family Entrepreneurial Orientation (FEO). The research of Martin and Lumpkin (2003) has been very helpful because the dimensions such as interdependency, loyalty, stability, tradition, need for change, innovation, risk-taking, and growth that were mentioned were relevant. Thereafter, Zellweger et al. (2012)

found that the FEO scale should, on one hand, reflect the family orientation, this includes the goal of the family and the family's wish of control across generations. Notions included here are security, control, stability, and tradition. This side of the construct of family entrepreneurial orientation (FEO) is similar to family orientation (FO) which is introduced by (Martin & Lumpkin, 2003). It is important to dig deeper into FO because it is important to know everything about the family behind the family firm. On the other hand, there are some issues related to the firm that need to be covered. This is the entrepreneurial side of the FEO construct and it can also be called entrepreneurial orientation (EO) Here, the FEO scale has to include items that cover the autonomy within the firm, innovation orientation, proactiveness, and the willingness to take risks. Likewise, it is very important to first look into the construct EO, through this way there can be obtained knowledge in how these entrepreneurial activities work (Zellweger et al., 2012).

If the FEO construct is put more simply it can be divided into two parts. The first part that is going to be discussed is Entrepreneurial Orientation (EO), EO captures the firm related dimensions of family entrepreneurial orientation. The second part is Family Orientation (FO), this part contains the family-related dimensions of family entrepreneurial orientation (Zellweger et al., 2012).

2.2.1 Entrepreneurial Orientation

Entrepreneurial orientation (EO) involves "the intentions and actions of key players functioning in a dynamic generative process aimed at new-venture creation" (Lumpkin &

Dess, 1996, p. 168-137). EO is a construct on the firm-level, it is related to the success of the firm. This success includes firm-level processes, practices, and decision-making styles. EO can be regarded as the entrepreneurial strategy-making processes which firms create to accomplish a competitive advantage, it also corresponds to the operational basis of entrepreneurial decisions and actions (Vecchiarini & Mussolino, 2013).

There has already been a lot of research on EO, but it is still not well understood in the family context. Some researchers argue that the affinity ties that are unique in family firms have a positive effect on entrepreneurial opportunities and that the long-term nature of family firms advances entrepreneurship. However, other researchers demonstrate that families have the desire to protect their wealth, consequently, the firm owners and managers become conservative in taking risks combined with entrepreneurship (Cruz & Nordqvist, 2012).

The EO framework consists of five dimensions¹: innovativeness, risk-taking, proactiveness, competitive aggressiveness, and autonomy. These dimensions are very indicative of entrepreneurial policies, practices, and decision-making processes (Lumpkin et al., 2010).

Innovativeness

Innovativeness can be viewed as a tendency to creativity and experimentation, a firm that engages in innovativeness is also very supportive of new ideas. The outcome of innovativeness will result in the introduction of new products or services, or in the

¹ There is no agreement in the literature on the amount of dimensions there are for the EO framework. Lumpkin et al. (2010) state that there are 5 dimensions while Covin and Slevin (1989) argue that there are only 3 important dimensions.

development of new technologies (Vecchiarini & Mussolino, 2013; Zellweger & Sieger, 2010). Because of the longer time horizon family firms have, they are more tolerant of the type of experimentation that is typically needed for drastic novelty. This novelty can be achieved in 6 months to 2 years, unfortunately, a shorter time horizon can dishearten experimentation and can result in preventing a company's creative attempts (Lumpkin et al., 2010).

Risk-taking

Risk-taking is the extent to which managers are willing to make large and risky resource commitments (Zellweger & Sieger, 2010). Research by Zellweger et al. (2010) claims that decisions taken by family firms are based on reference points. Family firms accept risk to their performance to protect socio-emotional wealth, thereby they avoid decisions that heighten risk (Zellweger & Sieger, 2010). Vecchiarini and Mussolino (2013) argued that there are different types of risk-taking. Possible risk-taking activities managers can commit are venturing into the unknown, perpetuating a relatively large portion of assets, or borrowing heavily (Vecchiarini & Mussolino, 2013).

Another study that focuses on EO is written by Lumpkin et al. (2010), this study indicates that some entrepreneurs do not see their actions as risky, or that entrepreneurs only take action after they have made sure, through research and planning, that the risk was significantly reduced. They also declare that non-family firms take considerably more risks than family firms. This dissimilarity is due to several reasons. The first reason is that family firms have a longer planning horizon. Because of this, they can engage in less hazardous projects, while they can still procreate the

same shareholder value as firms with a short planning horizon, and therefore need to take more risky investments. The second reason is that because family firms have patient capital, they have the time available to do more careful planning and research, and thereby reduce uncertainty. A third reason is that they want to maintain control over the business, therefore they will not engage in risky investments, as they are scared to lose the business. Lastly, they wish to protect the reputation of the firm, the family does not want changes in how the company is perceived (Lumpkin et al., 2010).

The study of Naldi et al. (2007) agrees with Lumpkin et al. (2010), they also state that risk avoidance is greater in family firms than in nonfamily firms. First, they argue that in family firms, the management normally has most of its wealth invested in the company, if an investment fails, they must pay the consequences. Subsequently, it is not only the current wealth of the family that is at stake. Families only perform in risk-taking with the awareness that the family wealth might be at stake, it is possible that with the risk they take, the financial and social wellbeing of future generations might come into danger, so they better think twice about their decisions. Finally, the family name, which is often built up over multiple generations, might be affected (Naldi et al., 2007).

Proactiveness

Proactiveness is defined by Lumpkin & Dess (2001) as "an opportunity-seeking, forward-looking perspective involving introducing new products or services ahead of the competition and acting in anticipation of future demand to create change and shape the environment" (Lumpkin & Dess, 2001). First-mover advantages are often affiliated to

proactiveness, this can be explained by the fact that companies who are proactive want to launch their products as soon as possible. In this way, they might find a way to generate fast cash or obtain rapid market feedback and have first-mover advantages. As discussed above, most family firms have a long time horizon, because of this long time horizon most firms can successfully pursue opportunities ahead of the competition (Lumpkin et al., 2010). The dimension proactiveness applies when firms can recognise market trends, and thereby see their strengths and weaknesses. By seeing their strengths and weaknesses they have the ability to exploit these opportunities (Vecchiarini & Mussolino, 2013).

Competitive aggressiveness

Competitive aggressiveness is defined as “the intensity of a firm’s efforts to outperform industry rivals, characterised by a combative posture and a forceful response to competitor’s actions” (Lumpkin & Dess, 2001). Lumpkin et al. (2010) argued that aggressiveness can be very costly, since several tactics, such as price cutting and the increase in marketing efforts, can lower the profit of the firm. This isn’t as bad for family firms because they have a longer time horizon where they can make up for their lost profits (Lumpkin et al., 2010).

Autonomy

The last dimension of entrepreneurial orientation is autonomy. Autonomy can be described as “an independent action by an individual or team aimed at bringing forth a business concept or vision and carrying it through completion” (Lumpkin & Dess, 2001). In the organizational context, autonomy is addressed to actions that are taken without stifling organizational compulsion (Zellweger &

Sieger, 2010). Lumpkin et al. (2010) state that it is very important for companies that individuals and teams have the power to make their own decisions and that they can take action when they want to. This all should be possible without being bothered by the organizational constraints or strategic norms, that frequently obstruct the progress that can be made. In an organization that has a very autonomous culture, employees are often allowed to be very open, they have the freedom available to develop ideas and spend a lot of time on entrepreneurial projects (Lumpkin et al., 2010).

2.2.2 Family Orientation

Family orientation reflects “the ways individuals perceive, relate to, and value family”. Lumpkin, Martin, and Vaughn (2008) urge that in every specific family, every individual possesses a different level of family orientation on five crucial dimensions – tradition, stability, loyalty, trust, and interdependency (Lumpkin et al., 2008).

It is very important to note that all families are unique among social systems. A family is an immovable given, and it is based more on obligation than on contractual agreements. Membership to the family is often determined by biology. However, it is radical to note that the important criteria are not legal or biological, but emotional. Because of the emotions in most families, they can develop their own principles of organization (Lumpkin et al., 2008).

Each of the dimensions of family orientation will be discussed below in greater detail. There will also be addressed how family orientation will likely influence the intentions, involvement, and visions of individual representatives of a family firm (Lumpkin et al., 2008).

Tradition

Tradition is about the acknowledgment of a shared history and the applications that serve to interlink the members of the family to each other. Concepts like family routines, rituals, and role expectations belong to the tradition. Traditions will likely continue over time, they thereby serve to eternalise the beliefs of the family, as well as retain the unique family culture, ethnic, religious, and/or national cultures ((Lumpkin et al., 2008);(Fowers & Wenger, 1997)).

Rituals and routines are also a part of the family tradition. Routines are used to achieve instrumental goals, hereby they stand for repeated behaviours that families use to communicate what there needs to be done in the family/household. Rituals, on the other hand, contain significant symbolism and are used to share the things that are "right" for the family. Rituals stand for who the family exactly is. The impact of rituals is thereby also transgenerational, here there can be concluded that the most important family rituals are birthday celebrations, holiday celebrations, reunions, and funerals (Lumpkin et al., 2008).

Stability

Stability applies to the sense of performance that families provide. The aspects of family life that ensure the constancy of the family's legacy into the future are contained in stability (Lumpkin et al., 2008). Malatras and Israel (2013) point out that there are two components contained in family stability. The first component is global stability, it addresses the occurrence of changes in family structure (such as divorce, remarriage, or parental death), just as family life changes (such as changes in residence, non-normative changes in schools, or changes in household

composition). Thereby is the term 'global' used to give voice to family changes that are believed to be way more distant from the daily experiences of an individual. These experiences are less easily monitored by the child or parent and are consequently less receptive to psychological intervention. On the other hand, however, there is the component molecular family stability. This can be explained as the predictability and consistency of daily family activities and routines. Some examples are daily routines, those may for example occur at meal or bedtime, there are also activities that children engage in with parents, such as weekend activities, ... Stability can be achieved by any family in multiple ways, the methods that are used in different families can differ from one another (Malatras & Israel, 2013).

Loyalty

Loyalty addresses the sense of commitment and duty that individuals with a strong family orientation will probably experience. In a family, the loyal aspect often originates from the ethical demand of blame or guilt that families place on each generation of children. The children in families are anticipated to expose filial loyalty, only because of the fact that they belong to the family. Because of loyalty in the family, individual family members feel compelled to the family through sanctions, devotion, and commitments that may create feelings of guilt (Lumpkin et al., 2008).

Delsing, van Aken, Oud, De Bruyn, and Scholte (2005) indicate that loyalty is a summary construct, it describes what is believed to be the fundamental evaluative background on which family members depend on in perceiving family relationships. Interpersonal perceptions of loyalty within the

family are subsequently the product of justice and trust. Members of the family will thereby observe each other as just if they have the opinion that they handle one another honestly in the context of family obligations. Meanwhile, trustworthiness is perceived as the feeling that family members value and love each other (Delsing et al., 2005).

Trust/security

When there is trust among family members there is a willingness to fulfill expectations, share confidences, support one another, and operate within systems of perceived fairness. Feelings of shared trust can appear from a range of relational ethics that treasure cohesion and consensus. Because of relationships of trust in the family, family members are provided with a sense of security. As family members fulfill their roles and obligations they give each other a feeling of safety and protection (Lumpkin et al., 2008).

It is required for commitment and devotion to have the courage to risk trust in relationships, otherwise, if people do not dare to risk trust, they will be characterized as paranoid, suspicious people, they will thereby live an empty, disengaged, and lonely life (Fowers & Wenger, 1997).

Interdependency

The last foundation of family orientation is interdependency, this refers to the extent to which members of the family want to rely on and support each other willingly. The support and the level of interdependency that are shared among family members are typically not shared by individuals within other social structures. Family members thereby expect that the other members of the family share in their joys, triumphs, and sorrows, moreover,

they also rely on one another for assistance in achieving goals (Lumpkin et al., 2008). Tseng (2004) states that the role of interdependence in families is very important, he claims that when youth grows up, they should continue to provide for and live close by their parents. It is also important that parents and older relatives are treated with respect. When there is an important decision that needs to be made by the youth, they should ask help from family members in taking the decision (Tseng, 2004).

2.2.3 Subdimensions FEO

Zellweger et al. (2012) built a scale on Family Entrepreneurial Orientation in their research. The components they consider as important are component 1, this component consists of aspects such as value generation for future generations and the willingness to change and create new business. They decided to label this item *transgenerational entrepreneurial orientation*. The second component is based more on the firm side, Component 2 is labelled as *risk and innovation orientation* of the family.

It is worth to discuss these components in more depth. The first component *transgenerational entrepreneurial orientation* consists of elements that are typically assigned to the business domain like the creation of new firms while at the same time including the family elements of the decisions that need to be made while still keeping the next-generation in mind. When families foster change and growth of business activities they do this for the benefit of the next generation, not only for the instantaneous benefit of the present owners. The second component risk and innovation orientation is critical for entrepreneurial development and the longevity of family firms (Zellweger et al., 2012).

2.3 Determinants of Family Entrepreneurial Orientation

2.3.1 Family Cohesion

Family cohesion can be defined as “*the degree of closeness and emotional bonding experience by the members of the family*” (Jean Lee, 2006, p. 177). When the members of a family are cohesive, they share common goals, function as a unified group, wish to stay with the group, support the goals of the group, and finally, work hard to accomplish the mission of the group or family in this case (Zahra, 2010).

High cohesion in a family suggests that the family has the power to keep distinct boundaries between family and business. Because of the high cohesiveness in a family, the family will minimise the possibility that family problems and strains are transferred into the business. A large share of cohesion in the family can also bring forward increased loyalty into the family (Jean Lee, 2006). Zahra (2010) acknowledges that cohesion creates a sense of groupness and increases loyalty. This can in turn seclude members from outside influences and even lead to consensus (Zahra, 2010). It is thought that a large share of loyalty can bring a feeling of responsibility to look after family assets and thereby it also decreases the possibility of leaving the family business (Jean Lee, 2006).

Zellweger et al. (2012) reveal that family entrepreneurial orientation assumes a *paradox perspective*. In complex and dynamic systems such as family firms there are often tensions. A paradox is viewed as “contradictory yet interrelated elements that exist simultaneously and persist over time”. In this definition, there are two important components of the paradox. On one hand,

there are the underlying tensions, these underlying tensions seem logical when looked at individually, but when placed side by side they can be inconsistent and even absurd. On the other hand, some responses deal with the tensions at the same time. The tensions of FEO are therefore the family and business domains, there has to be found a way to combine the attributes (Zellweger et al., 2012). A possible way to combine the attributes of FEO, thus the family and business domain, is through family cohesion. As mentioned earlier, high cohesion in a family suggests that the family has the power to keep distinct boundaries between family and business. Because of the high cohesiveness in a family, the family will minimise the possibility that family problems and strains are transferred into the business (Jean Lee, 2006).

If family members are cohesive, they might share new information they come across and they might even search for ways to use the new information. However, when there are rivalries between siblings, the new information might not be shared, because of this there will not take place any learning. It is the strength of the cohesion in the family that defines through which way the information will be shared, handled, understood, and most importantly how the information is put to use in the firm (Zahra, 2010).

When members of a group/family are cohesive, it is highly likely that they share common targets, operate as a unified group, please to stick around with the group, support its targets, and work hard to achieve its goals (Beal, Burke, Cohen, & McLendon, 2003). Cohesion improves the satisfaction of members with their family, because of the cohesion their identification with the family’s goals is strengthened. Experiences are often

shared among members of a cohesive family, this promotes the gathering of experience across multiple generations. Zahra (2010) also argues that cohesion advances mutual understanding, as a result, family members might share sensitive information sooner. When family members interact with each other, this is informal for most of the time, when they interact they might also share the things they know about changing market circumstances that could influence the performance of the family firm (Zahra, 2010).

In highly cohesive families, the parents are devoting a lot of their time in discussing their future expectations and plans with their children. Because of this communication, the children's desire to fulfill the dreams of their parents and subsequently continue the business. As a result of this desire, the commitment of the children to the organization will increase (Jean Lee, 2006). It is a normal phenomenon that cohesive family members share knowledge amongst each other and thereby explore new ways to use it. However sometimes there might arise rivalries among siblings, because of this knowledge sharing and learning may become more difficult (Zahra, 2010).

There are different modes of interaction, one of these modes is the social mode of interaction. The exchange among members in this mode has a personal, rather than formal, component. In this mode kinship, friendship, and liking are important. Family members are clearly located in the social interaction order because they share a lot of obligations and expectations (Long & Mathews, 2011).

When cohesion in a family is high, the family can keep apparent boundaries between the family and the business. Consequently, if cohesiveness is high, the family will diminish

the possibility that problems and strains from within the family are conveyed into the business. A large share of cohesion in the family can bring forward increased loyalty to the family (Jean Lee, 2006). Thus, the different domains of family entrepreneurial orientation can be managed better with high cohesion in the family. Accordingly, the following hypothesis is presented:

H1: *Family cohesion has a positive effect on Family Entrepreneurial Orientation.*

2.3.2 Socioemotional Wealth as moderator

The socioemotional wealth (SEW) model states that family firms are generally driven by the safeguarding of their SEW, the preservation of nonfinancial aspects. SEW points out the nonfinancial elements of the firm that meet with the concerns and feelings and intuitions of the family such as the identity and the ability to have family authority. SEW consists of different dimensions, these dimensions are labelled as FIBER. FIBER stands for Family control and influence, Identification of family members with the firm, Binding social ties, Emotional attachment of family members, and Renewal of family bonds to the firm through dynastic succession (Berrone, Cruz, & Gomez-Mejia, 2012).

SEW is an approach that contains all the 'affective endowment' of the family owners. It contains the desire of the family to exploit authority, cultivation of the membership within the family firm, the assignment of devoted family members to important positions, conservation of a secure family identity, continuation of the family legacy, et cetera (Berrone et al., 2012).

The first dimension of SEW is family control and influence. The family members of the

family firm exercise control over strategic decisions that have to be taken into account. The ultimate goal of the family is to preserve the SEW, this can only be done if the family members have continuous control over the family firm (Berrone et al., 2012).

The second dimension of SEW is Family members' identification with the firm. Here is discussed why there is a close identification of the family members with the family firm. The identity of the owner of the family firm is inseparably connected to the organization. On top of that, the organization frequently bears the family's name. As a result, both internal and external stakeholders see the firm as an extension of the family itself. Consequently, the family members feel very conscious about the image they project to the outside world, such as their clients, suppliers, and other external stakeholders (Berrone et al., 2012).

The third dimension of SEW is about binding social ties. This refers to the social relationships in the family firm. There are affinity ties in the family, which contain some of the same benefits that appear in closed networks, such as a family. These benefits include social capital, relational trust, and feelings of closeness and interpersonal solidarity (Berrone et al., 2012).

Emotional attachment is the fourth dimension of SEW. This dimension points out the function of emotions in the context of family firms. Family firms are known for the fact that family relations are very dominant. This results from the long history and knowledge of shared experience. All this affects current activities, events, and relationships (Berrone et al., 2012).

The fifth and last dimension of SEW is the renewal of family bonds to the firm through dynastic succession. This dimension indicates that family members have the aim to hand over the family business to the next generations. This will influence the time horizon and the decision-making process of the family firm. The family business is considered as a long-term family investment to be handed down to offspring of the family. The key goal for a family business is that it is preserved for future generations (Berrone et al., 2012).

When an entrepreneurial family has high cohesion, thus when they are well connected and when this family also attaches an important value to the socioemotional wealth of the family firm. Then, this will result in a higher level of family entrepreneurial orientation. In other words, the positive effect that family cohesion has on family entrepreneurial orientation will become stronger when the family attaches a higher value to SEW.

H2: *Socioemotional wealth will moderate the relation between Family cohesion and Family entrepreneurial orientation in a positive way, where the effect of Family cohesion is strengthened when Socioemotional wealth increases.*

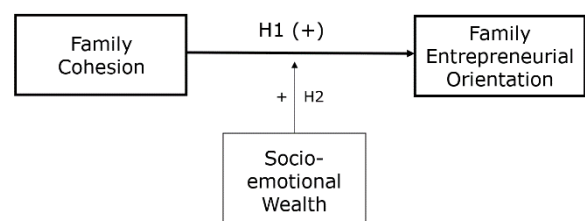


Figure 1: Conceptual framework

3 Data and methodology

3.1 Data

The intended sample consists of Belgian family firms. A firm can be considered as a family firm when more than 50% of the ownership is in the hands of one family if one family has a decisive influence on the business strategy or succession decisions, if a majority or at least two members of the management team belong to the family, or if the CEO perceives the company as a family firm (Zellweger et al., 2012).

The empirical data on family firms was collected through an online survey on Qualtrics. The survey was made for a total of 5 master theses. A group of five master students had to work together in order to reach a greater number of respondents. Each of us contacted around 100 family firms ($n = 500$). The first way the firms were contacted was through an email with a link to the online survey. Unfortunately, this way of contacting the firms did not have much success. To boost the number of respondents, all the firms that did not fill in the survey were contacted through a phone call. This way of contact was a little bit more successful, but it proved to be very hard to find enough respondents. Most of the firms that were contacted claimed that they were too busy to fill in the survey, or they promised they would participate with the research but in the end, they did not fill in the survey. Another way to find respondents was through social media. The link to fill in the survey was posted on our Facebook and LinkedIn accounts but this way of collecting new respondents knew little to no success. There were less than 10 new correspondents

who found their way to the survey through social media.

The total number of respondents that filled in the survey was 205, this corresponds with a response rate of 41%. However, there were a couple of firms that were not family firms, therefore their responses were of no use for this research, therefore, they were immediately guided to the end of the survey. Sadly enough, another part of the respondents did not complete the survey, they stopped after filling in only a few of the questions. Because of this, the number of useful respondents is 104. However, not all respondents meet the requirements of the proposed definition. The firms that only meet one of the criteria and companies that consider themselves as family firms are also included in the sample. Thus, the sample consists of Belgian family firms, who meet the criteria of a family firm, but also firms who consider themselves as a family firm. The last part of respondents had to be included in the sample because otherwise, the number of respondents would be even lower than 104. This number corresponds to a response rate of 21%.

The expectations we had for the number of respondents was a lot higher than the number of respondents that were received. One explanation for this can be that the survey contained too many questions and that therefore respondents became bored or did not have enough time to finish the survey. The survey was made for five master theses, so it indeed contained more questions than if it was drafted for just one master thesis. Another reason for the low number of respondents is COVID19. Because of the virus, Belgium was in lockdown during the whole period of data collection. Many firms went through bad times

and were not keen on filling in a survey, they had other problems to deal with.

All the data received from the online survey were analysed with IBM SPSS Statistics 25.

3.2 Variables

Dependent variable. Family entrepreneurial orientation (FEO) comprises of several items which were evaluated by the CEO of the family firm. FEO is tested on a seven-point Likert scale, where 1 stands for 'completely disagree', 2 stands for 'not agreed', 3 stands for 'rather disagree', 4 stands for 'neither agree nor disagree', 5 stands for 'rather agreed', 6 stands for 'agreed', and 7 stands for 'completely agreed'. (Zellweger et al., 2012) This scale, as regulated by (Zellweger et al., 2012) was first presented as a scale of 11 items, the Cronbach's Alpha is here ,760. Zellweger et al. (2012) performed a factor analysis to extract several uncorrelated components describing FEO. This factor analysis resulted in four components of 11 items in total. However, when the meaningfulness and post-rotation loadings of the components were investigated, components 3 and 4 were not meaningful and were thus not retained. Therefore, the last three items of this scale were withheld. If the scale only consists of 8 items, there is a Cronbach's Alpha of 0,672. The eight items of the FEO-scale are: "The family as a whole ..."
(1) ... strives to preserve existing businesses. / ... strives to create new businesses. (2) ... makes decisions primarily with the success of the current generation in mind. / ... makes decisions primarily with the success of future generations in mind. (3) ... is resistant to change. / ... is very willing to change. (4) ... is highly dependent on relationships with external stakeholders to grow the business. / ... is not at all dependent on external

stakeholders to grow the business. (5) ... favours low-risk projects with normal and certain rates of return. / ... favours high-risk projects with chances of very high returns. (6) ... pursues opportunities with close attention to the resources we currently control. / ... pursues opportunities without regard to resources currently controlled. (7) ... is seldom the first to introduce new products/services, technologies, etc. / ... is often the first to introduce new products/services, technologies, etc. (8) ... favours a strong emphasis on existing internal processes (e.g., managerial, technological). / ... favours a strong emphasis on new internal processes (e.g., managerial, technological) (Zellweger et al., 2012).

Independent variable. The independent variable that is used within this study is Family cohesion. Zahra (2010) proposes a scale for measuring Family cohesion. The scale for family cohesion is reliable (eight items; $\alpha = ,653$). The items that were used in the scale are: "Members of this family ..."
(1) ... care deeply about one another. (2) ... support one another. (3) ... are proud of being part of the family. (4) ... depend on each other. (5) ... work closely together to accomplish family goals. (6) ... would do almost anything to remain together. (7) ... are always engaged in dysfunctional conflicts. (8) ... stick together. This scale was also measured on a 7-point Likert scale, where 1 means 'completely disagreed', and where 7 means 'completely agreed'.

Moderator. The moderator within this study is Socioemotional wealth (SEW). It heightens the effect of family cohesion on family entrepreneurial orientation. Schepers, Voordeckers, Steijvers, and Laveren (2014) proposed a scale of 4 items for SEW, this scale was derived from the STRATOS questionnaire,

the scale is also very reliable, it has a Cronbach's Alpha for the four items of 0,810. The 4 items are: (1) maintaining family traditions/family character of the business; (2) creating/saving jobs for the family; (3) independence in ownership; and (4) independence in management. Again the respondents were asked to give their meaning on the previous items on a seven-point Likert scale (1 = completely disagreed, 7 = completely agreed) (Schepers et al., 2014).

Control variables. Within this study, there are 4 control variables used: firm size, number of firms in the family, sector, and generation. Firm size is measured by the number of full time-equivalents that are employed in the firm. For the measurement of the number of firms that are in the family, the respondent was first asked if there were more firms in his/her family if the answer was "Yes", then he/she could fill in the number of firms in the family. To measure the sector where the family firm is active, we proposed 4 items and if they did not fit in any of these sectors, they could fill in the sector by themselves. The 4 items that were proposed are: production; retail; technology; and services. The fourth and last control variable is the generation. The respondents were given 4 options to indicate in which generation of the family firm they are in. These four options are: (1) first generation (Founder); (2) second generation; (3) third generation; and (4) fourth generation or later.

4 Results

Tables 1 and 2 include the descriptive statistics and the correlations. First, Table 1 will be discussed. The average age of a family firm is 36,07 years. The youngest family firm that filled in the survey was only 1 year old, the oldest, on the other hand, was founded

118 years ago. The average number of employees for family firms was 96,57. The smallest family firm was a one-man business, the biggest family firm has 2500 employees. The average of family cohesion is 5,511, this means that most family firms answered 'rather agreed' or 'agreed' for the questions asked on the items for Family cohesion. The mean for Family entrepreneurial orientation was a lot lower, it was only 4,22. This number corresponds with the answer 'neither agree nor disagree'. Thereafter, the average of the concept SEW is higher again, it has a mean of 5,5 which corresponds to 'rather agreed' or 'agreed'. If looked at the generation of the firm, it stands out that most of the family firms are still in the first and second generation, these generations account for 74% of the family firms. Only 4% of the family firms are controlled by the fourth or a later generation. The sectors the family firms of this survey are active in are very divided. 21% of the family firms are active in the production sector. 16% is engaged in retail. The technology sector is the least popular sector from this survey with only 5% of the firms that are active in this sector. The service sector accounts for 17% of the family firms. Lastly, 40% of the family firms were active in a sector that was not listed.

In Table 2, the correlation matrix can be found. This table shows a positive relation between socioemotional wealth and family cohesion at the 1% significance level. Another remarkable correlation is the one between family entrepreneurial orientation and the amount of family business in the family. This correlation is significant at 99%. Other outstanding correlations can be found between the generation of the family firm and family entrepreneurial orientation. When a family firm is still in the first generation, there is a

positive impact on family entrepreneurial orientation at 0.1 level. However, when the firm is controlled by the second generation, there is a negative impact on family entrepreneurial orientation at the 0.05 level. Family cohesion is also stronger when the family firm is still in the first generation, this

is proven on a 0.05 level. The number of employees is also correlated with the number of businesses in the family, this correlation is significant at 99%. However, Table 2 does not show a significant correlation between family entrepreneurial orientation and family cohesion.

Variable	Mean	SD	Min	Max
Age	36,07	26,274	1	118
Employees	96,57	413,512	0	2500
Family cohesion	5,511	,622	2,75	6,25
Family entrepreneurial orientation	4,22	,884	2,25	6,50
Socioemotional wealth	5,5	1,009	2,5	7
Variables	Percentage of observations			
Generation of the firm				
First generation	37			
Second generation	37			
Third generation	19			
Fourth generation and later	4			
Sector of the firm				
Sector production	21			
Sector retail	16			
Sector technology	5			
Sector services	17			
Sector not in list	40			
N=104				

Table 1: Descriptive statistics

Table 2: Correlations

	1	2	3	4	5	6	7	8	9	10	11	12	13
1. Mean_FEO	1												
2. Mean_FC	,095	1											
3. Mean_SEW	,118	,256***	1										
4. Amount_FB	,384***	,088	,215	1									
5. Employees	,070	,019	,000	,902***	1								
6. First_generation (dummy)	,172*	,208**	-,054	-,127	-,159	1							
7. Second_generation (dummy)	-,207**	-,079	,101	,060	-,032	-,576***	1						
8. Third_generation (dummy)	,097	-,100	,004	,140	,103	-,370***	-,370***	1					
9. Sector_production (dummy)	,082	,026	,155	-,073	-,059	-,100	-,002	,106	1				
10. Sector_Retail (dummy)	-,034	-,075	-,002	-,122	-,088	-,173*	,097	,048	-,229**	1			
11. Sector_technology (dummy)	,097	-,082	-,040	,411***	,224**	-,077	,109	,004	-,116	-,099	1		
12. Sector_services (dummy)	,045	-,065	,130	,134	,090	,022	-,189*	,099	-,237**	-,202**	-,103	1	
13. Sector_other (dummy)	-,119	,121	-,210*	-,196	-,052	,230**	,027	-,203**	-,426***	-,364***	-,185*	-,377***	1

*. Correlation is significant at the 0.1 level (2-tailed).

**. Correlation is significant at the 0.05 level (2-tailed).

***. Correlation is significant at the 0.01 level (2-tailed).

Variable	Model 1		Model 2		Model 3	
	β	SE	β	SE	β	SE
(Constant)	2,878**	1,302	3,971***	,550	3,798***	,527
Controls						
Size	-,001	,001	-,001	,001	-,001	,001
Amount in family	,135	,089	,124	,093	,124	,093
Generation						
First	,207	,516	,012	,550	,012	,550
Second	-,289	,511	-,470	,526	-,470	,526
Third	-,073	,554	-,251	,566	-,251	,566
Sector						
Production	,667	,408	,618	,412	,618	,412
Retail	,037	,418	-,028	,417	-,028	,417
Technology	,537	,528	,561	,529	,561	,529
Services	,631	,398	,586	,399	,586	,399
Hypothesis						
FC	,156	0,205	,078	,148	-,014	,172
SEW			,173	,139		
FC*SEW			,092	,176		
LowSEW					,173	,139
LowSEW*FC					,092	,176
R ²	,331		,371		,371	
F	1,783*		1,674		1,674	
P-value	,100		,117		,117	

N = 104

*. Regression is significant at the 0.1 level (2 tailed).

**. Regression is significant at the 0.05 level (2 tailed).

***. Regression is significant at the 0.01 level (2 tailed).

Table 3: Regressions

Firstly, hypothesis H1 will be tested. In this hypothesis is argued that '*Family cohesion has a positive effect on Family Entrepreneurial Orientation*'. The answer to this hypothesis can be found in Table 3, Model 1. Here the F value is 1,783 and is significant at the 0.1 level. However, if looked more closely at the impact of family cohesion on the dependent variable family entrepreneurial orientation, there can be detected a positive effect of

family cohesion on family entrepreneurial orientation, but this correlation is not significant ($\beta = ,156$, $p > 0,10$). Hypothesis H1 cannot be accepted, H1 must be rejected. The R² of Model 1 is 33,1%, this means that the proportion of the variance of family entrepreneurial orientation, the dependent variable, is explained for 33,1% by the independent variables, listed in Table 3 above.

The second hypothesis that will be tested is H2. This hypothesis states that *'Socioemotional wealth will moderate the relation between Family cohesion and Family entrepreneurial orientation in a positive way, where the effect of Family cohesion is strengthened when Socioemotional wealth increases'*. These results are displayed in Table 3 (Model 2 and Model 3). Unfortunately, Model 2 and Model 3 have both insignificant F values with a P-value of ,117. Also, none of the betas were significant. However, in Model 2 the moderator SEW is considered. The interaction values (family cohesion and socioemotional wealth) have been mean-centred. In Table 3, Model 2, the interaction term is received by multiplying family cohesion and socioemotional wealth. This interaction term is positive, but the effect is not significant ($\beta = ,092$; $p > 0,10$). This means that the link between family cohesion and socioemotional wealth is unclear. Thus, hypothesis H2 is not supported.

Model 3 has almost the same results as Model 2, here a robustness test was added where SEW has been converted into a dummy variable. In model 3, there is also no significant effect between socioemotional wealth and family cohesion. Thus, hypothesis H2 should be rejected.

5 Discussion

This study builds further on the topic of family entrepreneurial orientation introduced by Zellweger et al. (2012). There has been done little to no further research on this topic. Therefore there was a need to discover possible determinants of FEO (Zellweger et al., 2012). In the past, there has already been a lot of research on topics such as what the impact of a family is on the performance of a

family business (Jim Lee, 2006). But several authors argue that there should be more attention to the family behind the family firm. Such as Zellweger et al. (2012) when he introduced FEO.

In the literature study a first important aspect, the family firm, is defined as "a firm where one family group controls the company through a clear majority of the ordinary voting shares, the family is represented on the management team, and the leading representative of the family perceives the business to be a family firm" (Naldi et al., 2007, p. 35).

The next topic in the literature study is family entrepreneurial orientation (FEO) defined as "The attitudes and mindsets of families to engage in entrepreneurial activity" (Zellweger et al., 2012, p.143). Before the topic FEO was introduced, some studies argued that a trade-off between the entrepreneurial aspect and family orientation is unreal. They believed that entrepreneurial orientation and family orientation could not occur simultaneously. Accordingly, it is thought by them that family firms will not survive over long periods of time (Martin & Lumpkin, 2003). On the contrary, there is the fact that there are a lot of family firms that have existed for centuries. Therefore, Zellweger et al. (2012) came up with the construct FEO. Their research purpose was to set up an FEO scale, this scale should, on one hand, reflect the family orientation, which includes the goal of the family and the family's wish of control across generations. On the other hand, the scale should contain the entrepreneurial side where issues related to the firm are covered (Zellweger et al., 2012).

The FEO construct can be divided into two parts: entrepreneurial orientation (EO) and family orientation (FO). EO is a construct on the firm-level and it is related to the success

of the firm (Lumpkin & Dess, 1996). The EO framework consists of five dimensions: innovativeness, risk-taking, proactive-ness, competitive aggressiveness, and autonomy. The FO construct also consists of five crucial dimensions: tradition, stability, loyalty, trust, and interdependency (Lumpkin et al., 2008).

After the topic FEO follows a possible determinant of FEO. The discussed determinant is family cohesion. This can be defined as "the degree of closeness and emotional bonding experience by the members of the family" (Jean Lee, 2006, p. 177). When the members of a family are cohesive, they share the same goals, function as an undivided group, wish to stay with the group, support the goals of that group, and work very hard to realise the mission of the group (Zahra, 2010). FEO assumes a paradox perspective. This paradox consists of two important components. First, there are underlying tensions. Second, there are responses to these tensions. The tensions of FEO are about the family and business domains, there has to be found a way to combine these attributes (Zellweger et al., 2012). Family cohesion can combine the family and business domain. High cohesion in a family suggests that the family has the power to keep distinct boundaries between family and business. As a result, the family will minimise the possibility that family problems and strains are transferred into the business (Jean Lee, 2006).

In the literature study, socioemotional wealth (SEW) is seen as a moderator. SEW contains the desire of the family to exploit authority, cultivation of the membership within the family firm, the assignment of devoted family members to important positions, conservation of a secure family identity, continuation of the family legacy, et cetera (Berrone et al., 2012).

When the family attaches a higher value on SEW, the positive impact that family cohesion has on FEO will become stronger.

Concretely, it was expected that family cohesion could be a determinant of family entrepreneurial orientation, and that family cohesion has a positive impact on FEO. Further on, the moderator SEW was added, this moderator was likely to influence and thereby strengthen the relationship between family cohesion and FEO.

In the empirical part of this study the previous assumptions were empirically tested. The data was collected through an online survey, which was filled in by Belgian private family firms. The sample consisted of data of 104 family firms. The online survey was prepared for multiple master's theses. The items which were useful for this research and where they had to give their opinion about the topics where: family cohesion, socioemotional wealth, and family entrepreneurial orientation. Unfortunately, the results did not bring forward positive significant relations.

Although the hypotheses of this master thesis could not be accepted, however, some findings were found that could provide a stimulus for future research. A first interesting finding for future research is a positive correlation between socioemotional wealth and family cohesion. Research has found that high levels of group cohesion can stimulate abnormal behaviour. More specifically, these strong relationships can occasionally generate organizational norms that disagree with universal standards of behaviour. Accordingly, it is possible for family members to feel pressure to pursue organizational norms even though these norms disregard the universal standards. The norms in a family business can appear to be very powerful, therefore, these

norms can become the most important point of reference for family members that pursue a 'family first' attitude. There are two ways in which the family firm will be affected. The first way, when universal norms are not violated, then SEW will also support the other stakeholders of the firm. However, when the norms of the family firm conflict with the universal standards of behaviour, then the pursuit of the family goals will still lead to greater SEW, but this comes at a cost for the non-family stakeholders (Kellermans, Eddleston, & Zellweger, 2012).

Another interesting opportunity for future research is the generation of the leaders of the family firm and FEO. The first generation was positively correlated with FEO, but the second generation, however, was negatively correlated with FEO. Some researchers have focused on the generational perspective of family businesses. They argue that the members of different generations also contradict in terms of their capabilities to have an impact on the strategic direction of the firm (Sonfield & Lussier, 2004). Founders were the entrepreneurs with the crucial background they needed, this was not always the case for the future generations (Schein, 1983). The second generation managers may face other challenges, and therefore, need to discover new ways to refresh and further enlarge the business they have obtained (Kellermans & Eddleston, 2006).

Through this research family cohesion cannot be seen as a determinant of FEO. However, there are a couple of implications that will be discussed later on. The generation that is in control may be a determinant of FEO, this is an opportunity that has to be further investigated in future research.

5.1 Practical implications

A possibility for the fact that there are no significant results is that the FEO scale was mainly answered with the number 4 which corresponds to 'neither agree nor disagree'. Due to COVID19, it is possible that family firms had a bad outlook on their organization and therefore, influenced this the results in a negative way. Another reason is that the FEO scale was not completely finished, and therefore, does not bring forward the desired results.

5.2 Limitations and future research

First of all, it was a difficult period to conduct data research with family firms. COVID19 made it very hard for us to find enough respondents for our research. Many companies were busy and were not willing to participate in this research. They had more important concerns that had to be dealt with. Besides, it is also a possibility that the results deviate because of the virus. A lot of family firms were going through a hard time, could not continue their usual business and thus, made less to no money. Because of this, their insights on some of the topics questioned in the online survey could differ in contrast to a period where all is going as planned. To have the right results, a similar study should be done when COVID19 is no longer a problem for the society and when the economy is stable again.

It may also be important to take a look at the individual level of cohesion, this is called perceived cohesion. It comprises an individual's sense of belonging to a specific group, and the feelings of morale he or she associates with the membership in that particular group. It also reflects the appraisal

of their own relationship to that group. This can be an important research topic because the CEO might have a different opinion on the family cohesion than other members of that family. Because of this, it is possible to unite the group members' perceptions to characterize the cohesion of the whole group (Bollen & Hoyle, 1990).

As mentioned earlier, the FEO scale is not completely ready for usage. There should be spent more research on this topic for the scale to become more concrete.

Another point that can be taken on in the future is to use a more extensive scale for family cohesion. Olson, Gorall, and Tiesel (2006) have made a thorough scale for measuring family cohesion. This scale also takes into account that there are 4 different levels of cohesion. These 4 levels of cohesion are: disengaged, separated, connected, and enmeshed (Olson et al., 2006; Zellweger et al., 2012). Not every family has the same degree of cohesion, this is why there are four different levels of family cohesion identified: disengaged, separated, connected, and enmeshed. In the balanced levels of cohesion, this is where the cohesion is separated or connected, the individuals can be both independent from the family and connected to their families (Jean Lee, 2006). These levels are most workable for the functioning of the family firm (Barber & Buehler, 1996). In the second level of cohesion, separate cohesion, there is a share of emotional separateness but there is still time available to spend together for decision-making and mutual support. On the other hand, in the connected family system, it is more important to spend time with each other than to spend time alone. Loyalty and emotional closeness are clearly present in the connected family (Jean Lee, 2006). The first and last levels of cohesion are

the extremes, these ends are problematic for most families (Barber & Buehler, 1996). Family members can also have very little commitment to their family members, this is the case when there is a disengaged system. Enmeshed systems are characterized by very limited independence within the family (Jean Lee, 2006). In these enmeshed systems efforts towards individuation are disheartened through communication patterns that are psychologically and emotionally inhibitive or intrusive (Barber & Buehler, 1996)

5.3 Conclusion

FEO is a very important construct of family firms. It looks at both the family side of the family firm, but it also takes into account the firm's aspects of the family firm. This study, unfortunately, does not find a concrete answer to what the determinants of FEO are. However, there were some other interesting correlations such as the one between the generation in control of the family firm and FEO. Thus, the generation could be seen as a determinant of FEO after a thorough study. Also, this study sheds new light on SEW, SEW was found to be positively correlated with family cohesion.

6 References

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