

The moderating effect of the generational stage of the family CEO on the relationship between entrepreneurial orientation and strategic entrepreneurial behaviour.

Introduction

Ever since the introduction of entrepreneurial orientation (EO) by Miller (1983), it has become one of the most researched constructs in entrepreneurship literature. In general, EO is often defined as the practices businesses use in the strategy-making process and the identification and launch of new ventures; It represents a mindset and outlook on entrepreneurship that is reflected in the culture and processes of the business (Covin & Slevin, 1991). Miller (1983) conceptualized EO as a combination of three subdimensions: innovativeness, proactiveness and risk-taking. Lumpkin & Dess (1996) later added two additional subdimensions: competitive aggressiveness and autonomy. Both conceptualizations are generally accepted in academic literature and neither is therefore superior.

Entrepreneurial orientation has been found to have a positive impact on firm growth and survival, eventually resulting in high performance levels in family businesses (Becherer & Mauer, 1997; Lumpkin & Sloat, 2001). These findings were later confirmed as research by Naldi et al. (2007) also shows a positive relationship between entrepreneurial orientation, firm performance and growth. Even though the EO-performance relationship has been well established in a meta-analysis by Rauch et al. (2009), the strength and significance of this relationship differs each study. A possible explanation for this differential strength is the presence of a gap between EO and performance. EO is in fact an orientation and should be converted into behaviour before it will be effectively translated into performance. Oftentimes it is implicitly assumed that EO translates into behaviour but this might not be always as evident as thought. A business might be entrepreneurially orientated but this does not necessarily mean that this orientation is put into practice. In order to investigate when EO successfully leads to performance, this research focuses on the relationship between entrepreneurial orientation and strategic entrepreneurial behaviour, a construct that recently has been linked to firm performance (Anderson et al., 2019).

Strategic entrepreneurial behaviour (SEB) has been a topical subject in entrepreneurship literature since it was introduced by Anderson, Eshima & Hornsby (2019): "SEB is the firm's exploitation of new product-market opportunities through intended commercialization of its product innovations". Zollo et al. (2020) later introduced the concept of EO as a possible antecedent of strategic entrepreneurial behaviour.

EO can be linked to SEB by building on insights from entrepreneurship literature where higher levels of entrepreneurial orientation (i.e. proactiveness, innovation, risk-taking and therefore the tendency or proclivity to explore and exploit opportunities) will influence SEB (Kollmann et al., 2007). Anderson et al. (2019) subsequently highlight that SEB does not replace EO, as it focuses on entrepreneurial behaviour instead of orientation. On top of that, SEB is measured on the product-market level, unlike EO, which is measured at firm-level (Anderson et al., 2019). In order measure how this firm-level orientation is converted actual behaviour, Anderson et al. (2019) suggest the measurement of behaviours at the product-market level as these are most likely to provide a performance advantage. The measurement at the product-market level was executed as the occurrence of entrepreneurial

activities on this level is more consistent. This consistency allows scholars to measure and observe behaviours that are easier to compare across businesses (Anderson et al., 2019).

The conversion of EO into SEB is not always as evident and can be influenced by the family CEO. The role of a CEO in family businesses is even more prominent, especially if it is a family CEO (Zona, 2016). According to the upper echelon theory (Hambrick & Mason, 1984), the family CEO of a family business has a lot of power due to the managerial position. This power allows the family CEO to have a substantial impact on firm-level outcomes and can therefore have an impact on the conversion of EO into SEB (Hambrick & Mason, 1984). The generation of this family CEO is also an important aspect in family business literature as different generations might differ in capability and in their influence on the strategic direction of the firm (Cruz & Nordqvist, 2012). Building on socioemotional wealth theories, a family CEO might also have different goals depending on the generational stage (García-Ramos et al., 2017; Sciascia et al., 2014). Later generation family CEOs might for example have a lower level of identification with the firm and prefer the pursuit of short-term goals. These differential goals are likely to influence the extent to which EO is translated into SEB (i.e. the extent to which the mindset is transformed into behaviour).

The appointment of the family's next generation as a next CEO might, however, also entail several advantages. For example, next generation family CEOs possess several unique leadership skills, such as the affiliation with the family and a deep understanding of family culture (Ahrens et al., 2019; Royer et al., 2008). Which (dis)advantages weigh more heavily in the conversion of EO into SEB will depend on the presence of external members in the board of governance and their accompanying task of advice and control. The moderating effect per generation might, therefore, fluctuate depending on the presence of external members in the board of governance (BOG). Research by Sievinen et al. (2020) shows that non-family board members can have an important supporting role in the change-implementation process.

The present study thereby fills several gaps in academic literature and contributes to both family firm and entrepreneurship literature. First, we aim to deepen our understanding as to how EO is converted into performance. Rauch et al. (2009) have compiled several studies, showing a positive relationship between EO and performance. This positive effect however differs between studies, suggesting a gap between EO and performance. We investigate strategic entrepreneurial behaviour as a possible intermediate part between EO and performance, thereby also contributing to the 'intention-behaviour gap' (Schepers et al., 2021).

Second, we explore this relationship in a family business context by adding the generational stage of the family CEO as our moderator variable. Investigating this relationship is important as family businesses are the main organizational type worldwide (Bloom & Van Reenen, 2007). Building on the upper echelon, a family might also have substantial impact on firm level outcomes (Hambrick & Mason, 1984). We thereby contribute to an ongoing debate regarding the advantages and disadvantages of a family CEO (Miller et al., 2014; Saidat et al., 2020).

Third, by adding the presence of external members in the board governance as our second moderator variable, we contribute to governance literature as we analyse what impact this presence might have on the relationship between EO and SEB in the different generational stages.

We test our hypotheses based on data derived from a detailed survey filled out by family CEOs, resulting in a unique sample of 147 CEOs from private Belgian family businesses. The family CEO was chosen as a respondent because of their managerial position and, therefore, the ability they possess to make firm-level decisions. Due to the specific nature of the required respondents for this research, targeted sampling was applied.

The structure of the paper is as follows. In the next section, we introduce the theoretical background on EO and SEB. We then discuss the relationship between these variables, including the additional moderations. In the third section, we take a look at the research methodology. The fourth section of this paper shows the analyses and results. Lastly, in the fifth section, we review the theoretical and practical implications, followed by the limitations of this study and suggestions for future research.

Literature review and hypothesis development

Entrepreneurial orientation

The concept of entrepreneurial orientation (EO) originates from research by Miller (1983) and was later expanded by Covin & Slevin (1989). EO is defined as the orientational mindset that businesses use during the strategy-making process to identify and develop new entrepreneurial opportunities (Covin & Slevin, 1991; Dess & Lumpkin, 2005; Lumpkin & Dess, 1996; Zollo et al., 2020). Naldi et al. (2007) later refer to EO as “a construct that addresses the mindset of firms engaged in the pursuit of venture creation and provides a useful framework for research into entrepreneurial activity”.

Consistent with most EO research (Lumpkin & Dess, 1996; Montiel Campos, 2017; Zollo et al., 2020), this study will investigate the concept of entrepreneurial orientation at the firm level. Individuals can, however, also exhibit an entrepreneurial orientation (Bolton & Lane, 2012). This individual EO includes the ability to adjust to different situations and experience the gains without highlighting risks (Zollo et al., 2020).

Miller (1983) introduces three subdimensions of entrepreneurial orientation: innovativeness, risk-taking and proactiveness. He clarifies that entrepreneurial businesses engage in product-market innovation, take on high-risk projects and introduce proactive ideas ahead of their competition (Miller, 1983). Lumpkin & Dess (1996) later suggested the addition of 2 new subdimensions: competitive aggressiveness and autonomy. Neither one of the EO-conceptualizations is superior, despite the academical disagreement. The five subdimensions are currently equally accepted in entrepreneurship literature (Martin & Lumpkin, 2003; Short et al., 2009). We, however, follow many other authors (e.g. Cruz & Nordqvist, 2012; Naldi et al., 2007; Pimental et al., 2017; Sciascia et al., 2013) and rely on the EO-conceptualization as presented by Miller (1983).

The first subdimension is *innovativeness*, which refers to “a firm’s tendency to engage in and support new ideas, novelty, experimentation, and creative processes that may result in new products, services, or technological processes” (Lumpkin & Dess, 1996). This definition was later adopted by several other authors in entrepreneurship literature (e.g. Dess & Lumpkin, 2005; Short et al., 2009; Zellweger & Sieger, 2010). The second subdimension is *risk-taking*, interpreted as “the degree to which managers are willing to make large and risky resource commitments – i.e., those which have a reasonable chance of costly failures” (Miller & Friesen, 1978). The third and final subdimension is

proactiveness. According to Martin & Lumpkin (2003), this refers to a mindset that is forward-thinking and seeks for new opportunities. Proactiveness generally leads to new venture success (Becherer & Maurer, 1997; Covin & Slevin, 1996; Knight, 1997; Martin & Lumpkin, 2003).

This study conceptualizes entrepreneurial orientation as a 'reflective construct', thereby following Miller (1983) and Covin et al. (2006). We subsequently recognize the concept of EO as one variable without distinct investigation of the three subdimensions.

EO has been one of the most popular and well-researched constructs in recent year. Miller & Le Breton-Miller (2011) for example, have found that the identity of the owner-CEO has an impact on the EO of the firm. EO has also been extensively researched in a family firm context; research by Pimentel et al. (2017) states that entrepreneurial orientation is lower in family businesses due to the negative relationship between family involvement and EO. Findings by Madanoglu, Altinay & Wang (2016) conversely showed that family involvement has no direct impact on the innovativeness and risk-taking subdimensions of EO.

Previous studies have also reported that EO can be enhanced by comprehensive strategic decision making, willingness to change, long-term orientation and by perceiving technological opportunities (Eddleston, Kellermanns & Zellweger, 2012; Kellermanns & Eddleston, 2006; Weismeier-Sammer, 2011). On top of that, knowledge transfer and environmental dynamism have also been found to have a positive influence on entrepreneurial orientation (Casillas, Moreno & Barbero, 2011; Martínez, Galván & Palacios, 2016).

Finally, a literature evaluation study by Wales et al. (2013) shows that EO is influenced by CEO characteristics such as CEO education and experience and by top manager characteristics such as top manager self-efficacy and need for achievement. Recently, researchers have shown an increased interest in the relationship between entrepreneurial orientation and strategic entrepreneurial behaviour (Zollo et al., 2020). Surprisingly, this EO-SEB relationship has not yet been explored in a family firm context.

Strategic entrepreneurial behaviour

First steps toward the conceptualization of SEB were made by Anderson et al. (2015) as they attempted to reconceptualize entrepreneurial orientation. The authors later discovered that the reconceptualization of the EO-construct into a unidimensional construct would substantially impact the meaning of that EO-construct itself. As a consequence, Anderson et al. (2019) introduced the strategic entrepreneurial behaviour (SEB) construct, defined as "the firm's exploitation of new product-market opportunities through the intended commercialization of its product innovations". SEB is measured at the product-market level as entrepreneurial activities on this level differentiates entrepreneurial and conservative firms (Anderson et al., 2019).

Anderson et al. (2019) state that multidimensional constructs, like the academically popular EO, are fundamentally limited. The possibility of measurement errors is higher when using multidimensional constructs, according to Anderson et al. (2019), as they contain more "noise". This noise is created by the attempted identification of the conceptually different subdimensions (Anderson et al., 2019).

SEB measures entrepreneurial behaviour (i.e. the commercialization of product innovations) at the product-market level (Anderson et al., 2019). SEB encompasses not solely the product-market innovation commercialization, but also the accompanied inherent behavioural risk (Schumpeter, 1934). Investigating predictors of firm performance, such as SEB, is important as entrepreneurial businesses outperform conservative firms (Ireland et al., 2003; Rosenbusch et al., 2011).

Previous research by Kantur (2016) investigated antecedents of strategic entrepreneurship in order to find antecedents of the long-term survival of entrepreneurial firms. This research found that incorporating an entrepreneurial orientation or mindset is necessary but the additional engagement in real entrepreneurial events will be substantially beneficial.

Unlike EO, which measures the orientation (i.e. the proclivity to engage in entrepreneurial activities), SEB solely focuses on strategic behavioural activities that a firm carries out in order to reach new product-market domains (Anderson et al., 2019). Other scholars have studied the relationship between orientation and behaviour. Harvey et al. (2019) for example investigated the relationship between team learning orientation and actual team learning behaviour. Their results show that the team's learning orientation enables behaviours, such as taking on challenges, as well as the reaction to these behavioural activities. According to Liu & Xiang (2020), scholars have found that behaviours in achievement situations are positively influenced by goal orientation. Lastly, Schepers et al. (2021) provide empirical support for the orientation-behaviour relationship as their research demonstrated a positive relationship between entrepreneurial intentions and entrepreneurial actions. In order to investigate whether the plans made or mindset (i.e. EO) are effectively put into practice or behaviours (i.e. SEB), we suggest the following hypothesis:

Hypothesis 1: The family firm's entrepreneurial orientation positively influences SEB.

The moderating role of the generational stage of the family CEO and the presence of external members in the BOG

We have already argued that EO positively influences SEB through the increased proclivity to engage in entrepreneurial activities. It is, however, not only important to investigate the relationship between EO and SEB, but also to take a closer look as to when this effect gets stronger or decreases. We argue that the generational stage of the family CEO will impact the conversion of EO into SEB.

Research by Sciascia et al. (2014) introduced the generational aspect in socioemotional wealth literature. Their results show that the generational stage affects the pursuit of SEW-dimensions. This shows that a firm's generational stage (i.e. the generation of the family CEO) impacts firm goals and therefore the extent to which its entrepreneurial orientation is translated into strategic entrepreneurial behaviour. Upper echelon literature substantiates this assumption as the dominant players of a firm (i.e. the CEO) are said to have influence on organisational outcomes (Hambrick & Mason, 1984).

We expect that a first-generation family CEO (i.e. the founder) will have the largest impact on the establishment of the firm's SEB since the founder formed the EO and the strategic priorities of the firm. Later-generation family CEOs are expected to have less of an impact on the relationship between EO and SEB because the quality of the relationship between family members is relatively

lower, conflict levels are higher and intentional trust is lower (Sciascia et al., 2014). Therefore, we hypothesize:

Hypothesis 2: *The generational stage of the family CEO will moderate the relationship between EO and SEB, in such a way that the EO-SEB relationship is strongest in first-generation family firms and decreases when the family business is led by second-, third- or later-generation family CEOs.*

Second- or later-generation family CEOs are, however, not always less capable in converting EO into SEB. We believe that this conversion might be better if they are surrounded by external members in their board of governance, who will serve as a monitoring body and will hold the family CEO accountable for the plans made (i.e. EO) and will ensure that they are effectively put into practice (i.e. SEB). We therefore hypothesize:

Hypothesis 3: *The moderating effect of the generational stage of the family CEO on the EO-SEB relationship will be reversed, when the family business has a BOG with at least 1 external member, in such a way that:*

- *The positive effect of EO on SEB decreases when firms that are led by first-generation family CEOs have a BOG with at least one external member;*
- *The positive effect of EO on SEB increases when firms that are led by second-, third- or later-generation family CEOs have a BOG with at least one external member.*

In order to assess the aforementioned hypotheses, this research examines the impact of entrepreneurial orientation on strategic entrepreneurial behaviour. We investigate the moderating impact of the generational stage of the family CEO and subsequently a three-way interaction by adding the presence of external members in the BOG as a second moderator variable. The research model is depicted in figure 1.

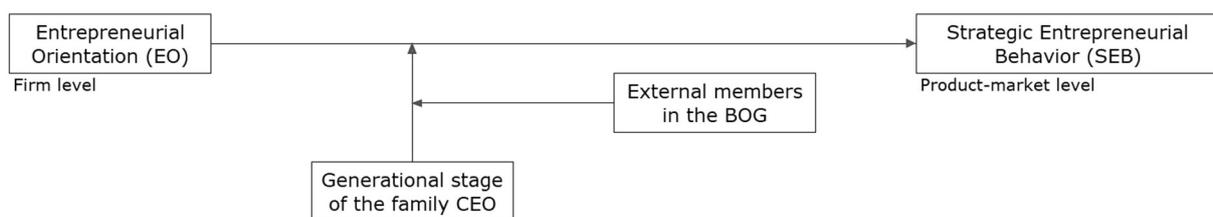


Figure 1: Conceptual research model

Method

Sample and data collection

The sample solely consisted of private Belgian family businesses, defined as a firm that is perceived as a family business by the family CEO and where at least 50 percent of the shares are owned by family members. Family business that are owned and led by a single entrepreneur were excluded from this sample.

The data was collected using an online survey, constructed with Qualtrics. The survey was then sent out via e-mail to the family CEOs of around 850 private Belgian family firms. A link to the survey was subsequently shared on social media platforms such as Facebook and LinkedIn and the respondents that did not answer via e-mail were sent a reminder and were contacted via telephone.

Targeted sampling was chosen to select our sample cases due to their specific nature. Watters & Biernacki (1989) refer to targeted sampling as "a purposeful, systematic method by which controlled lists of specified populations within geographical districts are developed and detailed plans are designed to recruit adequate numbers of cases within each of the targets. While they are not random samples, it is particularly important to emphasise that targeted samples are not convenience samples. They entail, rather, a strategy to obtain systematic information when true random sampling is not feasible and when convenience sampling is not rigorous enough to meet the assumptions of the research design".

As this data-collection took place during the COVID-19 pandemic, our response rate was affected. We received answers from 309 respondents, resulting in a response rate of 36%. We do not know, however, how many responses were acquired via social media. To improve the quality of this research, we excluded respondents who did not sufficiently answer the survey. This quality-measure decreased the number of respondents to 147, resulting in a response rate of 17%. The firms in this sample have 89.5 employees on average and an average age of 39.6 years. Data-processing was executed using the statistical software program IBM SPSS Statistics Version 26.

Measures

Independent variable

Entrepreneurial orientation was measured using the nine-item seven-point Likert scale as presented by Miller (1983) / Covin & Slevin (1989). In this scale, EO consists of three subdimensions: innovativeness, proactiveness and risk-taking. As previously mentioned, we conceptualise EO as a reflective construct and consider EO as one variable by taking the average of the nine items, thereby following previous studies (Campos, 2017; Covin & Slevin, 1989). The Cronbach's alpha for entrepreneurial orientation was 0.784.

Dependent variable

Strategic entrepreneurial behaviour was measured using the four-item seven-point Likert scale, developed by Anderson et al. (2019) ranging from 1 (completely disagree) to 7 (completely agree). The Cronbach's alpha for strategic entrepreneurial behaviour was 0.884.

Moderator variable

To measure the generational stage of the family CEO, the respondent was asked to state their corresponding generation. Next, a multi-categorical variable was created distinguishing the following generational stages: first-generation family CEO (w1), second-generation family CEO (w2) and third- or later-generation family CEO (w3). In order to measure the presence of external members in the board of governance, respondents were simply asked to state the proportion of non-family board members. These responses were then used to create a dummy variable distinguishing family business with (1) and without (0) non-family members in the board of governance.

Control variables

This research model includes several control variables. The first is firm size, as larger family firms usually have more resources that can be used to engage in entrepreneurship (Zahra et al., 2004). Firm sized was measured as the natural logarithm of the number of full-time employees. The second control variable is firm age, measured by subtracting the year in which the family business was founded from this year. Subsequently, the natural logarithm of this age was used to calculate firm age. Lastly, we controlled for industry. Two dummy variables were created to distinguish the following industries: manufacturing, service and others.

Results

Before testing the hypotheses, table 1 encapsulates the descriptive statistics and correlations. On average, the family businesses in our sample are 39.64 years old and employ on average 89.46 people. As for the generational stage of the family CEO, 40.1% belongs to the first generation, 35.4% to the second generation and the third- or later-generation family CEOs accounted for 24.5% of the sample. 81.6% of the family businesses in our sample do not have non-family board members. The remaining 18.4% does have external members in their board of governance.

With regard to the entrepreneurial orientation of the firms, the mean level is 4.24 and therefore similar to earlier research (Campos, 2017; Zollo et al., 2020). 8.2 per cent of the family business in our sample have an EO value lower of equal to 3. 77.5 per cent of the family firms have a value of between 3 and 5 and finally, the remaining 14.3 per cent has a value ranging between 5 and 7. The mean level for strategic entrepreneurial behaviour is 4.50. 10.9 per cent of the family firms in the sample have an SEB value lower or equal to 3. Next, 64.6 per cent of the family businesses have a value ranging from 3 to 5, leaving the remaining 24.5 per cent of the businesses with a value between 5 and 7.

Table 1: Descriptive statistics and pairwise correlations

	Mean	SD	1	2	3	4	5	6	7	8
1. Strategic entrepreneurial behaviour	4.50	1.12	1							
2. Entrepreneurial orientation	4.24	0.86	0.687*	1						
3. Generational stage of the family CEO	1.84	0.79	-0.116	-0.162*	1					

4.	External members in the BOG	0.18	0.39	0.115	0.129	0.050	1				
5.	Firm size (Ln)	3.46	0.73	-0.038	-0.024	0.619*	0.160	1			
						*					
6.	Firm age (Ln)	2.98	1.43	0.139	0.212*	0.208*	0.426*	0.382*	1		
					*		*	*			
7.	Manufacturing and technology industry	0.37	0.49	0.046	0.014	0.118	0.214*	0.173*	0.190*	1	
8.	Retail and service industry	0.31	0.46	-0.024	-0.037	0.076	-0.201*	0.029	-0.094	-0.514**	1

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

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

The correlations show a significant positive relationship between entrepreneurial orientation and strategic entrepreneurial behaviour. There is also a negative significant relationship between the generational stage of the family CEO and entrepreneurial orientation. Furthermore, a significant positive relationship between firm size and the generational stage of the family CEO was found. Moreover, firm age appeared to be positively related to both the presence of external members in the BOG and to firm size. Multicollinearity appears not to be a problem as correlation values are lower than 0.8 and the variance inflation factor (VIF) of each variable is lower than 10 (the recommended cut-off), the highest VIF value is 1.438.

Before testing the moderated regression model, we take a closer look at hypothesis 1. Table 2 shows support for earlier assumptions and demonstrates a significant positive relationship between entrepreneurial orientation and strategic entrepreneurial behaviour ($\beta = 0.0898$, $p < 0.01$). Hypothesis 1 is therefore supported. The main focus of this research lies, however, on how and when entrepreneurial orientation has an impact on strategic entrepreneurial behaviour. Therefore, we execute a moderation model to test hypothesis 2. Finally, we carry out a three-way interaction model (moderated moderation) to evaluate hypothesis 3. The hypotheses were tested using the PROCESS macro by Hayes (2013).

Results of the moderated regression model, shown in table 2 (step 3), indicate that a first-generation family CEO positively influences the relationship between EO and SEB ($\beta = 0,8673$; $p < 0.01$). In regard to the second- ($\beta = 0.1681$; $p > 0.1$), third- and later-generation family CEOs ($\beta = -0.0739$; $p > 0.1$), it appears that EO no longer has an effect on SEB. These results, therefore, provide support for the second hypothesis. The results of the moderated moderation model, used to test hypothesis 3, are shown in the final step in table 2. The moderated moderation model accounted for 51,95 per cent of the total variance of strategic entrepreneurial behaviour. The three-way interaction (moderated moderation) model shows a statistically significant interaction effect between EO and SEB for first-generation family CEOs ($\beta = 0.9394$, $p < 0.01$). Meaning that family firms, led by first-generation family CEOs without a BOG with external directors, are able to transform firm-level EO into SEB. The EO-SEB relationship disappears when first-generation family CEOs are accompanied by external members in the BOG ($\beta = 0.-0.2760$, $p > 0.1$). Results show an opposite trend in firms led by later-generation CEOs. Namely, firms led by second-generation family CEOs, whose board of

governance does not include external members, are not able to transform EO into SEB ($\beta = 0.0166$; $p > 0.1$). However, when these firms led by second-generation family CEOs are accompanied by a BOD with external members, we find a positive relationship between EO and SEB ($\beta = 1.9611$, $p < 0.05$). Similar to the results above, no moderating effect between EO and SEB was found for third- or later-generation family CEOs ($\beta = -0.3482$, $p < 0.1561$). If there are non-family members in the board of governance, this moderating effect becomes significantly positive ($\beta = 0.8628$, $p < 0.1$). These findings indicate that the third hypothesis was supported.

Table 2: Hierarchical regression analysis

	Step 1	Step 2	Step 3	Step 4
Step 1: Control variables				
Firm size	-0,1750	-0,0490	-0,0411	-0,0494
Firm age	0,1380*	-0,0020	-0,0124	-0,0493
MT industry	0,0950	0,1370	0,1576	0,1393
RS industry	0,0400	0,0770	0,0859	0,0942
Step 2				
EO (w1)		0,8980***	0,8673***	0,9394***
Step 3: Interactions				
EO x Gen CEO 2 (w2)			0,1681	0,0166
EO x Gen CEO 3 (w2)			-0,0793	-0,3482
Step 4: Three-way interactions				
EO x Gen CEO 1 (w1) x Ext BOG				-0,2760
EO x Gen CEO 2 (w2) x Ext BOG				1,9611**
EO x Gen CEO 3 (w3) x Ext BOG				0,8628*
R ²	0,0300	0,4740	0,4807	0,5195
ΔR^2		0,4440	0,0067	0,0388

Notes: MT industry = manufacturing and technology industry; RS industry = retail and service industry; w1 = first-generation family CEO; w2 = second-generation family CEO; w3 = third- or later-generation family CEO *. $P < 0.1$; **. $P < 0.05$; ***. $P < 0.01$

Taken together, our results demonstrate that a family business with high levels of entrepreneurial orientation will have higher levels of strategic entrepreneurial behaviour. This level of SEB can, however, vary depending on the generational stage of the family and the presence of external (non-family) members in the board of governance. The presence of external members in the board of governance negatively moderates the conversion of EO into SEB in first-generation family businesses. Conversely, in second- and third- or later-generation family businesses, this moderating effect is positive.

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