



Institute for
Family Business



Next Generation Engagement in UK Family Businesses

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Foreword



The ability of a family firm to engage its young family members so they can become committed, educated and responsible owners is a vital hallmark of successful family businesses. This report, commissioned by the IFB Research Foundation, aims to increase understanding of the engagement of the next generation in UK family businesses. The study investigates the nature and extent of next generation engagement, the ways in which such engagement is created, stimulated and secured, and its implications for family business success and continuity.

The report emphasises that the key to achieving engagement is by allowing the next generation sufficient space for them to set their own path. Practical guidelines show how we can learn to balance the responsibilities and opportunities of the family's legacy, creating space for the next generation to plan their own futures – not those set for them by their parents or by a sense of obligation. Space is required in which next generation family members are able to learn, communicate and express their ideas.

A critical finding is the need to engage the next generation in ways that suit them. To foster their desires, goals and ambitions while providing them with the learning and development tools to be a success at whatever they choose to do – but at all times aiming for them to be responsible owners. This gives next gens the best chance, should they so wish, to become leaders of the family business in the future. They are all individuals whose needs, development and capabilities will be different, and the report explains how to bring out each person's best.

In order to carry out the study, the Research Foundation commissioned a team of experts from two of the UK's leading business schools – Bradford University School of Management and Lancaster University Management School. The authors find that honest, open and direct communication is critical in building inter-generational relationships. If seniors try too hard, talk down to younger family members, or pressure them, they may shy away. Next generation members must be engaged in planning their own future, and come to see the family business as a flexible and open environment in which they are invited to play a meaningful role.

I hope that you enjoy reading the report and will find the outcomes and key recommendations useful in developing your family business.

Sir Michael Bibby

Chairman, IFB Research Foundation



**Research
Foundation**

Preface



From my earliest memories at school, I can remember teachers and parents of friends asking if I was going to join my family business and follow in the footsteps of my father. As the tenth generation of a family firm whose history stretches back over 300 years, it's easy to see why this may have seemed pre-ordained. School holidays often involved joining my father on branch visits or being dragged along to endless conferences in far-flung corners of the country. Without knowing it at the time, this was the start of a long induction and education process that would eventually lead, via other experiences first, to my joining the firm as I approached my thirtieth birthday.

A few years earlier, my grandfather (the eighth generation) had told me how he had never felt any pressure to join, but like his father, after a few years in practice as an accountant he felt the magnetic draw back to the family company. My experience was very similar – no family pressure, just a personal desire to get a better understanding and contribute to something that has been such a large part of family life for so long.

For me, the key to ensuring job satisfaction, and sanity, working with my siblings and parents, has been in ensuring clear delineation of roles and responsibilities. We play to the strengths of the individuals and, where there are gaps in capability or knowledge, we are not afraid of looking outside of the family for support. Recognising the need for open and honest conversations with family members (often the hardest thing of all) is the key to success, ensuring that everyone understands each other's hopes, goals and expectations. That way, we can ensure that we are all aligned in achieving the best for our company, our colleagues and the family.

Charlie Field

Chair, IFB Next Generation Forum



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Executive summary

The Institute for Family Business (IFB) Research Foundation commissioned this research to investigate engagement of the next generation in UK family businesses. The aim was to investigate the nature and extent of next generation engagement, identify best practices that families might adopt and pitfalls that they might avoid.

Previous research by the Foundation has indicated that UK family businesses generate £1.3 trillion in revenues, employ some 12 million people and make a £420 billion gross value-added contribution to the UK economy.¹ The ability of a family firm to engage its young family members so they can become committed, educated and responsible owners is important for their success. Failure to engage the next generation of owners could place at risk the continuity of family firms, which represent the majority of UK businesses.

“Engagement” with the family business includes all the ways in which the next generation might be involved, from joining in discussions to full-time employment, and everything in-between. Engagement might aim to develop the next generation as owners, build their business skills and knowledge for use inside or outside the firm, and develop them as successors for management positions.

The project was undertaken by researchers from the University of Bradford School of Management and Lancaster University Management School. New data were collected through surveys of 221 senior family business leaders and 140 next generation members, focus groups involving 14 next generation members and 6 case studies of family businesses that have reached the third generation and beyond, derived from 16 interviews with senior and next generation family members.

Senior generation family business leaders provided reasons why they might, and might not, want to engage the next generation and issues they had faced. Leadership development and developing responsible owners were the most important reasons for next generation engagement.

Next generation family members were eager to learn about the family business. Some 89 per cent of next gens said they engaged because they cared about the business.

Family members from both generations revealed pride in the family business and each other; a sense of enjoying the family business; and also frustrations and lack of understanding. Next gens were more confident of their future role where families provided an engagement programme specifically focused at developing the next generation’s ownership potential, rather than intertwining ownership and management development. Senior generations indicated that successful engagement of the next generation was associated with better business performance.

1. IFB Research Foundation and Oxford Economics (2015).

Key findings and recommendations

Next generation engagement is about learning. When next gens talked about engaging in the family business, it was about stepping into a virtual space in which they learned, shared and developed themselves. Three key spaces for engagement were identified:

- **Space to learn**, which is about individual development.
- **Space to develop responsible owners**, which includes the activities and learning needs specifically related to next gens' future role as owners of the business, as separate from their needs as potential employees or managers.
- **Space for ideas**, which considers next gens' contribution towards the family business and the development of their entrepreneurial and leadership skills.

Spaces for engagement

Space to learn

Engagement of the next generation is about providing a learning space for next gens to develop their understanding of business generally and their family business specifically. Learning needs are very broad and include personal development as well as learning about business. Learning occurs in formal and informal settings, including structured programmes, work experience and, importantly, conversations with family and friends. Senior generation members tend to underestimate the amount of learning that occurs in the home and social settings.

Learning in the home will provide a general understanding of the business but may overemphasise issues and problems. Structured activities provide a valuable opportunity for focused learning and are important for building relationships among cousins and dispersed family members who will be the future shareholders.

Space to develop responsible owners

Our findings demonstrated that family ownership and management are intertwined and rarely separated by families, whereas they are in fact two distinctive aspects of family business. Many of the next generation will not be involved in management of the family business. Next gens, in the main, care about their family's business and feel the responsibility of ownership.

Preparation for management roles was planned and strategic. Most next gens need more focus on developing their skills and understanding as future owners. Next gens indicated that they wanted to understand the financial aspects of share ownership at a younger age. More confident next gens result from a programme of infrequent but regular activities that engage them with the family business and its employees and other stakeholders.

Space for ideas

Next gens in the main have lots of creative ideas, but members of the senior generation, more often than not, did not recognise this potential or know how to create space for it. Next gens bring a different perspective that is vital for innovation. If senior generation members frequently dismiss ideas,

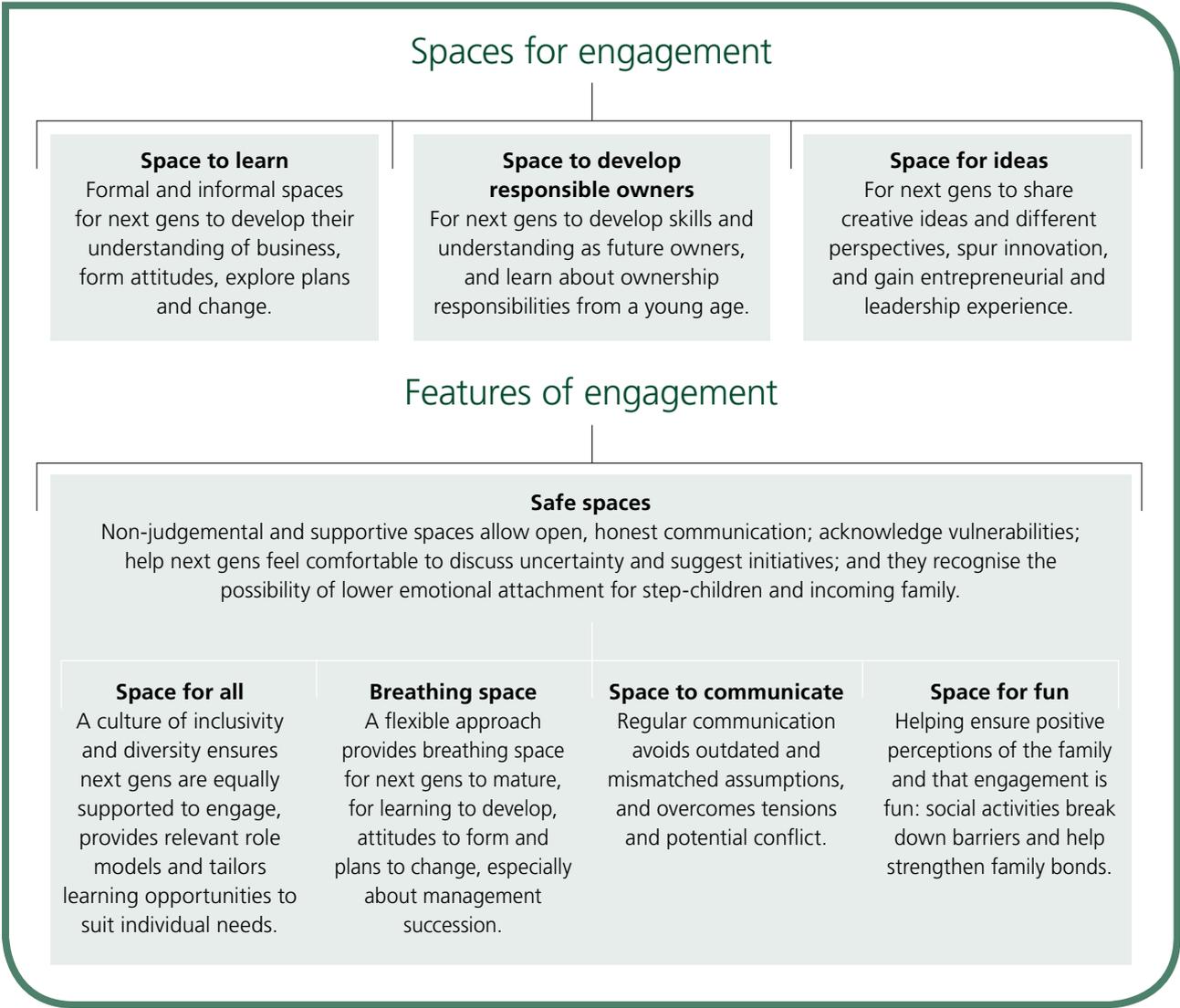
next gens will lose confidence and stop sharing them. In a recent study, the IFB Research Foundation examined entrepreneurial orientation of family businesses and identified the important contribution that the next generation could make to innovation within the business.² Pursuing their ideas provides an excellent training ground for the next generation, as well as potentially providing innovation that may enhance the core business.

Arenas for developing new ideas without risking the main business might include structured learning programmes, spin-outs and new venture creation programmes to give next gens entrepreneurial and leadership experience. Non-family mentors could be provided from experienced managers in the business to work alongside next gens in developing ideas, either inside or outside of the core business.

Features of effective next generation engagement

The three “spaces” fit within a learning context and have five requirements if next generation engagement is to be effective. These are space for all; breathing space; space for communication; space for fun; and, importantly, they should be “safe spaces”. Figure 1 summarises the themes and features in a diagram.

Figure 1: Effective next generation engagement



2. Wright et al. (2016).

Space for all

Diversity increases innovation and is associated with increased returns for businesses.³ Female next generation members were less likely to see a role for themselves in the family business. If most of the senior roles are currently held by men, women will not see themselves as fitting into that mould and family businesses restrict their opportunity to increase diversity.

Family businesses that are dominated by men should seek women mentors and role models outside the business to ensure that learning opportunities and ambitions are maximised for women and men in the next generation.

Breathing space

Members of both senior and next generations stated the importance of providing breathing space for next gens. The family business was a constant, even where senior generation members tried hard not to apply any pressure on next gens. A flexible approach is recommended to provide breathing space for next gens to mature, for learning to develop, attitudes to form and plans to change. Time out of a formal learning programme or time away from the family business was seen as valuable breathing space, as well as it being an opportunity to develop skills and experience elsewhere.

Space to communicate

Our findings demonstrated mismatches between the beliefs of different generations about the ambitions, contribution and understanding of the next generation. Families are beleaguered by assumptions about each other, sometimes based on comments, events or actions from the past. Next gens' attitudes and plans change, and their skills and experience are developing rapidly, particularly in their teens and twenties. Regular and frequent communication is vital to ensure that both generations are not acting on outdated assumptions.

Space for fun

Our findings also demonstrated the importance of next gens enjoying the family business. Ensuring that involvement in the family business is an enjoyable experience, that taking pride in family members is encouraged and that engagement is fun reduces anxiety and increases learning. Social activities were shown to be important in strengthening bonds between siblings, cousins and generations.

A safe space

Finally, learning is more effective when next generation (and senior generation) members feel comfortable enough to take psychological risks that reveal vulnerabilities and frailties, because they can seek support and feedback, and voice problems. In a safe space, people focus less on self-preservation and more on collective goals, are more ready to take the initiative, and to contribute ideas and actions confidently. Safe spaces are non-judgemental, egalitarian and trustworthy. Sometimes, next gens will learn more effectively in a space that does not include their parents.

3. Hewlett, Marshall and Sherbin (2013).

1 Introduction

Previous research by the IFB Research Foundation has highlighted that the state of family firms matters because they make up a large proportion of UK businesses and make a substantial contribution to the UK economy.⁴ The Foundation believes that the ability of a family firm to engage its young family members so they can become committed, educated and responsible owners is vital for the long-term success of family businesses. Next generation engagement has been shown to be critical in developing successors,⁵ and failure to engage the next generation of owners could place at risk the continuity of family firms.

Despite a widespread recognition of its importance and eagerness to understand the next generation's viewpoint,⁶ there are no widely accepted models of best practice or watertight theories of next generation engagement. However, there are concepts that help us to understand where we should focus our efforts and what we should examine. In this Introduction, we explain those concepts, aiming to provide readers with a good background for understanding our findings and recommendations.

Families in business that wish to secure the future viability and longevity of their businesses will want to educate the next generation to be responsible and committed owners. At the heart of families are births, growth, maturing and renewal. Families are thus by their nature dynamic and changing. Good parenting focuses on developing the next generation for adulthood and the various roles they might take in the home, workplace and society. Formal family business roles may be as owners, managers or employees. Additionally, family members without formal roles will also be connected to the business purely because they are members of the owning family, although not necessarily owners themselves.

The nature of engagement

The family business has been shown to be an effective training ground for developing entrepreneurial and business skills of the next generation, and previous involvement in the business has been shown to positively influence the succession intentions of young adults.⁷ Family businesses are, however, more complex than other business environments, and the next generation may face confusing and sometimes conflicting ideologies as they negotiate between family and business relationships, inter-generational pressures and expectations, and within their peer groups. So while effective next generation engagement can play an important role in the long-term success of families in business, both within existing firms and in new endeavours, it needs to be understood in the complex intertwining of business and family.

We are focusing on the next generation of potential owners of the family business, some of whom may undertake employed roles within the family business but many will not. Engagement is defined as any involvement with the family business, from joining in discussions at home to full-time employment

4. IFB Research Foundation and Oxford Economics (2015).

5. Miller, Steier and Le Breton-Miller (2003).

6. Sharma (2004).

7. Zellweger, Siegel and Englisch (2015).

and everything in-between. Engagement might be developed through a structured programme of activities, ad hoc involvement, or more likely a combination. Engagement could aim to develop the next generation as owners, build their business skills and knowledge for use inside or outside the firm, and/or develop them as successors for management positions.

Members of business families engage in their businesses to different degrees.⁸ When there are shared notions of where the business is going in terms of vision and what is important, family members are more likely to see the business as something that they engage in together.⁹ Previous IFB Research Foundation reports have highlighted the importance of stewardship, as a shared long-term commitment to looking after the business and to developing it for future generations.¹⁰ Stewardship explains the bonds between individuals working together to serve the interests of an organisation such as the family business.¹¹ Family members, acting as stewards, seek to protect the assets of the firm (or family), rather than pursuing interests that maximise their own personal gain.¹² Entrepreneurial stewardship extends this notion, as a concept of galvanising talents and resources within the family (or family business) with the vision of growing the family business. Where a shared vision or stewardship perspective is lacking, we are more likely to see individualistic, self-interested behaviours and less engagement.

Bonds and relationships

At the heart of the family business and any sense of stewardship, are the bonds and relationships that hold people together. These bonds and relationships are usually stronger between close family and friends and lead to shared, but often unspoken, understandings. Family members who interact frequently will have stronger ties and are more likely to have a shared understanding of business and family goals, beliefs and intentions.¹³ Shared vision is a key aspect in engagement with family businesses and it may include a joint commitment to stewardship. Where relationships are more distant there is less likely to be a shared (cognitive) understanding and self-interest will predominate.¹⁴ This is especially pertinent for family businesses that have more dispersed ownership, and is particularly important for family businesses once they reach the third generation and are more likely to be owned by a consortium of cousins.

Engagement from an early age helps to develop shared understandings of business and entrepreneurship across the generations. Family members who do not engage in the family's businesses may hold a more negative view and their understanding of business may be at odds with family members who had positive early experiences of the business.¹⁵ Less engaged family members have been shown to be physically and relationally more distant from engaged family members and they have less emotional commitment to the family business.

8. Stewart (2003).

9. Discua Cruz, Howorth and Hamilton (2013).

10. IFB Research Foundation and Tomorrow's Company (2011).

11. Davis, Schoorman and Donaldson (1997); Schulze, Lubatkin and Dino (2003); Westhead and Howorth (2007).

12. Donaldson and Davis (1991).

13. Ruef, Aldrich and Carter (2003).

14. Arregle, Hitt, Sirmon and Very (2007); Nahapiet and Ghoshal (1998); Pearson, Carr and Shaw (2008).

15. Discua Cruz, Howorth and Hamilton (2013).

Emotional commitment provides a sense of psychological ownership, which is the sense of owning something regardless of whether we have a financial stake in it. Family members who have no shares in the business may still see it as “our” business, just as football supporters see their team as “ours” and are committed to its success, despite not owning a single share. Younger family members may vary in their commitment to the family business, depending on their closeness to the business and other family members, and whether their exposure to the business has been a negative or positive experience.

Trust, norms and obligations

At the heart of relations between family members and the business are trust, norms and obligations. These will shape a person’s identification with the business and how they see their own identity in relation to it.¹⁶ Where trust, norms, obligations and identity are strong and focused on the collective, family members will be more committed to each other, and they may be more likely to engage in the family business, leading to an upward spiralling of trust. Good relationships between family members may increase trust, but where beliefs about the behaviour, work ethic or trustworthiness of other family members are negative, relationships could be beleaguered by conflict and emotional responses.

It was therefore important in this study of engagement in family businesses to capture these “soft” issues and seek a range of views, not just the senior generation’s perceptions and intentions. We analysed survey responses from 221 senior and 143 next generation members, and conducted focus groups of 14 next generation members and 6 case studies of family businesses that had reached the third generation, which included interviews with 16 senior and next generation members. A wealth of data is therefore available, and this report summarises the key findings and recommendations.

Following a review of our research methods and data sources, we examine first the reasons for next generation engagement, and then different experiences of engagement within a context of learning to be leaders. We use the concept of *space* to draw attention to how our interviews and survey results indicate effective next generation engagement involves providing space for engagement and learning (as outlined in Figure 1). We conclude with key recommendations and actions for family businesses to consider.

16. Pearson, Carr and Shaw (2008).

2 Our research methods

This section details the research methods that we used and the sources of our data. The findings are from analysis of:

- two surveys – one of senior generation family business members and one of next generation family business members;
- two focus groups of next generation family members; and
- interviews with senior and next generation family members in six case studies of family businesses.

A sample was constructed from the FAME database of companies registered with UK Companies House. Active, owner-managed firms with more than £1 million turnover were selected and a random sample of 1,900 companies were manually identified as family firms. Adding the IFB membership firms resulted in a sample of 2,212 family firms. A postal survey provided responses from 221 senior generation family business members. Firms averaged 79 years, ranging from 14 years to 466, and they ranged in size between 3 and 100,000 employees with an average turnover of £169 million. Firms had between 0 and 30 family employees and between 1 and 1,200 shareholders, with up to 80 family shareholders. Each family had between 1 and 26 companies in their control, with on average 2.4 companies.

A total of 143 young people identified as next generation family members responded to a separate online survey, which adopted some of the same questions as the senior generation survey in addition to questions only relevant to the next generation. The next generation ranged in age from 18 to 66 years old, but the 66 year old is an outlier and the average age was 26 years. Their firms' average age was 48 years.

The case studies were all from third generation or later family firms covering a range of industries and sizes. We selected some cases that we offer as best practice exemplars and others that illustrate particular situations, such as divorce in the family, that can present additional complexity for next generation engagement. All the cases are anonymised so that participants could express their views freely.

Two focus groups were conducted, including 14 next generation participants. The first was with members of the IFB Next Generation Forum. By their very nature, this group were active and engaged in their families' businesses. The second group were of students who identified themselves as next generation in their families' businesses. As will be seen in the findings, this group expressed more frustration and tensions around their engagement in the family business.

3 Why engage the next generation?

In this section we examine an objective measure of whether successful engagement affects firm performance, as well as senior generations' reasons for wanting to engage the next generation. We then look at the next generation's perspective on why they do, or do not, engage with the family business.

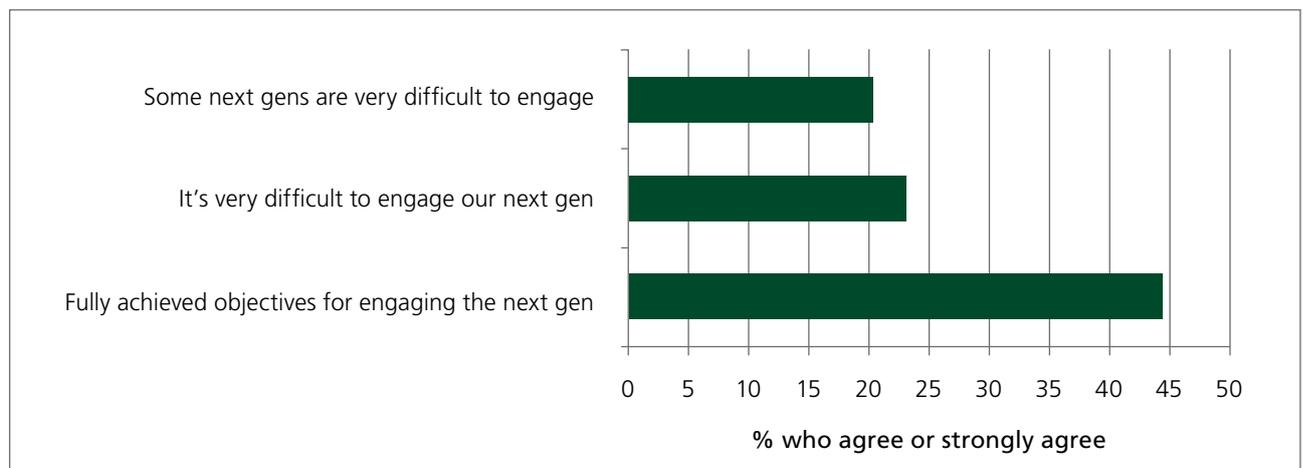
Does next generation engagement improve performance?

Seniors rated their success in engaging the next generation on a range of factors. Figure 2 shows that 44 per cent of senior generation members said they had fully achieved their objectives in engaging the next generation, whereas 20 per cent found that some members of the next generation were very difficult to engage.

We then tested whether success in next generation engagement was good for family businesses. Senior family business leaders were asked for their assessment of the success of their business relative to their competitors against a range of objectives. This provided an overall performance measure that weighted performance on each dimension by the importance of each objective for that firm.¹⁷

There was a significant positive correlation between performance of the business and success in achieving next generation engagement objectives, which indicates that better business performance is associated with better engagement of the next generation. Some caution in interpreting this result is required as we cannot test causality without collecting data across a long period of time. So high-performing family businesses may be better at engaging their next generation, or success in engaging the next generation may improve performance. It is most likely that effective engagement and performance create an upward spiral as each contributes to the other. There was no relationship between the size of firm and success in engaging the next generation.

Figure 2: How successful are you in engaging the next generation?



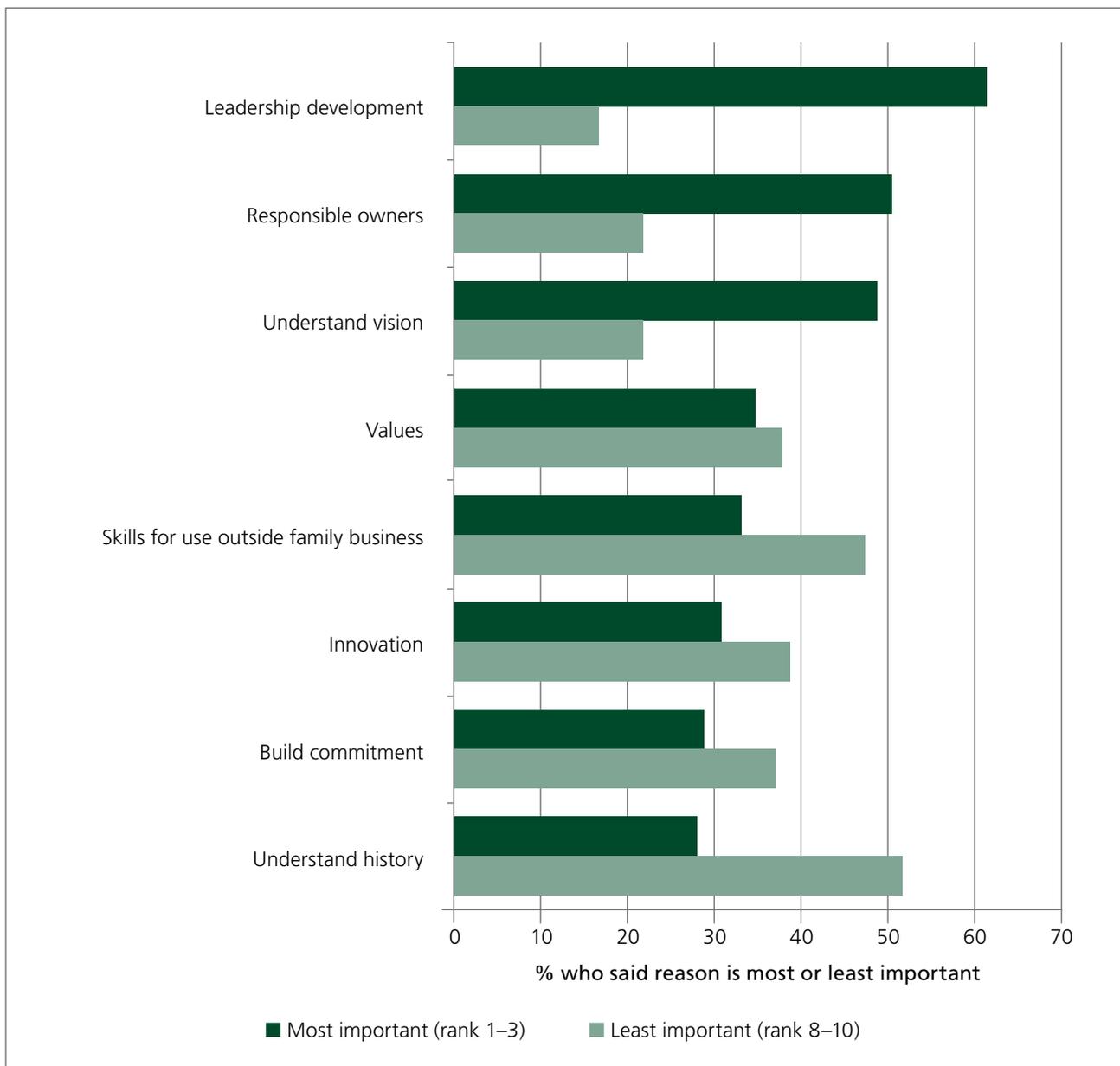
17. This "weighted aggregate performance" measure has been rigorously tested and shown to be a reliable indicator of overall firm performance. It is weighted to reflect each firm's financial and strategic objectives.

Reasons to engage the next generation

Senior generation family members were asked to rank reasons why they would wish to engage the next generation. The most popular reason was to develop potential leaders, followed by to develop responsible owners and thirdly to understand the vision (see Figure 3). Opinion was split on the importance of developing the abilities of the next generation who might not be employed in the family business, with some rating it highly and others as the least important. The senior generation were similarly split on the importance of helping the next generation to understand the family business' history. There were no significant patterns of particular reasons being more important for firms of different ages, sizes or gender of senior generation.

The most striking aspect was the huge variation in the perceived importance of each reason. Figure 3 shows that the same reason would be the most and the least important for significant groups of senior generations. Many people also provided additional reasons for engaging the next generation.

Figure 3: What is the most important reason for engaging the next generation?



Clearly, engaging the next generation is important to senior family business leaders for a whole range of reasons that vary with individual circumstances. A small number of seniors stated that they did not want to engage the next generation because they did not see a future for them in the business.

Why next gens do (or do not) engage

Turning to the next generation's perspective, Figure 4 provides the average score for a range of reasons why they might engage in the family business. Encouragingly for the future of family businesses, Figure 4 shows that the highest scoring reasons for engaging are that the next generation care about the business, they want to learn about it and they want to influence its future. In total, 89.2 per cent said that an important reason why they engaged in the family business was because they cared about the business and 70.3 per cent said that learning was an important reason. Fewer next gens focused on self-interested reasons. Nevertheless, 23 per cent stated that status was an important reason for engagement and 23 per cent said it was easier to get a job in the family business.

In order to provide more insight into the statistics, we analysed interview and focus group discussions. These are very valuable for providing an in-depth understanding of what is behind the statistics. Natalie¹⁸ (NxG) explained how the family business was a big part of her life, even though she had never worked in it:

“Because I’ve grown up with it and it’s been such a big part of my growing up and ... of my Dad’s family’s life, if it did remain in my family I would want to be involved with that.”

Charlotte (NxG) feels a sense of responsibility for the future of the business:

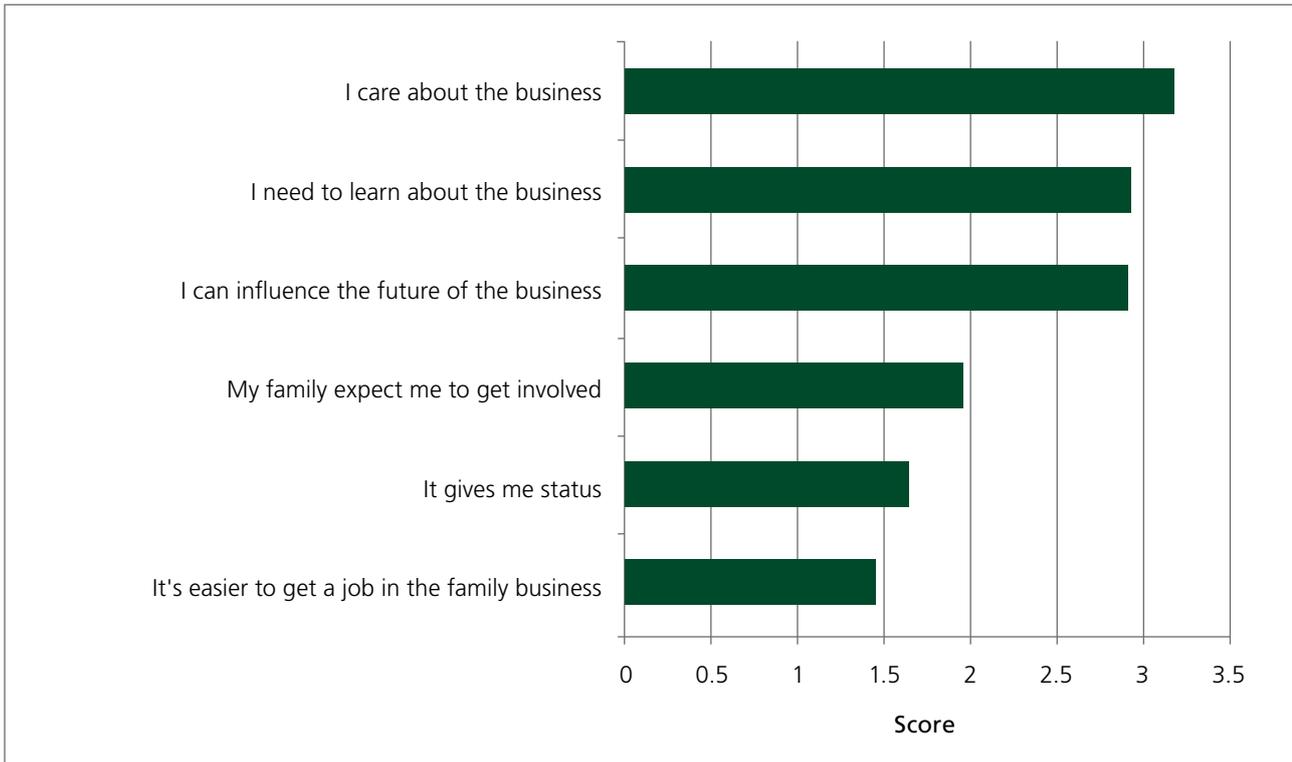
“I think I do feel a sense of responsibility. It is in a way exciting, but it’s all been there since I was young and so I’m ... used to the idea.”

Similarly, Figure 5 shows that the majority of next gens have a high level of interest in the family business, but a minority are not interested. It is worth noting that Figure 5 shows 63 per cent of next gens saying they wanted to be financially independent of the family business. There is also a strong interest in governance of the family business.

The care and passionate interest in the family business were striking in many of our interviews. David (NxG) was keen to point out that even though he was not the eldest son and less likely to take over management of the business, “I still care for the business”. Alfie (NxG) whose studies relate to the family business said he was looking forward to “doing a dissertation about something I’m passionate about”. And Ellie (NxG) was a passionate defender of her family’s business: “If people say awful things about it, I don’t like it because I know it’s my Dad’s.”

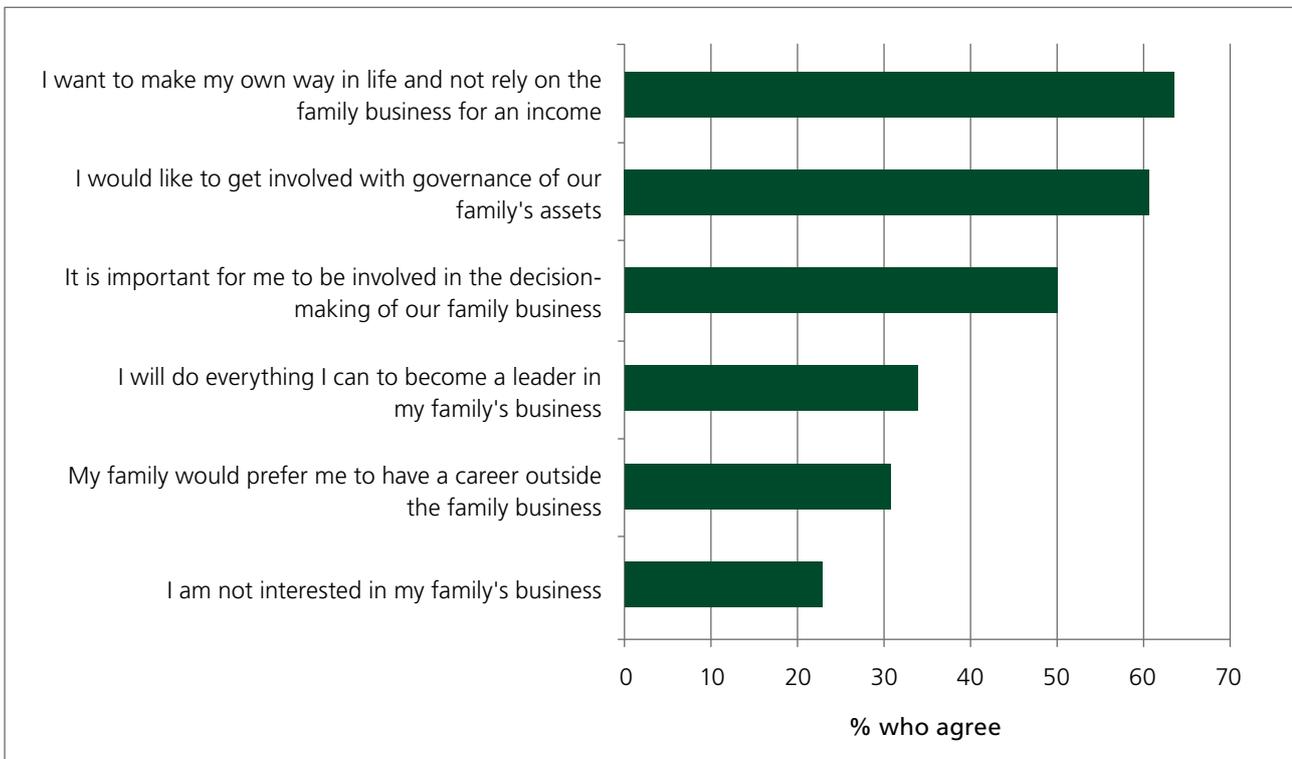
18. All interviewee and focus group names have been changed for anonymity. “NxG” and “Senior” indicate the generation quoted.

Figure 4: As a next gen, how important are these reasons for engaging in the family business?



Scoring: Average score on 1–5 scale where 1 = not at all important and 5 = extremely important.

Figure 5: How does the family business feature in next generation thinking?



Harry (NxG) also showed a strong attachment to the business and echoed the point made by Ellie, that because it was important for Dad, it was important for him:

“It makes a big difference in my life. We earn our family’s income from it and it’s a big part of my Dad’s life. Because I’m already a shareholder it has a much more direct impact on my life. So I really do want to understand it.”

Next generation members did not always believe that the senior generation realised the impact the family business had on them. Joe reflected that he felt that the senior generation seemed to take it for granted that the next generation, either due to age or degree of involvement, would not feel a strong connection to the business:

“One thing I’ve noticed is I don’t think that my grandparents and my parents understand what a big impact the family business has on me and my brother’s generation. I think they think [that] because we’re not part of it or we’re not old enough to be part of it. When we were children, we didn’t really care about it and yet it dictates pretty much everything I’ve ever done in my life.” (Joe, NxG)

4 Practices for engaging the next generation

In family businesses, leadership development from one generation to the next is a continual and dynamic process, with family members learning and developing knowledge and skills from ongoing everyday practices.¹⁹ Learning the soft skills that family business leaders require can be an informal form of apprenticeship,²⁰ passing knowledge and skills from one generation to the next. By engaging the next generation in the activities of the family business, opportunities can be provided to practise leadership in a relatively safe environment, thus providing the hands-on experience that is an important resource in how we learn leadership.²¹ Family businesses are in a privileged position in that they can offer such opportunities for younger family members to practise and learn leadership and business skills.²²

Figure 6 shows that next gens learn about the family business in many arenas. The most important are talking to family and work experience in the family business. Breaking these down a bit more we can gain insights by examining where talking to family occurs and the types of work experience undertaken. Work experience in the family business can be informal or formal. Informal engagement with the family business included visiting the business premises and doing unpaid work, which were the most frequent forms of involvement in the business; formal involvement included training, shadowing, paid work and work experience.

Many next generation members have full-time work experience in the family business and many have also worked part time. A relatively small 23 per cent of next gens had never worked in their family business. For some young family members the main motivation for work experience is earning money rather than a planned approach to building knowledge of the business.

Case study 1 provides an example of a business with a structured programme of providing work experience to the oldest cousins in the next generation. They undertake 1–2 weeks every summer in different parts of the business. One next gen member explained their experience:

“For the last four to five years I’ve been coming in during the summer holidays and doing about a week of work experience in the business. The week working in a store just stacking shelves was probably one of the lower points. I preferred some of the other things. But it was definitely worth learning what it’s like to do a more normal job – the sort of low-paid job that people start out at.”

Ellie (NxG), aged 20, currently works full time in her family’s business. Her ambition to work on super yachts had recently been curtailed by a knee injury. She has been trained in a range of departments of the family business and works as a general assistant, paid just above minimum wage:

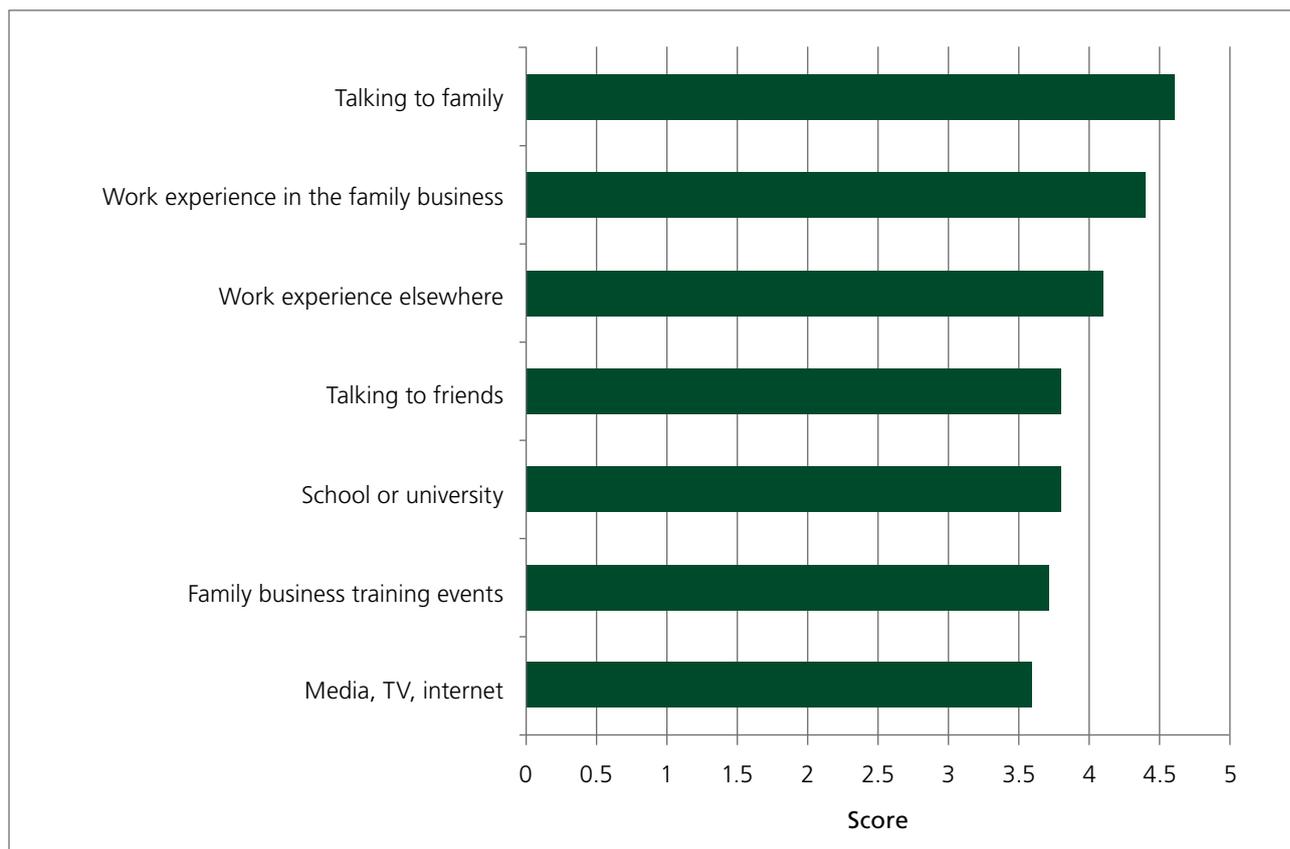
19. Hamilton (2006).

20. Kempster (2006).

21. Stead (2013).

22. Stead and Elliott (2012).

Figure 6: As a next gen, where do you gain your knowledge and understanding of the family business?



Scoring: Average score on 1–5 scale where 1 = not at all important and 5 = extremely important.

“I’ve already got a good taste of everything. I know how to go do things that other people don’t because they’re only trained in one area. My Dad’s offered me a management course, NVQ level 3, which would enable me to be in line for management positions. This is a new thing and I’ll be the first person to do it. My plans are a bit hazy at the moment. I do love teaching but I won’t be able to afford to get what I want if I just keep teaching sailing all my life.”

Many younger members of the next generation had “hazy” or unformed plans. For many young adults, the family business provides a breathing space where they can gain work experience and an income before setting out on a particular career path. Learning specifically related to preparing for family business leadership or ownership was less prominent in the minds of the younger next gens in their late teens and early twenties than it was for older members of the next generation who had already set out on a career within the family business.

Next gens also provide their skills to complement the family business. There is an expectation from some of the senior generation that if next gens had particular skills they would use them in the business on a voluntary basis. A next gen participant in one of the focus groups suggested this was a family expectation:

“I went to college and did business and then I’ve come here [university] and done business. So my Dad just expects that I know what he’s talking about or understand the things that he’s doing. So he’ll say, ‘Can you just look at this for me?’ – for example a spreadsheet or a contract – and I’ll say, ‘Yes, of course.’ That’s what it’s like, because it’s family.”

A structure for developing responsible owners

BigCo addresses next generation engagement through providing a structured programme of activities focusing on ownership, skills development and business understanding.

Although the business has a family employment policy, which gives family members “preferential rights” to gain employment within the business if there are available opportunities, BigCo’s CEO is keen to protect the next generation from pressure to join the business, and believes that it is important that next gens work out what is right for them.

The focus on preparing the next generation as owners is founded on a realisation that the best CEO for the business, given its scale, may not be a family member. As the next generation are expected to face more challenging ownership issues, the tactic is to engage them early. The next generation programme is available from around age 14 onwards and provides an “induction programme into the business” involving summer jobs, work experience, management training and external courses specifically targeted at the next generation. This structured programme focuses on enabling the next generation to understand the responsibility of being a company shareowner and to encourage them to think about working effectively together as shareholders.

Emphasis is on younger family members learning to become responsible owners and embracing the values of the company. The next generation is a dispersed group of cousins, which is expected to be challenging when the aim is to have a “cohesive family shareholding group.”

BigCo believes it is important to recognise that engagement will change at different ages. The family know from their own experience that maturing is a process over many years that may involve time away from the business.

Charlotte, aged 20, is studying management and formally started her involvement with BigCo at age 14 through structured next generation events and work experience. She has been more involved than other cousins because she is very interested in business. She gained work experience within the family business from a young age and then added external experience such as insight weeks at investment banks and internships in management consulting companies.

Charlotte wants to establish herself externally and is undecided whether her career will take her into BigCo or not. She stresses that there has been no pressure on her either way, although encouragement from parents is a big influence and being able to discuss issues and ideas is important. Charlotte’s mother, who manages the accounts for the family trust and has been in charge of running the next generation programme, has a strong influence and the family business is discussed at home.

Charlotte’s cousin, Colin, has also found the next generation programme “a good thing to do”. Recognising that his engagement is in part to please his parents, he has also found it motivating to learn about how the business operates. As a major shareholder, he says “It’s my future” and therefore important to understand “where my money is and where it is coming from”.

A number of next gens talked about the overview that work experience gave them. Work experience appears to have a lasting impact on the next generation. Most work experience is low level, and learning focuses on general work skills and character-building experiences. However, next gens take a broader view of the business than other employees and gain insights into the bigger picture, probably as a result of the insights they have gained from discussions at home:

“I’ve finished doing some work experience in the office here in January. I was working in accounts for about three weeks. I feel quite good because I got to see quite a lot of different things in the company through accounts. You could see how the business was performing.” (Harry, NxG)

Work experience can be ad hoc and just to earn money, or it can be part of a structured programme of learning and engagement with the family business. Structured next generation engagement programmes were more common among larger family businesses. They might include opportunities for paid work, volunteering, shadowing, training programmes, experience days and activities connected with AGMs and other shareholder meetings. The case studies on BigCo (in this section) and EngineerIt (see Section 8) provide interesting insights as regards two very large family businesses with structured programmes for next generation engagement. Charlotte has a very keen interest in business and has undertaken various work experiences. Natalie emphasises the social and fun aspects of engagement, whereas Colin engages to please his parents and in recognition of the need to understand the business.

Figure 7 provides an overview of the extent to which next generation members became involved in engagement activities in the previous two years. Nearly all the next generation have visited family business premises; some 80 per cent have undertaken unpaid work; 46 per cent have carried out work shadowing; 45 per cent have undertaken paid work; and 40 per cent have undergone some family business training.

Involvement in discussions about the family business, particularly at home and outside of formal business structures is also an important aspect of engagement. Over 80 per cent of next gens say they are involved in family business discussions at home and in informal settings. Families varied in how frequently family business was discussed at home, but there was no ignoring it. David (NxG) said:

“It’s looming all the time, it’s always in the back of his mind and in the back of everyone’s mind. Well, me less so because I’m not particularly going into it, but it’s always there.”

Natalie (NxG) stated:

“My mum isn’t really interested, she’s not close to it, but my Dad would be happy to speak to us about it. He’s very careful not to force it down our throats and lets us come to him to talk rather than him always persuading us.”

Figure 8 provides detail of how frequently next gens are involved in discussions about the family business in a variety of spaces. Discussions at home, in informal meetings and social gatherings are the most frequently occurring and the most popular arenas for discussion.

However, comparing senior and next generation perceptions of how often next gens get involved in discussing family business showed a glaring discrepancy between what seniors and next gens perceive

Figure 7: Next generation involvement in the family business

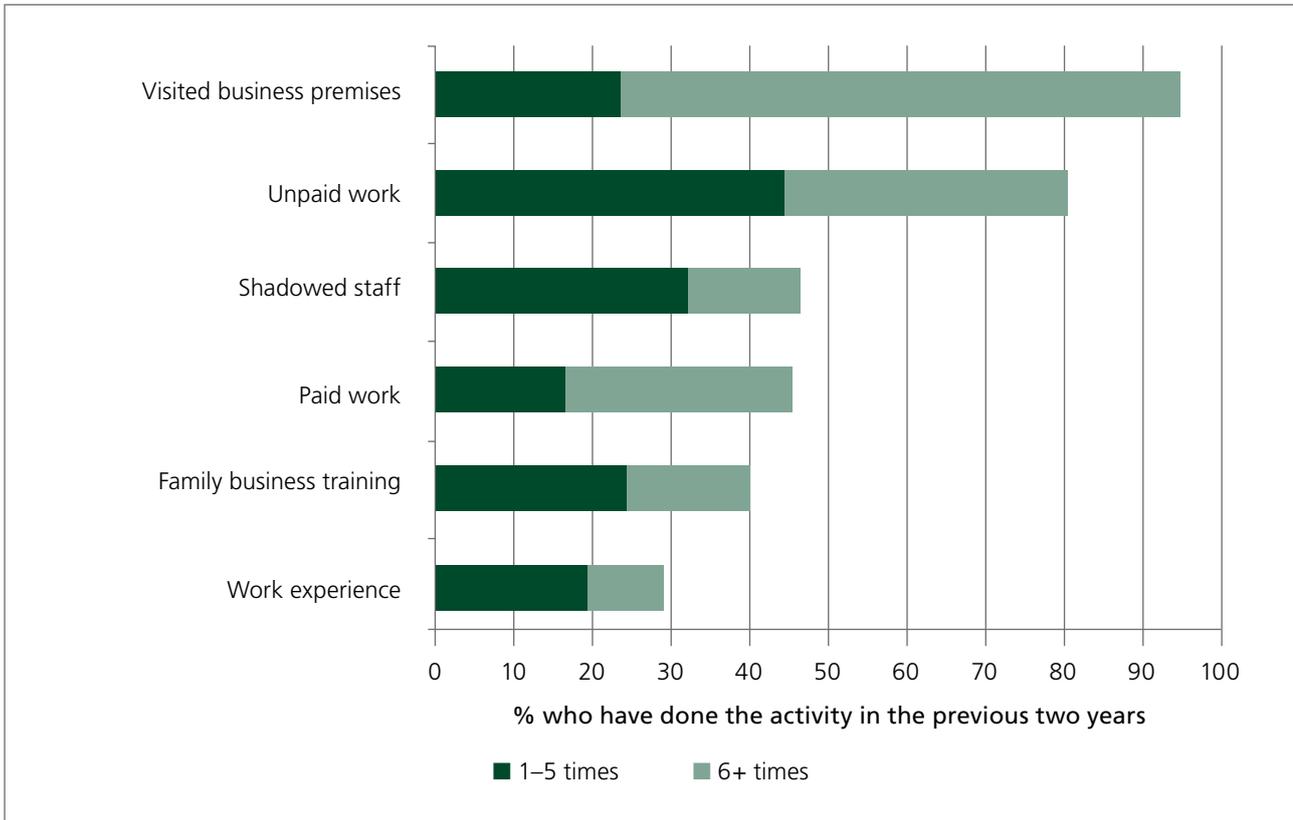
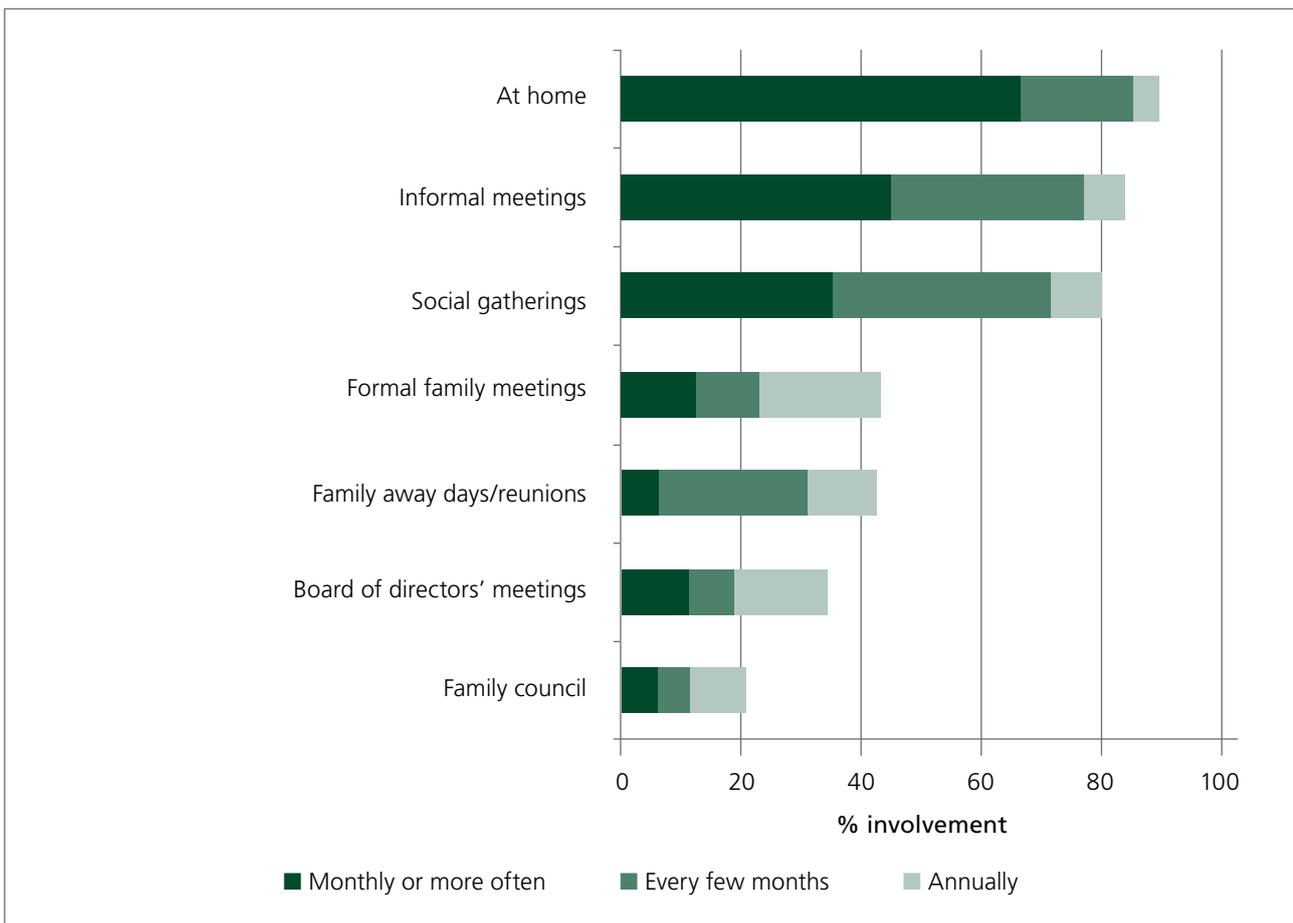


Figure 8: As a next gen, where do you get involved in discussions about the family business?

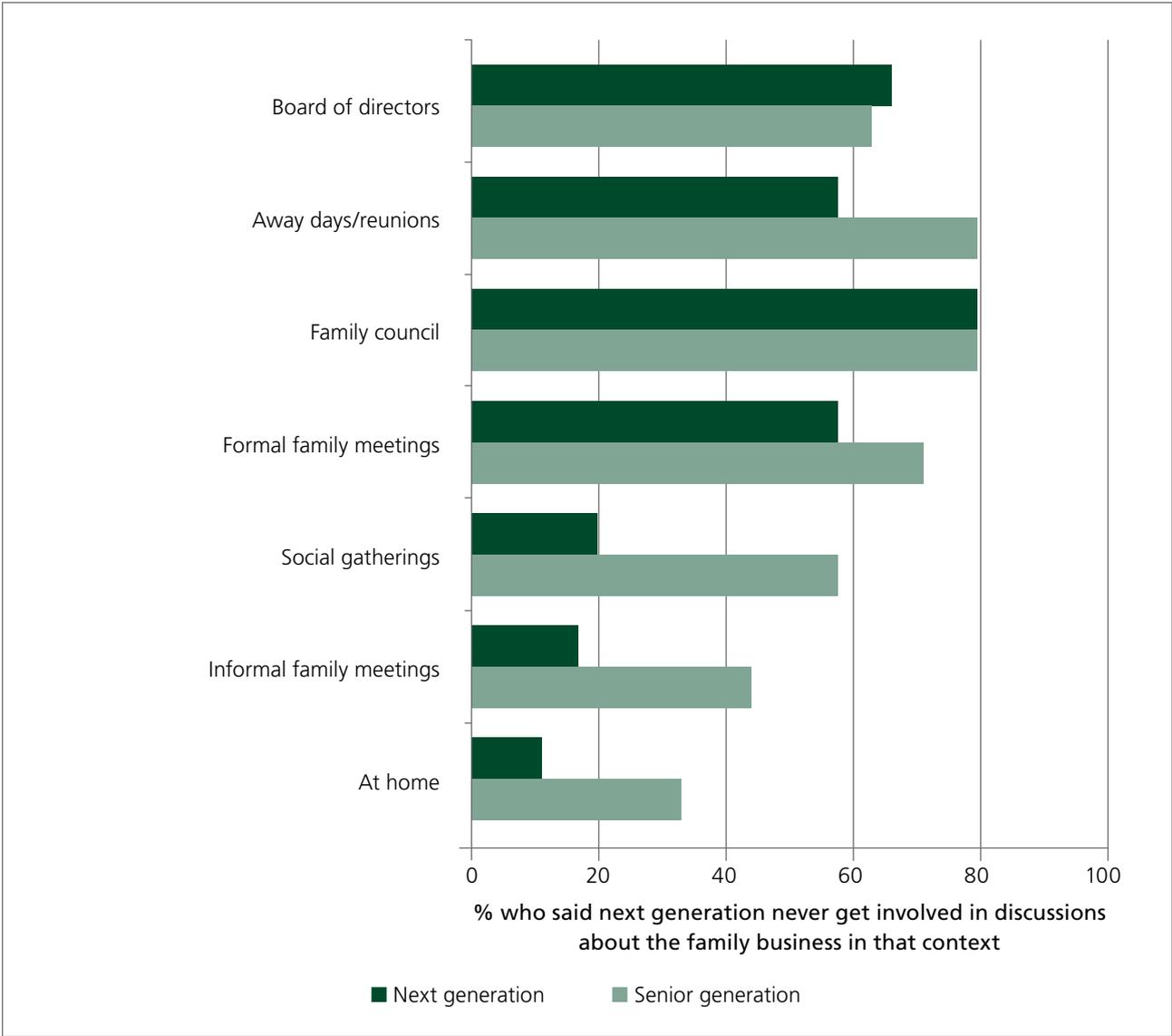


to be the next generation’s involvement in discussions about the family business. While there may be some differences in samples, this result is compounded because there is little discrepancy in perceptions of involvement in the most formal settings where records are kept (i.e. at the board of directors and the family council).

Figure 9 shows for each group the percentage that believes next gens are never involved in discussions in each arena. Very few next gens perceive they are never involved in discussions of the family business at home and in informal settings, whereas members of the senior generation perceive that a large percentage of next gens never get involved in such discussions. Many senior generation members are wary of discussing business issues at home: “We will discuss stuff at home but I won’t discuss difficult topics because I don’t want to bring those worries back.” (Alison, Senior)

The age at which families engage the next generation in the family business varies. Some involve young children in social events aligned to the AGM. Others wait until they come of age. Structured programmes tended to focus on early teens, young adults and above.

Figure 9: Comparing senior and next generation beliefs about next generation involvement in discussions



David (aged 17) will inherit shares when he is 21 but so far has never been to an AGM or shareholders' meeting:

“No, I'm not a shareholder so that's all adult stuff for me at the moment... I wouldn't really want to at this stage, because I'm still relatively young, but maybe when I'm my brother's age [22] then it would feel more proper.”

To summarise, next generation engagement is about learning, which occurs in formal and informal settings, including structured programmes, work experience and importantly conversations with family and friends. The following sections develop these themes and go deeper into our analysis to make recommendations for families in business in relation to next generation engagement. We examine the learning spaces of successful engagement and the features of those learning spaces in order to identify what families can do to ensure that next generation engagement is effective. The following section examines how families can provide the space to learn.

5 Provide space to learn

The previous sections have highlighted the different activities that provide arenas or “spaces” for the next generation to learn. In this section, we will examine the space to learn in greater depth.

Learning space should provide for specific needs. Sometimes, assumptions are made about what the next generation know, as we see in the Cheese-Makers’ case study (see Section 6). Next generation members often have a good understanding of the big picture because this is what they hear at home, or of specific problems and issues, but they may lack understanding of the day-to-day running of the business. In particular, family and non-family employees may assume that those coming into the business have an all-round knowledge and understanding of the family business and how it works. This can often not be the case, and the next generation felt they had limited understanding through working during school holidays and discussions with family.

Learning needs should be analysed, and not assumed, in order to develop appropriate plans. Frequent and regular communication is crucial to understand needs and motivations. Families are beleaguered by assumptions about each other, sometimes based on comments, events or actions from the distant past. Next gens’ attitudes, skills and plans change, often. Regular and frequent communication is vital to ensure that both generations are not acting on outdated assumptions.

Many of our interviewees expressed the need for space to be provided for learning to develop, attitudes to form and plans to change. Members of the senior generation were keen to ensure that the business did not impact negatively on family relationships:

“I would not want the business to destroy or damage any of the relationships with the children. So, that’s the absolute priority and I’d rather not be involved at all if there was any danger of that happening because I know how difficult it is.” (Mark, Senior)

Similarly, other owners are concerned about possible negative consequences for family where next generation members join the business but fail in their role:

“I’ve seen a lot of friends who go into family businesses who were not suited to go in there. It’s been a disaster for the business and for them. And I wouldn’t wish that on my kids at all, so I’d much prefer them to do something that they wanted to do rather than come into the family business if they didn’t want to do it.” (Martin, Senior)

Learning space needs to provide time to allow next generation members to mature. A common theme among the senior generation was recognition that the next generation require time away from the business to pursue their own interests. Some referred to this as giving them “breathing space”. Many of the next generation had not thought about joining their family business:

“Joining the business was the furthest thing from my mind until about six hours before it happened, the night before I decided to go into it, and I haven’t looked back since. It wasn’t a set plan.” (Hugh, NxG)

Creating breathing space for the next generation

Mark Richards represents the third generation at CivEng. Shaped by his own experience of coming into the family business after following a different career path, Mark is passionate about developing an effective succession plan to enable the next generation to pursue their own interests before deciding whether or not to join the business. Key to this is building in “breathing space”. Mark believes that at least ten years might be needed to ensure the next generation don’t feel pressurised to join and to ensure that the business continues.

Succession planning began five years ago when Mark realised that the demographic profile of the company was unbalanced, with a gap in middle management and no immediate successors to the management team or to the role of managing director evident. The next generation of family members were not ready or willing to join the business. CivEng has focused on recruiting and developing talent at all levels including identifying potential non-family directors. Clear career paths are possible for non-family members with the ambition and aptitude to succeed.

The next generation are supportive of the development of succession outside the family and they welcome the breathing space this affords them. They spoke of not being pushed or forced to join the family business, but rather being given the opportunity to work there. But at the same time they emphasised pressure to decide upon a career being exerted by their university, but feeling undecided: “Different ideas keep coming in and I’m still so unsure.”

Other next gens were clear that while this was something in the “back of their minds”, it was something for the future, to think about later. Breathing space can be a time for next gens to feel free from expectations of involvement and to provide thinking time about what their involvement might mean (see Case study 2).

While the senior generation professed the need to include breathing space and its importance for the next generation, there was also a sense that this breathing space was finite and that there would be a time when the next generation would need to make decisions about their involvement. In some cases, families establish policies requiring the next generation to spend a period out of the business before considering joining. This can create a tension between the desire to maintain family relationships, to give the next generation space and the hope to see the business remain in the family. Members of the senior generation were also concerned about putting pressure on their children: “I have sleepless nights, I do worry about it. How much it’s on their minds.” (Alison, Senior)

Nevertheless, despite the senior generation’s best intentions, the next generation feel pressure to engage with the business. Some 38.5 per cent of next gens said that pressure from families was an important reason why they engaged with the family business. Many members of the focus groups talked about a hidden pressure to join the family business, even though the senior generation reiterated to them that there was no pressure. Next gens talked about the business always being in the back of their minds. Many of them felt there was a clear assumption that they will go into the business, and many were also frustrated at a lack of succession planning by their senior generation. All these concerns led to a perception in some of the next generation that there was no time to develop and no breathing space.

6 Developing responsible owners

The future viability and longevity of family businesses depends on the next generation being responsible and committed owners. And yet, overwhelmingly, the topic of next generation engagement in family businesses led to discussions of management succession, not ownership. Family business owners often misunderstand the distinction between managing the business and providing corporate governance as shareholders to hold management accountable. The IFB Research Foundation has recommended that families provide age-appropriate financial learning and development programmes for the next generation to develop their financial fluency and their understanding of the legal rights, obligations and responsibilities of business owners.²³

Ownership succession

Very few interviewees discussed engagement in terms of ownership succession without prompting. Families appear to concentrate on succession for management and rarely separate it from ownership succession. And yet, many of the next generation will not be involved in management of the family business. While the two aspects of succession are intertwined, the requirements for development of the next generation are very different. Families particularly tended to ignore preparation for ownership when it was expected that some members of the next generation would be involved in management of the business. Ignoring the development of owners in preference to managers risks role conflict and confusion.²⁴

We have seen that next gens, in the main, care about their family's business and feel the responsibility of ownership. More confident next gens result from a programme of infrequent but regular, interactive and fun activities that engage them with the family business and its employees. However, next gens expressed mixed emotions and uncertainty about their role as owners of the family businesses:

“Being a shareholder is a bit daunting. I have a lot of help from my Dad about knowing what to do and getting advice. So I feel as though it should be okay, but it is a bit daunting. I'm definitely glad I'm a shareholder of the business but I'm just a little bit nervous about taking over in my own right and managing it all myself eventually. Most of it is still in the trust fund, but I haven't yet gone into detail about how that works.” (Colin, NxG)

Next gens were very positive about becoming shareholders and some were excited at the prospect, but generally there was a naïveté about the realities of ownership:

“The thought of getting shares in the business is awesome. Then you become an adult of the family and in that moment you become a greater part of it, you carry much more responsibility. You become more respected by those above you and have a higher social position.” (David, NxG)

23. IFB Research Foundation and Family Business Network (2007).

24. Aronoff and Ward (2002).

The responsibility of ownership extended beyond caring about what happened to the business as discussed above, but included a responsibility to act as parents might expect:

“I wouldn’t sell my shares to anyone outside the family. Even if I were to sell them back to the company then that would be betrayal because I’ve been entrusted. To not keep them would be an insult to the legacy.” (David, NxG)

However, generally, next gens demonstrated their understanding of ownership responsibilities was not as advanced as their knowledge of the business operations. They were much more eloquent when discussing the management and operations of the family business than its governance and ownership. For example, Alfie, aged 22 and already a shareholder in his family business, stated: “I think there’s a lot of shares in the trust, I’m not sure of the details obviously.” He and his siblings inherit an equal number of shares on their 21st birthdays but when asked if they knew whether they all got the same, they were uncertain (“I think it’s equal” (Ellie); “Almost certain” (Alfie)) and they were vague in terms of what their share of the company would be.

Even next gens who had taken part in a formal next gen programme expressed a lack of understanding of ownership issues and a desire to learn more:

“That’s [ownership is] something that I would quite like them to do something with, have an event or a session on the role of a shareholder. ‘How you can be a good one, what does it mean, what it involves’. In the future I will need to know more about it.” (Charlotte, NxG)

Clearly, there appears to be a gap in the knowledge of next gens around the specifics and in particular the financial responsibilities of ownership. Even where families participate in next generation programmes, there is a need to provide better understanding of ownership. Communication on ownership was more vague than elements of the business operations.

Management succession

In contrast, management succession was more conscious, planned and strategic, particularly once the next generation had formally joined the business. An effective method of assisting next gens’ learning within the business was to involve non-family as mentors, including direct line managers:

“I made sure he didn’t work for me. He worked for my second in command, Dominic. So, he was always under Dominic’s wing and I never gave him any instructions or any criticism at all.” (Charles, Senior)

Management succession plans need to be flexible because people change their minds and businesses change direction. Many of the next generation were concerned about how they would be perceived by employees, and that they would be seen as being advantaged. Often, the reality was that they had been welcomed:

“I was amazed by the fact that my coming back to the business was actually greeted as a great sign of succession and it was very, very positive because it meant there was going to be continuation. So, rather than saying, ‘Oh, he’s being groomed; this is not fair; he’s taking over’, it was quite the opposite.” (Mark, NxG)

The skills that the senior generation believed family members needed to develop to succeed as managers within the family business related to vision, leadership and gaining the respect of employees and customers:

“He’s got to have a vision himself, that the main thing.... He’s got to see opportunities and take opportunities.... And he’s got to be very personable, be respected by employees and respected by clients.” (Charles, Senior)

Family members often had beliefs about which members of the next generation should be developed as future leaders of the firm. However, it was striking that senior and next generation members were not always aligned in their expectations. As stated earlier, plans change, skills and interests develop and the senior generation are in danger of acting on outdated assumptions if communications channels are not robust.

Siblings might have a better insight than their parents into the hopes, expectations and skills of individual members of the next generation:

“My brother and sister will probably run it together. That has happened before with the three brothers back in the sixth generation; they managed to run the whole business without any conflict at all so, if they do I won’t be surprised. [My brother] tells me he doesn’t really know what he wants to do with his life and he’s not sure he wants to take over the family business. I think he has a huge responsibility being the eldest son. Taking over is just like tradition.” (David, NxG)

Similarly, there might be fixed assumptions that particular members of the next generation are not interested in the family business when they have not yet decided.

Clearly, ideas change and young adults may be unsure of what they might do in the future. Succession plans therefore need to incorporate sufficient flexibility. More importantly, channels of communication need to remain open and space needs to be provided where next gens can have open, honest conversations about their thoughts, changes of plan and uncertainty. (Case study 3 provides an example of a flexible, inter-generational strategy for management succession.)

Engagement via employment: “It’s about trust”

When Alison Wright’s sons decided they wanted to join the family’s third generation cheese-making business it heralded the start of both generations working closely to develop a management succession strategy, including for Alison an exit strategy for her as CEO. Key to this approach is trusting that her sons will want what is best for the business in the long term.

The family are building this trust in different ways. Formal processes include developing a restructuring plan that she and her sons can sign up to, and identifying her own remit going forward “to clear the tracks”. An important aspect is developing the strategy, and trust, over time. Restructuring plans have been under discussion for the past year.

Alison was clear that her younger son, and not his brother, was the likely future CEO. She believed that open communication about what was best for all ensured both sons were quite happy with this proposition. In particular she was concerned to focus on suitability and skill set, making sure that the succession process involves the next generation gaining sufficient experience and confidence to take on the right roles for them in the future. Informal processes play a part; building in opportunity for the next generation to talk every day with senior family and long standing non-family members of the business.

However, informal learning processes have limitations. Hugh, who is currently Operations Manager, observes how his knowledge was confined to strategic issues and problems. One of the biggest challenges going into the business as the dairy supervisor, he felt, was having to resolve cheese-making related issues because he did not have sufficient knowledge. There was an assumption, he believes, that because the family would discuss business at home, that he would have the necessary understanding to deal with everyday problems. Although he found the background knowledge he had gained from informal discussions really helpful, he pointed out that most conversations centred around “high-level stuff”, including difficult strategic or management issues. So although he felt he had the “top 10 per cent knowledge” to deal with difficult problem-solving, he was lacking the “bottom 90 per cent”, the basic information that he believed staff would build up over a period of time.

Employing both formal and informal processes, the next generation develop a detailed picture of what the business is and where the challenges are. As Alison’s son Hugh observes, this helps to develop “the right cultural fit ... because the right cultural fit will continually try and develop the business, which is going to safeguard everything.”

7 Space for ideas: Entrepreneurship and innovation

A recent IFB Research Foundation report examined entrepreneurial orientation of family businesses and identified the important contribution that the next generation could make to innovation within the business.²⁵ The report recommended involving the next generation in the business:

“... giving them space and encouragement to foster entrepreneurial developments to enhance the business. The next generation may have identified potentially profitable opportunities from their experiences working inside or outside the family firm. These opportunities may involve either developing the core family business or creating ventures in new areas under the umbrella of the family firm. Pursuing these activities can be an invaluable training ground for when their turn comes to take over the reins.”²⁶

The findings of our study echo and support this element of the report into entrepreneurial orientation of family businesses.

Many families engage in portfolio entrepreneurship and create, acquire and develop businesses with varying permutations of family ownership and management,²⁷ which provide opportunities for younger family members to develop business skills and interests. Focus on one business entity therefore fails to acknowledge family members who may be involved in the family’s entrepreneurial endeavours in a variety of ways.²⁸ Family members’ engagement in their business may not be formal and can sometimes be “invisible” to the outsider, with family members undertaking a variety of roles, functions and activities particularly when new businesses are created or developed.²⁹ Invisible roles are particularly relevant to women in the family business, where often we still see that the men of the family are the figureheads or “face” of the business.

While family entrepreneurship can provide a vehicle for junior family members to fulfil their entrepreneurial ambitions, this could be dominated by the older generation, and younger members may become frustrated with expectations that they should defer to older members.

There is growing interest in the way shared entrepreneurial endeavours can contribute to the long-term development of family businesses.³⁰ Families might build a business portfolio using family knowledge and resources;³¹ inter-generational entrepreneurship and family can act as incubators of nascent (new)

25. Wright et al. (2016).

26. Ibid., at page 39.

27. Discua Cruz, Howorth and Hamilton (2013).

28. Howorth, Jackson and Discua Cruz (2014).

29. Hamilton (2006); Rosa (1998).

30. Pearson, Bergiel and Barnett (2014); Sharma, De Massis and Gagne (2014).

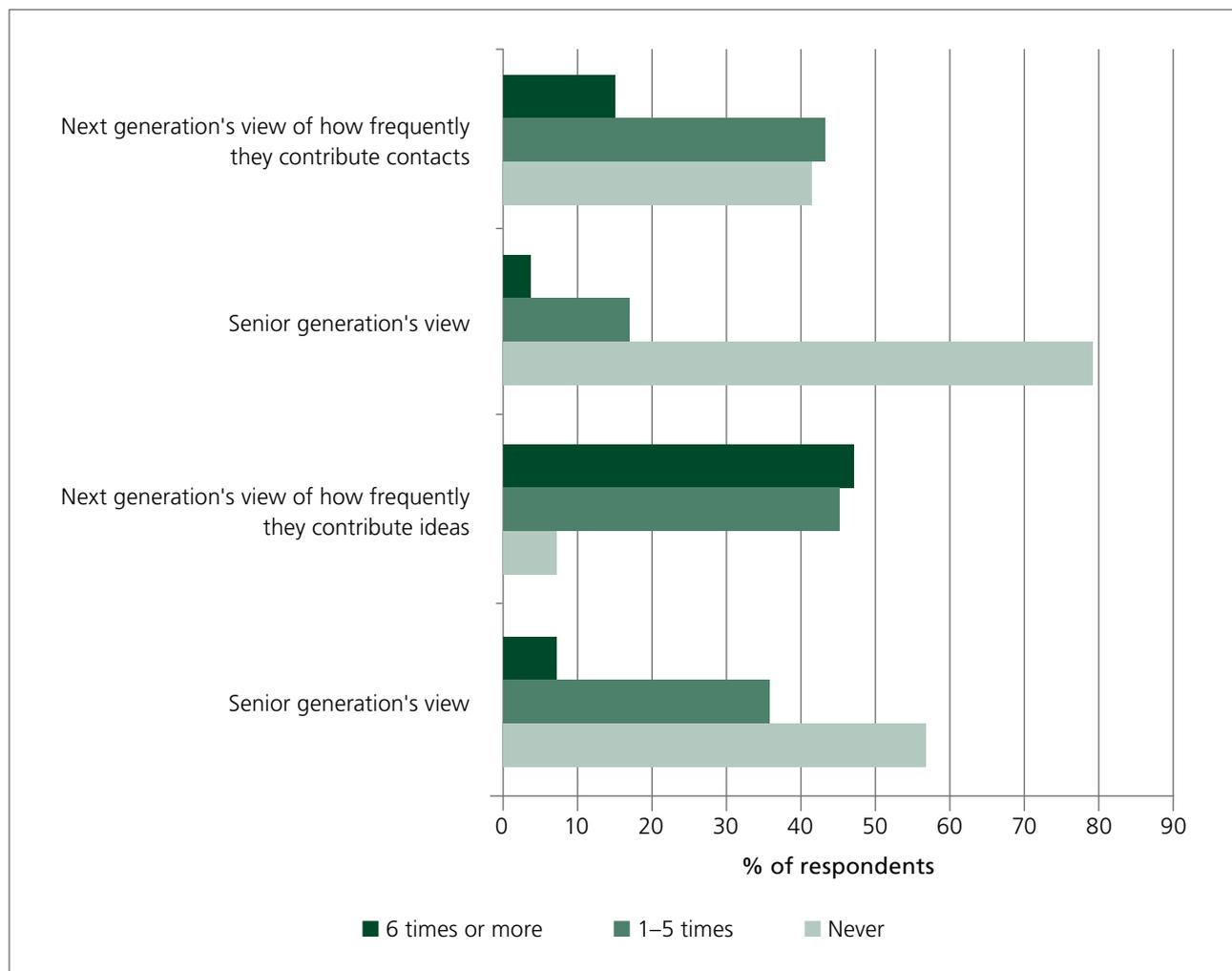
31. Alsos, Carter and Ljunggren (2014); Michael-Tsabari, Labaki and Zachary (2014).

entrepreneurs;³² and a family entrepreneurial culture might provide strategic direction³³ and resilience in changing environments.³⁴ The inter-generational perspective gives families an advantage because younger and older members will have very different personal and professional networks, in contrast to other business start-ups which are likely to be composed of people from similar age groups, and the mix of young and more senior members provides diversity of ideas and innovation. However, older generations may be more risk-averse and quash the ideas of the next generation, which might block creativity.

Where stewardship relationships predominate in family businesses, behaviour and opportunity seeking will be in the interests of the organisation as a whole. However, where individually driven interests prevail, senior and junior generations will focus on what is best for them individually, which may be to the detriment of the organisation.

Figure 10 highlights a striking discrepancy regarding the next generation’s contribution of ideas and contacts that help the business. The next generation believe they contribute frequently, whereas the senior

Figure 10: Comparing next and senior generations’ views on the contribution of the next generation



32. Le Breton-Miller, Miller and Bares (2015).

33. Craig et al. (2014).

34. Reisinger and Lehner (2015).

generation believe it is not often. If the senior generation dismiss younger members' ideas as irrelevant or not appropriate, it undermines the next generation's confidence in bringing ideas to the table.

Our analysis suggests that this is the case and leads to frustration and anxiety in the next generation. For some of the next generation, they were frustrated because it seemed that the ways in which they could contribute to developing the business were ignored or not acknowledged. The next generation were concerned about the dangers of adhering to dominant ways of thinking and acting, and sometimes perceived the business was in need of radical change.

The lack of innovation in some businesses made it unattractive for the next generation and led to uncertainty about whether they wanted to be involved in the family business:

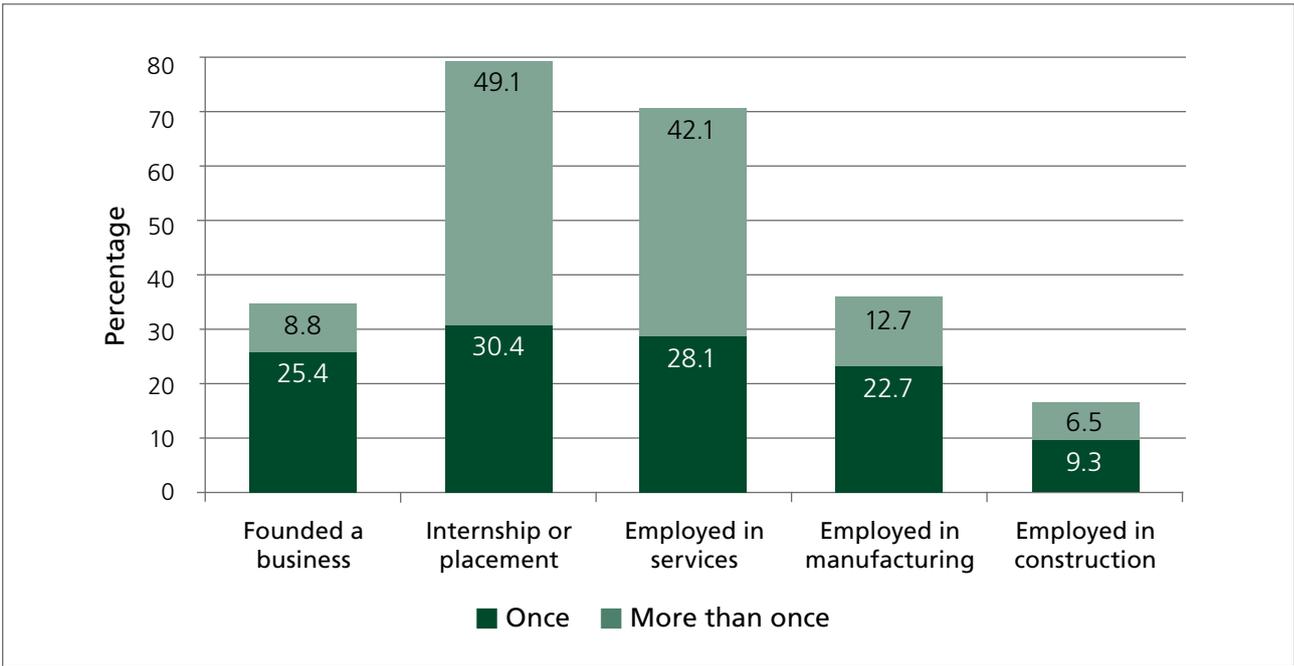
“Tradition has almost killed the [family] business, I think.” (Joe, NxG)

“If I was to inherit the family business I think one of the best things is, trying to get the generation that's gone before you out of the door as quickly as possible, because like I say, my Dad is very stuck in his ways.” (Tony, NxG)

“Just do things differently.... He definitely does need to move on, adapt to all the technology and how things are.” (Gail, NxG)

Next gens have lots of creative ideas. Moreover, the next generation have significant work experience as shown in Figure 11. Only 4 people had no work or entrepreneurial experience and 89 per cent had experience in two or more categories. The next generation bring a different perspective, which is vital for innovation. If members of the senior generation frequently dismiss ideas, next gens will lose confidence and stop sharing ideas. Fostering the important contribution that the next generation can

Figure 11: Business experience of the next generation



make to entrepreneurial orientation within the business provides an excellent training ground for the next generation, as well as potentially providing innovation that may enhance the core business.

Arenas for developing new ideas without risking the main business might include structured learning programmes, spin-outs or new venture creation programmes to give next gens entrepreneurial and leadership experience. Non-family mentors could be provided from experienced managers in the business to work alongside next gens in developing ideas.

8

Features of effective learning spaces

Next generation engagement needs to provide space to develop learning, responsible owners, and ideas for entrepreneurship and innovation. Analysis and earlier discussion highlight five consistent features that enable learning, and thus next generation engagement, to be more effective. These five required features of effective next generation engagement are: space for all (or inclusive space); breathing space; space to communicate; space for fun; and, underpinning the other four, spaces that are safe.

Space for all

Leadership learning is influenced by the macro-environment and cultural and social norms, expectations and behaviour patterns, including those related to gender and ethnicity. Learning development and identification of leaders may be constrained and enabled by gendered power relations.³⁵ There is still an assumption in many family businesses that men are the natural successors.³⁶ Frequently, women have to perform additional work in order to fit in and gain acceptance. In family businesses leadership, power and authority often remain invested in male heirs, resulting in a “gender gap” in the succession intentions of younger family business members, in that women are less likely to wish to take over leadership positions within the business.³⁷ This is even more pronounced where the leader of the business is their mother. Women are less likely than men to engage in businesses associated with heavy industry.³⁸

Marginalised or under-represented groups and family members may lack role models and consequently find it much more problematic to engage in the family business. Male and female family members have different influences on the attitudes towards business held by young adults; in particular, male relatives dominate discussion about who has influenced young adults’ attitudes towards business, but specific male relatives’ roles are either strikingly positive or negative.

We found that female members of the next generation were less likely to see a role for themselves in the family business. Diversity increases innovation and is associated with increased returns for businesses.³⁹ Family businesses that are interested in innovation need to recognise the importance of diversity and the dangers of homophily in their structure of family involvement in the business.

If most of the senior roles are currently held by men, next generation female members will not see themselves as fitting into that mould and family businesses restrict their opportunity to develop to their full potential.

Members of the senior generation can unconsciously emphasise the male model of family business leadership, for example by always using the male pronoun when referring to CEOs and future leaders.

35. Stead (2014); Harrison, Leitch and McAdam (2015).

36. Hamilton (2013); Stead (2015).

37. Zellweger, Sieger and Englisch (2015).

38. Howorth and Ali (2001).

39. Hewlett, Marshall and Sherbin (2013).

Charles exclusively used the pronoun “he” in this context, despite the fact that of his 19 grandchildren, 8 are girls.

Table 1 shows that this is reflected in expectations about future successors. In our study, only 15 per cent of firms who had identified their future CEO had selected a woman successor and only 24 per cent of those who had identified a future chair had selected a woman.

Table 1: Future successors

	Successor will be a family member	Successor will be a woman
Future CEO identified	62%	15%
Future chair identified	72%	24%

If the majority of senior roles are taken by men, women do not see anyone who looks like them – i.e. they see “man-shaped” spaces at the top of the organisation. Family businesses that are dominated by men should seek women mentors and role models outside the business to ensure that learning opportunities and ambitions are maximised for women and men in the next generation. Learning programmes can be designed to provide more female role models and cases. Families should also be alert to other groups or individuals who may perceive exclusion.

Breathing space

The importance of breathing space was highlighted in Section 5 (“Provide space to learn”). It not only captures the idea of space for the next generation to go out and follow their own paths and to perhaps plan for their involvement, but also describes a breathing space for the business and allows plans for succession to be established. The CivEng case study in Section 5 provides an example of the next generation being given space to develop by using non-family employees. In the case, the succession plans are geared to providing security for the business, but cannot guarantee that the next generation will engage:

“It’s safe for another five, six, seven years probably. I’d love it to carry on. We’re now in the third generation and it would be nice to keep it in the family, but again, that is something that might develop; it might go out of the family if no-one comes along.”

(Charles, Senior)

Space to communicate

The importance of communication in family businesses is repeatedly stressed. Our analysis highlighted discrepancies between the perceptions of senior and next generations across a variety of topics. Lack of communication fails to highlight learning needs, leads to misunderstandings and outdated assumptions, and reduces the possibility of shared vision. Frequent and regular communication is even more important when families are going through periods of change, such as divorce, remarriage or death.

Relationships between the family business and second or later spouses and step-children have the potential to be weaker, even with the best will in the world. Spouses and step-children who join the family at a later stage will not have the same early experiences of other children and may have weaker bonds with other family members and lower emotional attachment to the family business.

One of the case studies provided a classic example of particularly sharp rivalries between step-brothers and sisters. The seventh generation owner and father of three remarried over ten years previously. His intentions were that all five children would be treated equally but his step-daughters were much less attached to the business than his other children. He says:

“I’ve got two step-children and they’ve never expressed the slightest interest in anything to do with my side of the family and we don’t get on very well. Neither does my wife: she doesn’t support the business and isn’t really interested.”

His children expressed their rivalries more sharply:

“They’re not really part of this.... No, they haven’t been here in years.”

“Staff used to say they’re a nightmare. We’ve been brought up differently. Our Dad has worked so hard to get to where he can give us what we want. We have to be appreciative of that.”

Another case showed that it is possible to overcome the tensions and potential for conflict around divorce. The ex-son-in-law (ex-husband of a divorced daughter) worked closely with his ex-father-in-law in a senior role in the firm:

“My [ex] son-in-law I’m very close to; he tells me what’s going on. When I go out on a job I go out with him because [son] doesn’t look after jobs now; I go out with my son-in-law.”

Families with divorce, remarriage and step-children in the mix will be more successful in engaging the next generation if they recognise the lower emotional attachment that might exist, and address it by providing space to communicate and share hopes, needs and expectations.

Space for fun

Learning is more effective when it incorporates a sense of fun and enjoyment. It is important for families in business to incorporate a sense of fun into the learning environment, which works to build relationships, break down barriers and increase the sense of safety to be honest and open, as stronger bonds are built between family members. Feeling safe is associated with confidence in and trust of others, and enables effective learning and decision-making because it allows difficult issues to be raised without fear, anxiety and ridicule. Case study 4 highlights a family business that understands the value of ensuring that next generation engagement is enjoyable and relaxed.

“Make engagement fun and flexible”

“EngineerIt” is a 100-year-old engineering and facilities company founded by the grandfather of the current third generation. The fourth generation range from small children to adults in their 30s. Currently only one family member works in the business and is a director, but not CEO. The family do not expect that family executive roles will increase in the future, so development of the fourth generation is focused mainly on their role as future owners. A structured plan aims to increase their understanding of the family business through attending AGMs, work experience in the family business, and a series of training and interaction days.

Members of the next generation are encouraged to attend AGMs, which are designed to also include family social time and events, at which a large pool of cousins meet up with each other and other family members and have fun. The next generation find the social side is enjoyable and “a good way to stay in touch with everyone”. Involvement in AGMs and associated activities becomes more voluntary with age but older cousins continue to engage because they enjoy and value the experience.

Members of the senior generation are keen to engage younger next gens also in work experience at EngineerIt, as a way for them to get “a taste of what the business does”. Interaction days involve the next generation spending days as apprentices in different lead offices, and working with employees in a range of different roles and levels in EngineerIt. After being picked up by an employee of the business, a group of next gens spend the day on site, having tours and learning about different sectors of the business.

Next gen member, Natalie, is completing a university degree and currently considering next steps, which could include becoming more involved with the business, but this has never been a clear objective for her. With the prospect of more time over the coming summer, becoming more involved in the family business is a possible option alongside other commitments. Natalie sees her future role as an owner not employee, but she is keen to understand more of the business. She values her exposure to the business through the AGMs over the past five years, particularly in terms of her social development/awareness and the family collective.

Natalie has completed a few weeks of work experience and interaction days, and values the opportunity to meet people at all levels in EngineerIt and understand the structure of the business. There is no pressure to join the family business, and it is not routinely discussed in the home context. Natalie explains that her Dad is always open to discussing the business, however, particularly around AGM times.

Although she is not certain of where her future will lead her, and becoming a leader of the business is a far off prospect, compared with her university friends Natalie is conscious of the enhanced business awareness her background has given her.

Safe learning spaces

Families and family businesses involve status, hierarchy and different levels of authority. Young adults might be reluctant to admit uncertainty in front of more senior family members, older cousins, siblings or non-family employees. Learning is more effective when next generation (and senior generation!) members feel comfortable enough to take psychological risks that reveal vulnerabilities and frailties, because they can seek support and feedback and voice problems. In a safe space, people focus less on self-preservation and more on collective goals, they take initiative and contribute ideas and actions confidently. Safe spaces are non-judgemental, egalitarian and trustworthy. As we have seen already, sometimes generations differ in their assessment of the same situation. Sometimes, next gens will learn more effectively in a space that does not include their parents.

Next generation family members expressed a number of stress-points, many of which were related to expectations of others. A lack of preparation or sharing plans that the senior generation may have concerning the future of the business and the involvement of the next generation were sources of concern and worry. A participant in one of the focus groups commented that there seemed to be a plan in place but that this was implicit rather than explicit:

“Succession hasn’t really been discussed with my Dad and my uncles, but there’s kind of a structure in place. My Dad’s the oldest; when he goes his brother will take over and then there’s my cousin, then he would be the next in line, and then it would be me, but it’s never really been openly discussed.” (Terence, NxG)

Another focus group participant highlighted the lack of discussion or engagement around preparing the next generation as a deeply emotional issue involving making difficult choices that would inevitably upset some family members:

“What’s hard about the family aspect is nobody wants to upset anybody. My Dad is trying to pass it on, but he just doesn’t discuss it with us. Then who does he choose between me, my brother and my sister, or my uncle who has been in the business, or somebody else? It’s hard. I think he would rather not have the conversation.” (Catherine, NxG)

Anxieties of the next generation in taking on a role without preparation were also evident, as were the implications of their lack of preparation:

“When I asked him [my son] to take over he said, “No, I couldn’t; it’s too big for me.” He said, “I could probably manage half the size.” I said, “You can’t do that Mark. You can’t halve the company. You must take over all or nothing really because you can’t get rid of half your men.” (Charles, Senior)

To resolve this situation, Charles agreed to remain as a director of the business for a further couple of years to provide guidance and to act as a sounding board to his son when needed. This transition phase in the handover of management responsibilities was complete within five years, by which time Mark was realising the business’s potential and had grown it by 50 per cent.

For many next gens, the family business could present a daunting prospect. Mark's story highlights his concerns about his ability to manage the company, as well as concerns of not being prepared for the responsibilities that attach to being in charge of a business.

While there appeared to be a lack of preparation and grooming for the next generation, there was evidence from the senior generation that they had thought in some depth about how the next generation would be involved, even if this was not shared with them. Parents sometimes avoid talking directly to their offspring, using a third party to convey messages:

“And he [my son] came to me one night – by then he wasn't living at home and his mother had talked to him; I thought it better coming from his mother than coming from me because he didn't want to work for his Dad. And she said, 'Do you know what you're missing, you've got a good company there; a really good company; you could be part of it; think about it.'” (Charles, Senior)

Many of the next generation interviewees and focus group participants expressed stresses and concerns that they had not necessarily shared with other family members. Next generation members can feel huge pressure when a parent is seen to be developing the business with the next generation's future in mind, raising expectations that they will become involved. Also, family members, even if they do not have a formal role in the business can feel affected by it:

“When it's going good, it's good at home. When it's going bad, it's bad at home. My Dad stresses out, just starts shouting everywhere. You can tell he's had a bad day at work because he'll come home and just start shouting, just demanding unreasonable stuff ... and then ... next weekend, you'd better be at work, otherwise you're in trouble.” (Tony, NxG)

Further, the next generation felt that their feelings and contribution to the business were unappreciated and undervalued by the senior generation, especially regarding the amount of effort that they put in to ensure the smooth running of the business:

“My Dad doesn't appreciate how much my Mum and I care about it [the family business] and how much we actually do for it. I think he takes it for granted.” (Catherine, NxG).

There was further evidence of the pressure, anxiety and responsibilities which the next generation felt and the degree to which the successes and trials of the business impinged upon their lives, especially if it failed:

“I'd lose sleep over what happens, because if it goes then it's going to implicate me as well ... I don't think they appreciate just how big a bearing it has on my personal life as well.” (Joe, NxG)

For the senior generation, this connection was not immediately obvious either and only became so once the next generation became formally involved in the business:

“I think what we hadn't actually realised was the emotional connection to the business that the children had.” (Alison, Senior)

This can have a knock-on implication for the next generation's involvement in the business. Some felt that even though it had not been specifically articulated that they would take over the business, it was nevertheless a strong expectation, as a means of ensuring that other family members were provided for:

“For my brother, it's really the only option he has. So I feel like there's almost a duty of care on the rest of my family to make sure it does survive, just because I don't know what he'd be able to do.” (Joe, NxG)

The anxieties and frustrations highlighted above indicate the potential for disconnect between parents and offspring. Thus, in considering and designing learning spaces in which the next generation might flourish, families in business need to be mindful of the real state of relationships between the generations. Safe learning spaces are based on open communication and this will be hampered if there is anxiety in how uncertainties or suggestions might be received. Strong bonds between family members will reduce anxieties and increase a sense of safety to share openly.

9 Conclusions and recommendations

Our aim was to investigate the nature and extent of next generation engagement among UK family businesses. Our findings provide a better understanding of the issues that influence next generation engagement by drawing on new data from our comprehensive surveys conducted for this report. There is no doubt that UK family firms are dedicated to engaging the next generation so they can become committed, educated and responsible owners and executives. Leadership development and developing responsible owners were the most important reasons for next generation engagement. Families in business are also privileged in being able to provide their younger family members with a training and understanding of business to give them a head start in careers either inside or outside the family firm.

It is very encouraging to note the high levels of interest and commitment to their family business of next generation family members. Some 89 per cent of next gens said they engaged because they cared about the business. They were also eager to learn about the family business.

There is a great sense of family members from both generations having pride in the family business and in each other. Whilst there are elements of the expected pressure to join or not join the family business, we also noted a desire to make the family business an enjoyable and fun learning arena for next generation family members.

On the other hand, there were also frustrations and lack of understanding. Generations had differing opinions about how much the next generation engaged in discussions about the family business and how much they contributed towards the family business. The danger here is that next generation members disengage because they feel under-appreciated or dismissed.

Next gens were more confident of their future role where families provided an engagement programme specifically focused at developing the next generation's ownership potential, as distinct from fostering the management leadership potential among family members.

Next generation engagement is about both informal and formal learning. While both are important, the value of informal learning and passing of knowledge and experience by the senior generation to the next gens is perhaps underestimated. From the study results, we have been able to identify three key learning spaces. Space to learn is about individual development. Space to develop responsible owners specifically focuses on the learning requirements of the next generation as owners of the business. Space for ideas relates to how next gens can contribute to enhancing the business through their entrepreneurial and leadership skills.

Space to learn

It is clear from our study that engagement of the next generation is about providing a learning space for next gens to develop their understanding of business generally and their family business specifically. Learning needs were very broad and include personal development as well as learning about business. Learning occurred in formal and informal settings, including structured programmes, work experiences

and, importantly, conversations with family and friends. Members of the senior generation tended to underestimate the amount of learning that occurs in the home and social settings.

We saw that learning in the home could provide a good general understanding of the business, but that it may overemphasise issues and problems. Structured activities provided a valuable opportunity for focused learning and are important for building relationships among cousins and dispersed family members who will be the future shareholders.

Senior and next generations stated the importance of providing breathing space for next gens. The family business was a constant, and even where seniors tried hard not to apply any pressure on next gens, it was often felt. A flexible approach is recommended to provide breathing space for next gens to mature, for learning to develop, attitudes to form and plans to change. Time away from the family business was seen as valuable in this respect, as well as it being an opportunity to develop skills and experience elsewhere.

Communication was shown to be key in reducing mismatches between the beliefs of different generations about the ambitions, contribution and understanding of the next generation. Next gens' attitudes and plans change, and their skills and experience are developing rapidly, particularly in their teens and twenties. Regular and frequent communication is vital to ensure that both generations are not acting on outdated assumptions.

Space to develop responsible owners

Our findings demonstrated that family ownership and management are intertwined, and they are rarely separated by families in business. And yet, many of the next generation will not be involved in management of the family business. Next gens, in the main, care about their family's business and feel the responsibility of ownership.

Most next gens need a learning space that focuses on developing their skills and understanding as future owners. While responsible ownership is wide ranging and can include understanding and embracing family values, learning about the history of the business and family philanthropy, the next gens highlighted that a particular gap in their knowledge was understanding the financial aspects of share ownership, and they indicated that they wanted to develop greater understanding of these at a younger age.

More confident next gens resulted from a programme of infrequent but regular activities that engaged them with employees, was informative, interactive and fun.

Space for ideas

Next gens have lots of creative ideas, but members of the senior generation did not always recognise this potential. Next gens bring a different perspective that is vital for innovation. If seniors frequently dismiss ideas, next gens will lose confidence, stop sharing them and they are more likely to disengage.

The IFB Research Foundation has previously examined and reported on the important contribution that the next generation can make to entrepreneurship and innovation within family businesses. Encouraging the next generation to pursue their ideas provides them with an excellent learning opportunity.

Arenas for developing new ideas without risking the main business might include structured learning programmes, spin-outs or new venture creation programmes to give next gens entrepreneurial and leadership experience. Non-family mentors could be provided from experienced managers in the business to work alongside next gens in developing ideas.

Key features of engagement

These three spaces have five requirements if next generation engagement is to be effective. First, space for all fosters a culture of inclusivity and diversity to ensure that next gens are equally supported to engage. Diversity increases innovation and is associated with increased returns for businesses. Girls were less likely to see a role for themselves in the family business. If most of the senior roles are currently held by men, women will not see themselves as fitting into that mould and family businesses restrict their opportunity to increase diversity.

Family businesses that are dominated by men should seek women mentors and role models outside the business to ensure that learning opportunities and ambitions are maximised for women and men in the next generation.

Secondly, breathing space emphasises the importance of allowing the next generation to have time away from the business and to have time to mature and think about their future. Thirdly, space to communicate is concerned with ensuring that the senior generation and next gens regularly connect and exchange ideas, experiences and insights to help overcome mismatched assumptions, understandings and potential conflict.

Fourthly, our findings demonstrated also the importance of ensuring that next gens enjoy the family business. Making engagement fun reduces anxiety and increases learning. Space for fun focuses on building positive perceptions of family through regular social activities where different generations come together. This can break down barriers and strengthen the family bonds between siblings, cousins and generations.

Finally, and underpinning all of these, is safe space. Learning spaces need to feel safe if learning is to be effective. Safe spaces are non-judgemental, egalitarian and supportive environments that enable both generations to communicate freely and, in particular, allows the next generation to raise difficult issues and to discuss uncertainties, rather than feeling they cannot voice them. In a safe space, people focus less on self-preservation and more on collective goals, take initiative and contribute ideas and actions confidently. Sometimes, next gens will learn more effectively in a space that does not include their parents.

Recommendations

On the basis of our findings we make the following recommendations under our three main themes – the three spaces for engagement.

Space to learn

- Develop clarity about the business knowledge and skills needed by the next generation if they are to own and /or work in the business.
- Organise opportunities for next gens to have work experience across different aspects of the business and in different roles.
- Facilitate opportunities for business mentoring or setting up business “buddies”, where the next generation pair up with non-family and family members.
- Establish realistic expectations about the experiences, benefits, demands and challenges of working in the family business on an everyday basis.
- Promote regular informal and formal gatherings of seniors and next gens at which they can share learning and knowledge about the business.
- Establish relaxed, “safe” places where the next generation can discuss issues, concerns and ideas.
- Plan a calendar of social activities for the family to relax, have fun with one another and celebrate the business.
- Put in place processes and procedures to create breathing space for the next generation to be able to mature and to consider carefully their future plans.
- Develop a tailored learning programme for the next generation away from the family business to provide them with different experiences and skills.

Space to develop responsible owners

- Promote the family business to all girls and boys and young adults of the next generation so they can see themselves as having a role in the family business.
- Establish diverse forms of mentoring and coaching across generations, including non-family members.
- Establish opportunities for regular dialogue and exchange of ideas between the senior and next generation.
- Develop structured programmes of relevant topics, including financial governance.

Space for ideas

- Set up competitions/ forums where the next generation’s innovative ideas, creativity and fresh perspective can be shared.

- Provide feedback to demonstrate to next gens that the senior generation are listening to and hearing their ideas.
- Promote next generation engagement by arranging away days or by including “next generation thinking” as an agenda item at business meetings.
- Develop think tanks for the next generation to work up ideas and projects together.
- Build structured learning programmes, including new venture creation and leadership development, to give next gens entrepreneurial and leadership experience.

10 Actions to consider

Space to learn

- Are you clear about what business knowledge and skills the next generation should have if they are to own and/or work in the business?
- Are there opportunities for work experience across different aspects of the business and in different roles?
- Are there opportunities for business mentoring or setting up a “business buddies” scheme, where the next generation pair up with existing staff and family to talk about how the business works?
- Can you find time to discuss what it is like working in the family business on an everyday basis as well as issues and problems that occur?
- Can you establish informal, relaxed, “safe” places where the next generation are able to discuss their ideas with each other and with the senior generation?
- Are your future plans flexible enough to provide the next generation with breathing space to be able to mature and to consider carefully their future plans?
- How can you encourage and create time for the next generation away from the family business that provides them with different experiences and skills?
- Are there ways in which you can encourage diverse forms of mentoring, including women mentors for a male senior management team, or encouraging reverse mentoring (for example where younger women in the business mentor senior male managers)?
- Is there clear communication among the family about the values and vision of the business?
- Are structured learning programmes for the next gens individually tailored? Who is involved in this, the young adults, directors, outside consultants?
- Have you thought about conducting a learning needs analysis for the next gens coming into the business?
- At what age should the next generation become involved in learning about the business?
- Do you encourage the next gens to work/get experiences in other industrial sectors/other countries?

- Are there opportunities for paid work, volunteering, shadowing in the business or in other businesses in your network (e.g. suppliers)?
- Are there opportunities to learn about operational as well as strategic issues?

Add your own questions...

Space to develop responsible owners

- How can you make sure that young adults, male and female, of the next generation feel equally able to see themselves as having a role as a manager and/or owner of the family business?
- What mechanisms and strategies can you develop to ensure a good balance between focusing on the business and focusing on developing good family relationships?
- Are there “safe spaces” for discussing the ownership structure within the family?
- Have you policies and procedures in place to support next gens into ownership roles? How often are they reviewed?
- How do you ensure that there is understanding between the generations and within the family as to how shares are allocated and what having shares means?
- In what ways can you develop awareness of the differences between owning and managing a business?
- In what ways do you develop the next gens’ knowledge and understanding of the financial and legal requirements of ownership?
- Have you separate training courses/programmes to deal with governance and financial issues?

- How can you introduce the next gens to the responsibilities of ownership informally (social activities, AGMs, etc.)?
- Are there buddies/mentors to help guide/provide advice about ownership issues specifically (i.e. how to be a “good owner”)?
- At what age do you involve the next gens in ownership discussions?
- Are there social, fun activities through which to introduce the next generation to the business, to other shareholders and to other family members?
- Are there opportunities for the next gens as future owners to discuss their values, vision and goals for the business?
- Have you discussed ways in which changes in the leadership and management of the business might be handled? How will differences in relationships be dealt with?

Add your own questions...

Space for ideas

- Are you making full use of the next generation’s innovative ideas and fresh perspectives?
- How can you harness the creativity of the next generation?
- Have you considered ways of promoting the next generation’s ideas and providing spaces for them to work up ideas and projects together?
- Could you develop structured learning programmes, spin-outs or new venture creation programmes to give next gens entrepreneurial and leadership experience?

- Could experienced non-family managers work as mentors alongside the next generation in developing ideas?
- Are there plans for outings, holidays or themed events at which all generations and the extended family are encouraged to relax and have fun with each other?
- Do you have a culture where the next generation can propose ideas and suggestions without feeling at risk? How could you create one?

Add your own questions...

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Carole is the Interim Dean of the Faculty of Management and Law at the University of Bradford. Before joining Bradford School of Management in 2012 she was Professor of Entrepreneurship and Family Business at Lancaster University Management School. At Lancaster, Carole was Founding Director of the Centre for Family Business as well as undertaking departmental roles as Doctoral Director, Postgraduate Director and Research Director. Her research examines issues associated with longevity and performance of family businesses, such as governance, innovation and entrepreneurship. Her research interests centre around the concept of “entrepreneurial stewardship” and the juxtaposition of social and business values in organisations, and she is researching the implications of this in social enterprises as well as family businesses.

Dr Caroline Parkinson

Caroline is a Lecturer in Entrepreneurship at the University of Bradford. Her research interests are in enterprise discourse and cultural factors influencing attitudes to entrepreneurship, particularly between different generations and sections of society. Caroline has undertaken research and evaluations recently for organisations supporting business growth, young enterprise, family business and social enterprise, including a study of young adults’ attitudes to enterprise from more and less advantaged areas in the UK, which was funded by the Institute for Small Business and Entrepreneurship. Her earlier research included a study into the family business sector for the IFB Research Foundation. Caroline teaches at undergraduate and postgraduate levels on entrepreneurship, creativity and innovation.

Professor Claire Leitch

Claire holds the Chair in Entrepreneurial Leadership at Lancaster University Management School, where she is Head of Department of Leadership and Management. Her research, sitting at the interface of entrepreneurship and leadership, concentrates on learning, leadership and organisational development. She has co-edited a number of influential special issues and books in these areas that have shaped theoretical debate. In addition, her work has impacted policy discussions and industrial practice. Claire’s current research explores leadership, gender, power and influence in entrepreneurial and family business settings. She has published in a number of leading international journals and currently is editor of *International Small Business Journal*. Claire has taught entrepreneurship, leadership and research methods at undergraduate, postgraduate and doctoral level. In particular, she has significant experience working with leaders of entrepreneurial private and family-owned businesses. Her major strength is integrating theory and practice, so leaders can understand how to apply the latest research to their own situation.

Dr Valerie Stead

Valerie is Senior Lecturer in Leadership and Management at Lancaster University Management School. Her research interests span leadership, gender and entrepreneurship with a particular interest in women’s leadership. Her entrepreneurial research has focused primarily on small business and family firms. Valerie has published in leading academic journals including *International Small Business Journal*, *Management Learning and Leadership*, and is lead author of the research monograph *Women’s*

Leadership. Her research has received accolades including being selected (2016) as an illustration of the finest work on identity and difference published in *Management Learning*, and selected as part of the Routledge, Taylor and Francis Group online Psychology of Work Collection (July 2015). She is associate editor of the *International Journal for Management Reviews*. Valerie is a UNESCO Visiting Scholar at George Washington University Graduate School of Education and Human Development, and a Fellow of the Leadership Trust Foundation. She has established the Lancaster University Management School Academy for Women, Diversity and Leadership, the first research forum of its kind in the UK. Valerie teaches on leadership and research at undergraduate and postgraduate levels.

About the IFB Research Foundation

The IFB Research Foundation is a charity (no. 1134085) established to foster greater knowledge and understanding of family firms and their contribution to the economy and society, as well as the key challenges and opportunities that they face.

The Foundation's vision is to be the UK's centre of excellence for family business research, and to this end its publications are designed to create a better understanding of family business for the benefit of all stakeholders. Alongside ***Family Business Research and White Papers***, providing thought leadership on key family business characteristics and issues, its work covers a broad range of publications, including:

- ***Family Business Sector Report*** – benchmarking the size and importance of the sector.
- ***Family Business Challenges*** – offering practical guidance for family business owners on a broad range of topics, including family business dynamics, governance, performance, succession and wealth management.
- ***Family Business Case Studies*** – showcasing family business exemplars.

The Foundation disseminates knowledge and best practice guidance through printed publications, online media accessible via the IFB website and other activities.

About the IFB

The Foundation works closely with its sister organisation, the Institute for Family Business, which is a membership association representing the UK's family-owned business sector. The IFB supports and promotes the family business sector through events, networking and representation, while the Foundation, whose board includes independent directors not affiliated to the IFB, focuses on educational research in accordance with its charitable objectives. The IFB is a member of FBN International, the global network for family businesses.

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