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Abstract: Family business has high impact in both developed and emerging markets. This paper seeks identification and application of relevant literature to the long-term potential of family businesses (FBs), particularly as they are handed off to successive generations. While much literature is biased in favour of the developed markets studied, i.e.: western assumptions – commonalities are sought that would apply cross-culturally. The purpose of this paper is to provide a framework of managerial orientations as a comprehensive tool to enhance the survival of FBs in a competitive global economy that would serve as a framework for future studies. The paper draws upon strategic management, family businesses and firm performance literatures to formulate a model of entrepreneurial antecedents to long-term sustainability of the family based enterprise. The review of the relevant literatures regarding the possible strategies taken by FBs shows that there are numerous gaps with regards to the relationship between these strategies and firm performance – namely firm growth and survival. In addition, the review discovers that some of the possible strategies are observable both to internal and external stakeholders and could be addressed for corrective action.

Keywords: strategic management; family businesses; strategic planning; succession planning; emerging markets.

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1 Introduction

There is widespread agreement that family businesses (FBs), many of which are small and medium-sized enterprises (SMEs), must develop sustainable business strategies that lead to firm survival and growth (Mochrie et al., 2006; Tàpies and Fernández-Moya, 2012). It is a well-known peculiarity that FBs flounder and fail as they move to future generations (Chami, 2001). Founding families have been shown to be resistant to succession planning (Davis and Harveston, 1998; Sonfield and Lussier, 2004). Actually, each generation faces challenges that are distinctive and survival likelihood may be most critical with the second generation. By the third generation, the family typically sees that they must provide appropriate managerial supervision if the firm is to survive (Eddleston et al., 2013).

The purpose of this paper is to map some critical antecedents to FB success in future generations. A model is developed that draws from existing entrepreneurship literature. However, we focus on a specialised organisational dynamic in which the business units of interest belong to a family who desires retention of ownership for future family generations. This is differentiated from a value-maximisation strategy for current income or intended divestiture. Additionally, we have sought a broad application sufficient to overcome western bias in theory application; such that the model could be construed cross-culturally. The strategic variables primarily pertain to creativity, commitment and agency. All are ultimately under the control of organisational decision makers and thus could be manipulated through deliberate intervention.

Based on the conceptual perspectives proposed in this article, empirical and qualitative literature related to FB growth and succession planning was reviewed. We tried to be thorough in our search for relevant studies by following a systematic review of the literature. Literature was found through a series of comprehensive and iterative searches on academic research databases including EBSCOhost, Emerald Management Plus, Proquest Direct, JStor: Arts and Sciences and SAGE journals. In order for the model to be relevant, articles that are more than ten years old are excluded, with the exception of seminal articles in the field.

1.1 Agency theory

Agency theory is the centrepiece of our theoretical approach to FB succession. Jensen and Meckling's (1976) recognition of monitoring costs of managers to watch over their subordinates can be seen as an essential difference between family and non-FB units. Whereas the principal-agent dilemma always exists in non-FB, there is huge variance in the family operated business. The constructs of our model all pertain to the effectiveness of family member managers in their alignment with organisational goals. At best, agency costs are zero in the FB (Ang et al., 2000; Fama and Jensen, 1983). However, agency peril can be disastrous in FB, particularly in cases of succeeding generations who are incompetent free riders. Morck and Yeung (2003, 2004) discuss the phenomenon often observed in which talent does not appear to be inherited by the descendents of a successful business owner. As the firm falters, next generations become rent-seeking resource consumers rather than providers of entrepreneurship and innovation. In this application, our model looks beyond superficial symptoms and into underlying causes (Zahra and Sharma, 2004) of FB success through multiple generations.

Intra-generational survival of the FB requires each successive generation to develop appropriate competencies and capabilities. Understanding the factors supporting continuity of the firm has broad economic and policy relevance, especially because growth-oriented FBs are important in creating jobs and generating revenue in market economies (Parker, 2004; Valliere, 2006). Nevertheless, the growth of FBs is still one of the unsolved puzzles in strategic management and business policy research. The contribution of this paper to business owners, investors, or observers is to serve as a predictive tool to understand some focal aspects of a given organisation as well as possible corrective approaches.

1.2 Key issues of FBs in GCC

The majority of FB research tends to be centred in western and Asian countries. With the economic rise of the Middle East and Africa, scholarly investigation in FBs from the Gulf Cooperation Council (GCC) and MENA (Middle East and North Africa) countries should be given attention. The factors behind successful FBs in the GCC have in many cases been very different from those in western companies – a result of factors specific to emerging markets and the region's cultural heritage (Saddi et al., 2009). Searches of FB literature find little investigation of firm business growth issues and strategies in Middle East and Africa. Recently there has been a call for more research on the growth in FBs in GCC (e.g., Zain and Kassim, 2012). This paper applies relevant theory to the growth and succession process in FBs which would apply to both developed and emerging markets. It builds on a growing body of literature that attempts to develop a conceptual framework for understanding the determinants of FB growth, which could help governments and their related agencies to assist family enterprises in achieving sustainability and growth (see for example, Dobbs and Hamilton, 2007; Kirkwood, 2009; Littunen and Niittykangas, 2010).

A FB is a business in which at least 51% of the shares are owned by one single family and at least one member of the management team is drawn from the family that owns the business (Rettab et al., 2005). This family has effective control over the strategic direction of the business and the business in turn contributes to the family's wealth, income, or identity (Astrachan and Shanker, 2003). Accordingly, family firms violate a tenet of contemporary models of organisation, namely, the separation of ownership from management (e.g., Daily and Dollinger, 1991). This single characteristic results in a number of operational differences between FBs and other firms. Although the largest firms are non-family owned, FBs are estimated to contribute as much as 90% of the global gross domestic product (Family Firm Institute, 2013). Business in the GCC is indicative of the value and potential of FB units globally; in both developed and emerging economies. GCC FBs represent 90% of all commercial enterprises. More than 75% of the private economy in the region is controlled by 5,000 high-net worth families. They have combined assets of more than USD1 trillion and contribute around 70% of total employment in the region (Walid, 2008). According to an index compiled by Credit Suisse, family firms outperformed non-family firms by 15% in shareholder value creation from January 2005 through October 2008 (Saddi et al., 2009).

Despite the large size of some FBs, most fall into the category of small to medium-sized enterprises: typically less than 250 employees and turnover of less than or equal to AED 150 million. GCC management styles differ significantly from the west and depend largely on owner religious affiliation. These tribal societies emphasise the family as the essential unit of interest. Over the long term, individuals within the firm seek to perpetuate or increase the degree of family involvement (Welsh and Raven, 2006). The beliefs, personality and values of the founding generation of the business influence the corporate culture of FB (Bennis, 1986; Harvey and Evans, 1994). Indeed, the business culture and the family members' culture are highly intertwined, which may lead to conflict (Harvey and Evans, 1994). Evidence suggests FBs and their activities are significant drivers for national and global economies (Zahra, 2003). According to the chief economist of the Dubai International Financial Centre, up to 80% of the FBs in the region suffer acute risk of failing unless proper succession planning and business strategies initiatives are implemented (Bowman, 2007; Hartley, 2009; Kothari, 2006). Some of these businesses are not able to survive into the third generation of owner-management (and beyond) (Billing, 2008; Bowman, 2007; Poutziouris, 2000; Wang and Poutziouris, 2003).

FBs in the GCC region face the dual challenges of operating in a difficult global economic environment and managing the transition of the business to the next generation of family control. In order to survive, grow and take their places among the many family-run firms that have achieved enduring success in the global economy, firms must develop and enact a long-term strategy to manage both the family and the business. In addition, the large family size (the average family in the GCC includes five children) puts pressure on FBs to grow as quickly as possible to sustain the needs of various individual family units. Based on the current average size of GCC families, Saddi et al. (2009) estimate that the typical FB needs to grow at 18% each year just to maintain the same level of wealth across generations. Meanwhile the business has to navigate economic downturns and generational changes.

1.3 Growth in the FBs

Growth is often considered central to the consideration of entrepreneurship in small and medium-sized FBs (Allouche et al., 2008; Le Breton-Miller and Miller, 2008; Steffens et al., 2009). Penrose proposed in 1959 that most business founders in the FBs have modest growth aspirations for their firms. In later years many would concur with Mintzberg (1973) that "growth is the dominant goal of the entrepreneurial organization" (Baum et al., 2001; Colli, 2012; Covin and Slevin, 1988; Moreno and Casillas, 2008). While research supported growth in some studies both western and international (Dennis and Solomon, 2001; Human and Matthews, 2004), others have found limited empirical evidence to support the value of high growth (Blackburn et al., 2009; Davidsson and Wiklund, 2000; Leitch et al., 2010). In any case, findings are generally inconsistent (Cooney and Malinen, 2004; Pasanen, 2006; Storey, 1994; Weinzimmer, 2000; Wiklund, 1998). Various factors have been hypothesised and/or empirically tested as directly and/or indirectly influencing firm growth. These include individual-level factors such as founder's education, experience (e.g., Barringer et al., 2005); Wiklund and Shepherd, 2003) and growth aspiration (e.g., Wiklund and Shepherd, 2003); organisation-level factors such as firm-level resources (e.g., Tan et al., 2014) and strategies (e.g., Ferreira et al., 2011); and macro-level factors such as market/environment conditions (e.g., Thornhill, 2006). The growth factors studied and measured in this literature are summarised in Table 1.

Table 1 Research on factors influencing firm growth

Research	*Antecedents to firm growth*			*Growth measure*
	Individual level	*Firm level*	*Macro level*	
Wiklund and Shepherd (2003)	Education Experience Growth aspiration	Knowledge-based resources Entrepreneurial orientation	Munificence Heterogeneity	Perceptual three year measure of growth in sales and employment relative to competitors
Barringer et al. (2005)	Education Experience Access to networks	Innovation R&D Commitment to growth Growth oriented mission HRM practices		Three year compound annual growth rate
Thornhill (2006)		Innovation R&D Firm knowledge	Industry dynamism	Revenue growth
Kirkwood (2009)	Entrepreneur's aspirations	Reputation		Objective sales and employment growth
Capelleras and Hoxha (2010)	Skills (human capital) and attitudes	Institutional barriers		Objective employment growth

Table 1 Research on factors influencing firm growth (continued)

Research	*Antecedents to firm growth*			*Growth measure*
	Individual level	*Firm level*	*Macro level*	
Ferreira et al. (2011)	Entrepreneur Resources Entrepreneur's networks	Entrepreneurial Orientation Firm resources		Objective sales and employment growth
Tell (2012)		Managerial strategies		Average turnover during the six-year period prior to observations
Tan et al. (2014)	Leadership	Learning orientation organisational climate and human resource (HR) management practices		Subjective measurements

2 Model development

2.1 Firm strategic orientation: enhancing elements

Much research effort has been targeted particularly at investigating the factors affecting firm growth, but to date there is no comprehensive theory to explain which firms will grow or how they grow (Garnsey, 1996). Storey (1994) claims that there are three key influences on the growth rate of small medium-sized FBs:

a the background and access to resources of the founder(s) or entrepreneur(s)

b the firm itself

c the strategic decisions taken by the firm once it is trading.

While other individual studies also cover a range of factors on different levels (Eisenhardt and Schoonhoven, 1990; Sandberg and Hofer, 1987). We concur with Wiklund (1998) and Storey's (1994) proposition that the growth rate of a FB is comprised of several factors, suggesting that paths to grow can differ systematically (Pasanen, 2006).

Strategy is argued as the most important determinant of firm growth (Weinzimmer, 2000). It is proposed that firm growth is much affected by strategy which involves choices along a number of dimensions and can be represented by a firm's overall collection of individual business-related decisions and actions (Mintzberg, 1978; Miles and Snow, 1978). Existing research on the growth and strategy of FBs has however focused mainly on new ventures (Olson and Bokor, 1995). There are relatively few studies concerning the growth of established FBs (Pasanen, 2006). Researchers have pointed out that the connection between strategy and entrepreneurship is important but understudied (Hitt et al., 2001; Ireland et al., 2003). Although it is evident that the study of FB strategic orientation is lacking, several studies have attempted to address this deficiency. For instance, Aragon-Sanchez and Sanchez-Marin (2005) identified management characteristics of FBs that facilitate strategic orientation and performance. However, their study did not provide a consistent measure of FB strategic orientation. It is argued that the identification of strategy patterns permits a more complete and accurate depiction of overall strategic behaviour (Hambrick, 1983; Robinson and Pearce, 1988).

Although the role of strategic factors has been theoretically discussed (Covin and Slevin, 1991; Zahra, 1993), empirical investigation is limited (Franczak et al., 2009; Wang, 2009). For example, a few studies focused on organic growth and growth through acquisitions (Ahmad, 2014; Delmar et al., 2003; Pasanen, 2006) international growth of new and small FBs (Davidsson, 2008). Also, there have been calls for study of the link between strategy and entrepreneurship (Hitt et al., 2001; Ireland et al., 2003).

2.2 Strategic direction: an oft-overlooked opportunity

It is often argued that firms with a clear and consistent strategy will outperform firms without such a strategy. Small enterprises are depicted as simple structure firms that can implement strategies relatively quickly due to their flexibility (D'Amboise and Muldowney, 1988; Messeghem, 2003). It can be argued that strategic orientation may have direct implications on FB firm performance, similar to studies that examine larger firms. There are numerous viable strategic orientations that could be applied to observations of the competitive advantage and performance of firms (Hult and Ketchen, 2001; Noble et al., 2002). A model selected for review and elaboration in this paper is Hult et al.'s (2004) conceptualisation of entrepreneurial orientations (EOs), market orientation (MO) and learning orientation (LO).

Although one of the strongest convictions in marketing is that MO contributes to firms' performance substantially more than other strategic orientations such as EO and LO; recent research shows that firms may find it more useful to combine several strategic orientations simultaneously. Firms combining MO with other orientations have been found to perform better than firms adopting only MO (Atuahene-Gima and Ko, 2001; Baker and Sinkula, 1999; Bhuian et al., 2005). Nevertheless, a review of the MO literature suggests that only a few studies did examine the relationships between MO and other strategic orientations (Grinstein, 2008). This is a serious gap in the MO literature, especially in light of findings that MO is not the only viable strategic orientation and that firms can improve performance by balancing MO with other orientations (Vuttichat, 2008). Being within the Middle East region as well as other developing markets, we believe that there is a need to study the relationships between MO in FBs and LO and EO.

A firm's MO and EO for instance are increasingly recognised as essential attributes of high organisational performance (Drucker, 1985; Naldi, 2007). While both orientations represent very appealing concepts as a foundation for a firm's strategic approach, there is very little empirical research about how they relate to performance, especially for FB firms (Grinstein, 2008). Additionally, it is unlikely that these two orientations will have the same influence on firms facing different strategic challenges. In terms of growth strategies, Thompson (2001) presents four growth strategies:

a organic growth

b acquisition

c strategic alliance

d joint venture.

While existing studies manage to give an answer to the question of how different determinants are associated with growth, they largely fail to establish causality (Davidsson, 2008).

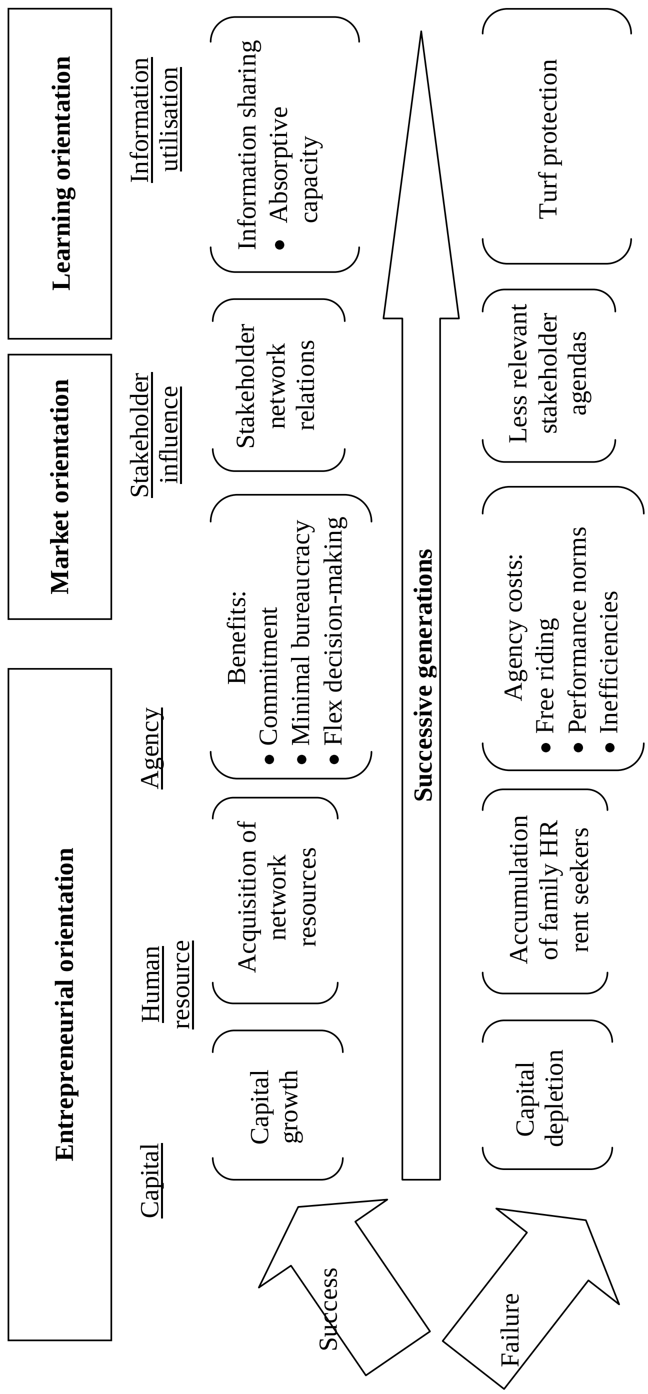
Hurley et al. (2003) studied the relationship among three antecedents (MO, EO and LO), innovativeness and business performance. They argued that MO, EO and innovativeness have significant impacts on business performance. However, their study concluded that generalisation of the results cannot be extended to venture companies or SMEs. On the other hand, Matsuno et al. (2002) concluded that the effect of entrepreneurship on performance is not direct but rather completely mediated by MO. Meanwhile, Han et al. (1998) concluded that innovation, as a key component of entrepreneurship, completely captures the effect of MO on performance.

Consequently, the strategic 'outcome' of the chosen strategic orientations relates to specific growth strategies. Firms that rely on organic growth usually spend on research and development to identify new product opportunities and enhance their product portfolio (Zahra, 1996). Firms acquiring an existing business are likely to incorporate the product offerings of the acquired firm to serve their shared customers (Jones et al., 2001). However, compared with organic and acquisition growth strategies, partnership growth facilitates the diversification of product lines in a stronger way. According to the resource-based view of the firm (Barney, 1991), partnerships allow the new venture to gain access to resources that it does not possess but that are critical to new product development (Rothaermel and Boeker, 2008). Resources gained from such partnerships create a more efficient path of learning and new product development for the new venture.

2.3 Entrepreneurial orientation

The intra-generational effects of EO appear to be long term and persistent rather than short term and a 'quick fix' (Wiklund, 1998). Both financial and non-financial performance indicators are influential in the long term orientation of FB leaders (Lumpkin and Dess, 1996; Lumpkin et al., 2010). Entrepreneurial aspects emphasised in observations of the FB are the use of financial capital, human capital and the influence of agency (see Figure 1). Not discussed in this orientation are abstract elements such as risk-taking propensity and creative vision, as these become too much a question of definition and rapidly become a distraction in compiling characteristics of a firm.

Figure 1 Cross cultural antecedents to trans-generation success in FB



2.3.1 Tangible capital

Resources are the most basic requirement of any organisation. Beyond the start-up, the firm's ability to acquire and control assets is critical to its survival. Makadok (2001) describes the continuous process of resource acquisition, accumulation and divestiture. The process is dynamic and involves risk. Decision makers respond to competitive conditions in bundling and leveraging financial and physical resource portfolios. These can create positive synergies (Ireland et al., 2003) or follow a trend of depletion leading to the ultimate business unit failure. Core rigidities are the propensities to withhold risk capital necessary to innovation and creativity (Leonard-Barton, 1995).

- *P*1. Growth or drain of capital is influential to successive generations' success of the FB.

2.3.2 Human capital

However, capital, on its own, does not create a sustainable competitive advantage. More influential is human capital which applies tacit knowledge and creative strategy in deploying new products or services. This internal social capital combines elements of trust and creativity for positive outcomes (Leona and van Buren, 1999). FB decision makers, particularly after the first generation, would be observed and judged within their network domains for their abilities to participate in the commercial and creative requirements for continuing success. The new generations must eventually stand on their own. Tacit knowledge acquired and effectively used by family decision makers leverages the firm's capabilities (Sirmon and Hitt, 2003). On the other hand, an accumulation of family rent-seekers are an ineffectual burden and a characteristic of firms in atrophy and decline.

- *P*2. The value of individual family members to the FB is influential to success in future generations.

2.3.3 Agency

Agency theory posits that managers who are not owners incur monitoring costs to the firm when their interests are not rightly aligned (Chrisman et al., 2004). These agency costs involve all systems and oversight designed to circumvent a conflict of interest between principals and agents (Jenson and Meckling, 1976). Earlier research has looked at owner-managed firms as having minimal, if any agency costs (Fama and Jensen, 1983; Ang et al., 2000). A fundamental assumption that differentiates family and non-FB is the intention of trans-generational involvement through retention of ownership and family succession (Chua et al., 1999). The agency benefits of the FB structure are the minimal bureaucracy required to oversee operations when goal alignment is high. Decision-making is flexible and commitment to the FB is deep within the family member structure. However, research has challenged the agency assumptions in observing the reality of non-economic goals (Lee and Rogoff, 1996). Generous parents may allow their children to free ride and some successive generations may lack competence (Schulze et al., 2001). If poor performance is not punished and family personnel are given preferential treatment regardless of their personal deficits, principal-agent dysfunction and cost can be devastating (Hendry, 2002). Second generation siblings have been observed to have conflicting values and interests (Lubatkin et al., 2005). By the third generation, successful managers tend to establish organisational 'best practices' (Mitchell et al., 2009).

- *P*3. Successive generation success or failure of the FB is influenced by agency benefits and agency costs.

2.4 Learning orientation

Directly related to human capital is organisational learning which applies information acquired through experience and information from the external environment. LO has to do with the development of knowledge in the organisation. Commitment to knowledge and learning relates directly to basic organisational norms and values and is the result of proactive organisational behaviour (Baker and Sinkula, 1999; Hult et al., 2004). Schumpeter (1942) advocated creative destruction in preparing to build something new. More recent is the concept of absorptive capacity in the organisation's ability to identify and make use of knowledge acquired from the external environment (Cohen and Levinthal, 1989). The adoption of a LO is associated with better organisational performance as it leads firms to constantly question long-held assumptions about fundamental operating philosophies, examining their 'mental models' and 'dominant logic' (Baker and Sinkula, 1999; Liu et al., 2002). This, in turn, enables firms to create knowledge and competencies and better respond to their environment (Slater and Narver, 1995).

A critical element in the organisation's LO is the acquisition and use of tacit knowledge (McGrath and MacMillan, 2000). This type of knowledge is not easy to categorise or transfer to others. It arises out of creativity and experience and could be lost in successive generations if organisational players are not prepared or committed to the roles they occupy.

- *P4*. The ability to continuously develop and use knowledge is a decisive factor in FB success beyond the initial generation.

2.5 Market orientation

MO is represented in our model as the overall influence of stakeholders in the external environment. The portfolio of social capital from a variety of stakeholders are value-creating resources that accrue to the firm (Ireland et al., 2002; Koka and Prescott, 2002). This would be comprised of relationships, alliances and obligations that are created and sustained between members of the FB and ones outside the firm (Hitt and Ireland, 2002). Most authors agree that implementing MO leads to better organisational performance (e.g., Deshpandé and Farley, 1998; Jaworski and Kohli, 1993; Slater and Narver, 1994). Indeed, most of the empirical work has focused on establishing the MO-business performance relationship in various environmental and organisational conditions (e.g. competitive intensity, firm's size) and three recent meta-analyses (i.e., Cano et al., 2004; Shoham et al., 2005) confirm the positive MO-business performance relationship.

Effective MO can enhance organisational transformation and renewal, which can help build new competencies and create new businesses within existing business. Such orientations allow firms to capitalise on emerging opportunities and therefore are an important driver of new products and organisational growth (Bhuian et al., 2005; Hult et al., 2004; Luo et al., 2005; Slater and Narver, 1995). Through either novel or incremental innovation, market diversity increases the venture's competitiveness in creating customer value and meeting differentiated customer needs, leading it to record greater sales than its competitors (Wally and Baum, 1994). Broadening the marketing considerations to all stakeholders, we can observe the health of FB stakeholder agendas to be highly influential to the long term success of the organisation.

External social capital in the form of relationships creates trust as well as norms of reciprocity that are essential to the ongoing survival of the FB as it is passed on to each generation (Hitt and Ireland, 2002). The ways in which strategic alliances are formed translate to future transactions. Effective reciprocity maintains the credibility of the family members who control their firm and leverage the efforts of those members toward survival and growth for the next generation to step into.

- *P5*. The health of stakeholder chain memberships is instrumental in successive generation maintenance of the FB.

Agency theory is the common linkage between the elements of strategic orientation highlighted in the model. The agency benefits of strong ongoing alignment between principals and agents in the FB are highly influential to healthy orientations of entrepreneurship, marketing and learning.

3 Discussion

In applying our model across cultures we see focal aspects of each category as being uniquely critical, while simultaneously clear and observable in their application. The model is an extension of Hult et al. (2004) whose strategic orientations model of EO, MO and LO lead to innovativeness and business performance.

Intra-generational success comprises more than maintenance of the status quo. There is evidence that risk-taking and entrepreneurship have to increase with successive generations in order to navigate competitive pressures (Kreiser et al., 2006). Some firms find it necessary to transition from family management to professional management. Along with this are doubts that family members should continue to serve as chief executive (Bennedsen et al., 2007). Often it is best to sell or liquidate the business rather than transfer authority intra-generationally (Brun de Ponteet, 2007). Whereas the first generation was tightly managed, a successive focus on avoiding debt and maintaining family control may not be a sustainable long-term strategy (Upton et al., 2001). Lumpkin et al. (2010) discuss the comparison of agency costs versus a stewardship perspective which is influential to the FB's EO over time. Stewardship theory (Davis et al., 1997) considers the long-term continuity desires of family owners/managers and the extent to which their personal identities and reputational concerns are tied to the business (Miller et al., 2008). Persons who act as stewards are less likely to be wasteful, opportunistic or capricious.

4 Implications for policymakers

We believe that the credibility of entrepreneurial theory has been compromised in developing markets by realities that do not cleanly fit existing models. As we set aside biases of western or Asian application, we can observe elements that would apply differently in GCC, MENA, or African contexts, leading to the development of cross-cultural generic models such as the one in this paper. Legitimate concerns in FB that are beyond the usual western limitations of consideration would include rivalries between siblings (Friedman, 1991) and their resistance to resolution, which varies culturally. These are major agency cost elements, along with HR challenges. Polygamy, which would not be relevant enough to warrant mention in the west, becomes an agency and HR issue in GCC and Africa. Capital retention or drain enters the mix significantly when we consider the impact of expectations for loans, gifts and even the payment of medical and school fees for extended family members (Ranja, 2008). Particular areas of interest for decision makers involve studying how the more successful market-oriented firms balance between MO and other strategic orientations of learning and entrepreneurship (see Figure 1). As a decision support tool, a contingency approach could examine the effect of EO and LO on MO outcomes.

Although this model indicates a simplified structure for observing trans-generational growth or decline of a FB, it addresses underlying causes rather than superficial symptoms. In such a fashion, the overall trend line for a firm could be altered by repositioning its strategic orientation. Firms headed toward failure might be brought out of their decline by aggressively confronting their problem areas. Regarding agency theory, there are still gaps to fill in FB strategic management understanding (Chrisman et al., 2005) which our model contributes to practical analysis. As agency is an overriding theme here, corrections in the agency structure of costs and benefits could translate to more healthy HR, MO, LO and ultimately capital retention. Of course this is more easily said than done. Nonetheless, stakeholders either internal or external could use the strategic orientation observations as a guide to understand the costs of rent-seeking family members, unhealthy agendas and turf protection that hinders absorptive capacity for learning. If the firm could get back on a footing of highly engaged family members, many problems would begin taking care of themselves. Observation of these elements could also indicate the essential requirement to either divest the firm or bring in outside talent for its survival.

5 Taking the plunge

Entrepreneurship is a central focus area in research on FB strategy. Much effort has been targeted at investigating factors affecting firm growth, but little comprehensive theory has emerged that addresses the unique aspects of these organisations (e.g., Garnsey, 1996), particularly pertaining to succession across generations of family ownership. It seems there are not strong explanatory factors that have been identified, though various explanatory approaches have been presented (Pasanen, 2006). Therefore, this framework contributes to the FBs and strategic research in three aspects.

- First, unlike the numerous studies, which place a major emphasis on explaining the complexity in the strategic orientation – performance link (Wiklund and Shepherd, 2005), this model focuses on three strategic orientations namely MO, EO and LO and their influence on intra-generational success of the firm.
- Second, the model focuses on strategic development of FBs. Despite the widely acknowledged importance of strategic orientation in small and medium-sized

business research (Naman and Slevin, 1993; Wiklund and Shepherd, 2005), the literature lacks knowledge regarding the way FBs are classified according to their strategic orientations and the relative performance (Vuttichat, 2008). This model may allow FBs to become aware of the importance of the EO as it relates to their participation and success in a more global environment. Agency is the primary caveat to consider in the FB effectiveness profile. The model may also serve as a competitive blueprint for FBs across cultural spectrums, since EO is an operational strategy that can be introduced to a firm, modified and enhanced through deliberate efforts.

- Finally, the conceptual framework that this paper proposes should be regarded as a basis for future research. The proposed model has to be tested, refined and improved. Quantitative data from privately held firms is difficult to acquire and many of the elements of the model would be anecdotal in nature. The model lends itself mostly to qualitative analysis, perhaps initially in case study format. A descriptive/diagnostic approach might be to analyse some trans-generational firms that failed, versus ones that experienced resurgence, in context to the model.

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