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Learning Leadership Across Generations In Family-Owned Enterprises

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LEARNING LEADERSHIP ACROSS GENERATIONS IN FAMILY-OWNED ENTERPRISES

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This study explores leadership development issues in family businesses. Family owned enterprises comprise a significant proportion of the business population. However, approximately half of family owned businesses do not survive generational transitions. The sheer number of ongoing leadership transitions begs greater understanding on how leadership is learned in the family business and how to improve the leadership development process. This study sought to understand how leadership is learned across generations by asking family business leaders about their own experience and perceptions. Family business leadership development themes and needs for education and research are identified.

INTRODUCTION

Family owned enterprises comprise a significant proportion of the U.S. and global business population. They are described as the "most prevalent form of enterprise in the United States today" (Daily & Dollinger, 1992: 118), and as "the most common form of organization in the world" (Hilburt-Davis & Dyer, 2003: 3). A family business may be globally dominant or very small and the spectrum is quite diverse. The family brings generation-spanning values, attitudes, and influences to bear on the family business that may not be present in non-family businesses.

Succession in family business has been a primary focus in the literature (Dyer & Sanchez, 1998; Zahra & Sharma, 2004) but with much less emphasis given to leadership development across generations. Ward (2004) estimates that 40 percent of firms worldwide are somewhere in the process of succession but warns that approximately half of family enterprises have historically not survived generational transitions. The sheer number of ongoing leadership transitions across generations begs greater emphasis on the leadership and leadership development issues and concerns of family businesses.

Leadership and leadership development in family business are both complicated and enhanced by the competing systems of family and business (Kets de Vries, 1993). How does the younger generation convince a parent that he or she is ready to fully lead the family business? How does the older generation successfully nurture the next generation? This article begins by briefly reviewing the literature. Methodology is reviewed and data from surveys of 51 Washington State family owned enterprises and selected interviews are analyzed. Results and recommendations for family enterprise leaders, educators, and researchers are presented.

Family Own-Business

The number of family businesses and their exact contribution to the national and international economy is difficult to determine; however, estimates place them as high as 80 to 90 percent of the business population in North America (Shanker & Astrachan, 1996; Astrachan & Shanker, 2003). The field of family business research is still relatively young. It is only since the 1980s that an increasing number of academics, government agencies, and other enterprises have begun to focus on family businesses as a distinct population (Lansberg, Perrow & Rogolsky, 1988). A multigenerational monarchy might be considered a family business as easily as the family-run farm, global manufacturer, construction firm, newspaper, or corner retail store. The term family business is not a synonym for small or entrepreneurial business.

Family businesses are often identified and defined by variables such as ownership, voting control, strategic influence, multi-generation involvement, and active family management (Shanker & Astrachan, 1996). Family business is at the intersection of the family system and the business system (Rosenblatt, de Mik, Anderson, & Johnson, 1985). Steier, Chrisman, and Chua identify a key characteristic: "A family's ability and intentions to influence business decisions and behaviors are what distinguish family and non-family firms" (2004: 296).

Events, environments, and life cycles of the family and the business affect each other. Hollander and Elman (1988) describe this intersection of family and business: "The two nouns juxtaposed in the term family business suggest two parallel components, each an entity that stands in some continuous relationship to the other" (146). A family business may be in its infancy or hundreds of years old. Ownership may be privately held, publicly traded, or a combination. Governance may reside in a single person, a partnership, a board of

directors, or shareholders. One-third of the largest publicly held corporations in the U.S. are family businesses (Anderson, Mansi & Reeb, 2003). Family businesses are as diverse as the families who launch, own, lead, manage, or transition through them (Shanker & Astrachan, 1996). There are varied and conflicting definitions of family business but the key indicators are family owned and/or family managed (Chua, Chrisman & Sharma, 1999).

Transitions in Family Own-Business

Attempting to transfer the business between family generations is characteristic of family businesses. The life span of the family business averages 24 years (Dyer, 1986). Only a small percentage of all start-up businesses last more than five years (Winter, Fitzgerald, Heck, Haynes, & Danes, 1998). After surviving the initial five-year start-up phase, approximately one-third of family businesses transition successfully to the second generation with an estimated 13 percent surviving to the third generation (Ward, 1987; see also Shanker & Astrachan, 1996). The reasons for these transition failures are diverse and include many factors including estate tax, family and organizational life cycle, business environment, family dynamics, commitment, and leadership (see Aronoff & Ward, 1992; Baker & Wiseman, 1998; Cabrera-Suarez, 2005; Clifford, 1975; Foster, 1995; Gersick, Davis, Hampton & Lansberg, 1997; Greiner, 1972; Hilburt-Davis & Dyer, 2003; Kets de Vries, 1993; Marshall et al., 2006; Sharma, 2004; Sharma & Irving, 2005; Ward, 2004).

Entrepreneurship and Family Own-Business

Somewhere, sometime, each family business experiences the start-up phase and is often reinvented by succeeding generations. Though linked, entrepreneurship and family business are not equivalent. Nevertheless, family is a driving force in seeking out and capitalizing on new venture opportunities. Rogoff and Heck (2003) see family as the fuel of entrepreneurship: "The growing body of research points to the fundamental guiding principle that combustion of entrepreneurship cannot ignite and grow without the mobilization of family forces" (560). They aptly phrase this as the "oxygen that feeds the fire of entrepreneurship" (559).

Entrepreneurship involves recognizing opportunities and capitalizing on them; further, family embeddedness in new ventures is part of the dynamic (Aldrich & Cliff, 2003). This means that the family dimension should be part of understanding and studying entrepreneurial firms in a more holistic approach. Salvato (2004) examines entrepreneurship in three types of family firms: founder-centered, sibling/cousin consortium, and open family. He found that "fostering entrepreneurship in family firms requires the use of different levers depending on the type of family firm" (75). These levers may include decision-making power, boards of directors, leadership experiences, venture capital participation, and emerging innovation. Like other organizations, the culture of the family business itself affects whether there is an ongoing entrepreneurial attitude and perspective (Zahra, Hayton, & Salvato, 2004).

Family intersects with entrepreneurship at four key points: (a) early family of origin experiences, (b) the family's participation in venture start-up, (c) employment of family, and (d) ongoing family involvement in ownership and management succession (Dyer & Handler, 1994). The involvement of family may be considered a complicating factor in transitioning small entrepreneurial firms into larger organizations and succeeding generations. Peiser and Wooten (1983) suggest that family firms who move beyond the entrepreneurial stage and into the second generation of family and firm "have come to grips with problems of growth, purpose, personal conflict, succession, and a whole host of family issues ranging from the mundane to the bizarre" (58).

The family enterprise is an interaction of systems and life cycles on multiple levels that may be simple or complex. For the purposes of this study, the definition of family business was (a) self-perception as a family business, and (b) 50 percent or more of the business owned or controlled by family members (Westhead & Cowling, 1998). There is an ongoing relationship between the family and the business that bobs and weaves with their intertwined life cycles, crises, achievements, rejoicings, and day-to-day patterns of living.

Leadership in Family-Own Businesses

As Bass notes: "Leadership is one of the world's oldest preoccupations" (1990: 3). Leadership in family business may be particularly vulnerable to changing leadership paradigms because of lingering paternalistic and authoritarian styles that have grown out of traditional family roles. Leadership and legacy of leadership are often grounded in family relationships. Baker and Wiseman note: "The efficacy of the leadership and the operational quality of the legacy that a family leader leaves behind depends on the flow of relationships" (1998: 209).

That special something that separates a good leader from a great leader may vary across generations. Leadership in family business is a swirl of family, business, and ownership issues and interactions. The leadership needed at each stage of business growth may not be in sync with individual leadership approaches and with family business leadership transition. The entrepreneurial leader may not be equipped to handle the systems leadership needs of a more mature business (Clifford, 1975). Leadership transitions may be influenced or forced by family life cycle thus resulting in an inexperienced leader taking over at critical business growth stages (Gersick et al., 1997; see also Greiner, 1972, Marshall et al., 2006). Family businesses perhaps have an advantage in identifying next generation leadership because family (by blood or marriage) is likely the preferential pool.

As family businesses grow, there is an increasing need for non-family professional management and sometimes leadership. Rock (1987) suggests every family sooner or later must answer the question: How desirable is it to have family members in top leadership roles? Nepotism and the family business seem to go together but the approach matters (Vinton, 1998). Is it the employ the children at all costs approach - thus possibly resulting in business failure and family stress? (Kets de Vries, 1993). Or is it the measured development of leaders across generations?

The career choices of children are highly influenced by the family business. Ward and Mendoza have researched work in family businesses and explain: There is a tremendous burden of expectation from parents on most first-born children, especially sons, about working in the family's business. Curiously, it is our observation that the less the expectation, the more enthusiastic the contributions of the next generation will be since they are made a matter of the child's choice rather than the result of parental expectation. (1996: 179-180).

Ward and Mendoza (1996) suggest normal business leader preparation is a given for successful family business leaders. There are times when the child is just not suited to being the next generation leader. Forcing the issue and giving nepotism privilege to the unprepared or non-receptive may result in disaster, as family businesses are certainly not exempt from competitive realities. An emerging pattern is that of co-leaders in family enterprises and this brings its own complexities (Ward, 2004).

Learning leadership is truly a developmental process and as such takes time. McCauley, Moxley and Van Velsor (1998) suggest three intersecting approaches: Developmental experiences with appropriate support, increasing ability to learn from experience, and integrating experiences with the organizational setting. A related approach specific to family businesses is for senior leaders to enter into a learning agreement with the younger generation where performance is assessed and feedback provided even though this may be more difficult due to family ties (Foster, 1995).

A high priority in leadership development is transferring desired values and ideals to new leaders. Lercel and Field (1998) write that the transfer of leadership is more than competencies and capabilities. They argue it is critical to transfer to the next generation the values and ethics that are the organization's heart and soul. For the family business and senior generation this is especially critical. Leader to leader development in family businesses is likely to be personal and relationship oriented compared to non-family businesses that more often emphasize task development. Fiegener, Brown, Prince and File write that non-family businesses place heavier emphasis on formal education than family business while family businesses more often perceive the "leader-successor interaction to be a superior form of development experience" (1994: 324.).

A proactive way to have the right leaders at the right time is to grow your own. This research study focused on subjects' perceptions of leadership and leadership development issues in family business as follows:

- What are the leadership and leadership development issues of family businesses?
- How is leadership learned across generations in family businesses?
- What are the family business leadership needs that might be addressed effectively through education and research?

RESEARCH METHODOLOGY

This research study of leadership and leadership development issues in 51 Washington State family enterprises used qualitative methodology. Conger (1998, 2004), noted leadership author and researcher, writes that qualitative research is particularly valuable as a methodology for leadership research. Using imagery comparing the leadership qualitative researcher to a spelunker, he describes descending into an unknown cave. As the spelunker explores, a fuller understanding of the cave's structure is revealed: "Qualitative methods are ideally suited to uncovering leadership's many dimensions. When done well, these methods allow us to probe at great levels of depth and nuance in addition to

offering researchers not only the flexibility to explore the unexpected but to see the unexpected" (1998:119).

Bryman, Bresnen, Beardsworth, and Keil (1998) also recommend qualitative approaches in the study of leadership. They particularly emphasize that qualitative research is more likely to take the subject's viewpoint rather than trying to fit into the researcher's preset categories.

A sample of 200 family business positional leaders (chairs, presidents CEOs, vice-presidents) was compiled from an existing university based list of family enterprises developed over approximately seven years and the Washington CEO magazine list of the top 150 private firms in Washington State (Bond, 2000). Although it was unclear whether some of these private 150 enterprises were family businesses, they were included in the sample so as to avoid possible bias arising from a university only sample. This list of 200 was a purposeful sampling of likely family businesses in a selection of firms that were judged information-rich.

Two primary methods of data collection were used. The first method was a mailed survey. The second method was interviews with a purposeful selection of survey respondents. Additionally, some mission statement and other family business documents were submitted with surveys and collected during interviews.

The survey asked descriptive questions in order to provide context to research question responses. Respondents were given the option of identifying themselves or remaining anonymous. Participants responded to 10 demographic questions followed by five open-ended questions. The deliberate openness of the research questions was designed to allow the respondent freedom to generate response and not be bounded by preselected categories (Patton, 1990).

A pilot survey was initially conducted. As a result, the research questions were personalized to ask for the respondents' own perceptions of leadership and leadership development issues in family business. Follow-up letters were sent with survey enclosed. Due to the top-level business positions of the sample and open-ended nature of the questions, a lower response rate was expected. The survey was sent to 200 privately held business leaders with a response rate of 79 out of 200 or 39.5 percent. Of this, 51 of the 79, or 64.6 percent of the respondents and 25.5 percent of the survey sample, met the defined criteria of a family business. Respondents were generally representative of the sample in terms of organization size and industry.

The second approach to seeking family business leader insights was through interviews in order to add depth to the survey and allow for follow-up insights. The intent was for the interviews to lead to rich descriptions (Rubin & Rubin, 1995). A total of seven interviews were requested with five conducted. These were semi-structured (Fontana & Frey, 2000) face-to-face interviews with seven family business leaders representing five organizations.

There are limitations to the generalizability of this study due to the size and regional location of the sample. However, important insights to leadership issues in family enterprises may be gained.

Table 1: Profile of Respondents' Family Own-Businesses

Category	Range	Mean or Median
Year business established	1890 to 1997	1968 median
Employees		
Full-time	4 to 5,000	374 mean
Part-time	0 to 1,00	71 mean
Generations		
Since founding	1 to 5	2.3 mean
Currently in the business	1 to 3	1.8 mean
Of top leadership	1 to 3	1.8 mean
Industry	Number	Percentage
Manufacturing	10	19.6%
Retail	8	15.7%
Professional services	7	13.7%
Construction	6	11.8%
Wholesale/Distribution	5	9.8%
Finance/Insurance/Real estate	4	7.8%
Food processing	3	5.9%
Agriculture/Forestry	2	3.9%
Transportation/Distribution	2	3.9%
Other	4	7.8%

Data Analysis

Data analysis looked for patterns and themes emerging from respondents' perceptions. Organizing the data was the first step in data analysis and included verbatim transcription of audio taped interviews. Interviewer observational notes were annotated to the raw interview data (McCracken, 1988). Survey data were recorded by respondent and then cross-compiled by research question.

Demographic background characteristic data were analyzed resulting in descriptive statistics of respondents and organizations. Ninety-six percent of family enterprise respondents were chairmen or chairwomen (18 percent), presidents (33 percent), chief executives (27 percent), and vice-presidents (18 percent). Eighty percent of respondents were male. There was no attempt to collect ethnicity data due to the size of the sample. Respondents represented a variety of industries with organization size ranging from four to more than 5,000 employees. The number of current generations involved ranged from one to three generations. The number of generations since the business was founded ranged from one to five generations. A profile of respondents' family businesses is found in table 1 above. The geographic representation of respondent family businesses covered 25 towns and cities in Washington State.

The data analysis process continued with reading, re-reading, and sorting the data. This led to inductive analyses of categories, patterns, and themes (Patton, 1990) and moved from the very detailed through successive stages to the general (McCracken, 1988). Through this data reduction, overarching patterns and themes of leadership and leadership development issues in family enterprises emerged. The structural synthesis of the data emerged from the patterns and themes.

Findings are reported in themes and phrased in the present tense in keeping with respondents' perceptions that leadership and leadership development in family businesses is an ongoing process. Quality control in qualitative analysis was a focus. The rubric for quality data analysis was in five areas (a) exactness - or precision in explanation, (b) economy - or avoidance of inelegant, redundant explanations, (c) mutual consistency - do themes and patterns "fit" with each other? (d) external consistency - is there linkage to other inquiry, and (e) unity - study results are not presented as a chain but as interrelated themes (McCracken, 1988).

Research Findings

As noted, patterns were first identified, and then reduced to connect in building toward overarching leadership and leadership development themes in family businesses. Research findings are presented in tables 2, 3, and 4 following each research question. Quotations are not cited so as to preserve anonymity. Respondents often provided multiple answers to the same question. Additionally, responses to questions were not clean in that the resulting data, typical of qualitative research, spills across and applies to multiple areas. As a result, frequency of response is presented as a "greater than" range in order to show magnitude. Frequency of response exceeds the number of respondents. Mission statements and other documents at times provided additional validation.

Leadership and Leadership Development Issues

Research question one: What are the leadership and leadership development issues of family-owm businesses? Research findings are identified in table 2 below.

Table 2: Respondents' Family Own-Business Leadership and Leadership Development Issues

Issues	Frequency
Selection and development of the next leader is a primary issue	n=>30
Non-family employees are important to business success and sustaining values	n=>10
Next generation family members have personal choice but no inherent employment rights	n=>10
Next generation needs to work from an early age to learn the business and gain employee respect	n=>10
Education and people skills are important for next generation family leaders	n=>10
Fears and Concerns	**Frequency**
Will the next generation have both the ability and desire to lead the family business?	n=>20
Will future generations preserve the values and culture of the organization?	n=>20
Will the business be competitive in changing external environments?	n=>10
Will the next generation earn and receive the respect of employees?	n=>10
Will the senior generation be able to let go during transition?	n=>10

The data indicated that selecting the appropriate leadership successor and development of that individual was a primary issue for family business leaders. Respondents reported pondering at length about it and

exerting energies to select and develop the next leader. In larger organizations, it was more likely that the senior generation would consider both family and non-family leaders to lead the business in the future. During intergenerational transitions a non-family member may be selected to lead the business as the next generation further develops leadership abilities. Non-family employees were considered important contributors to the success of the business and there was a perception that the idea of family extends to employees. Mission statement documents included phrases such as "maintaining a family environment" and "foster a spirit of 'family' among all." Family business leaders indicated that next generation family members have choice on whether to enter the business. For example: "We have two children ... in college pursuing interests not related to our business. Should either of them show an interest in taking the reins later on, they will have to learn leadership skills on the job." Coupled with choice was the issue of employment rights.

The data indicated the next generation has no absolute right to be employed by the family business. For example, one interview respondent said: We had a competitor in the industry who had a brother in the business and they kept an office and paid him but didn't want him around. I couldn't start doing that with cousins. The primary thing was not establishing a pattern that being a [family name] guaranteed anything. I had to fire one family member and that was one of the toughest things I've ever done but from a business standpoint it just wasn't working.

Entering the business early was valued not only for learning the business but also in gaining the respect of employees. Respondents described sweeping floors, picking strawberries, working on construction sites, and other entry-level learning. Mission statements included phrases such as "work hard" and "founded on the principle of the American work ethic." This long-term learning of the business also included gaining respect of employees. Formal education and the ability to effectively relate to people was a family business leadership and leadership development issue.

Minor data themes for family business leadership and leadership development issues were: (a) There are both joys and conflicts in working with family members, (b) some family businesses deliberately do not intend to pass the business down to the next generation, and (c) the success of the business has higher priority than ensuring the next generation leads the business.

Embedded within perceptions of leadership and leadership development issues of family businesses were underlying fears and concerns related to succession. These data themes are also identified in table 2. There was a clear concern that the next generation would not have both the ability and the desire to lead the family business. Respondents saw ability and desire as closely linked. They further indicated that choice exists as to whether the next generation will be involved in the business. The option of choice was factored with a fear that the next generation will not attain needed levels of leadership ability. A concern about preserving organizational values was summarized by an interview respondent:

The biggest concern I have is whether either future family generations or non-family managers will preserve the values and culture that exist in the business. My grandfather founded the business on a trust and concern for people and that was perpetuated by my father and his brothers, and I feel I've done the same. The family has been very supportive of that way of operating the business. The last penny was never what we were about. Mission statements emphasized core values related to honesty, integrity, persistence, quality, and caring for others. For example, one document highlighted the importance of values by stating that business goals should be "consistent with the philosophy and traditions of the family."

When considering leadership and leadership development in the context of succession, there was also concern about how to deal with changing business environments and evolving competitive realities. A family leader of a highly successful business noted: "We feel that in our business as well as in [the industry], the landscape is changing. What used to work, doesn't anymore. The current as well as future generations must be willing to adjust everything." Competitive realities of concern included evolving technology, changing markets, and other forces, such as the economy, beyond the control of the family business leader.

The next generation's ability to gain the respect and loyalty of employees was a concern of family business leaders. Respect for employees and clients was a key value in mission statement documents. Data indicated that without the respect of the employees, leadership succession would struggle and likely fail. One survey respondent described the pressure of taking over the family business: For a skilled and motivated family member, assumption of leadership is a huge burden because there is always a level of skepticism. I was the first [family name] in a century to work somewhere else and then come back. My success outside was unblemished by my family name. You have to shake your

ego every once in a while and remember other successes. The final major theme arising from the data about leadership and leadership development fears and concerns in context of succession was whether the senior generation would be able to let go during the transition.

The literature supported the importance of selecting and developing the next family business leader (see Aronoff & Ward, 1992; Cabrera-Suarez, 2005; Daily & Dollinger, 1992; Foster, 1995) but this has not received as much attention as other family business issues (Dyer & Sanchez, 1998; Zahra & Sharma, 2004). Ward and Mendoza (1996) supported the choice aspects of entering the family business whereas the concept of no guaranteed employment was supported by Kets de Vries (1993). Respect for each other (Haugh & McKee, 2003) and earning respect of employees was supported in the literature (see Chrisman, Chua & Sharma, 1998; Handler, 1991; Sharma, 2004). There are linkages between earning the respect of employees and Gardner's position that leadership is granted by followers (1990). Although the literature described early work in the family business (see Gersick et al., 1997; Ward & Mendoza, 1996), the respondents tended to view "early work" at an earlier stage usually starting in the young teenage years. The finding of emphasis on preserving values and vision across generations was supported in the literature (Fiegener et al., 1994; Fiegener, Brown, Prince, and File, 1996). Lercel and Field (1998) write that the transfer of values across generations is critical to preserving the organization's heart and soul.

Concerns about competitiveness and the external environment have relevance to fostering entrepreneurial thinking at maturing stages of the family enterprise (Salvato, 2004). Haugh & McKee (2003) identify respect as one of five shared values emerging from a study of family enterprises. The finding of importance or value of non-family employees is supported in the literature (Haugh & McKee, 2003) and also identifies the importance of non-family employees in evaluating credibility of the leader (Chrisman et al., 1998).

Learning Leadership across Generations

Research question two: How is leadership learned across generations in family-own businesses? Research findings are identified in table 3 below.

Table 3: Respondents' Perceptions on Learning Leadership Across Generations

Themes	Frequency
Leadership is learned by active example of senior generation	n=>30
Leadership is learned by hard work from an early age and learning the business from the ground up	n=>20
To some extent leadership is an innate quality. Abilities may be enhanced but not every next generation individual is suited for leadership of the family business	n=>10
Leadership is granted through gaining respect of employees and family	n=>10
Leadership is learned by work experience either outside the business or at an extended distance from the senior generation	n=>10
Academic degrees and continuing education enhance leadership learning	n=>10

The data indicated that leadership is learned by example. One respondent described learning across generations: "This is done naturally by example. My father taught me values as well as mentored my development. You could write a book on how he did it. Now it is my turn to mentor by example." Another response described the active commitment needed to teach by example: I think the leadership that is learned across generations is of huge value and it is critically dependent on the attitude and devotion of time by the senior generation. It is hard for family business leaders to find the time but it pays huge dividends. Those lessons will be with the next generation forever.

He further explained the responsibility of the younger generation in learning: "You ought to nurture and develop the older generation in imparting that knowledge. The bond makes it an act of love to share." Even though example is important in learning leadership, there is also recognition that not all are suited for leadership. A third generation leader said: "To some extent leadership is a quality that you either have or don't have. I think it can be developed ... but if they [future leaders] are moving through the stages and reach a dead end at some level, you just can't force them." Also on the theme of leadership and suitability, a respondent illustrated: "If I were the center for the Green Bay Packers I would not expect my son or daughter to also be the center of the Packers. I also don't expect them to be the CEO of this firm." Personal choice as well as suitability are factors.

The data indicated that leadership is granted by gaining respect of the employees and the family. In part, this involves the granting of trust and acceptance as a leader. The leadership role does not come by right of having the family name. Participants reported that gaining respect and earning leadership also involves hard work from a young age and learning the business from

the ground up. A work ethic was a value identified in mission statements. One leader said: "There were a number of occasions that I took my lumps. It was probably a good thing, but it was made obvious to everyone in the company that I was being disciplined." A third generation respondent said: "Get to them young, start the process of imparting leadership lessons at a very young age.... If you haven't started them young, [in] getting to them late the penetration rate is much lower." The data indicated pressure on the younger generation to know more and perform better than non-family employees.

Respondents indicated that in the process of learning the business by increasing degrees of responsibility, the next generation learns by the examples of others and becoming immersed in the organization's values. Independent work experience was also valued. Some family businesses require at least two years of external work experience. One written policy for family members reads: "Following the completion of formal college education, it is recommended that prospective career employees avail themselves of at least two years practical work experience outside of [business name]." Independent work experience was also perceived as gained inside the family business but at a physical distance from the senior generation. As one survey respondent indicated:

When they [the younger generation] are considered ready then they are put in charge of an area not too close to Mom and Dad. Now is when we find out if we are successful. Up to that point, we don't know. It's either sink or swim. Earning academic degrees was perceived as part of leadership learning and should be followed by continuing education throughout the career of the leader. Mission statements included education as an emphasis however learning on the job was perceived as more important than formal education. A minor data theme for learning leadership across generations indicated that involvement of employees and outside mentors in helping the next generation learn by example is of value in family business leadership development.

The literature supported the role of example in leadership (see Foster, 1995; Gardner, 1990) with Hunt and Laing (1997) focusing on the leader as exemplar especially in regards to passing on vision and values. McCauley et al. (1998) support the concept of work experience as a leadership development practice, while others also focus on learning the business from an early age (Dyer, 2003). Family enterprise leaders point out that not everyone is suited for leading. Conger supports this succinctly: "It is not a matter of whether leaders are born or made. They are born and made" (2004: 136). The value of education was assumed frequently in the literature but rarely specifically identified. The value of independent work experience was frequently supported in the literature (see Barach, Gantisky, Carson & Doochin, 1988; Levitt, 2005; and Zaslow, 1986). Salvato (2004) found that pre-venture experiences are important to entrepreneurial thinking and acting in founder-centered family firms. This is an interesting corollary to the emphasis on independent experience for succeeding generations. Handler (1991) and Chrisman et al. (1998) supported the finding of earning respect as a developing leader. Chrisman et al. found that respect of employees was ranked third out of 30 possible attributes for leader successors.

Family Own-Business Leadership Needs

Research question three: What are the family business leadership needs that might be addressed effectively through education and research? Table 4 below identifies the research findings.

Table 4: Family Own-Business Leadership Education and Research Needs

Needs	Frequency
How to lead amidst emotional complexities of family and business dynamics	n=>20
Formal and informal education in functional business areas	n=>20
Models and education on effective leadership transitions that sustain values and vision	n=>10
Forums that foster family business peer interaction	n=>10
Practical insights and tools for dealing with ownership transfer and estate issues	n=>10

The data indicated a desire for education and interaction on negotiating the complexities of family and business interactions. One leader described this need: Working with family members in and of itself sets into motion dynamics which can either help or hinder its [the business] success. Familiarization with some of the problems met and solutions arrived at by others with the same concerns can be very motivational in seeking remedies for family run businesses.

Learning to lead amidst the complexities of family and business dynamics is a key factor in successfully transitioning from the entrepreneurial stage (Peiser & Wooten, 1983) and across generations (Gersick et al., 1997). Family business leaders perceived a need for

education and research on leadership transitions. For example: Research should survey successful transitions and develop process models, timelines, sticking points, etc., which essentially become a process checklist for the entire endeavor and identifiable segments.

The transfer of values and vision to the next generation is an identified need including how to articulate vision and goals, understand and apply high standards of business ethics, and build strength in interpersonal interactions. The opportunity to exchange ideas and learn from other family business leaders was identified as a theme. Possible forums for this include conferences, seminars, informal gatherings, and general exposure to other family business leaders. Ownership transfer and estate issues were identified as education and research needs. For example: "I am always surprised at how little there seems to be written with regard to the mechanics of passing stock to the next generation without depleting the net worth of the present generation." The data also indicated needs for formal and continuing education in business topics such as marketing, finance, decision-making, management skills, and organizational behavior. This was supported by the emphasis on education in mission statements. Respondents perceived that education is important for the next generation in earning their way in the business. For example: "Make sure the second generation gets a good education. It is imperative that they have a better education than their employees."

It is important to note that eight of the 51 firms in the study perceived that there were no family business leadership and leadership development needs that might be addressed through education and research. This may be more understandable when considering the importance family business leaders place on learning by example and the value of hard work. Perhaps the minority perspective is that next generation leaders learn by doing and thus education and research may not be perceived as needed.

Family business leaders placed high importance on selection and development of the next generation leader. The ability and desire of the next generation to lead the business was of concern to family business leaders as was the senior generation's ability to let go during transition. Non-family employees were perceived as valuable contributors to business success. Gaining the respect of employees was identified as an important aspect of next generation leadership development. Leadership development across generations in family businesses was perceived as also occurring by the example and values of previous generations. Identified leadership development activities included entering the business at a young age, learning to work hard, acquiring formal education, independent work experience, and engaging in continuing education. Family business leadership needs for education and research included working with family and business dynamics, models for effective leadership transitions, forums for peer interaction, tools for dealing with ownership and estate transitions, and education in functional business areas.

CONCLUSION

The most frequently themes (n=>30) arising out of this qualitative study on leadership and leadership development issues are:

- Selection and development of the next leader is the primary leadership and leadership development issue in family businesses.
- Leadership is learned by the active example of the senior generation.

Although not generalizable, the findings indicated that family business leaders perceive next generation leadership development to be an issue of importance. The major conclusion as a result of this study is that leadership development in family businesses occurs through a synthesis of example from the previous generation(s), work experience, and the process of earning employee respect. This conclusion is supported by the findings: (a) Leadership is learned by the example of the senior generation, (b) early work experience is valued as a means of learning the business, (c) leadership is learned by independent work experience either internal or external to the family business, and (d) gaining the respect of employees is an issue in family business leadership development. Work experience and gaining respect of employees are linked leadership development findings. These two areas interact with the example of the previous generation to create a synthesis process that engages the next generation in leadership development. The literature supports various individual aspects of leadership development including example, experience, and respect. However, the finding that leadership development in family businesses occurring through a synthesis of example, work experience, and earning employee respect is unique to this study.

A recommendation for educators and family enterprise leaders arising from this study is to more thoughtfully blend leadership development planning and implementation within the contextual understanding of family enterprise dynamics and business savvy with a long-term perspective. Additionally, further research is

recommended in (a) exploring the example of previous generations as connected to leadership development in family businesses, and (b) examining how family member work experience internal and external to the family business is related to gaining the respect of employees.

Summary

The qualitative nature of the study yielded rich data. Family business leaders wrote of hard times and hard work. They spoke of the joys, challenges, and heartfelt experiences of working with family. As one leader said: "It takes a great deal of courage every morning to get up and go to a building with your name on it." They exhibited practical business savvy accented by sentiment about family legacy and loyalty. Generations of family photos adorned the office walls of interviewees and quotes from previous leaders were displayed in corporate lobbies.

Leaders spoke of family businesses that will end with them due to estate tax issues, lack of interest or ability in the next generation, or even the nonexistence of a next generation. Family business leaders expressed gratitude, despite the complexity, for opportunities to work side-by-side with the previous generation: "I enjoyed working with my father and his brothers. I didn't care if they had the titles and I had all the responsibility and was running more of the business all the time. I enjoyed every minute of working with them." Family business leaders worried: "Are we doing the right things and are we leading in the right way?" One leader described the responsibility of being an example to next generation leaders: "They watch you and they watch to see if you walk your talk."

Although family business leaders invest considerable personal effort in nurturing the next generation the approach seems to be reinvented in every enterprise. The data clearly indicate that selection and development of the next leader and the role of example are important. Respondents appear to have gained these perspectives independently through personal experience. The synergy emerging from experience, example, and earning respect has aspects of tacitness that may be distinctive to each organization. Perhaps part of this tacitness is the nurturing of entrepreneurial perspective and business renewal in successive generations. Although individual enterprises have unique characteristics, general framing concepts on leadership development in family businesses could and should be more accessible. This would help leaders build from a common starting point and accelerate the planned development of leaders across generations thus perhaps lowering the number of generational transition failures. Generational transition involves complex issues including estate planning, tax law, wealth extraction, ownership, non-owning stakeholders, life cycles, business health, competitive pressures, and of course, the swirl of interpersonal dynamics. Nevertheless, it is the current and next generation leaders who need to rise above these challenges in passing on the business. Planned leadership development is crucial in making this happen.

General business education is readily available in myriad forms but specific opportunities for learning about family business dynamics and leadership transition issues are less available. Forums for family business leader interactions do exist, however, it seems many leaders are not finding or availing themselves of such opportunities. This may be linked to the strong role of senior generation example and earning employee respect in family business leadership development.

The independence of family enterprise leaders may make it more difficult to engage in dialogue on leadership development outside the organization. There are two opportunities that educators and researchers should consider: (a) facilitate dialogue by connecting family business leaders with each other thus creating opportunities for education and open discussion, and (b) translate and share family enterprise research with those who could most use it. For example, in this study leadership development is identified as occurring through a synthesis of example from the previous generation(s), work experience, and the process of earning employee respect. Creating leader dialogue forums to explore this and sharing research in popular form would more directly benefit the family enterprise leadership development process. How to make these opportunities more valued by family business leaders is worth exploring. Family enterprise leaders are actively engaged in nurturing those who will be the next leaders in a generation-spanning legacy of vision, values, persistence, and achievement. The very passion that these leaders bring to the leadership development topic confirms that the family business is about more than running a business and making a profit; it is also about shared experiences and developing leaders across generations.

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