

**Family Social Capital as a Driver to Leverage Challenged Transgenerational
Entrepreneurship**

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Abstract

Purpose: Unveiling the key role of family social capital as a driver for transgenerational entrepreneurship in the specific contexts of challenged successor-driven entrepreneurship.

Design/methodology/approach: The paper adopts a multi-case study methodology. Guided by three theoretical propositions, three transgenerational entrepreneurship case studies are analysed. Drawing on 10 in-depth interviews with at least three different informants from each intra-family succession case study, evidence about this particularly complex phenomenon was obtained.

Findings: The paper highlights the effect of family social capital as the key familiness driver to leverage challenged successor-driven entrepreneurship. It underscores the systemic and dynamic network of multiple exchanges required to construct successor's own pool of knowledge resources and to support familiness and thus the competitive advantage of the family firm.

Originality: Focusing on a specific intra-family succession context where successor-driven entrepreneurial initiatives face stakeholder opposition, the paper highlights the specific role played by family social capital in the successor knowledge construction in specific contexts of challenged intra-family succession.

Practical implications: Different scenarios are illustrated, and specific lessons are provided for successors and families that face transgenerational entrepreneurship opposition in intrafamily succession, regarding the restoration of damaged family social capital and involving non-family stakeholders in the successor-driven entrepreneurship. In these cases, opposition to successor-driven entrepreneurship may help to develop successor's leadership abilities.

Keywords: transgenerational entrepreneurship, successor knowledge, family social capital, stakeholder influence, succession process.

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1. Introduction

Business families have been considered relevant contexts to study entrepreneurial behaviours such as transgenerational entrepreneurship (TE) (Zehrer and Leib, 2020). The relevance of the knowledge and learning mechanisms derived from the family involved in the firm (Barros-Contreras *et al.*, 2022) creates a unique background to study entrepreneurial behaviours. Particularly, intra-family succession is considered a very relevant context where knowledge transfer processes take place (Bell and Pham, 2021) and, thus, processes of TE. Entrepreneurship is not only about the business venture itself; it is closely related to contexts and time (James *et al.*, 2021). In intra-family succession processes, the successor needs a dynamic network of multiple exchanges to construct his/her own pool of knowledge resources (Cabrera-Suarez, 2018) to support familiness and long-term sustainability of family firms (FFs) (Ratten and Jones, 2021). Following the Cabrera-Suárez *et al.* (2018) model, the fulfilment of successful TE needs to integrate several aspects, such as the long-term development of the next generation's human capital resources, the interpersonal and network influence on that developmental process, and the social capital resources provided by the FF system, which nurture the necessary successor knowledge construction. The existence of a network of knowledge exchanges around the successor, with multiple agents and sources beyond the predecessor, enhances the successor's knowledge construction through time, making successor-driven entrepreneurship possible.

However, successor-led entrepreneurial processes imply some risks and are not free of difficulties (Zehrer and Leib, 2020; Kellermanns *et al.*, 2008, 2012). Incumbents and main FF stakeholders who tend to retain control of governance levels may feel detached from emergent opportunities and threats and tend to favour the strategies that they put in place in the past, emphasizing traditions to which they are emotionally attached (Cucculelli *et al.*, 2016; König *et al.*, 2013). Therefore, they may tend to prevent rather than encourage innovation (Ghemawat, 1991; Hauck and Prügl, 2015). Consequently, the successor-driven entrepreneurial initiatives may even be challenged and opposed (Quigley and Hambrick, 2012), hampering TE processes. Recent literature has shown how the influence of relational, structural and cognitive family social capital (FSC) dimensions can enhance constructive conflict (Alvarado-Alvarez *et al.*, 2020), as well as how successors' development in entrepreneurial families is crucially conditioned by FSC attributes.

Our premise is that when successors' entrepreneurial initiatives face the opposition of FF stakeholders, the FSC plays a particularly relevant role in the required process of knowledge construction enriching the successors' knowledge base as well as legitimating him/her as the new leader of the renewed FF. Therefore, the paper aims to unveil the key role of FSC as a driver for TE in the specific contexts of challenged successor-driven entrepreneurship.

From an empirical point of view, we adopt a multi-case study methodology, guided by three theoretical propositions and analysing three TE case studies. Thus, drawing on 10 in-depth interviews with at least three different informants from each intra-family succession case study, it was possible to obtain evidence about this particularly complex phenomenon.

The paper makes several contributions to the family business field. First, the paper highlights the effect of FSC as the key familiness resource leveraging TE, and thus, it contributes to the research

stream focusing on social relationships both across and within family boundaries as key resources for succession success (e.g., Ahrens *et al.*, 2019) and innovation and entrepreneurship (Hanson *et al.*, 2019; Rondi *et al.*, 2019; Wang *et al.*, 2020). Second, this paper contributes to the literature on successor development as leaders by focusing on the learning process that takes place when successor-driven entrepreneurial initiatives face stakeholder opposition. Additionally, we identify specific practical lessons that may help successors and families align their paths when hostility arises during the TE processes.

The rest of the paper is organized as follows. To set the stage for our study, we begin with the theoretical background on how successor knowledge construction nurtures TE processes, and specifically, we develop a rationale about how FSC is a driver that impacts successors' knowledge construction in opposition contexts. Thus, three theoretical propositions that will guide the data collection are presented. We then outline our qualitative research design and describe the three case studies. Finally, we present the findings and conclude with a discussion and the contributions for scholars and business families.

2. The Influence of FSC on Successor-Driven Entrepreneurship

The role of family members inside and outside the FF is critical for the successful development of the succession process (Cabrera-Suárez *et al.*, 2018; Wang *et al.*, 2020; Bell and Pham, 2021), as they can facilitate the search for, identification of, and exploitation of opportunities based on the position of the FF as a rich knowledge network (Patel and Fiet, 2011). Knowledge and learning derived from family members involvement in the firm is at the basis for family business value creation (Barros-Contreras *et al.*, 2022). Families contribute to the creation of new ideas, processes, products, and services (Barroso *et al.*, 2016) and to innovation (Chirico and Salvato,

2016; Rondi *et al.*, 2019) due to their potential abilities to recognize, assimilate, and exploit each member's knowledge. Families' stability and dense social links also are beneficial to the continuity of knowledge structures in FFs and thus the identification of opportunities since the knowledge transfer processes in families can foster the joint search for opportunities (Patel and Fiet, 2011). More generally, family relational dynamics constitute the grounds for families' resilience, that is, the capacity to adapt to changes and maintain the entrepreneurial drive (Hanson *et al.*, 2019); resilience which is developed through intergenerational learning during family business's succession processes (Zehrer and Leiß, 2020).

However, entrepreneurship, understood as a major change in FFs (Hall *et al.*, 2001) is a result of the social interactions of the family, the firm and the non-family managers, conditioned by the family's cultural patterns (Arz, 2019). In this sense, despite FFs' abilities to innovate, they may be less willing to do so due to a set of non-economic factors, such as family members' risk aversion, resistance to losing control and emotional commitment to original strategies and activities (Chrisman *et al.*, 2014; De Massis *et al.*, 2014; Rondi *et al.*, 2019; Wang *et al.*, 2020). As Islas-Moreno *et al.* (2021) state, in FFs, the intertwining of the family, business and ownership subsystems produces different types of conflicts, that affect the performance and continuity of the FFs. Thus, this family entrenchment can undermine family social integration mechanisms that critically foster the knowledge acquisition and exploitation processes of successors (Daspit *et al.*, 2016). Given that familiness, specifically FSC (Pearson *et al.*, 2008), plays a relevant role in the required process of knowledge construction (Cabrera-Suárez *et al.*, 2018; Daspit *et al.*, 2019), our premise is that that FF stakeholder opposition to successors' entrepreneurial ventures may even enrich and nurture the successors' entrepreneurial initiatives and ultimately help to develop their leadership abilities.

3. The FSC in Threatened Successor-Driven Entrepreneurial Processes

The relational, structural, and cognitive dimensions of FSC (Pearson *et al.*, 2008) are drivers that operate not only in the successor's knowledge construction process but also in the FF stakeholders' alignment towards the successor-driven entrepreneurship (Ahrens *et al.*, 2019).

The relational dimension of the FSC comprises the resources created through personal relationships, such as trust, norms, obligations, and identity (Pearson *et al.*, 2008). Trust, above all, has been suggested to be a fundamental basis for cooperation, information flow, and knowledge sharing (Pearson and Carr, 2011) and an essential feature for a successful transfer of leadership and knowledge (Daspit *et al.*, 2016; Muskat and Zehrer, 2017) that may facilitate the legitimation process of the successor, particularly when this successor is carrying out an entrepreneurial process (Hanson *et al.*, 2019).

Moreover, the capacity of business families to extend trust relationships beyond family members to include non-family members is also crucial to ensure that knowledge creation and combination can take place (Ahrens *et al.*, 2019; Daspit *et al.*, 2016, 2019). Therefore, when trust among FF members exists, FF members support and are more aligned with the decisions and actions of the successors, thus extending the successors' credit and enhancing their managerial discretion (Ahrens *et al.*, 2019; Hanson *et al.*, 2019).

Proposition 1: The existence of trust in successors (the FSC relational dimension) influences the successors' knowledge construction and key stakeholders' alignment around successor-driven entrepreneurship, affecting the success of TE processes.

Second, the structural dimension refers to the internal network of ties inside a family resulting from the established patterns of interaction, involvement, and strength of ties among the relatives (Pearson *et al.*, 2008). The configuration and density of the family ties may yield a competitive advantage for the FF (Sanchez-Ruiz *et al.*, 2019). In TE processes, the exchange of critical resources that are at the basis of knowledge construction is expected. Indeed, the structure of relationships in a family can influence the entrepreneurial behaviour of its family members (Wang *et al.*, 2020), and it can also motivate the mobilization of resources for helping members in need (Dyer *et al.*, 2014). Family structures characterized by a high degree of joint participation in decision making, strong emotional bonds, and a high level of mutual interest provide a better family background for the exchange of information inputs, consequently fostering innovativeness and allowing the imprinting of an entrepreneurial legacy in their families (Jaskiewicz *et al.*, 2015). Additionally, integrating non-family members into the decision team increases the FF's network density, integrating new and diverse knowledge (Vandekerckhof *et al.*, 2019) and enhancing the level of valuable social capital an entrepreneur can mobilize (Daspit *et al.*, 2019; Renzulli *et al.*, 2000).

On this basis, a second research proposition is stated in the following terms:

Proposition 2: The interaction and overlapping of internal networks of family ties (the FSC structural dimension) influence successors' knowledge construction and key stakeholders' alignment around successor-driven entrepreneurship, affecting the success of TE processes.

And third, because of the interactions that take place inside family structures, the cognitive dimension of FSC, that is, a family's shared vision and purpose, as well as its unique language,

stories, and culture, may be developed (Pearson *et al.*, 2008) and is linked to the formation of family entrepreneurial teams and the pursuit of innovation goals (Daspit *et al.*, 2019). The stepping up of a successor and the initiation of an entrepreneurial process may affect this FSC cognitive dimension if as a result of a successor's new vision, unity among its stakeholders may be damaged, and miscellaneous interest can arise (Aragón-Amonarriz *et al.*, 2019). The role of the FSC cognitive dimension, based on shared family traditions and norms, implies a pedagogical process in which family and non-family members must be involved (Martinez-Sanchis *et al.*, 2020). Selection and socialization processes help to create cognitive similarity among family members and between them and non-family members, which generates cognitive alignment (Daspit *et al.*, 2019). Thus, a third proposition states as follows:

Proposition 3: Shared family vision and purpose (the FSC cognitive dimension) influences successors' knowledge construction and key stakeholders' alignment around successor-driven entrepreneurship, affecting the success of TE processes.

4. Methods

The study of the FSC in TE processes requires capturing evidence of a particularly complex phenomenon that develops over a long period of time. Therefore, the paper follows a qualitative research approach based on the analysis of case studies. Case research is adequate when the purpose is to “investigate a contemporary phenomenon within its real-life context” (Yin, 2013, p. 13) since it provides rich detailed data to better understand the phenomenon in question (Eisenhardt, 1989). Thus, the focus is on the evidence of knowledge construction during threatened TE initiatives and, specifically, on the role that the FSC dimensions play in these processes.

Following Eisenhardt (1989), randomization in the selection of case studies is not necessary since our aim was to select the critical cases available that better explored the mentioned phenomenon. Thus, we follow a purposeful theoretical sampling technique (Merriam, 1998) in which cases are selected based on their probability of providing significant information regarding the phenomenon under investigation, giving voice to the key agents involved in the family succession process and allowing analysis in a natural context (Whiteley *et al.*, 2012) by simultaneously using different sources of evidence without losing the complexity and specificity of each case (Zikmund *et al.*, 2013).

4.1. The Case Studies

First, a set of fourteen FF succession processes were analysed to select the most appropriate family succession cases for the aim of this study. Finally, three case-studies with rich evidence of successor-driven TE processes challenged by stakeholder opposition were selected (Table I).

<Insert Table I here.>

Two of the selected case-studies correspond to small firms and the other one is a medium-sized firm (European Commission, 2009). The authors compiled data about the firms and the families (Table II). All the FFs selected are at least in their second generation: one of them is in second generation (CaseDesign), another in fourth generation (CaseSea) and the last one in its fifth generation (CaseTool).

<Insert Table II here.>

4.2. The Case Analysis

In-depth face-to-face semi-structured interviews were conducted in order to capture rich data regarding the succession processes and the role of the family and non-family members in these processes (Table III). A holistic perspective was followed and, in each case, at least three different

profiles were interviewed: different generations, diverse levels of involvement in the firm and family and non-family members. The output of the interviews was transcribed and codified. The results of the transcriptions were then shared with the interviewees to correct any misinterpretations.

<Insert Table III here.>

To guarantee reliability, we followed several recommendations laid out by Yin (2003). Once the generic purpose of the cases was defined, we established a protocol for the case study. The thematic dimensions and the interview guide questions were defined (Table IV).

<Insert Table IV here.>

The validity was guaranteed using triangulation of various sources of evidence and by contrasting the data provided by the informants from each case (Yin, 2003). The chain of evidence was constructed from several sources of information, which ensured triangulation (Eisenhardt, 1989; Miles and Huberman, 1994; Yin, 2003). The availability of diverse sources, such as the interviews with the FFs, press releases, and internal documents supplied by the FFs' management and web pages, together with two of the co-authors' experiences with and knowledge of the firms, helped to enrich the data collected about the firms (Table V).

<Insert Table V here.>

Given that the case material does not intend to be normative but descriptive and illustrative, only part of the evidence captured is explicitly presented in this article due to space limits and for the sake of clarity.

5. Findings

5.1. The FSC relational dimension as a driver for leveraging the TE process

The cases studied show two different patterns regarding the impact of the FSC relational dimension on TE processes (Table VI).

<Insert Table VI here.>

On the one hand, a high level of trust in the successor and the TE project is observed in the family members in CaseTool and CaseSea. This trust is evidenced by the support of the TE project (the mother in CaseSea) and even the attraction of the family members and their new incorporation into the TE project (the siblings in CaseTool and CaseSea).

- *[...] I provided the totality of the increase in capital necessary to re-launch the company, and I obtained the majority of the property.”* -The incumbent in CaseTool.
- *“...previous generation is to be commended for their dedication...and now the new one is focused on stronger outreach, with a great deal of self-confidence and courage.”* -The mother of the successor and the former financial manager in CaseSea.

On the other hand, in CaseDesign, when the incumbent disappears the remaining family members (her mother and siblings and other relatives) do not trust the successor. As a consequence, there is a family break, and the successor stands alone and continues his TE project on his own.

- *“There was a reluctance to share knowledge, and the family was even more afraid of opening up the company to others. [...] We need to take advantage of collaboration and openness. This is the only way to advance quickly.”* -The nonfamily manager in CaseDesign.
- *" I want to be surrounded by people who I can lean on to develop our business project. We are growing, and we have an exciting project which we have invested*

a lot in, and we need people who are creative and contribute to the project". -The owner in CaseDesign.

Paradoxically, in the three cases, the level of trust of the non-family members is low. Critical business situations and unclear future (CaseTool) provoke nonfamily managers' and workers' opportunistic behaviours (CaseTool) or uncertainty and even fear about the proposed radical changes originating from resistances and labour conflicts (CaseSea). Consequently, new managerial staff that trusted the successor and his/her new vision were needed in all three cases to support the TE.

- *"I was at a multinational in a position similar to the one I have at [the firm], but here it is entirely different. (...) I know that they trust me and give me space. And seeing the final outcome of your work gives you a tremendous sense of purpose."* - the production manager in CaseSea.

We observed that the learning process necessary to implement the TE project required a community (family and nonfamily) that trusted the successor. The absence of trust implies the reconfiguration of the communities, and even the breakage of the familiness as it occurs in CaseDesign. The resulted committed communities are rebuilt as a result of some member exits and new acquisitions.

5.2. The FSC structural dimension as a driver for leveraging the TE process

The cases studied show two different patterns depending on the stakeholders opposing the TE process. In the first one the opposition comes from family members, and in the second one the family supports but the non-family members oppose the entrepreneurial project.

<Insert Table VII here.>

As detailed in Table VII, in CaseDesign, the opposition comes from family members. There is an implicit opposition from the rest of the family members that explodes when the incumbent disappears, and the successor-driven entrepreneurship emerge. In this case all family members oppose the entrepreneurial process led by the successor and thus the successor has to make his own decisions without the support of his family. Therefore, among other actions, hiring new managers is required, and starting a "pruning the tree" process becomes mandatory. In this case, where the family network breaks up, the success of the successor-driven entrepreneurial action's success takes prevalence over the family nature of the firm and a rebuilt core network supporting the successor and his TE is generated.

Nevertheless, when the opposition does not come from the family, and a strong core family network supports the TE (CaseTool and CaseSea), the family members that support the TE are integrated into firm managerial positions and take an active part in the decision making around the TE process, and the non-family members that opposed the project exit the FF.

- *"I spoke with my wife and told her, 'Everything we have is thanks to the [firm]'. She replied, 'If we have to invest, we'll have to invest; whatever you say'."* -The incumbent in CaseTool.
- *"After devoting several years to music, [...] she [my sister] has found her "txoko" (place) at the firm. Her life experiences are very rich and give the business a creative aspect."* -The managing director and successor in CaseSea.

In all cases the successor learns about his/her own strengths and those of others, to value the support of the family and generate the mechanisms to structure a new network of relations,

involving the family members in the business project. This allows the strengthening of the structure (structural dimension), which activates the social capital and allows the successor to learn (knowledge-building), and therefore the entrepreneurship process.

In conclusion, independently of the origin of the opposition, the existence of a core family network around the TE is necessary for both nurturing the TE and the familiness. The successor must integrate the core family network into the new TE and a specific position/role for the key family members should be established, so they feel included in the new project. Otherwise as CaseDesign shows, even if the TE succeeded, the familiness is damaged and the successor on his own lead the TE supported by a new network of non-family stakeholders.

5.3. The FSC cognitive dimension as a driver for leveraging the TE process

The cases studied show two different patterns regarding the impact of the FSC cognitive dimension on TE processes (Table VIII). The patterns occur, first, when successor-driven entrepreneurship originates because of the weak or difficult competitive business position of the FF and, second, when successor-driven entrepreneurial initiatives answer to the successor's personal vision or ideal.

<Insert Table VIII here.>

In the CaseTool, there is a competitive threat that puts the survival of the FF at risk. The successor-driven initiative targets this challenge, implementing changes that aim to solve the complex business situation. Therefore, all key stakeholders understand the need for a TE process that preserves the family entrepreneurial legacy and guarantees the sustainability of the community that is linked to the FF project. Thus, they are cognitively aligned to the TE process, sharing its vision and purpose.

- *"It was vital to develop [the firm]'s business concept, and this would not have been possible if the family had not opted for responsible ownership at difficult times and taken risks to keep the firm and ensure the workers' jobs"* -The managing director and successor in CaseTool.

Conversely, in CaseSea and CaseDesign, the successor-driven entrepreneurial initiatives do not address a business case; at least, there is no immediate competitive threat to respond to. However, the successors have a clear vision about the company that they want to lead that radically differs from the current, inherited business reality. This new vision of the company involves a disruption that, depending on the case, is focused on both financial and nonfinancial objectives. Indeed, the new vision promotes a new product-market combination (CaseSea), a new concept of the firm that fits with the successor's personal ideal of a workplace (CaseDesign).

- *"... and we went all out. I wanted to succeed, to be the first one and enjoy that position in spite of our small size. That's the good thing about small firms: we can make decisions quickly."* -The managing director and successor in CaseSea.
- *"After my father retired, I was appointed to my current position. I always picture [the firm] as a great laboratory which is highly technological and where each person does their work with the greatest of care and is constantly learning in collaboration with others".* -The owner in CaseDesign.

In these cases, TE involves changing the inherited family and firm dynamics and the new vision and purpose were not initially shared either by the family (CaseDesign) or by the nonfamily stakeholders (CaseSea). The successor needed time and an additional effort to reconceptualize the company, its vision, and its purpose as a true common project with shared decisions, merits, and results that implied a collective learning process over time. In all cases, the successor needed to

show not only his vision but also that the entrepreneurial initiative is oriented to maintain the sustainability of the family project in the long run.

6. Discussion and Contributions

This paper focuses on challenged successor-driven entrepreneurship and the leverage of FSC in that process, exploring how FSC operates when successors' TE projects face opposition from some stakeholders. We highlight the relevance of each of the three FSC dimensions validating the three propositions in the cases analysed. First, TE projects require communities (family and non-family) that trust the entrepreneur successor (FSC relational dimension). However, when there is a lack of trust in the successor by the family (CaseDesign) or by the non-family stakeholders (CaseSea), the successor should focus on regaining this hindered trust, even if it requires rebuilding the key stakeholders' community.

Second, the existence of a close network of stakeholders (the FSC structural dimension) that support the TE is necessary. As it happened in CaseTool and CaseSea, the successor integrated family members and key managerial staff who trusted him/her and support the TE. However, a lack of trust on the successor (CaseDesign) blocks the dialogue and damage the stakeholders' network. As CaseDesign shows, the lack of trust from the family members, leads to a family break and the family exits the FF (CaseDesign). When there is a breakage of the existent network, the successor needs to recreate a new network that support the TE.

Third, the new vision and purpose involved in an entrepreneurial project driven by a successor can be shared (FSC cognitive dimension) by the family initially and then expanded and collectively embraced by the organization (CaseTool). However, it may also not be agreed upon by the non-family stakeholders (CaseSea). Successors should enrich the FSC cognitive dimension in a cohesive manner since family business ecosystem will support entrepreneurship only when there

is a renewed vision that integrates the key FF stakeholders' purposes. Without a common vision and purpose, TE cannot succeed. Successors need to rebuild common and new visions of their FFs' economic and social goals, as they are the basis of the collective actions involved in FSC (Leana and van Buren, 1999). Thus, it is necessary to develop an "entrepreneurial family vision" by combining individual perceptions about future economic situations and desirable courses of collective action with a set of common values and beliefs derived from different individual cognitions (Wang *et al.*, 2020).

Indeed, the FSC dimensions do not operate in isolation but systemically, as suggested by Daspit *et al.* (2019) and Sanchez-Ruiz *et al.* (2019). Based on trust (FSC relational dimension), the interaction and overlapping of the internal networks of family ties (the FSC structural dimension) across time nurture a shared vision of a family around the TE purpose (FSC cognitive dimension). Even if successor-driven entrepreneurial projects imply radical changes, FSC cements the interaction among the stakeholders that trust the successor and are involved in the successors' knowledge construction. This knowledge is then shared by the key stakeholders, aligning them around the successor-driven entrepreneurship and affecting the success of the TE processes.

These scenarios provide opportunities to enrich the successors' knowledge base as well as to legitimate them as the new leaders of the renewed FFs. Indeed, even if opposition to TE can be considered a threat to firm survival, it is also a source of successor knowledge. Indeed, a non-family (CaseSea) opponent to TE is a source that demonstrates the need for complementary abilities in the TE project (CaseSea). To take advantage of the opposition, the successor must take advantage of the experience obtained in overcoming the opposition, which can contribute to his/her learning process and the development of leadership capabilities. In this way, the dynamic nature of this process becomes evident. Since not all of the key stakeholders are ready to accept the

changes, a double condition is required. On the one hand, the opponent disappears or fades, giving the successor room to lead the TE project (CaseTool). On the other hand, the successor is supported by family members who complement the successor leadership in functional managerial positions (CaseTool and CaseSea). In this sense, the successor needs to restructure the core family network to nurture and create a link to the FF entrepreneurial process that may imply both reconfiguring the internal network of family ties to allow for the fluid control and securing access to strategic information hubs.

Regarding the implications for research, the findings presented contribute to the research on entrepreneurship in FFs, that in recent times has received a great deal of attention in FFs literature (Ratten *et al.*, 2021; Zehrer and Leib, 2020; Bell and Pham, 2021). Specifically, the paper contributes to the innovation/tradition paradox (Erdogan *et al.*, 2020), suggesting that business families should promote the imprinting of an entrepreneurial mindset as a way of overcoming the difficulties associated with strategic change. One of the main implications of this paper is that when the entrepreneurial mindset is considered a part of the FF cognitive social capital, then the successor's attempts to pursue strategic changes may not be seen as a break with tradition and legacy. Relatedly, our findings confirm the relevance of the value congruence construct, that is, a set of common family values and beliefs that promotes the accumulation of mutual understanding and is needed to support entrepreneurial initiatives (Wang *et al.*, 2020). This is also in line with the suggestion made by Barbera *et al.* (2018) of the importance of the anticipated future of each generation as a means to shape and adapt families' entrepreneurial stories.

In relation with the practical implications, in this paper we identify the lessons that may help successors and families align their paths when hostility arises to guarantee the success of TE processes. First, our cases show that there must be a process of family re-socialization to adapt

attitudes, goals, and practices to new circumstances (Bika *et al.*, 2019) to recreate the new entrepreneurial project within the FF. Second, the paper evidences the importance of extending social relations (Vardaman *et al.*, 2018) beyond the family members in FFs to include non-family managers as a way to increase their identification revealed in the paper as one of the key assets that supported the successor's TE during the time of crisis (Martinez-Sanchis *et al.*, 2020). And third, lessons drawn regarding the role of a successor as a key actor that should energize a collective process of learning that involves family and non-family members and that needs time as long as additional resources in order to nurture this collective process.

Finally, there are implications of this paper that particularly relevant in certain socio-economic contexts (James *et al.*, 2021). Indeed, as Ratten and Jones (2020) state, societal trends influence the way family business evolves, and, thus, this piece of research is particularly relevant for contexts where manufacturing family SMEs that are facing a generation change, where the incumbent was a blue-collar worker, while the successor is a white-collar manager with a very different conceptualization of the FF and organizational culture. In these contexts, the labour force may show resistance to accepting the successor and his/her ventured initiatives. Thus, the lessons regarding the needed interaction among the non-family members and the process to co-define the new scenario will allow for the reactivation of the FSC and the alignment of the FF community towards the new project.

Finally, and referring to lines for future research, the robustness of our findings could be enhanced with additional cases considering diverse levels of family ability and willingness to innovate (De Massis *et al.*, 2014). Moreover, not only more cases but also a longitudinal perspective would enlighten how TE and FSC evolve over time. Finally, considering the systemic insight of FSC and the dynamicity of the TE process, we acknowledge that at an initial stage, family and non-family

members might not share the same level of social capital that is expected to occur over time (Herrero, 2018). In this sense, the role of non-family members involved in successors' knowledge creation should be explicitly analysed, as it can affect the absorptive capacity of FFs (Daspit *et al.*, 2019) and therefore the successor knowledge creation process and ultimately his/her development as a leader.

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Table I Case Study Selection Criteria

		CaseTool	CaseSea	CaseDesign
Criteria I: Successor-driven TE		<p>The firm is suddenly immersed in a serious business crisis; a key partner breaks a critical commercial agreement and becomes their main market rival. The firm needs be refunded. New investments are needed for launching new product lines.</p> <p>The successor plays the role of an entrepreneur-business rescuer.</p>	<p>The firm is competitive but the successor envisions a disruptive and ambitious business project with an intense innovation agenda that involved very large investments.</p> <p>The successor plays the role of an entrepreneur and seeks the-business model radical change.</p>	<p>The firm is competitive. The successor envisions a tailored-made new business project: the style and business vision should be changed.</p> <p>The successor plays the role of an entrepreneur and seeks a-culture and organizational radical change.</p>
Criteria II: FF stakeholders' opposition	Family members	<p>One of the family branches left the FF when new financial resources were needed to keep the FF afloat. The other branch supported the TE both financially and by being part of the managerial team.</p>	<p>The family supported the TE both financially and by being part of the managerial team.</p>	<p>Family members didn't support the successor. They left the firms.</p>
	Non-family members	--	<p>The succession was threatened by the workers' rebellion. Workers were not accepting of the successor's new vision of the business.</p>	--

Source: Own elaboration.

Table II The Case Studies: Main Characteristics of the Firms and Families

	CaseTool	CaseSea	CaseDesign
Firm size at the succession moment	Medium	Small	Small
Industry	Retail	Manufacturing	Manufacturing
Firm foundation	More than 100 years ago	More than 75 years ago	More than 50 years ago
Family context	A 4 th generation family firm with two families equally involved. During the TE one of the branches left the FF. The other branch is composed by 4 siblings in whom the incumbent had fostered a love for the company, and they continue with the FF.	This is a 4 th generation family firm. The current 4 th generation CEO is the great-granddaughter of the business founders. Her mother (3 rd generation) was the heir of the family owning the firm, and her father, the previous CEO. In the family, the other potential successor was her younger sister.	This is a 2 nd -generation family firm. The current 2 nd -generation CEO is the son of the business founder and previous CEO. In the family, his brother (the second among the siblings) was equally a potential successor. In fact, the predecessor hired all his siblings—the 2 nd generation—. Even the son-in-law was hired as a worker in 1998.
Successor's formal education	Higher education in Management	Higher education in Management	Professional Training in Business Administration
Successor's external experience/training	Yes	No	No
Successor's expectations to step up	Yes	Yes	Yes
Incumbent's readiness to step down	Stepped down due to illness.	Stepped down. Own decision.	Stepped down. Own decision.
Incumbent's expectations towards the successor	Yes	Yes	Yes
Incumbent's support the successor	Yes	Yes	Yes
Incumbent-Successor overlapping time	Short. Urgent integration.	Long time in a secondary position.	Long time in a secondary position and deputy director.

Source: Own elaboration.

Table III- Characteristics of the Interviews and the Respondents' Profiles

Case and Respondent	Date	Researchers participating	Duration	Respondent's generation	Respondent: family or non-family	Respondent's position
CaseTool1	November 14, 2016	2	2 h	5 th	F	CEO
CaseTool2	November 25, 2016	2	2 h 30 min	--	NF	Commercial manager
CaseTool3	December 15, 2016	2	1 h 15 min	4 th	F (CEO's father)	Member of the Board of Directors
CaseSea1	April 20, 2015	2	1 h 30 min	3 rd	F (CEO's mother)	Member of the Board of Directors
CaseSea2	July 23, 2015	1	1 h 30 min	4 th	F	CEO
CaseSea3	September 21, 2015	1	45 min	--	NF	Production manager
CaseDesign1	January 15, 2019	2	1 h 20 min	2 nd	F	CEO and member of the Board of Directors
CaseDesign2	January 15, 2019	2	1 h 40 min	--	NF	Family firm manager
CaseDesign3	February 15, 2019	2	45 min	1 st	F (founder's wife)	Family member
CaseDesign4	February 15, 2019	2	45 min	2 nd	F (expected successor's sister)	Family member

Source: Own elaboration.

Table IV Summary of the Structure of the Interviews: Main Dimensions and Key Issues

Dimensions	Key issues
Interviewee description	<ul style="list-style-type: none"> - Interviewee's position in the firm - Interviewee's position in the family - Interviewee's path in the firm or related to the firm
Succession process	<ul style="list-style-type: none"> - Family context - Firm context - Description of the successor's entrepreneurial project - Family firm succession process: perceived or declared stages - Main events and decisions during the succession process - Emotions, feelings, and conflicts during the succession process - Succession process results: in the firm and in the family
Family and non-family role in the succession process: FSC	<ul style="list-style-type: none"> - Structural dimension: Relevance and nature of the relations among family and non-family members during the TE process - Cognitive dimension: objectives of the family and non-family members during the TE process - Relational dimension: Trust towards the successor among family and non-family members during the TE process

Source: Own elaboration.

Table V Other Sources of Information

Sources of evidence	CaseTool	CaseSea	CaseDesign
Authors' relationships with the owning family members	The successor has been a former student and different family members attend the co-authors' organized annual workshops on FF issues.	The successor has been a former student and. different family members attend the co-authors' organized annual workshops on FF issues.	--
Firm website	Yes	Yes	Yes
Internet news/Press releases/ Own publications	A book on the family firm history published to celebrate its anniversary. News regarding a prize received in 2018.	News releases about labour conflicts in 2010.	News regarding the Innovation Prize 2018.
Family firm's conferences or business forums	Presentation at Family Firm annual workshops.	Presentation in the Basque Country Competitiveness Conference in July 2015.	--

Source: Own elaboration.

Table VI The Relational Context: The FSC Structural Dimension

	CaseTool	CaseSea	CaseDesign
Core Family Network/Family Entrepreneurial Teams	Strong core family network. Brothers of the successor help him during the crisis, creating a family coalition.	Mother, father and sister back the successor. Her sister starts working in the FF, creating a family coalition.	There is not a family core that backs the successor. The rest of the family sold their firm participation and quit the FF.
Joint Participation in Decision Making	Successor and key non-family members making key decisions for survival. Non-family manager supports the successor in the commercial conflict.	Strong sister entrepreneurial team Parents and the two sisters make strong family structural social capital and there is a joint decision making. Non-family manager also supports the successor in the TE.	Successor makes his own decisions. An outsider is hired as managing director to support the successor.
Strong Emotional Bonds' Role during Succession	Strong family emotional bonds support the successor when the TE is challenged.	Strong family emotional bonds support the successor when the TE is challenged.	There is an emotional distance among the family members. The TE becomes the successor's personal project.
High level of Mutual Interest	Yes. The mutual interest is the firm's continuity as a family firm.	Yes. The mutual interest is the firm's continuity.	None. The family has different interests regarding the firm. As a result, it splits, and only the successor continues in the firm.
Interpersonal Communication	Successor communication with his brothers and parents is abundant, easy, and spontaneous.	Successor communicates with her sister and parents are abundant, easy and spontaneous.	Communication among the FM is not fluid, the dialogue is blocked.

Source: Own elaboration.

Table VII The Relational Context: The FSC Cognitive Dimension

	CaseTool	CaseSea	CaseDesign
Shared purpose	Family members' and non-family members' shared purpose: firm refunding and survival. All remaining family members are aligned, supporting the TE.	The successor purpose is very ambitious and disruptive. Needed modulation and time to be shared.	None. The personal project of the successor is prioritized over family unity. The family breaks. A huge cognitive distance among members of the family.
Concept of entrepreneurial legacy	The successor's father and mother maintain the entrepreneurial project to avoid its failing. The successor's TE project is also supported by all siblings.	The successor's father has headed the firm for years, and her mother has promoted the project from the international department and governance. The successor boosts the firm with a new TE and a new leadership.	The dead father embodied this entrepreneurial legacy. The successor continues launching new projects and leading managerial challenges. However, the rest of the family does not share this legacy.
Sharing of non-economic goals	The branch of the owning family that supports the TE shares a strong commitment towards the FF's internal stakeholders, the families of the FF workers. Thus, the family supports TE as a way to guarantee FF survival. In addition, the family feels engaged with the local community (collaboration with vocational training centres).	---	The successor-driven TE goals are mainly non-economic, since the TE pursues to design a bespoke firm that fits with the successor's personal ideal of an agreeable workplace.

Source: Own elaboration.

Table VIII The Relational Context: The FSC Relational Dimension

	CaseTool	CaseSea	CaseDesign
Family members' trust in the successor	Trust in the successor supported by the father and, later, the whole family: financial support and managerial support.	Complete trust in the successor by all family members: financial support and managerial support.	No trust: family breaks, and the financial cost of the break arises.
Non-family members' trust in the successor	Trust backed by key non-family members that remained in the firm.	No trust; strong conflict with employees: new managerial team is hired.	Workers remain loyal to the new FF leader, and a new managerial team is hired.
External FF stakeholders' trust in the successor	Some loyal distributors maintained their business relationships.	Successor's international experience becomes vital for the TE project.	Successor's international experience becomes vital for the TE project.

Source: Own elaboration.