1. Introduction: exploring transgenerational entrepreneurship: the role of intangible resources

Robert S. Nason, Ana Cristina González L. and Pramodita Sharma

There is a close relation between the various kinds of resources with which a firm works and the development of the ideas, experience, and knowledge of its managers and entrepreneurs . . . they facilitate the introduction of new combinations of resources – innovation – within the firm.
(Penrose, 1959: 85)

INTRODUCTION

Families are engines of economic activity around the world. In many cases their economic impact lasts for centuries and generations. This phenomenon is referred to as transgenerational entrepreneurship (TE) and is defined as the processes, resources and capabilities used by an enterprising family to create financial and socio-emotional value across generations (cf., Habbershon et al., 2010). TE shifts the level of analysis to the family. It examines how the longevity of family enterprises extends beyond the life cycle of any individual operating entity (Zellweger et al., 2013).

As Penrose highlights in her seminal work, *Theory of the Growth of the Firm* (1959), the nature of the firm's resources impacts its ability to innovate as new value creation comes from the novel combination of different types of resources. The aim of this book is to understand how successful enterprising families in different contexts build and exploit resources and capabilities to create entrepreneurial ventures across generations. We focus on a specific theme within TE – the role of intangible resources and capabilities. Our interest is to understand how intangible resources are built and how they impact family based entrepreneurship.

To accomplish this objective, a life history reconstruction of 26 business families in 12 countries is used to explore TE across several hundred years of economic activity of enterprising families. Whereas previous books in this series have explored the concept of TE in the unique institutional contexts of Europe (Nordqvist and Zellweger, 2010), Latin America (Nordqvist et al., 2011) and the Asia Pacific (Au et al., 2011), this volume takes a global perspective of TE. The context of the studies extends to firms in Africa, Asia, Europe, Latin and North America. While some controlling families of these enterprises follow the nuclear family structure, others are from extended families. We leverage an unparalleled collection of rich qualitative data on leading global families.

Families are able to initiate and sustain value creation over time by utilizing unique resources, including tangible ones like financial and physical capital as well as intangibles like social and human capital (Sharma, 2008). While tangible assets are quite readily quantifiable, intangibles are more elusive since they do not show up on any firm financial statements or organizational charts. However, both tangible and intangible resources are important to value creation. When resources are combined in novel ways, they generate value for individual actors and the economy as a whole (Penrose, 1959; Schumpeter, 1934). Families have resource combination advantages because of their unique ability to influence, generate and acquire valuable resources (Habbershon et al., 2003). In the knowledge-driven economy, intangible resources are of primary importance (Grant, 1996) and increasingly the basis for new value creation. Intangible family resources are the primary concern of this book. We examine how families utilize unique intangible resources to create economic and social value over time.

It is clear from recent literature that intangible resources represent a very different type of resource for contemporary firms and one which can be combined with other resources in ways that were previously unimaginable (Molloy et al., 2011). However, we still do not know much about this rather broad class of intangible resources and the impact they have on family based entrepreneurship. This book seeks to bring clarity to this question in two primary ways. First, we provide a structure to examine intangible resources by differentiating between internal and external intangible resources. Second, we link internal and external intangible resources to distinct outcomes within the framework of TE.

Internal intangible resources reside within the boundaries of family firms and are often deeply embedded in their routines. These include important resources such as strongly held values, virtues and tacit knowledge that can only be learned through experience over time. Internal resources generate a base of inimitable resources which bond the organization together. On the other hand, external resources bridge the organization with its external environment. External resources include relationships with individuals and organizations outside of a firm's boundaries and reputation which extend to the public at large. These resources connect a firm to its institutional environment and allow it to adapt and change over time.

Internal and external resources are both critical to TE. Chapters in this book shed significant light on how this is so. Internal intangible resources facilitate the creation and continued renewal of products and services that an enterprise offers to its customers. Strong family values positively impact not only firm performance, but also the broader non-financial outcomes that satisfy other important firm stakeholders (for example, Chapters 2 and 3). Deep tacit knowledge and learning across generations is critical to develop superior products to the competition (Chapters 4 and 5). Bonds between family members are critical to navigate the tricky waters of intergenerational succession (Chapters 5, 6, 7).

External intangible resources facilitate the identification of opportunities that can create new streams of value and fuel growth in different environmental contexts as illustrated by Chapters 7, 8 and 9 that collectively study African, Latin American and European family firms. External resources also protect the firm from changes in environmental conditions over time as evidenced by the cases in Chapter 8. However, identifying opportunities and protecting the organization are not the only factors needed to ensure value creation across generations. Rather, family firms need to provide excellence in the products they do produce in order to be sustainable over time.

This introductory chapter provides an overview and introduction to the relationship between intangible resources and TE. The chapters of this book provide an in-depth exploration of specific intangible resources and their entrepreneurial outcomes. Each chapter starts with a short case vignette that serves as a practical illustration of the types of issues transgenerational family enterprises face. The chapter then elaborates on the theoretical perspectives that shed light on the issues being dealt with in the illustration. The concluding chapter then ties these findings back together and sets a course forward to explore what is yet to be discovered.

We begin this introductory chapter by reviewing the concept of TE and why it is important. We then discuss the role of resources generally, and intangible resources specifically, in TE. We close with direct evidence from each chapter that sheds light onto unknown domains in the link between intangible resources and TE.

TRANSGENERATIONAL ENTREPRENEURSHIP

TE explores how families create social and economic value over time. This represents a distinctive domain within the management literature.

First, the level of analysis is the family. Much like literature on serial or portfolio entrepreneurs, the level of analysis is shifted away from the firm and towards a level which may incorporate several firms over time. This opens up a whole range of economic and social value creation which may be completely missed if focused exclusively on the firm level (Sieger, et al., 2011). Second, TE examines a distinct type of firm performance. Rather than shareholder value or profitability at a point in time, TE focuses on creating a broad set of economic and social value, repeatedly and for generations not yet born. This emphasis on long-term social and economic value creation is of great importance (Lumpkin and Brigham, 2011; Zellweger, 2007).

In order to understand the process of TE, the Successful Transgenerational Entrepreneurship Practices (STEP) research framework provides two central constructs. The first is an entrepreneurial mindset which is motivated and seeking to create new value (Lumpkin and Dess, 1996). This entrepreneurial orientation is a necessary component and one which has been addressed in its relationship to TE elsewhere (Zellweger et al., 2012). However, while an entrepreneurial mindset is a necessary requirement for TE it is not a sufficient one. In order to achieve new value creation, there has to be action. In the STEP framework, that is where resources play a critical role. We draw on the Schumpeterian and Penrosian perspective that sees entrepreneurship and new value as the result of the novel combination of resources. However, the weight of resource importance is quickly changing in today's economy. Land, labor and capital are no longer the dominant factors of production. These traditional factors are being supplanted by information and knowledge. As a result, the role of intangible resources is increasingly important, but unfortunately remains not very well understood. In the next section, we review the role of resources in management literature, its link to TE and some pending questions regarding intangible resources.

THE ROLE OF FIRM RESOURCES

The view of the firm as a collection of resources stretches back to Edith Penrose's (1959) groundbreaking work on firm growth. Penrose reacted against the dominant economic conceptions of the firm in her development of the *Theory of the Growth of the Firm* (1959). Such approaches had treated firms largely as uniform actors in the larger economic system, fulfilling the supply and demand equation. However, Penrose recognized significant differences between firms which could not be attributed to their environment. As a result, she focused her attention on the idiosyncratic factors within firm boundaries that lead to growth (Penrose, 1959).

To address the research question of what causes and governs firm growth, she viewed the firm not only as an administrative organization which coordinates activities (Barnard, 1938), but went further to conceptualize the firm as a collection of productive resources. The purpose of this organization is to 'organize the use of its "own" resources together with other resources acquired from outside the firm for the production and sale of goods and services at a profit' (Penrose, 1959: 28).

Penrose's work has had a significant impact on fueling the growth of the field of strategic management (Nair et al., 2008; Kor and Mahoney, 2004). Wernerfelt (1984) built on Penrose, coined the term 'resource-based view' (RBV) and suggested it as an alternative perspective to examining firm products. Barney (1991) defined critical characteristics of resources as valuable, rare, inimitable and non-substitutable and specifically linked these types of resources to competitive advantage. This has led to a proliferation of research examining internal sources of competitive advantage specifically using RBV as a dominant theoretical frame.

Within this stream of resource-based research, the importance of a particular set of resources – broadly referred to as intangible resources – has been highlighted (Molloy et al., 2011). In seminal articles arguing for the importance of heterogeneous resource stocks across firms, authors have routinely pointed to the importance of such intangible resources as reputation (Dierickx and Cool, 1989), complex social relationships (Barney, 1991), trust between management and employees (Amit and Schoemaker, 1993), tacit knowledge (Nelson and Winter, 1982), and organizational culture (Barney, 1986). Indeed, an entire branch of resource-based theory has emerged that views the intangible resource of knowledge as the most critical of all resources (Grant, 1996; Spender, 1996).

Several characteristics distinguish intangible from tangible resources. For example, intangibles are generic non-tradable resources that do not deteriorate with use (Gedajlovic and Carney, 2010). Multiple actors can simultaneously use intangibles. Being immaterial they are not readily accessible or transferable from one individual to the next (Molloy et al., 2011). These characteristics make intangible resources rather elusive to capture since they do not readily appear on firm balance sheets, accounting processes or organizational charts.

THE FAMILY INFLUENCE ON FIRM RESOURCES

The family has been shown to be an especially relevant context in which to discuss firm resources (Habbershon and Williams, 1999; Habbershon et al., 2003). The family represents an idiosyncratic context which allows for the creation of imperfectly imitable resources (Barney, 1991). The inimitable set of unique family-influenced resources is referred to as 'familiness' (Habbershon and Williams, 1999). Resource inimitability is critical because these characteristics represent 'isolating mechanisms' (Rumelt, 1984) which allow the controlling firm alone to appropriate the value from their corresponding rent streams (Amit and Schoemaker, 1993) and prevent both ex-ante and ex-post limits to competition (Peteraf, 1993). These conditions provide critical components of the foundation for sustained competitive advantage (Barney, 1991).

Intangible resources, while increasingly recognized as the most important type of resources (Molloy et al., 2010), are also very difficult to imitate. We suggest that this inimitability is a source of advantage for family enterprises as the continuity of the controlling family across generations enables a context wherein the transfer of such elusive resources is more of a possibility than it is in organizations with a shorter continuity of values of personnel. To review previous literature on intangible family resources, we find Barney's (1991) mechanisms for resource inimitability on three dimensions – unique historical conditions, causal ambiguity and social complexity – to be helpful.

Unique Historical Conditions

Family firms are often recognized for the unique way in which they are influenced by their history. Issues of legacy (Sharma and Manikutty, 2005), long-term orientation (Zellweger, 2007) and intentions to pass on the business play an influential role in how a family firm is managed (Zellweger et al., 2012). Such non-financial considerations have been referred to as the socio-emotional wealth of a family firm, which fundamentally alters the decision-making process of firms and their subsequent performance outcomes (Gomez-Mejia et al., 2011). As a result, family firms represent a fertile context for intangible resources that are historically dependent. This may be the result of 'time compression diseconomies' (Dierickx and Cool, 1989). In their classic article, Dierickx and Cool (1989: 1507) illustrate this concept through a conversation between a British Lord and his American visitor:

> 'How come you got such a gorgeous lawn?' 'Well, the quality of the soil is, I dare say, of the utmost importance.' 'No problem.' 'Furthermore, one does need the finest quality seed and fertilizers.' 'Big deal.' 'Of course, daily watering and weekly [mowing] are jolly important.' 'No sweat, jest leave it to me!' 'That's it.' 'No kidding?!' 'Oh, absolutely. There is nothing to it, old boy; just keep it up for five centuries.'

In a manner similar to a beautiful lawn cultivated over generations, the unique experience of family members in the firm builds deep levels of tacit knowledge over time (Chirico and Salvato, 2008). In addition, the competitors cannot easily replicate or acquire the legacy and reputation of a successful family firm because such intangible assets may have been idiosyncratically developed over hundreds of years. The intangible legacies transmitted across generations constitute a driving force behind family business vision and goals (Chrisman et al., 2005: 568). In addition, family firms may be more likely to positively or negatively develop path dependencies (Barney, 1991; Nelson and Winter, 1982) across very long periods of time. For instance, family firms become less capable of undergoing strategic change or divesting underperforming assets (Sharma and Manikutty, 2005), which concurs with Barney's (1991) argument that firms are intrinsically social and historical entities and their aversion to change is closely related to their stage of development.

Causal Ambiguity

Causal ambiguity refers to the inability of firms to recognize the source of their sustained competitive advantage. Intangible resources are likely to be causally ambiguous precisely because of the difficulty in capturing and measuring such resources (Molloy et al., 2011). If you cannot measure a resource, how can it be clearly linked to competitive advantage?

This is particularly pronounced in the family firm context. Family firms represent a complex systemic interaction between individuals, family and firm (Habbershon et al., 2003) which leads to a near inability to trace the precise source of outcomes, let alone begin to replicate it. Further, family firms are recognized as often managing through intuitive means, which implies a lack of ability to articulate or even clearly identify the source of successes. Sirmon and Hitt (2003) suggest that resource inventory, resource creation and resource leveraging are three challenges that family businesses face, especially if these family-influenced resources are the source of their competitive advantage.

Social Complexity

Social complexity refers to firm resources which are part of a complex social phenomenon (Barney, 1991). Since such resources arise out of social interaction, they are unlikely to be solely tangible or material resources. The family firm represents a particularly complex social phenomenon. Family firms represent a unique overlap in terms of family and business actors (Tagiuri and Davis, 1992). This fact alone creates an especially complex network of individuals. Such conditions lead to overlap in family and firm identity (Zellweger et al., 2013), a complex systemic interaction (Habbershon et al., 2003) and a deeply embedded network of relationships (Pearson et al., 2008). Indeed, some scholars have argued that the internal social capital bonds represent one of the most critical resources of the family firm (Pearson et al., 2008). However, the social complexity of family firm resources has also led to mixed results regarding the impact of family on firm performance (van Essen et al., 2010).

For these reasons, it seems clear that families influence firm resources in ways which incorporate unique historical conditions, causal ambiguity and social complexity. Family firms are a fertile context for the development of intangible resources. It is likely for this reason that family firm resource portfolios have been characterized as an idiosyncratic bundle (Habbershon and Williams, 1999) of generic non-tradable assets (Gedajlovic and Carney, 2010) and structural, cognitive and relational social capital (Pearson et al., 2008). As indicated by these references, research explorations have begun in earnest to understand the elusive intangible elements of family firm resources, taking their well-deserved place in the intellectual foundations of the family business field (Chrisman et al., 2010).

THE NEXT FRONTIER FOR INTANGIBLE FAMILY RESOURCES

While some early conceptualization has appeared in the literature, there is limited empirical evidence to indicate the dimensions of intangible resources or the processes involved in their formation, growth and transfer across generations. Meta-analytic reviews of related literature suggest a tendency in the literature to treat intangible resources as an umbrella concept to describe a homogeneous group (Crook et al., 2008). However, a deeper investigation into the specific differences and impact of types of intangible resources is necessary. To accomplish this objective, we believe precision is needed regarding the types of intangible resources. In this book, we find it helpful to delineate intangible resources based on where they reside – either within a family as are the values discussed in Chapter 2, or in the family enterprise in the form of knowledge, learning, decision-making, professionalization and bonding social networks (Chapters 3–7), or in the external environment outside the organizational boundaries such as reputation or bridging social capital, discussed in Chapters 7–9.

Starting with Penrose (1959), the resource-based tradition has been focused on almost exclusively analyzing resources within the firm. Indeed, Barney's (1991) article described the RBV as providing a framework to analyze the internal strengths and weaknesses of a firm. While such a perspective was warranted and perhaps even necessary as a reaction against economic and structure-conduct-performance models, which saw firms as either homogeneous or simply a reflection of their environment (Schmalensee, 1985), it is important to now take the environment into account when assessing a firm's intangible resources. Amit and Shoemaker (1983) may provide insights into how this can effectively be done. Within this book, we consider the role that intangible resources play in assisting families to navigate a broad array of external environmental conditions. For instance, in Chapter 8, Rodriguez et al. explicitly address the relationship between intangible resources (social capital and resilience) and the family firm's ability to manage a hostile environment. From a different perspective, Chapter 7 explores the circumstances under which intangible resources (bridging social capital) built over the years by the leader of the family and the business puts the business at risk when he thinks about leaving to get involved in local politics.

Moreover, resources that are critical to a firm's survival and growth often do not exist within the boundaries of the firm. As a result, firms must access or develop resources outside of the firm's boundaries to help them achieve their goals. This is especially true in the knowledge economy where the most valuable factors of production, such as knowledge or social relationships, cannot be exclusively possessed and exploited by any individual actor (Nahapiet and Ghoshal, 1998). This book investigates a broad range of specific intangible resources, including social capital (Chapters 7 and 8) and reputation (Chapter 9), that exist primarily outside organizational boundaries.

The inability of firms to exclusively control intangible and especially external resources links to the fact that merely possessing resources does not ensure competitive advantage or value creation. As Sirmon and Hitt (2003) suggest, resources need to be actively managed in order to exploit their latent value. This is done through structuring, bundling and leveraging resource stocks (Sirmon et al., 2007). Family firms may have some advantages in resource management (Sirmon and Hitt, 2003) and bundling may be especially important to innovation in family firms (Carnes and Ireland, forthcoming).

In Penrosian terms, the only way new streams of value become relevant to TE is through the novel combinations of resources. This means envisioning, marshalling and configuring resources in unexpected ways. The malleability of intangible resources dramatically increases the potential number of unique configurations that can be constructed from a family's resource base. Chapters in this book explore such configurations by delving into the process of intangible family resource management. While a firm's current intangible resources may be the result of time compression diseconomies and visible as an exceptionally rich 'garden' as in Dierickx and Cool's (1989) example shared above, more needs to be known about how resource stocks and flows are managed across time in order to end up with a particular bundle of idiosyncratic resources (Sharma, 2008). Deeper insights into the transfer of intangible resources across salient family firm transitions within the same family (Chapters 6 and 7) and to a non-founding family (Chapter 5) are revealed. Using the distinction between internal and external resources, we are able to isolate unique intangible resource development processes.

SUMMARIES

While our chapters demonstrate a unified theme in their focus on intangible assets, they show great variety in the types of intangible assets which family firms possess. Table 1.1 presents an overview of the topical and contextual focus of each chapter. Following the 'inside-out' logic of discussion, the book starts with intangible values that reside deep within the controlling family (Chapter 2), progressing to those that are clearly deeply embedded in the firm (Chapters 3–6), to social capital resources that straddle the organizational boundaries (Chapter 7 and 8) and, finally, to resources such as reputation that clearly exist outside of the boundaries of the firm (Chapter 9). The concluding chapter (Chapter 10) wraps up with a synthesis of insights from research in this book and some future-oriented reflections. Below we provide a brief overview of the research contributions of Chapters 2–9.

Table 1.1 Internal vs external intangible resources

Chapter #	Authors	Resource	Internal/external	# of family firms	Countries
2	Orozco & González	Values/virtues	Familial/internal	8	Colombia
3	Gimeno & Parada	Decision-making/ professionalization	Internal	2	Spain
4	Cheng, Ho & Au	Learning/knowledge building	Internal	1	China
5	DeWitt & González	Tacit knowledge	Internal	1	United States
6	Cisneros, Chirita & Deschamps	Tacit knowledge/social capital	Internal	6	Canada
7	Balunywa, Rosa, Ntamu & Nagujja	Social capital	Internal/external	1	Uganda
8	Rodriguez, Auletta & Monteferrante	Social capital	External	6	Venezuela, Sweden, Costa Rica, El Salvador, Germany
9	Clinton, Nason & Sieger	Reputation	External	1	Ireland

Internal Intangible Family Resources

'Family firms and entrepreneurial families as breeding grounds for virtues' by Orozco and González

Using evidence from eight Colombian entrepreneurial family firms, the authors illustrate the distinctiveness of family values and actionable virtues based on these values. This research signals that family firms are natural settings to seed and breed values and that these values impact desirable goals pursued by both the family and the business. For this purpose, they illustrate the way in which different sets of values – understood as positive moral actions – become capabilities when they turn into virtues that drive performance.

Interestingly, Orozco and González identify specific sets of values associated with particular business goals and explain the rationale behind each relationship in the context of family businesses. For instance, they relate diversification to temperance and prudence; business growth to wisdom; and courage, perseverance and economic sustainability to commitment. Nevertheless, they point out how the emphasis on specific values may change over time, even if the influence of the founder on firm values is strong from the beginning, a topic worth studying in future research.

'Professionalization of the family business: decision-making domains' by Gimeno and Parada

Based on a longitudinal study of a pharmaceutical company with more than 175 years of history in Spain, this chapter explores the multidimensional professionalization processes a family business undertakes in decision-making. The authors' main argument is twofold. First, they signal that professionalization is a process, not a one-time, stand-alone simple decision. Second, they suggest that establishing practices to become professional in the decision-making domain and to acquire capabilities necessary to make decisions are contingent on the development of family businesses.

In order to do this, they describe the way decisions were made in the different stages this pharmaceutical company faced and the mechanisms introduced to the business at each stage. By dividing the decision-making domain into three sub-dimensions, namely administrative, operational and strategic, Gimeno and Parada illustrate how different generations of family members can take the responsibility of formalizing governance structures, building mechanisms to gather necessary information from internal and external sources, and develop decision-making capabilities. It is observed that founders and more experienced leaders tend to rely more on intuitive decisions, whereas the later generation and less experienced leaders make decisions based more on analytic tools. Nevertheless, the need to balance between intuitive and analytical decision-making is permanent, as family enterprises professionalize over time. The latter is their most significant contribution.

'Transgenerational entrepreneurship and entrepreneurial learning: a case study of Associated Engineers Ltd in Hong Kong' by Cheng, Ho and Au

Based on the history of Associated Engineers Ltd, a Chinese family business from Hong Kong founded in 1961, this chapter portrays the stages in a family business life cycle in which entrepreneurial learning is developed as a key intangible resource. The activities and interactions that foster this type of learning across generations include a combination of education, family meetings, work experience inside and outside the enterprise as well as founding experience with siblings and non-family members. Each activity and interaction is aimed to facilitate the acquisition of knowledge and skills to find new business opportunities.

Regardless of the path chosen by a particular family business across time, the authors conclude that entrepreneurial learning prepares current and subsequent generations to face uncertainty and pursue business ventures. This indicates that entrepreneurial learning influences the relationship between family specific resources and the capacity of a firm to create value across time. Furthermore, they suggest and elaborate the argument that entrepreneurial learning moderates two key relationships: first, the relationship between entrepreneurial orientation and firm performance; and second, the relationship between familiness and firm performance.

'Successful family business ownership transitions: leveraging tacit knowledge' by DeWitt and González

This chapter focuses on a family business that fails to effect a fifth-generational transition and goes through two non-family ownership transitions before becoming an owner-controlled private family firm after 144 years in business. DeWitt and González develop the argument that even though strategic changes – ownership and leadership ones – can become a major threat to any type of business, tacit knowledge within a family business can be leveraged to achieve business longevity. Through the analysis of different stages, the authors focus on the role of tacit knowledge – stocks and influxes – not only in family members but in employees and outsiders, in protecting the business from major disruptions and in pursuing new business opportunities when it is properly managed.

'The role of social capital in succession from controlling owners to sibling teams' by Cisneros, Chirita and Deschamps

Although succession is a topic that has been widely studied in family businesses, the authors' main contribution to the literature stems from their approach to the role of social capital, tacit knowledge and reputation in succession from controlling owners to sibling partners. This chapter explores the contingencies and processes that help to build leadership teams of siblings in each step of a succession process. Tacit knowledge, they suggest, is a precursor of collective successions, and reputation and networks are intangibles that trigger the need to develop a team with complementary capabilities to run the family business. The authors focus on the processes involved in the transfer of social capital – particularly tacit knowledge – in earlier stages of the succession process, and reputation as a trigger in later stages to decide on collective teams. Both resources contribute not only to successful transitions, but also to the formation of sibling teams that bring complementary capabilities to family business leadership.

Balancing the Internal and External Intangible Family Resources

'Opportunities and dilemmas of social capital: insights from Uganda' by Balunywa, Rosa, Ntamu and Nagujja

This chapter explores the role of social capital in the very interesting and unexplored continent of Africa. Balunywa and colleagues explain the cultural, political and social dimensions that influence a family business and for the first time in family business research they illustrate the threats of having too much social capital. Through a set of propositions, they first examine the role of extended families – a cultural and social specific feature in sub-Saharan Africa – in business continuity. They propose that extended families bring more support, knowledge and networks, but at the same time, as the family grows, its members tend to drain the resources available.

Second, they compare the opposite influences of bonding social capital in family business outcomes. On the one hand, if a family business develops in a highly cohesive society, social capital benefits both the family and the business. On the other hand, this effect is counterbalanced by the social costs of maintaining strong community relationships.

Lastly, the duality of bridging social capital is exposed. On the one hand, it brings advantages to the family business in the form of new business opportunities. But, at the same time, a bridge brings disadvantages if that intangible resource is centralized solely in the patriarch. This chapter opens up a broad set of research possibilities around the different dimensions that can affect the relationship between intangible resources and family business outcomes, particularly the dangers present when the leader pursues different interests and gradually leaves the business fragile without key intangible resources.

External Intangible Family Resources

'Bridging for resilience: the role of family business social capital in coping with hostile environments' by Rodriguez, Auletta and Monteferrante

This chapter uses bridging social capital and resilience capacity as intangible and unique resources to explore the ways in which family businesses in five countries around the world face uncertain environments. The authors provide a set of propositions to present the different circumstances – location and sector – in which flows of capital, between family businesses and their tiers, contribute to family business resilience to handle external shifts and disruptions. Such capital flows include knowledge, information, financial capital, advice, supplier flexibility and access to distribution channels, among others. The main contribution to family business theory and practice resides in the study's implication that if family businesses invest in their external social capital, that is, participate in guilds, increase their business contacts, exchange information and knowledge among peers, it fosters their resilience capacity across generations.

'Reputation for what? Different types of reputation and their effect on portfolio entrepreneurship activities' by Clinton, Nason and Sieger

This study explores the relationship between reputation as a unique family resource and a business family's entrepreneurial portfolio activity. The chapter argues that while a strong positive reputation has a significant impact on the opportunities for family enterprises, reputation is not a homogeneous construct. Therefore, the main contribution of this study lies in its introduction of three sub-dimensions of reputation – long-term orientation, trusted business partners and entrepreneurial spirit – as intangible resources that can contribute to different entrepreneurial portfolio activities, according to the dimension addressed.

Through an analysis of the Irish Smith family, the authors illustrate how different positive perceptions from outsiders contribute to a business family's entrepreneurial opportunities. By focusing on an 80-year-old family business, the study contributes to TE by suggesting that entrepreneurial portfolio activity can be fostered by different types of intangible resources, in this case, reputation in its different sub-dimensions.

CONCLUSION

This book has been in the making since August 2011 when we submitted a proposal to Edward Elgar Publishing for the 'Global Successful Transgenerational Entrepreneurship Practices Series', with the first volume focusing on understanding the role of resources and capabilities in the development of transgenerational entrepreneurship (TE). Prior to this proposal, three of us – Nason, Sieger and Sharma (w. Zellweger) – had compiled findings from 38 authors in 18 countries, indicating the crucial role of resources in TE around the world (Sieger et al., 2011). Each chapter in this book is a response to an open call for submissions sent to STEP scholars in early 2012. These submissions went through several rounds of review and revisions aimed at sharpening the focus of the opening vignettes and theory presented in the chapters.

The body of novel research in this book sheds light on the relatively unexplored arena of intangible resources in TE. In going through the chapters, the critical role of intangible resources to family firms' ability to generate and sustain new streams of revenue across time becomes evident. Furthermore, the longitudinal studies upon which each chapter is based bring to life the dimensions and processes that underlie intangibles such as values, virtues, decision-making, professionalization, tacit knowledge, learning, social capital and reputation. In this endeavor we hope to have opened up many new promising avenues for future research to explore. Enjoy!

REFERENCES

Amit, R. and P.J. Schoemaker (1993), 'Strategic assets and organizational rent', *Strategic Management Journal*, **14** (1), 33–46.

Au, K., J. Craig and K. Ramachandran (2011), *Family Enterprise in the Asia Pacific: Exploring Transgenerational Entrepreneurship in Family Firms*, Cheltenham, UK and Northampton, MA, USA: Edward Elgar.

Barnard, C.I. (1938), *The Functions of the Executive*, Cambridge, MA: Harvard University Press.

Barney, J.B. (1986), 'Organizational culture: can it be a source of sustained competitive advantage?' *Academy of Management Review*, 656–65.

Barney, J. (1991), 'Firm resources and sustained competitive advantage', *Journal of Management*, **17** (1), 99–120.

Carnes, C.M. and R.D. Ireland (2014), 'Familiness and innovation: resource bundling as the missing link', *Entrepreneurship Theory and Practice*, in press.

Chirico, F. and C. Salvato (2008), 'Knowledge integration and dynamic organizational adaptation in family firms', *Family Business Review*, **21** (2), 169–81.

Chrisman, J.J., J.H. Chua and P. Sharma (2005), 'Trends and directions in the development of a strategic management theory of the family firm', *Entrepreneurship Theory and Practice*, **29** (5), 555–76.

Chrisman, J.J., F.W. Kellermanns, K.C. Chan and K. Liano (2010), 'Intellectual foundations of current research in family business: an identification and review of 25 influential articles', *Family Business Review*, **23** (1), 9–26.

Crook, T.R., D.J. Ketchen, J.G. Combs and S.Y. Todd (2008), 'Strategic resources and performance: a meta-analysis', *Strategic Management Journal*, **29** (11), 1141–54.

Dierickx, I. and K. Cool (1989), 'Asset stock accumulation and sustainability of competitive advantage', *Management Science*, **35** (12), 1504–11.

Gedajlovic, E. and M. Carney (2010), 'Markets, hierarchies, and families: toward a transaction cost theory of the family firm', *Entrepreneurship Theory and Practice*, **34** (6), 1145–72.

Gomez-Mejia, L.R., C. Cruz, P. Berrone and J. De Castro (2011), 'The bind that ties: socioemotional wealth preservation in family firms', *The Academy of Management Annals*, **5** (1), 653–707.

Grant, R.M. (1996), 'Toward a knowledge-based theory of the firm', *Strategic Management Journal*, **17**, 109–122.

Habbershon, T.G. and M.L. Williams (1999), 'A resource-based framework for assessing the strategic advantages of family firms', *Family Business Review*, **12** (1), 1–25.

Habbershon, T.G., M. Nordqvist and T. Zellweger (2010), 'Transgenerational entrepreneurship', in M. Nordqvist and T. Zellweger (eds), *Transgenerational Entrepreneurship: Exploring Growth and Performance in Family Firms across Generations*, Cheltenham, UK and Northampton, MA, USA: Edward Elgar, pp. 1–38.

Habbershon, T.G., M. Williams and I.C. MacMillan (2003), 'A unified systems perspective of family firm performance', *Journal of Business Venturing*, **18** (4), 451–65.

Kor, Y.Y. and J.T. Mahoney (2004), 'Edith Penrose's (1959) contributions to the resource-based view of strategic management', *Journal of Management Studies*, **41** (1), 183–91.

Lumpkin, G.T. and K.H. Brigham (2011), 'Long-term orientation and intertemporal choice in family firms', *Entrepreneurship Theory and Practice*, **35** (6), 1149–69.

Lumpkin, G.T. and G.G. Dess (1996), 'Clarifying the entrepreneurial orientation construct and linking it to performance', *Academy of Management Review*, **21** (1), 135–72.

Molloy, J.C., C. Chadwick, R.E. Ployhart and S.J. Golden (2011), 'Making intangibles "tangible" in tests of resource-based theory: a multidisciplinary construct validation approach', *Journal of Management*, **37** (5), 1496–518.

Nahapiet, J. and S. Ghoshal (1998), 'Social capital, intellectual capital, and the organizational advantage', *Academy of Management Review*, **23** (2), 242–66.

Nair, A., J. Trendowski and W. Judge (2008), 'The theory of the growth of the firm, by Edith T. Penrose. Oxford: Blackwell, 1959', *Academy of Management Review*, **33** (4), 1026–8.

Nelson, R.R. and S.G. Winter (1982), *An Evolutionary Theory of Economic Change*, Cambridge, MA: Belknap Press of Harvard University Press.

Nordqvist, M. and T. Zellweger (2010), *Transgenerational Entrepreneurship:*

Exploring Growth and Performance in Family Firms across Generations, Cheltenham, UK and Northampton, MA, USA: Edward Elgar.
Nordqvist, M., G. Marzano, E.R. Brenes, G. Jiménez and M. Fonseca-Paredes (2011), *Understanding Entrepreneurial Family Businesses in Uncertain Environments: Opportunities and Resources in Latin America*, Cheltenham, UK and Northampton, MA, USA: Edward Elgar.
Pearson, A.W., J.C. Carr and J.C. Shaw (2008), 'Toward a theory of familiness: a social capital perspective', *Entrepreneurship Theory and Practice*, **32** (6), 949–69.
Penrose, E.T. (1959), *The Theory of the Growth of the Firm*, New York: John Wiley.
Peteraf, M.A. (1993), 'The cornerstones of competitive advantage: a resource-based view', *Strategic Management Journal*, **14** (3), 179–91.
Rumelt, R.P. (1984), 'Toward a strategic theory of the firm', in R. Lamb (ed.), *Competitive Strategic Management*, Englewood Cliffs, NJ: Prentice Hall, pp. 556–70.
Schmalensee, R. (1985), 'Do markets differ much?', *The American Economic Review*, **75** (3), 341–51.
Schumpeter, J. (1934), *Capitalism, Socialism, and Democracy*, New York: Harper & Row.
Sharma, P. (2008), 'Commentary: familiness: capital stocks and flows between family and business', *Entrepreneurship Theory and Practice*, **32** (6), 971–7.
Sharma, P. and S. Manikutty (2005), 'Strategic divestments in family firms: role of family structure and community culture', *Entrepreneurship Theory and Practice*, **29** (3), 293–311.
Sieger, P., R. Nason, P. Sharma and T. Zellweger (2011), *The Global STEP Booklet: Evidence-based, Practical Insights for Enterprising Families*, Wellesley, MA: Babson College.
Sieger, P., T. Zellweger, R.S. Nason and E. Clinton (2011), 'Portfolio entrepreneurship in family firms: a resource-based perspective', *Strategic Entrepreneurship Journal*, **5** (4), 327–51.
Sirmon, D.G. and M.A. Hitt (2003), 'Managing resources: linking unique resources, management, and wealth creation in family firms', *Entrepreneurship Theory and Practice*, **27** (4), 339–58.
Sirmon, D.G., M.A. Hitt and R.D. Ireland (2007), 'Managing firm resources in dynamic environments to create value: looking inside the black box', *Academy of Management Review*, **32** (1), 273–92.
Spender, J.-C. (1996), 'Making knowledge the basis of a dynamic theory of the firm', *Strategic Management Journal*, **17**, 45–62.
Tagiuri, R. and J.A. Davis (1992), 'On the goals of successful family companies', *Family Business Review*, **5** (1), 43–62.
Van Essen, M., M. Carney, E. Gedajlovic, P.P.M.A.R. Heugens and J. van Oosterhout (2010), 'Do US publicly-listed family firms differ? Does it matter? A meta-analysis', paper presented at the 10th Annual Family Businesses Research Conference (IFERA 2010), Lancaster, UK.
Wernerfelt, B. (1984), 'A resource-based view of the firm', *Strategic Management Journal*, **5** (2), 171–80.
Zellweger, T. (2007), 'Time horizon, costs of equity capital, and generic investment strategies of firms', *Family Business Review*, **20** (1), 1–15.
Zellweger, T.M., F.W. Kellermanns, J.J. Chrisman and J.H. Chua (2012), 'Family

control and family firm valuation by family CEOs: the importance of intentions for transgenerational control', *Organization Science*, **23** (3), 851–68.
Zellweger, T.M., R.S. Nason, M. Nordqvist and C.G. Brush (2013), 'Why do family firms strive for nonfinancial goals? An organizational identity perspective', *Entrepreneurship Theory and Practice*, **37** (2), 229–48.