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Guest Editors: Peter Jaskiewicz, James G. Combs, David J. Ketchen, Jr., and R. Duane Ireland

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ENDURING ENTREPRENEURSHIP: ANTECEDENTS, TRIGGERING MECHANISMS, AND OUTCOMES

PETER JASKIEWICZ,[1]* JAMES G. COMBS,[2] DAVID J. KETCHEN, JR.,[3] and R. DUANE IRELAND[4]
[1] *John Molson School of Business, Concordia University, Montreal, Canada*
[2] *College of Business, University of Central Florida, Orlando, Florida, U.S.A.*
[3] *Harbert College of Business, Auburn University, Auburn, Alabama, U.S.A.*
[4] *Mays Business School, Texas A&M University, College Station, Texas, U.S.A.*

INTRODUCTION

In the early 1960s, two unknown bands released their first songs, which subsequently climbed atop the U.K. charts, resulting in the bands quickly gaining success on a worldwide basis. One of these bands, B. Bumble and the Stingers, would have just one No. 1 hit. Because of this, the band is known mainly to music historians. The other band, the Rolling Stones, would release a number of hits, sell hundreds of thousands of concert tickets, and become legendary performers over the next several decades.

Since its inception, those conducting entrepreneurship-related research have sought to clearly define entrepreneurship and identify its key antecedents (e.g., Sarasvathy, 2004; Shane and Venkataraman, 2000). Despite important insights into the factors that nurture entrepreneurship and new venture formation, researchers have expended less effort to identifying the factors that encourage previously entrepreneurial actors (i.e., individuals and organizations) to engage in repeated acts of entrepreneurship. Although one might think that entrepreneurial actors are repeatedly entrepreneurial by definition, this is not the case. In fact, the vast majority of entrepreneurial actors, like B. Bumble and the Stingers, are successful only during a relatively short period of time, after which they undergo more traditional life cycles—i.e., growth, maturity, and eventually, decline (Covin and Slevin, 1990).

Interestingly, however, some entrepreneurial actors engage in repeated entrepreneurial acts, which continue to lead to successful outcomes (Jaskiewicz, Combs, and Rau, 2015; Wright, Robbie, and Ennew, 1997). Like the Rolling Stones, they find ways to reinvent themselves and adapt creatively to environmental shifts and jolts. The purpose of this special issue is to investigate these actors and the actions they take as a means of taking initial steps toward developing theory to explain what makes repeated, or 'enduring,' entrepreneurship so rare. In essence, we wish to understand the difference between singular ('one-hit wonder') entrepreneurship and enduring entrepreneurship. For the purpose of this research, we define enduring entrepreneurship as actors' repeated pursuit of novel opportunities over time.

ENTREPRENEURSHIP AND ENDURING ENTREPRENEURSHIP

Schumpeter (1934) explained that acts of entrepreneurship include creating new products and services, adopting innovative production technologies, entering new markets, developing new raw materials, and implementing new ways of

Keywords: enduring entrepreneurship; entrepreneurial resources; entrepreneurial identity
*Correspondence to: Peter Jaskiewicz, John Molson School of Business, Concordia University, 1450 Guy Street, Montreal, QC, Canada. E-mail: peter.jaskiewicz@concordia.ca

organizing business activities. Subsequently, Schumpeter (1942, p. 82) described how these acts induce mutations in industries—from 'the overshot water wheel to the modern power plant'—that result in a process of 'creative destruction' wherein previous entrepreneurial acts, and the businesses that were built upon them, become obsolete.

Since Schumpeter offered these insights, most entrepreneurship research has assumed that new entrepreneurial actors will replace established ones. However, several studies indicate that some actors can break the well-trod path from innovation and growth to maturity and eventual decline. Some individuals are imprinted with important entrepreneurial features, such as an entrepreneurial orientation or an entrepreneurial legacy, and these features fuel individuals' repeated acts of entrepreneurship over time (Ogbonna and Harris, 2001; Jaskiewicz *et al.*, 2015). Other actors are prone to engage in repeated acts of entrepreneurship because of their unique entrepreneurial passion or motivation (e.g., serial entrepreneurs—Wright *et al.*, 1997) or their ability to create opportunities (Suddaby, Bruton, and Si, 2015). In summary, these studies suggest that antecedents that lead to enduring entrepreneurship might exist. Although we still know very little about such antecedents, many well-known examples of individuals (e.g., Steve Jobs, Joseph-Armand Bombardier, and Thomas Edison) and organizations (e.g., General Electric, National Geographic, and BMW) engaging in enduring entrepreneurship exist. Instead of declining, they rejuvenate. Instead of stagnating, they innovate repeatedly, grow, and endure. Such examples of enduring entrepreneurship might not have surprised Schumpeter who believed that creative destruction would originate from incumbents *within* existing industries. As such, he laid the foundation for suggesting that entrepreneurial actors would be entrepreneurial time and time again and, in so doing, rejuvenate themselves through new entrepreneurial actions that sometimes creatively reinvent their industries.

In one form or the other, these actors need a proverbial fountain of *entrepreneurial* youth—something that keeps them entrepreneurial—comparable to the Holy Grail, which was said to be a source of eternal life. While the latter is part of the Arthurian legend, enduring entrepreneurship is real, and the mechanisms that underlie the entrepreneurial fountain of youth are the focus of this special issue.

SPECIAL ISSUE ARTICLES AND THEIR ENDURING ENTREPRENEURSHIP THEMES

The three manuscripts included in this special issue investigate different contexts but describe overlapping themes regarding enduring entrepreneurship. The first article, 'Portfolio entrepreneurship and resource orchestration' by Baert *et al.* (2016, this issue) is based on an in-depth longitudinal case study of a Belgian entrepreneur. The study builds upon resource-based theory (Barney, 1991) to describe the resource orchestration processes that this founder/entrepreneur used to nurture the exploration and exploitation of entrepreneurial opportunities across his venture portfolio. In particular, the authors identify eight resource orchestration processes in the firm portfolio context (i.e., accessing, multiplying, redeploying, incubating, decoupling, aligning, complementing, and pruning) that have not been observed in the single-firm context. The portfolio firm context might, therefore, be particularly well suited to fostering repeated acts of entrepreneurship.

Given the article's grounding in resource-based theory (Barney, 1991) and resource orchestration (Sirmon *et al.*, 2011), entrepreneurial resources is one obvious antecedent that is central to enduring entrepreneurship. In particular, the founder's ability to take resources derived from previous entrepreneurial acts and leverage them to support new opportunities appears critical. For example, the entrepreneur in the Baert *et al.* (2016, this issue) article described how it took him six months to develop an innovative remuneration system for one venture but only six weeks to adjust and implement this system in another—saving that venture valuable time and money. Prior research has used the term entrepreneurial resources to describe any start-up resources (e.g., Wu, 2007), the entrepreneur's human and social capital (Obschonka, Silbereisen, and Schmitt-Rodermund, 2012), or the entrepreneur's motivation (Mosakowski, 1998), However, in the context of repeated acts of entrepreneurship, Baert *et al.*'s (2016, this issue) article suggests that the critical entrepreneurial resources are the tangible and intangible resources that emanated from past entrepreneurial acts.

A second important antecedent offered in this article describes how an individual's identity as an

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entrepreneur is deeply intertwined with the motivation to engage in additional acts of entrepreneurship. Navis and Glynn (2011: 479) define entrepreneurial identity as 'the constellation of claims around the founders, organization, and market opportunity of an entrepreneurial entity that gives meaning to questions of 'who we are' and 'what we do." According to Navis and Glynn (2011), such an identity can provide entrepreneurs with a legitimate distinctiveness, which appears instrumental for attracting investor capital in particular and legitimacy more generally. In line with their theorizing, Baert *et al.*'s (2016, this issue) article suggests that an entrepreneurial identity also legitimizes entrepreneurs in the eyes of multiple stakeholders, such as family members or employees, by giving business activities meaning and projecting an entrepreneurial vision that motivates others to focus on entrepreneurship. For instance, the entrepreneur in Baert *et al.*'s (2016, this issue) article mentioned repeatedly that it is his ambition to learn from his ventures and introduce their innovations into other ventures in his portfolio. To facilitate continuing entrepreneurial success, he regularly shares this vision with his partners and managers to ensure that they pursue a similar focus.

The second article, 'If we can't have it, then no one should: shutting down versus selling in family business portfolios,' also takes a qualitative approach to shed light on enduring entrepreneurship. Specifically, the article builds upon case studies of six Pakistani family business portfolios. The authors—Akhtar, Sieger, and Chirico—draw on social identity theory to propose that while entrepreneurial families are willing to stop pursuing an underperforming satellite firm in their portfolio instead of selling it and using the cash for another investment, entrepreneurial families often prefer to shut down the satellite and salvage remaining assets. They choose to close a satellite firm rather than sell it because of their social identity; and the more the satellite firm is central to their firm's focal identity, the more likely they are to make this choice. In a second step, however, these families use the assets available to them as a result of closing a satellite as resources to help rejuvenate the portfolio—either by repurposing the assets in entrepreneurial endeavors or re-opening the focal business at a later date.

Although it is embedded in a different societal and cultural context, this article is similar to Baert *et al.*'s (2016, this issue) work in that it draws attention to the same enduring entrepreneurship antecedents—i.e., entrepreneurial resources and entrepreneurial identity. In Akhtar, Sieger, and Chirico (2016, this issue), however, identity takes center stage because it is the family's evaluation of the satellite firm's importance to the family's self-description and concern for its reputation (i.e., identity (Deephouse and Jaskiewicz, 2013)) that motivates the family to retain the assets of a failing business—and, more importantly, keep others from having the assets. Akhtar et al. (2016, this issue) suggest that the motivation to maintain identity is so strong that families become even more adamant about keeping failing satellite firm assets even as performance across the portfolio declines. The irony is that this attitude also helps rejuvenate the firm because these entrepreneurial resources—our second antecedent—provide an opportunity to the family to either recycle the resources into other purposes or relaunch the failed venture at a later date and, thereby, help reverse the overall decline.

The third article presented in this special issue, 'Corporate venturing in family business: a developmental approach of the enterprising family' by Minola *et al.* (2016, this issue) presents conceptual arguments in which the authors leverage insights from family development theory. This is a theory from family science research that explains how families change as they grow and transition (e.g., from pre-children, children, to empty nest). Minola *et al.* (2016, this issue) use this theory to explain how family firms change with respect to their focus on corporate venturing (CV) across the four family business development stages described by Gersick *et al.* (1997). They suggest that CV starts low in the 'young business family' stage, grows in the 'entering the business' and 'working together' stages, and declines in the 'passing the baton' stage. However, these influences can be affected by the family's ownership in the firm (called the ownership development dimension) and the firm's level of maturity (called the firm's development dimension).

With respect to the antecedents of entrepreneurial identity and entrepreneurial resources, it is interesting to note that whereas Baert *et al.* (2016, this issue) view entrepreneurial resources as becoming available through resource orchestration and Akhtar et al. (2016, this issue) see resources emerging from previously engaged resources that were temporarily fallow, Minola *et al.* (2016, this issue) assume that the family possesses, or has access to, resources for entrepreneurship (from prior actions), but that their willingness to focus on entrepreneurship ebbs and flows in a predictable pattern across the family's business development stages. Minola *et al.* (2016, this issue) found entrepreneurial identity to be similarly stable. In this instance though, the family's capacity and incentive to act on it changes. Overall, this article is important because it suggests that at least in families, enduring entrepreneurship is not continuous (i.e., constant) but cyclical (i.e., repeated at the same family life cycle stage(s) by every generation).

TOWARD A THEORY OF ENDURING ENTREPRENEURSHIP

Looking across the set of articles, we see that enduring entrepreneurs and the entrepreneurial actions they take have at least two characteristics in common. First, whether as a family member or as a self-identified 'entrepreneur,' identity seems important for enduring entrepreneurship. Importantly, because entrepreneurship must be part of the identity, it is not just identity but what scholars have called an 'entrepreneurial identity' (Navis and Glynn, 2011) that seems important. In line with identity theory (Stets and Burke, 2000: 226), an entrepreneurial role identity means that individuals are 'acting to fulfill the expectations of the role, coordinating and negotiating interaction with role partners, and manipulating the environment to control the resources for which the role has responsibility' in the context of entrepreneurship. The individuals and others' entrepreneurial acts (i.e., those of family members) nurture and shape this entrepreneurial identity, creating the foundation for repeated and, thus, enduring entrepreneurship.

The second characteristic of enduring entrepreneurship that appears to cut across the articles is that unlike first-time entrepreneurship, which often assumes a lack of resources as a fundamental feature, enduring entrepreneurs appear to start with entrepreneurial resources that can be directed toward novel opportunities. These are entrepreneurial resources because they are derived from previous—successful and unsuccessful—entrepreneurial acts, and they are used to nurture and support new entrepreneurial endeavors. We note that these entrepreneurial resources are not necessarily plentiful; however, in each instance, they constitute a starting point. Thus, part of the challenge for non-enduring entrepreneurs might be to overcome the personal or organizational inertia that often is associated with slack resources (Zahra, Hayton, and Salvato, 2004). Achieving success with these efforts positively contributes to the actions entrepreneurs take to acquire the proper dynamic capabilities to leverage available resources for entrepreneurship (Wu, 2007) or to 'make do' with what is it at hand—also referred to as entrepreneurial bricolage (Baker and Nelson, 2005).

We note that enduring entrepreneurs appear to showcase these qualities, which might explain why some resource endowments from prior entrepreneurship suffice to kick-start additional entrepreneurship. Taken together, the evidence appearing in this special issue's three articles suggests that an entrepreneurial identity and entrepreneurial resources are nurtured by previous entrepreneurship and act as catalysts for future entrepreneurship.

Despite these commonalities of enduring entrepreneurship, the three articles suggest different mechanisms that trigger enduring entrepreneurship. In Baert *et al.* (2016, this issue), an entrepreneurial identity appears important to motivate the search for entrepreneurial opportunities, but it is the entrepreneur's recognition of resource synergies that kick-starts additional entrepreneurial behavior. In Akhtar et al. (2016, this issue), it is a challenging economic environment that spurs the family into action; however, it is the family's identification with the troubled satellite firm that induces it to preserve its core resources for a future rejuvenation or a novel entrepreneurial venture. Finally, in the third article, Minola *et al.* (2016, this issue) suggest that the mechanism triggering enduring entrepreneurship is based on the family's business development stage. Further, the authors argue that families entering and moving through particular life cycle stages (i.e., entering the business and working together) will motivate the family to leverage available resources toward CV.

After having described the antecedents of enduring entrepreneurship and the mechanisms that trigger it, what is left is to describe the outcomes of enduring entrepreneurship, which differ across the articles of this special issue. In Baert *et al.*'s (2016, this issue) article, the outcome is a growing portfolio of ventures. Although not all ventures are successful, over time, the number of successful ventures in the portfolio grows. In the article by Akhtar et al. (2016, this issue), the outcome is not necessarily a growing or expanding portfolio of firms, but a rejuvenated one. Bearing in mind that the triggering mechanism for enduring entrepreneurship was the need to shut down an existing firm in a tough economic climate, the investment of salvaged resources for potentially novel future uses leads to a rebalanced or rejuvenated, but not necessarily growing, portfolio. Finally, Minola *et al.* (2016, this issue) describe how the cyclical entrepreneurial behavior of business families can add new business activities to an existing business and, thereby, rejuvenate it. When coupled with the family's (1) ownership concentration, which gives it both the power and motivation to engage in entrepreneurial behavior and (2) cross-generational cohesion, which influences the senior generation's felt obligation to invest in the next generation, the result is an entrepreneurial outcome pattern that ebbs and flows across time in a predictable pattern.

Thus, we see repeated acts of entrepreneurship being used to grow and expand a portfolio of ventures in creative ways, as a defensive mechanism that ends up sustaining the portfolio, and as a predictable pattern. Table 1 summarizes the antecedents, causal mechanisms, and outcomes across the three articles.

NEXT STEPS

We believe that the work presented in this special issue suggests that entrepreneurship is not necessarily destined to be a one-hit wonder phenomenon. More specifically, this set of studies indicates that the same actors can engage in repeated acts of entrepreneurship over long periods of time. Our hope in creating this special issue was to shed light on drivers of enduring entrepreneurship and, perhaps more importantly, focus greater attention on and spur greater interest in, repeated acts of entrepreneurship. The special issue's three articles point to overlapping antecedents of enduring entrepreneurship. Entrepreneurial identity and entrepreneurial resources appear to be important antecedents that are present in all three articles. However, the triggering mechanisms that activate these factors toward repeated acts of entrepreneurship

Table 1. Overview of articles in this special issue

		Baert et al.	Chirico et al.	Garrett et al.
General information	Type of paper	Qualitative, one case of a Belgian portfolio entrepreneur	Qualitative, six cases of Pakistani family firm portfolios	Conceptual
	Theoretical framework	Resource-based view	Social identity theory	Family development theory
Antecedents of enduring entrepreneurship	Entrepreneurial identity	Nurtured through venturing	Imprinted through socialization and nurtured through venturing	Imprinted through socialization and nurtured by felt obligation to help next generation
	Entrepreneurial resources	Derived from resource orchestration in venture portfolio	Stock of resources from liquidated firm	Family-based resources available at particular family life cycle stage
Mechanisms of enduring entrepreneurship		Recognition of synergies and opportunities in venture portfolio	Salvaging assets of underperforming portfolio firm	Increase in family's EO as a result of family life cycle
Outcomes of of enduring entrepreneurship		Growing portfolio of ventures	Rejuvenated portfolio of firms	Cycles of rejuvenation in firm (or firm portfolio)

EO = Entrepreneurial orientation.

differ, which results in different outcomes. While we think this is an important start, we believe that there are additional antecedents that help sustain enduring entrepreneurship and other triggering mechanisms that influence the proclivity of actors to engage in repeated entrepreneurial acts. We discuss each in turn and point to their potential to advance entrepreneurship theory and research.

Additional antecedents

The articles in the special issue point to the importance of tangible and intangible resources and resource orchestration processes, but they do not address the specific nature of the resources and capabilities that underlie enduring entrepreneurship. We believe that dynamic capabilities and entrepreneurial organizational cultures are two promising candidates. Teece and Pisano (1994: 541) define dynamic capabilities as 'the subset of the competences/capabilities stocks of complementary know-how and other assets, which allow the firm to create new products and processes and respond to changing market circumstances.' What seems critical for enduring entrepreneurship is that dynamic capabilities involve knowing that a change is needed and taking actions to reconfigure existing capabilities (Teece and Pisano, 1994). This expectation appears to parallel our definition of enduring entrepreneurship as repeated entrepreneurial acts. In one example, Wu (2007) found that dynamic capabilities improved the start-up performance of high-tech firms in Taiwan and mediated the relationship between available entrepreneurial resources and venture performance. Improving and preserving dynamic capabilities, therefore, appears to be an additional potential antecedent of enduring entrepreneurship.

Another promising antecedent might be the imprinting of an entrepreneurial organizational culture. Zahra *et al.* (2004) showed that an organizational culture characterized by more individualism, an external orientation, a long- versus short-term orientation, and an orientation toward decentralization is associated with more corporate entrepreneurship—especially in the context of family firms. Similarly, the results of several other studies suggest that the most entrepreneurial firms display characteristics of an organizational culture that fuels entrepreneurship and that such cultures are often imprinted by founders (Boeker, 1989; Geroski, Mata, and Portugal, 2010; Kimberly and Bouchikhi, 1995; Ogbonna and Harris, 2001) and/or their entrepreneurial descendants (Jaskiewicz *et al.*, 2015). Marquis and Tilcsik (2013: 201) define imprinting as 'a process whereby, during a brief period of susceptibility, a focal entity develops characteristics that reflect prominent features of the environment, and these characteristics continue to persist despite significant environmental changes in subsequent periods.' Although the lifetime of an entrepreneur is by definition limited, founders who successfully imprint their entrepreneurial features on their organizations' culture appear to foster repeated acts of entrepreneurship that endure beyond their own tenure, making an entrepreneurial organizational culture another potential antecedent of enduring entrepreneurship.

Additional triggering mechanisms

We consider two related contextual factors—the environment in general and the conditions leading to necessity entrepreneurship in particular—as topics that deserve additional attention in the context of enduring entrepreneurship. Regarding the environment, we note that none of the articles in the special issue devoted significant attention to discussing the role of the environment in enabling or disabling enduring entrepreneurship. We believe that this de-emphasis is appropriate. Jaskiewicz *et al.* (2015) observed that business families that remained entrepreneurial across generations were imprinted with an entrepreneurial legacy consisting of narratives of past entrepreneurship and/or survival during perilous times. In a similar vein, Akhtar et al. (2016, this issue) explain that entrepreneurial families that have an entrepreneurial legacy are motivated to remain entrepreneurial. Although the need to do something in the first place was spurred by a stark and increasingly challenging economic environment in Pakistan after September 11, 2001, entrepreneurial families not only disinvested satellite firms, but also planned how to reinvest salvaged assets to pursue other opportunities.

Although challenging environmental conditions (e.g., economic downturn, civil war, acts of terrorism, environmental uncertainty, and dynamism) are well-known contingencies that can reduce the speed of entrepreneurial activities on average (Brockner,

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Higgins, and Low, 2004; Covin and Slevin, 1991; Puffer, McCarthy, and Boisot, 2010), enduring entrepreneurs might— because of their entrepreneurial legacy, identity, and resources—be less intimidated by stormy conditions and better able to adapt their entrepreneurial plans to shifts in their environments (e.g., Jaskiewicz *et al.*, 2015; Lumpkin and Dess, 2001). Put differently, favorable environmental jolts might accelerate enduring entrepreneurship and the scope thereof, but negative environmental jolts are unlikely to halt enduring entrepreneurs. Because of their resilience and adaptability, it might even be in challenging environments that enduring entrepreneurs are most successful because it is in these contexts that they are first movers lacking competitors.

The conditions fueling necessity entrepreneurship are another important trigger mechanism deserving scholarly attention. Necessity entrepreneurs are actors who are forced to start businesses in order to make a living (Acs, 2006). Necessity entrepreneurship can partly explain the higher rates of venture creation and self-employment in developing countries (Thurik *et al.*, 2008). In these settings, underemployed/unemployed individuals as well as immigrants find it necessary to become entrepreneurs. By definition, necessity entrepreneurs lack an entrepreneurial identity and entrepreneurial resources; they would not start businesses if they had other options (e.g., employment opportunities). Interestingly, recent examples show that some necessity entrepreneurs build very entrepreneurial and rapidly growing firms. For example, there is John Paul DeJoria, founder of John Paul Mitchell Systems, who lived in his car and sold products door-to-door before growing a very successful hair products firm that would make him a billionaire. Another example is Janie and Jerry Murrell, founders of Five Guys, who were afraid that their four sons would not do well in college and find decent jobs. Therefore, the parents started a burger restaurant in 1986 that would become the fastest growing fast-food chain in North America in 2012, with more than 1,000 open stores.

Thus, it appears that scarce environmental conditions and/or a bleak outlook can force individuals into entrepreneurship. Some of those who succeed, however, might develop an entrepreneurial identity and garner sufficient entrepreneurial resources that in turn motivate and enable them to pursue subsequent acts of entrepreneurship. The case of necessity entrepreneurship might show that an entrepreneurial identity and entrepreneurial resources largely originate from an initial entrepreneurial act. Paradoxically, resource-constrained environments might, by leading to above average rates of entrepreneurship, also result in a disproportionately higher number of enduring entrepreneurs than more resource-rich environments.

OUTLOOK AND CONCLUSION

Enduring entrepreneurship is not the domain of legend, but instead is a reality. Much can be gained by better understanding its antecedents, triggering mechanisms, and outcomes. Herein, we have offered a modest first step toward what will hopefully one day become a theory of enduring entrepreneurship. Moving forward, we call for researchers to shed more light on the phenomenon of enduring entrepreneurship. Important research questions might include: What are other factors that distinguish one-hit and enduring entrepreneurship among opportunity and necessity entrepreneurs? What are the drivers that enable some but not other organizations to escape the classical life cycle and rejuvenate over and over again? What are the boundary conditions of enduring entrepreneurship on the individual, organizational, and societal levels? Does enduring entrepreneurship encompass exploration and exploitation or does it initially involve more exploration followed by greater emphasis on exploitation over time? Finally, does enduring entrepreneurship require radical innovations or can incremental innovations also fuel repeated acts of rejuvenation and growth over time?

When reflecting about the Rolling Stones, a lot of people would probably agree that the band's music has not changed radically over time. However, the same group would probably also say that the Rolling Stones are distinct because of who they are and what they do with what they have. Applied to the context of enduring entrepreneurship, an entrepreneurial identity—giving actors a legitimate distinctiveness (Navis and Glynn, 2011) and entrepreneurial motivation (Jaskiewicz *et al.*, 2015)—and entrepreneurial resources—giving actors the necessary seed capital to pursue the next opportunity—might indeed be two foundational antecedents that individuals and organizations need to keep rolling in an enduring manner.

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PORTFOLIO ENTREPRENEURSHIP AND RESOURCE ORCHESTRATION

CAROLINE BAERT,[1] MIGUEL MEULEMAN,[1,2]* MARION DEBRUYNE,[1] and MIKE WRIGHT[2,3]
[1] *Vlerick Business School, Ghent, Belgium*
[2] *Imperial College Business School, Imperial College London, London, U.K.*
[3] *Ghent University, Ghent, Belgium*

Research summary: *This study examines the role of resource orchestration for the exploration and exploitation of opportunities through portfolio entrepreneurship. Adopting a single-case study approach, we identify eight distinctive resource orchestration subprocesses that we group into three aggregate resource orchestration processes that enable the development and exploitation of a set of resources and capabilities across a portfolio of ventures. Our findings extend the literature on enduring entrepreneurship by building theory on how resource orchestration across a portfolio of ventures facilitates the emergence of synergies when exploring and exploiting opportunities.*

Managerial summary: *This study examines the processes through which an entrepreneur structures and rearranges resources and capabilities across multiple firms as he/she grows a portfolio of firms to engage in the exploration and exploitation of market opportunities. Entrepreneurs can obtain insights for building their businesses from the eight processes we identify; these processes allow entrepreneurs to develop synergies as they create and put to use a set of resources and capabilities across their businesses. Through these synergies, entrepreneurs can share, transform, and harmonize resources and capabilities across their firms. This can enable them to continuously and simultaneously explore and exploit market opportunities, which ultimately facilitates the sustainability of their businesses. Copyright © 2016 Strategic Management Society.*

INTRODUCTION

Entrepreneurship involves identifying and exploiting opportunities in a setting characterized by uncertainty (Shane and Venkataraman, 2000). The strategic entrepreneurship perspective has stressed the need to focus on how firms create change by exploring opportunities in the external environment while at the same time exploiting those opportunities to sustain value creation across time (Hitt *et al*., 2001, 2011). Some firms and individuals consistently engage in high levels of entrepreneurial behavior through constant renewal and repeated acts of entrepreneurial activity such that entrepreneurship endures across time and systems. A key question that arises then is what processes and organizational practices help firms and individuals achieve enduring entrepreneurship?

The development of a group of new ventures in the context of portfolio entrepreneurship provides an opportunity to investigate these processes and organizational practices. Portfolio entrepreneurship has proven to be a valuable entrepreneurial

Keywords: portfolio entrepreneur; resource orchestration; exploration/exploitation; enduring entrepreneurship; strategic entrepreneurship
*Correspondence to: Miguel Meuleman, Vlerick Business School, Reep 1, 9000 Ghent, Belgium. E-mail: Miguel.Meuleman@vlerick.com.

development model (Carter and Ram, 2003; Lechner and Leyronas, 2009). Portfolio entrepreneurs simultaneously hold ownership stakes in two or more independent ventures that have either been established, purchased, and/or inherited (Westhead and Wright, 1998). The characteristics of portfolio entrepreneurs and their motivations to engage in small business group formation have been researched extensively (Iacobucci, 2002; Iacobucci and Rosa, 2010; Ucbasaran *et al*., 2008; Ucbasaran, Westhead, and Wright, 2009). However, the microprocesses by which portfolio entrepreneurs obtain and leverage resources and capabilities across a portfolio of ventures to exploit new opportunities and engage in enduring entrepreneurship in such a setting remain a black box.

Resource orchestration theory has recently been advanced to address the previous neglect of the processes by which managers accumulate, combine, and exploit resources to support current opportunities while developing future opportunities to achieve a competitive advantage (Sirmon and Hitt, 2003). Resource orchestration theory suggests that it is the combination of resources, capabilities, and managerial action that ultimately results in superior firm performance (Chadwick, Super, and Kwon, 2015; Helfat *et al*., 2007; Sirmon, Hitt, and Ireland, 2007; Sirmon *et al*., 2011). However, we still lack detailed insights into how firms orchestrate resources in dynamic environments to facilitate the implementation of firm-level and corporate-level strategies to sustain enduring entrepreneurship (Sirmon *et al*., 2011). Additionally, extant research has primarily examined how managers orchestrate resources within a single firm to develop capabilities and sources of competitive advantage. A separate important and yet unexamined issue concerns how resources might be orchestrated across a portfolio of ventures to develop portfolio-level capabilities and synergies when pursuing opportunities.

We build on this prior work to address an important gap in understanding the behavior of portfolio entrepreneurs and, by doing so, shed new light on resource orchestration processes across a portfolio of ventures that help sustain entrepreneurial activity. Accordingly, we address the following research questions: (*1*) *What specific processes of resource orchestration across a portfolio of ventures are aimed at exploring and exploiting new opportunities*?; and (*2*) *How do these processes develop over time to facilitate enduring entrepreneurship*?

Following previous studies on knowledge and capability development (Cope, 2011; Deakins and Freel, 1998), we use a single interpretive case study approach. Through an iterative process involving rich narrative accounts of both successful and failed activities of a portfolio entrepreneur in the digital web industry, we identify eight distinctive resource orchestration subprocesses *across* the entrepreneur's portfolio of ventures; these subprocesses enable the exploration and exploitation of new opportunities. We group these into three aggregate resource orchestration processes new to resource orchestration theory—*sharing*, *transforming*, and *harmonizing*. In essence, resource orchestration across a portfolio of ventures enables the portfolio entrepreneur to create and exploit synergies in the pursuit of new opportunities over time.

We contribute to theory development in several ways. First, we add to the enduring entrepreneurship literature by building theory on how resource orchestration across a portfolio of ventures may facilitate the emergence of synergies when exploring and exploiting new opportunities. Second, in doing so, we respond to the general call by Sirmon *et al.* (2011) to uncover new processes underlying resource orchestration and capability development to support an entrepreneurial strategy in dynamic environments. Third, examining portfolio entrepreneurs enables us to extend previous studies by providing a more fine-grained analysis of the distinctive constructs associated with the resource orchestration processes *across* a group of ventures that have hitherto been largely neglected (Sirmon *et al*., 2011). As such, we contribute by beginning to identify some boundary conditions of Sirmon *et al*.'s (2007) general framework on resource orchestration and, more generally, add to the understanding of heterogeneous resource positions between firms (Maritan and Peteraf, 2011). Our findings suggest that simply extending existing resource orchestration theory to across firms/portfolio entrepreneurship contexts would miss important distinctive mechanisms in the resource orchestration process.

THEORETICAL BACKGROUND

The strategic entrepreneurship perspective stresses the importance of resource orchestration practices to support the simultaneous exploration and exploitation of opportunities to sustain firm performance. Merely looking at the resources a firm possesses provides an incomplete understanding of company performance. Resource orchestration theory emphasizes the role of managerial action in mobilizing and leveraging firm resources to achieve strategic objectives (Hansen, Perry, and Reese, 2004; Sirmon *et al*., 2011). The orchestration of resources is critical to support processes to help develop and leverage capabilities (Rindova and Kotha, 2001; Wales *et al*., 2013). Resource orchestration practices include the processes of *structuring* the portfolio of resources (i.e., acquiring, accumulating, and divesting), *bundling* resources to build capabilities (i.e., stabilizing, enriching, and pioneering), and *leveraging* capabilities in the marketplace (i.e., mobilizing, coordinating, and deploying) to create value (Sirmon *et al*., 2007).

As firms engage in resource orchestration, they engage in the constant trade-off between the exploration of new possibilities and the exploitation of existing activities, which entails complications in allocating scarce resources across activities. According to March (1991), exploration is characterized by search, experimentation, innovation, play, and flexibility, while exploitation is defined by efficiency, selection, implementation, and execution. March (1991) portrays the trade-off between exploration and exploitation in terms of learning processes or behaviors organizations engage in as they attempt to adapt to their contexts. Adding to March's (1991) work, scholars have focused their attention on the outcomes of exploration and exploitation to distinguish between the two concepts, linking exploration to radical innovation and exploitation to incremental innovation (Ireland and Webb, 2009). Interestingly, in their work on strategic entrepreneurship and the successful transition from exploration to exploitation, Ireland and Webb (2009) explicitly recognize that as a firm engages in exploration or exploitation, it uses different processes to balance both behaviors. Successful exploration is then linked to the ability to efficiently manage a breadth of resources as a firm searches for new sources of future competitive advantage, thereby keeping in mind the uncertainty related to the potential effectiveness of such resources. In contrast, successful exploitation is connected to the ability to incrementally enhance current sources of competitive advantage, thus efficiently orchestrating a more narrow set of resources that represent the building blocks of such current competitive advantage.

Resource orchestration poses specific challenges for entrepreneurial firms (Benner and Tushman, 2003; Sirmon *et al*., 2011). Emergent entrepreneurial firms need to orchestrate resources to support their nascent business models under conditions of uncertainty (Rutherford, Buller, and McMullen, 2003). During exploration attempts, experimental resource allocation patterns are frequently used to identify valuable and potentially rare operational and product configurations to obtain a competitive advantage. As the firm starts to grow, resource orchestration activities will shift toward structuring the organization, such as implementing formalized procedures and adding a managerial hierarchy in order to facilitate exploitation (Daily and Dalton, 1992).

A key question is how entrepreneurial firms manage their limited sets of resources more efficiently and effectively during the start-up and growth phases (Wales *et al*., 2013). Entrepreneurial firms suffer from 'liabilities of smallness' resulting from: (1) their limited levels of slack resources; and (2) potential inefficiencies in using their resources (Stinchcombe, 1965; Thornhill and Amit, 2003). One way to deal with these resource constraints is by setting up interfirm collaborations to access critical resources (Harrison *et al*., 2001; Wiklund and Shepherd, 2009; Zahra *et al*., 2009) and acquire new knowledge (Lane and Lubatkin, 1998; Yli-Renko, Autio, and Sapienza, 2001). By combining complementary resources and capabilities, firms can realize synergies (Wang and Zajac, 2007). However, this depends both on the potential for synergistic resource complementarity, as well as on the firm's effectiveness in orchestrating resources *within* and *across* firm boundaries to realize those synergies (Capron, Dussauge, and Mitchell, 1998; Madhok and Tallman, 1998; Wiklund and Shepherd, 2009).

Resource orchestration theory has mostly focused on *within-firm* processes that enable firms to explore and exploit opportunities. However, given the emerging theoretical approach, it is unclear whether similar processes apply *across* a group of ventures and how this might lead to synergies when initiating new entrepreneurial activity. Portfolio entrepreneurship represents a distinctive context in which to examine these issues across a group of loosely coupled firms. Through developing separate businesses with legal autonomy, portfolio entrepreneurs can explore new opportunities, yet assure strategic and operational autonomy for their new activities (Iacobucci, 2002; Lechner and Leyronas, 2009). The mechanisms of value creation in portfolio entrepreneurship have received less consideration than those characterizing single-firm contexts, yet are crucial to understanding how portfolio entrepreneurs simultaneously engage in exploration and exploitation activities and, thus, enduring entrepreneurship.

One element that holds the potential for enduring entrepreneurship in the context of portfolio entrepreneurship concerns the underlying processes supporting resource and capability development (Cope, 2005; Ucbasaran *et al*., 2008; Unger *et al*., 2011) and, more generally, how resource orchestration contributes to this. First, resource constraints within entrepreneurial ventures require a flexible approach that allows adaptation to new situations (Cainarca, Colombo, and Mariotti, 1992). Portfolio entrepreneurs can leverage and transfer knowledge and capabilities from multiple business ownerships to exploit new business opportunities efficiently in a dynamic environment (Rosa, 1998). Second, Sirmon *et al*. (2011) have stressed the importance of focusing on the locus of resource orchestration activities and how this impacts the flow of knowledge *within* and *across* organizations. Portfolio entrepreneurship holds the potential for newly acquired knowledge to be applied, exploited, and recontextualized in the entrepreneur's group of businesses.

RESEARCH METHODOLOGY

A longitudinal single-case study approach

Our aim was to elaborate the emerging theory on resource orchestration in a setting of enduring entrepreneurship involving a portfolio of ventures, thereby refining and complementing existing concepts (Locke, 2001). We adopted a longitudinal single-case study approach based on the narrative of a portfolio entrepreneur.

A case study approach is especially valuable when researching 'how' and 'why' questions in new topic areas, as here (Eisenhardt and Graebner, 2007; Suddaby, 2006). Since little is known about the processes underlying resource and capability orchestration across ventures in an entrepreneurial setting, we aimed to identify key building blocks of these processes and their emergence. We adopted a single-case design because of the revelatory nature of the case to which we were offered unusually detailed access. The narrative-based approach has become well accepted as a valid method for interpretive studies of entrepreneurship (Cope, 2011; Hjorth and Steyaert, 2004). In particular, we used it to develop an understanding of how resource orchestration processes unfold as the entrepreneur's portfolio of ventures develops.

Based on the detailed case story of the portfolio entrepreneur, we engaged in theory elaboration using a grounded theory-based approach (Glaser and Strauss, 1967) to better understand unexplored dynamics underlying resource orchestration processes across a group of ventures. Our inductive approach entailed many cycles of confrontation between data and theory, each iteration directing us to additional data and drawing on additional concepts and theoretical categories. We followed the approach described by Gioia, Corley, and Hamilton (2013) to develop new concepts and to bring 'qualitative rigor' to the research. The resulting model includes various intermediary conceptualizing steps of first- and second-order coding between raw case data and theory.

Empirical setting

We looked for a context where entrepreneurs need to continuously explore and exploit opportunities in an ever-changing setting. As venturing into emerging markets typically requires entrepreneurs to explore new domains and learn to perform new activities (Crossan, Lane, and White, 1999), we looked for a nascent and dynamic industry. We studied the growth of a Belgian entrepreneur's portfolio of firms, including the development of a digital web agency called Digiwiz (a pseudonym) and related ventures. From 2006 to 2013, the entrepreneur was simultaneously involved in nine independent ventures, of which two ceased to exist. One venture is a holding company supporting a network of eight small independent ventures.

Digiwiz was founded in 2006 by entrepreneur Bart Bruyne (a pseudonym) and a business partner. Digiwiz started out as a web agency focusing solely on website development activities for small- and medium-size enterprises, thereby deploying Digiwiz' web content management system (WCMS[1]) named Knife. Digiwiz diversified its offering and moved

[1] Information technology research company Gartner Inc. defines web content management (WCM) as '*the process of controlling the content of a website through the use of specific management tools based on a core repository*' (Gartner, 2008: 2). Web content management systems (WCMS) can be commercial products, open-source tools, or hosted service offerings. Gartner Research and Industry Report, 26 June 2008, ID number G00158654.

toward integrated approaches, thereby combining website development, web content management system (WCMS) development, and online marketing components. While exploring nascent markets and new activity domains in the digital industry, the entrepreneur developed new business activities inside as well as outside Digiwiz's firm boundaries. Table 1 provides an overview of these different business activities. Importantly, we not only focused on ventures set up as independent entities, but we also studied the setup of new business activities within existing firm boundaries, as these 'internal ventures' played an important intermediary role in the entrepreneur's resource orchestration activities. We classified new business activities as internal ventures where the activity: (1) was characterized by a different value proposition compared to the existing activities; (2) generated revenues independent of existing activities; or (3) became an independent entity later on.

The development and evolution of the entrepreneur's portfolio of ventures can be contextualized at the intersection of a number of nascent markets in the digital industry, including website development, WCMS development, and online marketing activities. This research setting appeared attractive to study enduring entrepreneurship and resource orchestration, as it captures the dynamic and uncertain nature of new markets, characterized by numerous diversified competitors and ever-changing technology. Entrepreneurs attempted to make sense of, learn, and develop adequate market propositions for nascent markets in the digital industry (Santos and Eisenhardt, 2009). The steady development of the entrepreneur's portfolio of ventures illustrates his aspiration to explore and exploit new business opportunities brought forth by swift technological advancements and the resulting market dynamics. From 2006 to 2013, the entrepreneur's portfolio grew from one to seven independent and viable ventures, while its turnover increased from €850,000 to €5.38 million. Moreover, in 2014, the business group was ranked in the top six in a Top 50 ranking of web builders in Belgium (Van Leemputten, 2014).

Table 1. Overview of the business activities and ventures of the entrepreneur (2006-2013)

Year	Business activity	Description	Independent business or internal Digiwiz activity?	Viability business activity?
2006	Digiwiz	Digital web agency	Independent	Viable
2006	DVDXC	DVD sharing network	Internal	Viable
2006	Ringtone network	Ringtone network	Internal	Viable
2006	Blog network	Blog network	Internal	Viable
2007	Monitor	Monitoring the influence of social media	Independent	Failed
2008	Tagger	Facilitating online music purchase by tagging or bookmarking music	Independent	Failed
2008	Talk	Social media marketing	Independent	Viable
2008	Tweety	Tweeting application for digital TV	Internal	Failed
2009	EasyNet	Easy internet marketing services	Independent	Viable
2010	Knife OS	Open sourcing of WCMS Knife	Internal, yet in the process of becoming independent	Viable
2010	Publisher	Digital magazine publishing	Independent	Viable
2011	iPad app	Application for iPad magazines	Internal	Failed
2012	Newton	Online KPI monitoring	Internal (Talk), yet became independent	Viable
2012	Adviz	Optimizing website usability	Independent	Viable
2013	Paradise	Network of independent companies active in the digital industry (including NetDesign, Star, Hello Hello, The Laboratory, Screen, Robot, RawData, and Illustrat)	Independent	Some viable, some too early to tell

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Data collection

Data collection took nearly 2.5 years. From early 2011 to mid-2013, we collected data on developments (2006 to 2013) in the entrepreneur's portfolio and the digital industry. Various primary and secondary data sources were used, enabling us to corroborate information and develop a full understanding of the case (Yin, 1984). An overview of data sources can be found in Table 2.

Our initial desk research started in 2011, and we concentrated on developing our understanding of the evolution of the web development industry and identifying market players. To gain additional information, in particular on the web development industry in Belgium, we interviewed seven industry experts who were business analysts (n = 2), leading entrepreneurs (n = 2), specialists working for larger concerns (n = 2), and a venture capitalist (n = 1). Interviews ranged from 30 to 70 minutes. These

Table 2. Overview of the data collection sources

Data source	Type of data	Use in analysis
Archival data	*Industry-related documents*: business press articles (n = 14), industry reports from business analysts (e.g., Gartner) (n = 10).	Familiarize with the industry context.
	Company-related documents: venture websites (n = 4), venture blogs (n = 4), company presentations (n = 30), trend reports (n = 6).	Support the chronological reconstruction of the growth of the portfolio. Support and triangulate evidence from the interviews.
	Entrepreneur-related documents: personal blog (n = 1), presentations (n = 19), interviews in press articles (n = 4).	Developing an understanding of the entrepreneur's reasoning regarding specific business opportunities, business models, and industry trends. Support and triangulate evidence from the interviews.
Interviews	*Preliminary interviews* (*early 2011*) with industry experts (n = 7) to discuss industry evolution, industry trends and characteristics of viable business models in the digital industry.	Familiarize with the industry context.
	Interview round 1 (*June-Aug 2011*) with the entrepreneur (n = 2) and his founding partner (n = 1) to discuss the development and history of each venture and its business activities.	Chronological reconstruction of the growth of the portfolio. Developing an understanding of the entrepreneurial processes driving the formation of new ventures and the interdependencies between ventures.
	Interview round 2 (*March-Sept 2012*) with the entrepreneur (n = 1) and his business partners (n = 2) to discuss the use and transfer of knowledge and capabilities across the portfolio and over time.	Identification and visual mapping of knowledge and capability flows across the portfolio. Compare and integrate interviewees' accounts to improve our understanding of the entrepreneurial learning processes related to the use and transfer of knowledge and capabilities across the portfolio and over time.
	Interview round 3 (*Aug-Sept 2013*) with the entrepreneur (n = 1), his founding partner (n = 1), and his business partners (n = 2) to discuss the deployment of resources and capabilities across the portfolio and the entrepreneur's understanding of such deployment across the portfolio.	Develop an understanding of resource orchestration processes occurring across the portfolio and over time. Identification of the role of the entrepreneur in creating resource synergies across the portfolio. Compare and integrate interviewees' accounts to improve our understanding of the entrepreneur's ability to orchestrate resources.

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interviews pointed us to Digiwiz and its founding entrepreneur, who we did not know personally in advance.

The primary data collection method involved semi-structured interviews with the entrepreneur and his three business partners, conducted in three interview rounds from early 2011 to mid-2013. All interviews were conducted by at least two individuals, increasing confidence in the reliability of interpretation. The interviews lasted approximately 1 to 2.5 hours and were recorded and subsequently transcribed verbatim.

In the first interview round, mid-2011, we conducted a semi-structured interview with the entrepreneur, during which we asked for factual information, such as the composition of the entrepreneurial team, the development and history of the ventures in the entrepreneur's portfolio, and each venture's business model and activity system in use. We presented the same questions to his founding partner during a semi-structured follow-up interview, allowing us to alleviate concerns of source and recall bias. This information was complemented with secondary data from company reports, blogs, financial accounting data, press articles, company presentations, and websites of each venture. For instance, we triangulated factual information with a number of blogs by the entrepreneur about the development of his ventures. The Digiwiz company blog dates from 2003 and consists of approximately 1,200 blogposts, while the entrepreneur's personal blog dates from 2006 and has 1,250 blogposts. Venture-related blogs, such as the Talk and Monitor blogs, were also available from start-up and contain fewer blogposts (e.g., Talk, 2008, 60 posts). Further, the entrepreneur produced numerous writings (e.g., trend reports) that are archived chronologically on the internet, which enabled triangulation.

Using this information, two researchers independently mapped the evolution of the business activities inside Digiwiz and the entrepreneur's other portfolio ventures. Having contrasted and discussed these two sets of chronological maps, we created a preliminary timeline of the development of the entrepreneur's portfolio of ventures, which served as support for subsequent interviews. Finally, we conducted a follow-up interview with the entrepreneur to focus in more detail on the formation of new ventures over time and the interdependencies between the different ventures. We used the timeline of the different business activities and ventures developed in the previous data collection stage as a backbone to the interview.

In the second interview round, early and mid-2012, we gathered more refined data on specific experiences described by the entrepreneur in previous interviews. This included experiences related to the set up and management of new activities and ventures and the genesis of certain organizing processes. Such data allowed us to infer how resources and capabilities related to venture setup and growth were developed across the entrepreneur's portfolio. We first interviewed the entrepreneur. Subsequently, to triangulate the obtained data, we conducted two semi-structured interviews with business partners of the entrepreneur, i.e., the CEO of Talk and the product champion behind the online KPI monitoring instrument launched by Newton. These face-to-face interviews focused on the entrepreneur's use and transfer of acquired knowledge and capabilities across ventures in his portfolio.

In the third interview round, mid-2013, we gathered fine-grained data on specific resource and capability orchestration processes across ventures that had emerged from the data. During interviews with the entrepreneur, his founding partner, and the two business partners previously identified, we gained more insights on the deployment of resources and capabilities and the role of the entrepreneur as an orchestrator of such resources and capabilities. We also updated the status of the entrepreneur's portfolio and triangulated certain pieces of information at this point.

Data analysis

Moving back and forth in an iterative fashion between the qualitative data and relevant theoretical arguments, we gradually developed a data structure and translated these structured insights into a theoretical model (Locke, 2001). Using Nvivo to code the interview transcripts, the analysis was conducted in three major steps following the guidelines by Gioia *et al.* (2013).

Step 1: creating categories and first-order codes

We identified statements regarding resource and capability development and diffusion across the portfolio of businesses via open coding (Locke, 2001). We followed Autio, George, and Alexy (2011) and adopted a working definition of a *capability* as a combination or sequence of processes and its enabling resource commitments. We started by labeling these capabilities and resources (e.g.,

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'new project manager,' 'search engine optimization skills,' 'remuneration policy') and their orchestration within and across ventures (e.g., 'aligning team structure with company size,' 'reassigning a search engine optimization expert,' 'copying recruitment tools'). Next, following multiple re-readings of the data, we gradually combined the initial labels that were similar in essence into preliminary categories. Whenever data did not fit well into a preliminary category, we reviewed the category. This enabled us to group the initial labels into first-order codes (e.g., 'aligning corporate structure and processes with growth,' 'exchanging customer portfolios,' 'diffusing working processes and tools').

In parallel, we started tracking new knowledge and capability development that resulted from the resource orchestration activities across ventures. In particular, we tracked new, enhanced, modified, and repurposed pieces of knowledge and capabilities across the portfolio of ventures. We created visual maps[2] illustrating knowledge flows and capability diffusion processes (Miles and Huberman, 1984). These visualizations allowed us to detect and gain a better understanding of the knowledge flows and capability diffusion processes across the venture portfolio.

Step 2: integrating first-order codes and creating second-order constructs

At this stage, we focused on depicting resource orchestration processes occurring across ventures, as opposed to the within-venture processes already identified in the literature (e.g., Sirmon *et al*., 2007). As such, using axial coding, we tentatively combined first-order codes into fewer, theoretically relevant second-order constructs related to resource orchestration across ventures (Strauss and Corbin, 1990). We engaged in systematic comparison of our emerging second-order constructs with case data and with existing constructs in the literature to assess fit and adjust the labels of these constructs accordingly (Gioia *et al*., 2013). We went back and forth between theory on resource orchestration to identify the differences and similarities between the processes we identified that occur *across* ventures (e.g., aligning, complementing, incubating) and the orchestration processes previously identified by Sirmon *et al*. (2007) *within* ventures (e.g., mobilizing, accumulating, coordinating). To avoid errors arising from halo effects, confirmatory biases, and other interpretation biases (Strauss and Corbin, 1998), the third author acted as a critical reviewer and interrogator of the first two authors throughout the process. This ensured the validity of the emerging second-order constructs. Our data structure in Figure 1 illustrates our first-order constructs, second-order constructs, and aggregated theoretical dimensions. As such, it shows the process we followed when moving from raw case data to theoretically grounded concepts on resource orchestration.

Step 3: building a grounded theoretical framework

Once the second-order constructs relating to the eight distinct resource orchestration subprocesses across ventures had emerged from the analysis, we searched for interrelationships among these constructs in an attempt to understand how they would fit together into a coherent framework (Pratt, Rockmann, and Kaufmann, 2006). For example, we observed that some processes were related to the development of capability configurations, while others were linked to the exploitation of such capability configurations. We returned to the literature on resource orchestration to compare our observations to theoretical dimensions that had been identified previously (e.g., Sirmon *et al*., 2007; Sirmon *et al*., 2011). As such, we searched for similarities with existing theory to relate the processes we identified to the more general resource orchestration constructs of structuring, bundling, and leveraging (Sirmon *et al*., 2007). Building on this previous literature, we produced a grounded model of how resource orchestration processes unfold across ventures, incorporating our understanding of the differences between resource orchestration processes *within* and *across* ventures. To increase the reliability of our interpretations, we presented the emerging framework to the entrepreneur and his partners at multiple stages of the analysis. The conceptual model in Figure 2 illustrates how we integrated our second-order constructs and their aggregated theoretical dimensions into the theoretically grounded framework that emerged from our analysis (as elaborated later).

FINDINGS

As we explored the processes underlying resource orchestration and capability development *across* a portfolio of ventures, we identified eight resource

[2] The visual maps depicting knowledge flows and the diffusion of capabilities across the portfolio are not included here due to space constraints, but are available on request.

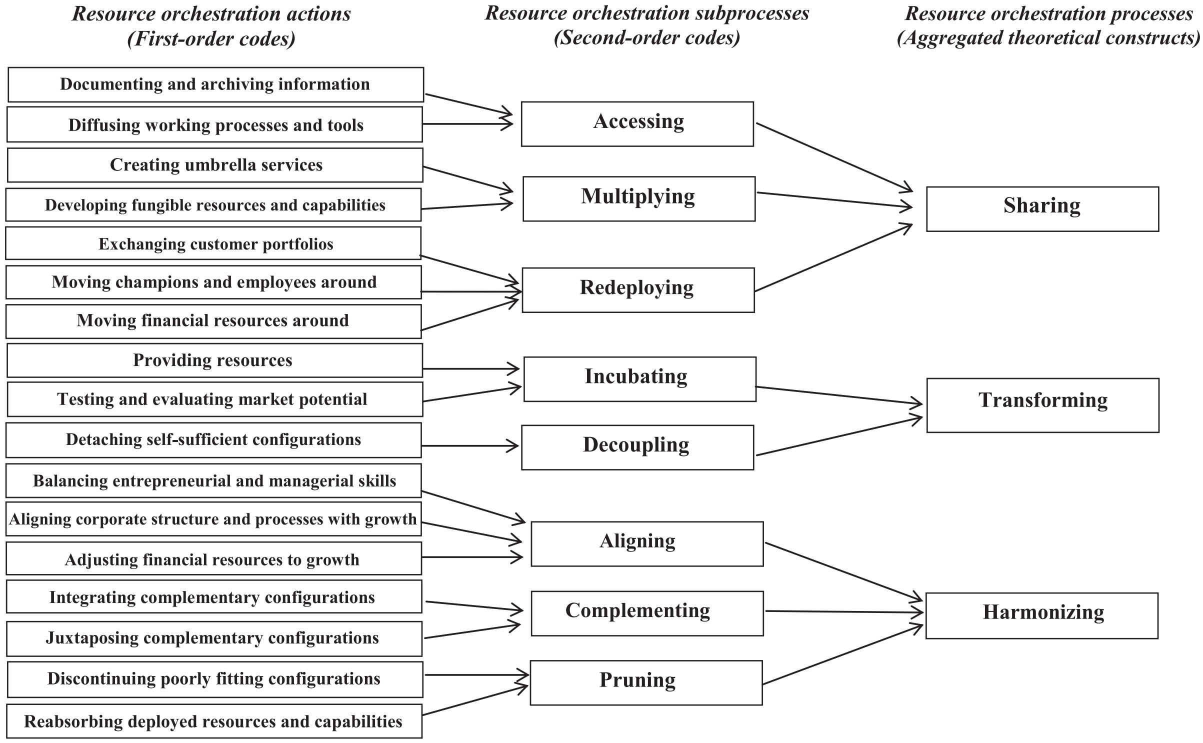

Figure 1. Data structure

orchestration subprocesses (*accessing*, *multiplying*, *redeploying*, *incubating*, *decoupling*, *aligning*, *complementing*, and *pruning*) that are distinct, yet complementary, to the resource orchestration subprocesses (*acquiring*, *accumulating*, *divesting*, *stabilizing*, *enriching*, *pioneering*, *mobilizing*, *coordinating*, and *deploying*) discussed in prior literature on value creation through resource management (Sirmon *et al*., 2007; Sirmon *et al*., 2011). Because of a lack of fit between these subprocesses and existing theoretical constructs on resource orchestration, we grouped them into three aggregate dimensions or general resource orchestration processes that are new to resource orchestration theory (*sharing*, *transforming*, and *harmonizing*).

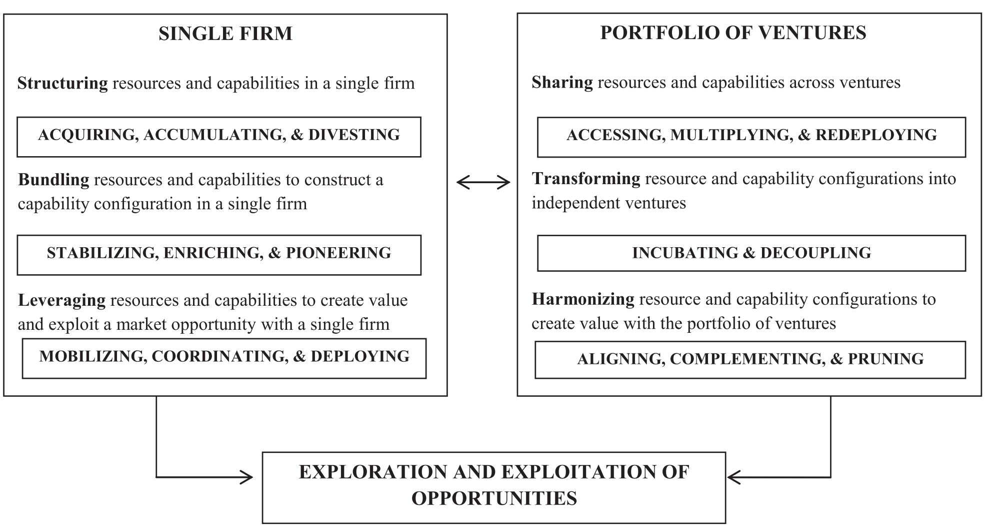

Figure 2. A theoretical model of resource orchestration across a portfolio of ventures

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In addition to the novel resource orchestration processes we identified across firms, we also observed all single-firm resource orchestration subprocesses previously identified by Sirmon *et al.* (2007), thus confirming extant theory presented in Sirmon *et al.*'s conceptualization of resource orchestration. However, we sought to focus on our core contribution, which is resource orchestration across firms within a portfolio. As such, we next concentrate on each of the eight across-portfolio resource orchestration subprocesses and the three new aggregate resource orchestration processes in which they can be organized. An overview of these processes and subprocesses and their definitions can be found in Table 3, alongside the processes occurring in a single firm. In what follows, we compare and contrast each across-portfolio process with the relevant single-firm process. Tables 4, 5, and 6 extensively focus on across-portfolio resource orchestration and illustrate how we moved from our raw data to our new theoretical constructs.

Sharing resources and capabilities

Our analysis showed that three of the across-portfolio subprocesses identified refer to *sharing* existing resources and capabilities across the portfolio. By sharing resources and capabilities, the entrepreneur brings about synergies across the portfolio of ventures when setting up new business activities. Specifically, the entrepreneur engages in *accessing*, *multiplying*, and *redeploying* resources and capabilities across ventures. Representative examples of these subprocesses are illustrated in Table 4.

First, when sharing resources and capabilities, the entrepreneur engages in the subprocess of *accessing* a pool of existing resources and capabilities across the portfolio. This process occurs by documenting and archiving information with the intent to share such information across the portfolio of ventures. It also occurs through the diffusion of fungible working processes and tools. For instance, some working rules, performance and evaluation systems, and inbound marketing strategies were developed with the intent to integrate these routines across the entire portfolio, as opposed to a single firm. As the portfolio entrepreneur we interviewed stated:

> 'We have developed an entire remuneration policy. It took six months to work it out in Digiwiz. We rolled it out in Talk in six weeks.'

Second, in order to be able to diffuse resources and capabilities across his portfolio, the entrepreneur engages in a subprocess of *multiplying*, i.e., creating fungible resources and capabilities. The entrepreneur develops resources or capabilities so they can be accessed by multiple ventures. As such, he develops a set of fungible resources or capabilities, thereby enhancing the potential for synergies across his portfolio of ventures.

We observe the subprocess of multiplying resources and capabilities in two ways. First, the entrepreneur creates an umbrella of support services. As such, different ventures in the entrepreneur's portfolio are able to share the same HR manager, payroll officer, accountants, and office managers. The entrepreneur develops a flexible base of human resources consisting of employees who work for all companies in the portfolio at the same time. As each specialist brings in knowledge of a specific domain, these flexible human resources facilitate the transfer of practices across the portfolio of ventures and support capability development at the individual venture level. Second, by developing fungible resources and capabilities, the entrepreneur is able to reproduce and transfer resources and capabilities to make them accessible across the portfolio. For example, when the entrepreneur developed the performance and evaluation system, he developed it with the intent to reproduce it across ventures, and he made sure it could be transferred from one venture to another.

To engage in the subprocess of multiplying, the entrepreneur made sure that the resources and capabilities he wished to diffuse across his portfolio could actually be repurposed from one venture to another. In some cases, the entrepreneur was not able to diffuse practices because he could not adequately multiply resources or capabilities. For instance, certain software tools—and, thus, technological capabilities—developed in one venture could not easily be reinterpreted or repurposed in other ventures, since each company in the portfolio has its own business focus. As a business partner says:

> 'The nature of the different parts [ventures] of the ecosystem is not that similar that we can just move any type of software tool from one to the other.'

Next, our data shows that when sharing the resource and capability set available across his portfolio, the entrepreneur engages in the subprocess

Table 3. Definitions resource orchestration processes

Resource orchestration (sub)processes in PORTFOLIO CONTEXT		Resource orchestration (sub)processes in SINGLE-FIRM CONTEXT	
SHARING	Refers to sharing resources and capabilities across the portfolio	STRUCTURING	Refers to the management of the resource and capability portfolio within a single firm**
Accessing	The process of making resources and capabilities available across the portfolio	Acquiring	The process of purchasing resources from strategic factor markets*
		Accumulating	The process of developing resources internally within a single firm*
Multiplying	The process of creating fungible resources and capabilities	Divesting	The process of shedding firm-controlled resources to the strategic factor markets*
Redeploying	The process of reallocating a specific resource or capability from one venture to another in the portfolio		
TRANSFORMING	Refers to nurturing and converting self-sufficient resource and capability configurations into independent ventures	BUNDLING	Refers to combining resources and capabilities to construct or alter capabilities within a single firm**
Incubating	The process of supporting and testing heterogeneous resources and capabilities from across the portfolio to explore opportunities in the market	Stabilizing	The process of making minor incremental improvements to existing capabilities*
		Enriching	The process of extending current capabilities, thereby moving beyond keeping skills up-to-date*
Decoupling	The process of decoupling self-sufficient resource and capability configurations into independent ventures	Pioneering	The process of creating new capabilities with which to address a firm's competitive context*

(Continues)

Table 3. *(Continued)*

Resource orchestration (sub)processes in PORTFOLIO CONTEXT		Resource orchestration (sub)processes in SINGLE-FIRM CONTEXT	
HARMONIZING	Refers to balancing specific resource and capability configurations across the portfolio	LEVERAGING	Refers to the application of resources and capabilities within a single firm to create value for customers and wealth for owners**
Aligning	The process of gradually adjusting capability and resource configurations to nurture new venture growth based on resources and capabilities from across the portfolio at that stage of development	Mobilizing	The process of identifying the capabilities needed to support a capability configuration necessary to exploit an opportunity in the market*
		Coordinating	The process of integrating identified capabilities into an effective yet efficient capability configuration*
Complementing	The process of developing value-creating synergies across the portfolio using complementary capability configurations	Deploying	The process of physically using a capability configuration to support a chosen leveraging strategy*
Pruning	The process of disentangling poorly fitting resource and capability configurations, thereby recovering resources and capabilities across the portfolio		

* Sirmon *et al*., 2007
** Adjusted from Sirmon *et al*., 2007

Table 4. Sharing resources and capabilities across ventures (second-order codes, first-order codes, definition, and representative quotes)

ACCESSING	**Documenting and archiving information**	**The process of documenting and archiving information with the intent to share such information across the portfolio of ventures** '*The things I learn unconsciously, by telling others about those things, whether verbally or in a blog or in a presentation, it forces me to shape it all, to make it explicit. If I would not do that, I would not repeat the same mistake, but I would not be able to share it with someone else in the network. By rendering it explicitly, you make it physical, transposable.*' '*Again, that is my ambition—to develop as many learnings from Digiwiz into blueprints for across the ventures.*'
	Diffusing working processes and tools	**The process of diffusing existing working processes and tools across the portfolio of ventures** '*A simple example. Scrum methodology. Agile development…This is how they work at NetDesign and Newton…I am now introducing this in Digiwiz. To make Digiwiz more agile. Again, that is my ambition—to develop as many learnings from Digiwiz into blueprints for across the ventures.*' '*We often organize knowledge-sharing sessions across the ventures.*'
MULTIPLYING	**Setting up umbrella services**	**The process of developing an umbrella of support services** '*Each of these companies will have its own CEO in charge of the strategic direction. And as a support, we are going to set up a service model to back up management in terms of HR services, administration, IT, funding.*' '*Eventually, we want to develop an ecosystem consisting of independent units that each have their own specialization, supported by a holding or portfolio company that provides the necessary resources*: [*a portfolio company*] *that can recycle certain resources in one venture and exchange them with another venture.*'
	Developing fungible resources and capabilities	**The process of developing resources and capabilities with the potential to reproduce across ventures** '*Here at Digiwiz, we invested a lot of time and effort in the development of work regulations and worked out a performance and evaluation system in detail. But we developed it with the idea that it should exceed, transcend Digiwiz. So we are now implementing it here* [*Adviz*]. *It has already been implemented here and here* [*in other companies*]. *So that time does not have to be invested again here* [*in other companies*].' '*I am currently translating this* [*the ability to offer strategic advice to customers*] *into a structured process to implement across the other* [*ventures*], *so that it develops into a scalable and consistent story.*'

(Continues)

Table 4. *(Continued)*

REDEPLOYING	**Exchanging customer portfolios**	**The process of transferring customer portfolios to enable the exploitation of the opportunities these customers represent** '*It was the combination of vision and opportunity. It is always like that. Peter and Frank were starting up* [*EasyNet*]. *I said 'I have the feeling that we are moving up with Digiwiz, that I am losing some of my former* [*smaller*] *customers, which is a pity.' They said 'we explicitly want to target them.' Perfect. There were champions, there was a market, I wanted to do it and provide a part of the inflow.*' '*Robin wanted to get out of consultancy without leaving his customers. So he basically transferred his customers to Talk.*'
	Moving champions and employees around	**The process of reallocating human resources and their inherent capabilities** '*We are trying to gain advantages from our portfolio. If someone wants another challenge, there are other possibilities* [*in the portfolio*]. *Of course, it concerns employees that have added value, champions as you say. Those champions, we are aware of it, we take good care of them.*' '*It happens through collaborations…In the Paradise group, you have Jason, Sven, and Bert, who are all flying goalies. They are not linked to one specific company—they are at a group level. For instance, Bert is someone who drops by on an irregular basis, joins us* [*Talk*], *advices us for difficult projects, digital projects, especially in the presales stage, in the pitch stage.*'
	Moving financial resources around	**The process of reallocating financial resources** '*When Talk was going through something of a rough patch and they needed cash, we sent it through from Digiwiz. And now, now that things are going much better again, we pulled it out and it went back to Digiwiz.*' '*You can perfectly imagine a system in which you can shuffle around financial means, if one of them* [*ventures*] *is experiencing difficulties. I do not need to tell you that. It happens regularly.*'

Table 5. Transforming resources and capabilities across ventures (second-order codes, first-order codes, definition, and representative quotes)

INCUBATING	**Providing resources**	**The process of providing the resources and capabilities needed to support the transformation of a business idea into a new venture** '*When someone has an idea, it is in phase A, and he can work on it during his spare time…I help them strengthen the idea, develop a business plan…If they make it through the pitch, they are going to phase B…They also receive some resources, some money to produce a sort of proof of concept. And if that is successful, they go to a spin-out, their own company, with proper funding.*' '*In the start-up phase,* [*we offer new ventures*] *a building where they can do their own thing. A space, does not need to be much, where they can do their own thing—develop their own identity, letting it grow. Preferably not too far away, so that we can offer them advice based on our expertise.*'
	Testing and evaluating market potential	**The process of testing and evaluating the market potential of new resource and capability configurations** '*What I first do is try and detect traction. Will there be a client who will pay for it? And if so, then I am going to invest sufficient resources. Is it an idea that will attract customers, and is there a person who can run that company? Those two together, if I have that, then I am going to invest sufficient resources in order to set it up as a fully independent…*' '*Newton, I believe in it, but it must first prove itself as a business inside Talk, its incubator. Then it can become independent and we can invest more money into it.*'
DECOUPLING	**Decoupling self-sufficient configurations**	**The process of decoupling self-sufficient resource and capability configurations into independent ventures** '[*X*] *started in Talk, developed Newton there. First after his normal hours. Then, he developed a first prototype, with limited budget and a few days' time per week. He found his first customers, which made us realize 'this will get market response.' We invested €200,000, and Newton Analytics was set up as a separate company.*' '*I have tried that internally* [*in Digiwiz*] *with the iPad app. But I am going to decouple it…The reason why it does not fit is because of opposite processes. The iPad app is a product, Digiwiz is a service. Different price setting, different level of maintenance…*'

of *redeploying* certain resources or capabilities across ventures depending on the specific needs of these ventures. In particular, our case reveals three types of resource orchestration actions through which redeployment takes place, i.e., exchanging customer portfolios, moving champions and employees around and moving financial resources around. For instance, to successfully start and manage ventures, the entrepreneur equips a venture with the right capabilities by moving specific human resources from one venture to another. As he developed an understanding of the importance of having a champion in each venture, the entrepreneur moved Rose, an employee in Digiwiz with the necessary skills to set up structured processes, to Adviz and let her manage the company. By redeploying a human resource, the entrepreneur enables the development of the necessary management capabilities at the venture level in Adviz, as illustrated by this quote:

> 'And that is also what is happening at Adviz. Rose, someone here at Digiwiz, has management capabilities. And I made sure to include her in the management team there [at Adviz]…That champion has to be in there. She is the one who is going to solve my concern regarding Mark

Table 6. Harmonizing resources and capabilities across ventures (second-order codes, first-order codes, definition, and representative quotes)

ALIGNING	**Balancing entrepreneurial and managerial skills**	**The process of infusing the necessary managerial capabilities as a venture grows beyond the start-up phase** '*There comes a time when there needs to be someone who can manage… In the sense of bringing stability and focus instead of constant change. And that is when I leave*.' '*Last year, we appointed Linda there* [*Talk*] *as a managing director. While Sophia is very structured and people oriented, Linda is very performance and customer centered. And since then, it is moving forward again. I have also seen this in other companies. NetDesign, same path. Valentina, the creative director, lifted the company to a certain height, and then it was over. And then Tom joined, who is more of a managing partner, and it started to move forward again*.'
	Aligning structure and growth	**The process of altering corporate structures and processes to align with venture growth phases** '*Digiwiz was transformed into a larger structure, where we are not next to everyone anymore, where we do not know anymore what everyone is doing exactly. But where we have to rely on middle managers*.' '*Then you notice that certain processes are linked to the size and evolution of a company. And you cannot go any faster than that*.'
	Adjusting financial resources and growth	**The process of infusing the necessary financial resources to align with venture growth phases** '*Bart said* '*if you need money, then we do it. Then we put more into it. It is no problem: just step on the gas now*,' *because he saw that it worked. More than he had expected. It* [*Newton*] *was very much on track*.' '*Based on the results and a comparison with the original business plan, we said* '*we will allocate this amount of additional resources*.' *And we developed a new business plan* [*for Newton*] *in which we took that into account. A good decision because now we see clear changes in terms of results and KPI achievement*.'
COMPLEMENTING	**Integrating complementary configurations**	**The process of integrating complementary capability configurations from across the portfolio on temporary basis to explore and exploit complex market opportunities** '*Leads and prospects are shared with each other. And very quickly the reflex develops. You need that* '*okay, I am going to make this*' *and then it is up to the other ventures to develop the remaining requests*.' '*We* [*Digiwiz*] *often got the question* '*you built the site, can you bring in visitors now*?' *…In terms of SEO, we were technically very strong, but all the rest, like copywriting, link building, analytics, we did not do. However, we noticed that the market demanded an integrated approach. It used to be possible to work with a web builder and an SEO company. But these days, there are so many expertises that a customer cannot coordinate it all by himself. There was an increasing demand for a one-stop*.'

(Continues)

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Table 6. *(Continued)*

	Juxtaposing complementary configurations	**The process of juxtaposing complementary capability configurations across the portfolio to explore and exploit multiple market opportunities simultaneously** '*Different companies that grow separately offer more shareholder value in total…At first, Talk was being absorbed in Digiwiz. And then the question popped up 'should it be absorbed?' And you start to do the math, taking into account EBITDA and real shareholder value. And you see that value would be destroyed.*' '*An ecosystem has its advantages because I can make my army as large as I want. Hermès is a customer who prefers to work with unknown artists who live in a basement but create incredibly artistic things…I have that. Belgacom does not want the unknown artist; they need 75 people with five managers… I can do that as well.*'
PRUNING	**Discontinuing configurations**	**The process of dissolving poorly fitting resource and capability configurations** '*DVDXC was only recently shut down…In my mind, discontinuing it means 'okay, I am not going to do this anymore.' If you would have asked me earlier…I would have said 'maybe it is too soon; maybe I can still do something with it.' While now I say 'no.' What has changed is…I know that next month something else will come along.*' '*Too little time…But even if we had invested enough time, even then… Bad management, no clear goals, no transparent arrangements… We made the calculations on a napkin in a restaurant, 'hiring one mathematician to develop the algorithms will cost us this amount, so let's start with this amount'…It [Monitor] ended in failure.*'
	Reabsorbing	**The process of reabsorbing resources and capabilities from failed ventures back into the portfolio** '*I always try to recuperate those things [failed business ideas] as positioning, as marketing. To show 'we are doing innovative things.'*' '*Monitor, we took out the remaining money. And emptied the firm… The technology, it is still somewhere on a CD.*'

and Elie's inability to delegate…Okay, Rose, your job is to set up a structure and processes that are scalable and repeatable.'

Other representative examples of the entrepreneur's efforts to redeploy resources and capabilities across the portfolio are shown in Table 4. However, not every resource can be redeployed effectively. For instance, simply redeploying an employee looking for a new challenge to another venture can result in a mismatch between employee and venture. The entrepreneur experienced this problem, as each portfolio company has its own distinct culture.

In sum, by *accessing*, *multiplying*, and *redeploying* resources and capabilities across his portfolio, the entrepreneur engages in the process of sharing resources and capabilities. These three across-portfolio subprocesses differ from the previously identified subprocesses of acquiring, accumulating, and divesting resources, which refer to a single firm's efforts to purchase or shed resources on the market or develop them internally when needed to exploit an opportunity, as compared in Table 3 (Garbuio, King, and Lovallo, 2011; Sirmon *et al*., 2007). Accessing, multiplying, and redeploying represent subprocesses through which the entrepreneur aims to realize synergies across his portfolio; they allow him to make optimal use of the resources and capabilities in the portfolio by using them multiple times or by inserting them in those ventures where they can have the largest impact.

The subprocesses can be linked to both exploration and exploitation. While the subprocesses are clearly used to engage in exploitation, for instance by rolling out a remuneration process in the accessing subprocess or creating umbrella services to increase efficiency in a venture in the multiplying subprocess, they can also entail the orchestration of existing resources and capabilities to effectively explore new opportunities. For instance, the exchange of customer portfolios or existing technology from one venture to another in the redeploying subprocess can potentially aid a venture in moving into a new market.

Transforming resources and capabilities

Two of the eight resource orchestration subprocesses, *incubating* and *decoupling*, refer to nurturing resource and capability configurations to prepare for the exploration of new market opportunities. As such, the entrepreneur engages in the process of *transforming* heterogeneous resources and capabilities from across the portfolio into independent, self-sufficient ventures. Representative examples of these subprocesses are illustrated in Table 5.

Our analysis shows that to explore new venture opportunities, the entrepreneur first engages in a process of supporting and testing configurations of heterogeneous resources and capabilities from across the portfolio, i.e., the subprocess of *incubating* a new venture. We observe multiple resource orchestration actions through which incubation occurs. For instance, after having selected a new business idea that emerged from within his ventures, the entrepreneur infuses the necessary knowledge and allocates the necessary resources and capabilities to support its transformation in a new venture. This enables testing of the new capability configuration to prove its potential to become a new venture by independently generating revenues. As such, the champion developing the new activity receives resources involving support processes and structures from the entrepreneur at the portfolio level. As illustrated by the quotes in Table 5, the new champion can focus fully on developing the core capabilities needed to launch the venture.

> 'He [the entrepreneur] also said 'I am looking for intrapreneurs. I have an idea, but I need people to execute it. I cannot work out all my ideas by myself. I look for people, I assemble them, and I make sure they do not need to worry about some things in the beginning.'…He makes sure that there is a place where, during the first two years, you do not need to think about which accountant you need, how much money you need, what material, an office you need to clean…No, you are at headquarters for two years, where you can focus on the most important thing—how to move from an idea toward a business. And from a business toward a company.'

Second, after having allocated resources and capabilities to support a new venture, the entrepreneur finally evaluates the potential of the resource and capability configuration after a preset time period. When the entrepreneur feels he has found a profitable resource and capability configuration to exploit a new market opportunity, he *decouples* such a self-sufficient configuration from its supporting firm, i.e., its incubator. Subsequently, the entrepreneur invests additional resources so the venture can independently develop its core capabilities to fully exploit the market. For example, after the entrepreneur had incubated Talk within Digiwiz, he decided to spin-out the activity, as the culture and activities of the two were blending into each other and hampering the development of Talk. After separating the two ventures, Talk started focusing even more on its core capability, i.e., the development of social media strategies, as this quote illustrates:

> 'You felt that people from Talk started to engage in other things than social media because of the interaction [with Digiwiz]. With the risk of losing their focus on the social media niche. After they moved, they rebuilt their own corporate culture and concentrated even more on social media.'

To summarize, by *incubating* and *decoupling* resources and capabilities, the entrepreneur engages in the process of transforming resource and capability configurations into new ventures. As such, these processes can be linked to the exploration of new opportunities. We extend prior resource orchestration theory by showing that the subprocess of incubating represents a particular form of bundling resources and capabilities from across the portfolio to explore opportunities to form new capability configurations. In that respect, incubating complements the previously identified process of pioneering (Sirmon *et al*., 2007) a new capability within a single firm, as incubation allows a new venture to develop its core capability. However, whereas pioneering entails the development of a specific capability in a single-firm context, incubating refers to the development of an

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entire configuration to tackle a market opportunity, using heterogeneous resources and capabilities from across the portfolio. Also, decoupling represents an essential part of incubating, although it is different from the divesting process identified by Sirmon *et al*. (2007), as the newly developed capability configuration remains part of the portfolio and, ultimately, has the potential to strengthen the competitive positioning of the overall portfolio.

Harmonizing resource and capability configurations

Finally, we identified a resource orchestration process that helps balance resource and capability configurations across the portfolio of ventures in order to create value for customers and owners, i.e., the process of *harmonizing* configurations across the portfolio. Through three specific subprocesses, *aligning*, *complementing*, and *pruning*, the entrepreneur is able to design a value-creating portfolio of resource and capability configurations. Representative examples of these subprocesses are illustrated in Table 6.

First, the entrepreneur engages in the subprocess of *aligning*, i.e., adjusting configurations using the resources and capabilities available from elsewhere in his portfolio according to the needs of particular growing ventures at different stages of their development (in line with his experience of what other ventures required at that stage). As some ventures in the portfolio are further ahead in their life cycles, younger firms benefit from the processes and capabilities that have been built previously in other ventures. As such, the entrepreneur creates synergies and facilitates the transfer of knowledge and practices in a timely manner.

In particular, our fine-grained analysis reveals three types of resource orchestration actions through which *aligning* takes place: (1) balancing entrepreneurial and managerial capabilities; (2) aligning corporate structures and processes with growth; and (3) adjusting financial resources to growth. As such, aligning is linked to the entrepreneur's attempts to exploit ventures in an efficient manner. An example of aligning processes with growth relates to the need for more sophisticated HR processes as a venture grows. Based on his experience with other ventures, the entrepreneur understands in what growth stage of a new venture he can transfer and implement systems, such as remuneration systems or project management systems. As a business partner states:

> 'That remuneration policy is a nice example of what is not possible in Newton, but what is possible in Talk. And I am now going to see whether I can also implement it in NetDesign and Star, who employ 10 people. But in Illustrat there are only three people. There is no point. As they grow, there will be a need to use it.'

The *aligning* process extends current theory on resource orchestration by showing how a portfolio entrepreneur can realize synergies across the portfolio by readjusting the capability configurations within a specific venture in line with his/her experience of the configurations available in ventures elsewhere in the portfolio that are ahead in the growth curve. As such, growing ventures can benefit from being aligned with the resources and capabilities appropriate for their stage of development possessed by more mature ventures in the portfolio when they were at the same stage of development.

Second, our data reveals that as the entrepreneur harmonizes configurations of resources and capabilities across the portfolio to explore and exploit market opportunities, he engages in the subprocess of *complementing*. The exploitation of such complementarities holds more value than the mere sum of the exploitation of the individual configurations, i.e., the individual ventures. As such, the subprocess of complementing entails the exploitation of value-creating synergies across the portfolio using complementary capability configurations. In fact, in some instances, such an exploitation of synergies allows for the exploration of new opportunities.

Our evidence indicates that the subprocess of complementing resource and capability configurations is especially important with regard to the complexity and sort of market opportunities that can be handled by the portfolio of ventures. Specifically, we observe two types of resource orchestration actions through which complementing occurs.

On the one hand, the entrepreneur integrates complementary capability configurations from across the portfolio on a temporary basis to explore and exploit complex market opportunities. To pursue such complex projects, the entrepreneur's central liaison position in the portfolio is crucial. For instance, to meet the high demands of an important customer of Digiwiz and tackle a challenging project, the entrepreneur developed a complex offering by leveraging different capability configurations from across his portfolio, including the resource and

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capability configurations of Digiwiz, Newton, Talk, and the Paradise group. As a result, Digiwiz was able to deliver a broader offer beyond its in-house capabilities, thus delivering greater value for the customer and reaping the benefits of doing so. As a business partner states:

> 'We are currently developing a strategy for an important customer in the financial industry, which actually consists of a set of deliverables that require more than what Digiwiz or Newton or Talk do…But there are people in the Paradise group that have that experience. We can leverage the broadening of the offer directly to a specific project for a specific customer, under the supervision of Digiwiz.'

On the other hand, in terms of the sort of projects that can be tackled by the different ventures, our case shows that although integrating configurations on a project basis has its benefits, in the long term, the juxtaposition of complementary capability configurations across the portfolio also leads to value creation. Doing so allows the entrepreneur to explore and exploit more and different market opportunities simultaneously. For example, Digiwiz offers social media services as part of an integrated package of online marketing services, while Talk offers specialized social media services without any additions. Consequently, by keeping these two capability configurations apart, the ventures are able to tackle different customer segments using their own value propositions. Exploiting these configurations through multiple ventures, the entrepreneur is able to address additional parts of the market, thus engaging in exploration, as the following quote illustrates:

> 'And that is how you reach two customer segments. Because that is always the question. Digiwiz versus Talk. Digiwiz also does social media. But we target a different kind of customer. Digiwiz looks for a customer who wants to go broad and integrated and work with one partner. Talk customers are looking for niche players. Maybe that is also the answer to the question on value creation.'

Additionally, by juxtaposing different capability configurations within different ventures, the entrepreneur creates agile organizations that have the potential to quickly adjust to new market conditions and focus in order to strengthen their competitive advantage.

Whereas the previously identified subprocess of coordinating resources entails the integration of resources and capabilities to develop a value-creating capability configuration within a single firm (Sirmon *et al*., 2007), complementing represents a distinctive process to explore and exploit resources and capabilities across a single firm's boundaries. Complementing consists of leveraging multiple configurations simultaneously to create value across the portfolio through synergies. It allows the entrepreneur to effectively and flexibly pursue an entrepreneurial strategy by responding to multiple market opportunities using the same resources and capability configurations available to him.

Third, our case data reveals that an important element of the entrepreneur's efforts to harmonize configurations of resources and capabilities across the portfolio consists of *pruning* resources and capabilities. Such a pruning subprocess consists of disentangling poorly fitting resource and capability configurations, with the aim of recovering resources and capabilities across the portfolio. The entrepreneur engages in two specific resource orchestration actions. First, when a specific resource and capability configuration displays a lack of fit, the entrepreneur can decide to discontinue the venture, as was the case with Monitor and Tagger. Based on the poor performance of each of these ventures, the entrepreneur decided to no longer invest any resources of capabilities, but instead dissolved the ventures. Once discontinued, specific resources and capabilities (technology, human resources, financial resources, etc.) from a failed venture can be reabsorbed into the portfolio, with the aim of making use of them elsewhere, as this quote reflects:

> 'With Tagger, it was just the same, [but] a bit more complex because there were debts involved…The technology is also on a CD. Well, something better than that. And now we are looking around, keeping our eyes open to see whether we can do something with it.'

Important to note is that whereas the previously identified subprocess of divesting resources and capabilities entails shedding resources and capabilities to the strategic markets (Sirmon *et al*., 2007), pruning also includes a further distinctive subprocess that occurs across the portfolio. This additional subprocess consists of releasing capabilities and resources tied up

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in a venture back into the portfolio of firms, with the intent to reuse them and create value across the portfolio. As such, whereas the divesting aspect of pruning consists of the irreversible liquidation of a resource or capability from the firm (and, hence, the portfolio), the second aspect of pruning refers to the extraction of resources and capabilities from failed ventures with the aim of recuperating them as much as possible elsewhere in the portfolio.

The theoretical model presented in Figure 2 summarizes our findings. Overall, our case suggests that resource orchestration processes across a portfolio of ventures help create synergies when exploring and exploiting new opportunities.

DISCUSSION AND CONCLUSION

We sought to extend previous research on enduring entrepreneurship by examining specific resource orchestration processes that help portfolio entrepreneurs realize synergies across a portfolio of businesses when exploring and exploiting new opportunities. To do so, we explored a longitudinal single case of a portfolio entrepreneur. In answering our research question, we identified eight specific resource orchestration subprocesses across ventures —*accessing*, *multiplying*, *redeploying*, *incubating*, *decoupling*, *aligning*, *pruning*, and *complementing*— that enable the portfolio entrepreneur to more effectively explore and exploit new venture opportunities in his portfolio of ventures. These subprocesses were grouped into three aggregate theoretical constructs—namely *sharing*, *transforming*, and *harmonizing*—that occur across the portfolio.

Our research contributes to theory in three ways. First, by building theory on how resource orchestration operates across a portfolio of ventures, we add to our understanding of the process of enduring entrepreneurship. The resource orchestration processes we have identified provide new insights that enduring entrepreneurship requires the continuing generation of entrepreneurial opportunities to be complemented by the development of synergies across the portfolio of ventures for those new opportunities to be explored and exploited. Our research shows that across-portfolio processes are linked to both the exploration and the exploitation of opportunities in different ways. The subprocesses within the *sharing* process can facilitate both the exploration and exploitation of opportunities. In contrast, the subprocesses within the *transforming* process are solely linked to the exploration of opportunities. In turn, our case indicates that within the *harmonizing* process, the subprocess of aligning is linked to the efficient exploitation of ventures, while complementing resource and capability configurations allows for both exploration and exploitation.

Second, we contribute to theory on resource orchestration by responding to the general call by Sirmon *et al*. (2011) for more empirical research on orchestrating a resource portfolio. Prior research has not explored whether resource orchestration theory can simply be extended to an across-firms/portfolio context. In other words, there seems to be a need to explore boundary conditions of existing resource orchestration theory. Our findings suggest that simply extending existing resource orchestration theory to across-firms/portfolio entrepreneurship contexts would miss important distinctive mechanisms in the resource orchestration process. As such, we extend theory beyond resource orchestration *within* firms by identifying eight subprocesses that we group into three aggregate resource orchestration processes new to resource orchestration theory (*sharing*, *transforming*, and *harmonizing*) that occur *across* firms and which lead to the development of synergies among the existing resources and capabilities available in an entire venture portfolio. These synergies are important in sustaining enduring entrepreneurship because the new markets that the portfolio entrepreneur (in our case) is entering are characterized by uncertainty. He attempts to address this uncertainty in the new venture-creation process more efficiently by drawing on the resources and capabilities from his previous ventures.

Third, we respond to the recent call of Autio *et al*. (2011) to look at the role of individuals and the imprints they may leave in firms and how these, in turn, affect capability emergence. Specifically, our results highlight the central role of the portfolio entrepreneur in diffusing resources and capabilities across a portfolio of ventures. As a portfolio entrepreneur's ability to steer resource orchestration evolves, he/she may develop an ability to identify, create, and facilitate the diffusion of knowledge and capabilities; this can be regarded as a form of meta-learning or dynamic capability (Lei, Hitt, and Bettis, 1996). He/she learns how to recombine and reconfigure resources and routines in new and existing ventures to support enduring entrepreneurship through adjusting to new developments in the industry, which might be especially valuable to survive and grow in a dynamic environment (Zahra, Sapienza, and Davidsson, 2006). The ability to steer resource orchestration processes across ventures may, therefore, be viewed as a critical boundary condition to explain the successful exploitation of a portfolio of ventures and, hence, might be an important factor in explaining organizational outcomes (Wales *et al*., 2013).

Our findings regarding the distinctive research orchestration processes across a portfolio of ventures have implications for research in other organizational contexts involving coordination across activities. First, further research might usefully explore the nature of sharing, transforming, and harmonizing processes across strategic partnerships and alliances, as well as in relation to the integration of mergers and acquisitions. Similarly, resource orchestration may involve coordination across different stakeholders in the value chain. To what extent does the nature of these processes differ across these contexts? How do these resource orchestration processes evolve between strategic partners that engage in repeated working together? How do they differ between firms that engage in repeated acquisition activity compared to those that do not? Such research might also explore whether additional resource orchestration processes can be identified as being specific to these other contexts. While we have focused on the evolving role of the portfolio entrepreneur in steering the resource orchestration process, further research might usefully explore how this coordination operates between the strategic partners in the context of alliances, particularly where there may be differences between the relative power and knowledge of the partners. To what extent are these complementary or conflictual?

Second, we have attempted to tie the resource orchestration subprocesses we identify to extant strategic entrepreneurship theory on exploration and exploitation. While our findings hint toward specific relationships between specific subprocesses and either exploration, exploitation, or both concepts, they also raise interesting questions. To what extent do such relationships exist in other types of portfolios, such as portfolios of venture capitalists or multidivisional firms? Can a fine-grained analysis of these relationships reveal clear classifications involving subprocesses, exploration, and exploitation of market opportunities? What are the boundary conditions related to the presence of such relations, and what are the performance implications?

Our study has a number of limitations that offer opportunities for further research. First, because our research setting is a revelatory case, our conclusions must be tentative and might not be generalizable to other settings. We have attempted to create 'local' knowledge that provides fine-grained, contextualized, and processual accounts (Steyaert, 1997). The resulting model represents various intermediary conceptualizing steps between raw case data and theory, which can lead to further understanding of the researched phenomenon (Eisenhardt and Graebner, 2007). Our intention was to provide a preliminary map of resource orchestration in the context of portfolio entrepreneurship. Our data, while generating insights on how to move theory forward, did not allow us to identify the optimal size and the optimal scope of a portfolio of ventures. These issues provide fertile ground for further work on resource orchestration across ventures.

Second, in seeking to understand the development and diffusion of knowledge and capabilities across a portfolio of ventures, our research did not overly focus on outcomes. Further research is needed to empirically determine and quantify the economic benefits of resource orchestration across firms in dynamic environments. For example, our data hinted at the possibility that portfolio entrepreneurs might be especially effective in leveraging organizing processes that facilitate and support growing ventures. Also, a portfolio of ventures might, under certain circumstances, offer advantages as compared to more traditional organizational forms. Such advantages could arise from the increased agility of individual ventures. However, when leveraging resources and capabilities across ventures, there might be more uncertainty regarding resource fit, which might lead to failed orchestrations. Further research is needed to examine the drivers of successful versus unsuccessful orchestrations.

Third, we have focused on resource orchestration in the context of portfolio entrepreneurship. A key question that arises is the extent to which our insights apply to larger business groups. Whereas the addition of new ventures in the context of portfolio entrepreneurship appears to be mainly the result of an entrepreneurial process (Rosa, 1998), business group formation in large multinational companies has predominantly been explained by agency theory in which managers pursue their own objectives at the expense of shareholders. Entrepreneurial firms present two main differences from managerial firms: ownership concentration and the direct involvement

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of the entrepreneur in the effective control of the firm (a company or a group) (Iacobucci and Rosa, 2005). As a result, lack of co-location between decision makers and owners of information in large business groups can mean there is no comprehensive view of the orchestration process across businesses. Given the differences between business groups and portfolio entrepreneurship, future research might fruitfully examine how resource orchestration actions supporting enduring entrepreneurship might be different. Additionally, future research could investigate which resource orchestration actions help support different types of corporate-level strategies that seek different type of synergies.

Finally, this study contributes to practice by improving entrepreneurs' understanding of the relevance of a portfolio of firms to continuously explore and exploit new business opportunities. In particular, our results point entrepreneurs toward the value of a portfolio for learning how to efficiently and successfully manage growing ventures in order to support enduring entrepreneurship. We hope our analysis has laid the foundations to stimulate a further theoretical and empirical research agenda in this crucial aspect of entrepreneurship.

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IF WE CAN'T HAVE IT, THEN NO ONE SHOULD: SHUTTING DOWN VERSUS SELLING IN FAMILY BUSINESS PORTFOLIOS

NAVEED AKHTER,[1,2] PHILIPP SIEGER,[3] and FRANCESCO CHIRICO[2,4]*
[1] *Strategies and Markets Department, ESSCA School of Management, Angers, France*
[2] *Centre for Family Enterprise and Ownership (CeFEO), Jönköping International Business School, Jönköping University, Jönköping, Sweden*
[3] *Department of Management and Entrepreneurship, University of Bern, Bern, Switzerland*
[4] *EGADE Business School, Tecnológico de Monterrey, Monterrey, Mexico*

Research summary: *How does a business family manage its business portfolio in times of declining performance to sustain the portfolio's long-term endurance? Drawing on social identity theory and six family business portfolios from Pakistan, we find that business families may prefer to shut down a satellite business rather than sell it, which is primarily driven by identity considerations. In addition, the family's goal to recycle the assets, the aim to restart the business later, and the increasing decline in performance are important contingency factors. This study contributes to the literature on portfolio entrepreneurship, business exit, and the enduring entrepreneurship of family firms.*

Managerial summary: *Family business managers and practitioners can benefit from our work, which provides evidence of how family firm portfolios can respond to business decline and ensure enduring entrepreneurship. Shutting down a satellite firm instead of selling it is a promising turnaround strategy that can prevent a family's identity loss while supporting the family business portfolio's continuity. Copyright © 2016 Strategic Management Society.*

'We would rather close down the business than sell it to someone else.'
—Director, Kasf

INTRODUCTION

How does a business family remain entrepreneurial over time? To answer this question, numerous scholars have applied a transgenerational entrepreneurship lens (cf. Habbershon, Nordqvist, and Zellweger, 2010; Jaskiewicz, Combs, and Rau, 2015) and focused on family-level analysis (e.g., Habbershon and Pistrui, 2002; Nordqvist and Zellweger, 2010), which allows researchers to assess business families' portfolios of entrepreneurial activities over time and beyond their core legacy business.[1] A recent study by Zellweger, Nason, and Nordqvist (2012b) shows that 90 percent of surveyed entrepreneurial families are engaged with more than one firm, which explains the increasing importance of the portfolio entrepreneurship literature both in general (Carter and Ram, 2003; Wiklund and Shepherd, 2008) and in the specific context of family

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*Correspondence to: Francesco Chirico, Centre for Family Enterprise and Ownership (CeFEO), Jönköping International Business School, Jönköping University, P.O. Box 1026, SE-551, Jönköping, Sweden. E-mail: francesco.chirico@jibs.hj.se

[1] A core legacy business is the founding business (cf. Carter and Ram, 2003; Feldman, 2013).

business (DeTienne and Chirico, 2013; Sieger *et al.*, 2011). In fact, portfolio entrepreneurship has been identified as an important determinant of business families' long-term entrepreneurial success (Sieger *et al.*, 2011).

However, there is an important gap in the literature because extant portfolio entrepreneurship literature has largely concentrated on the characteristics of portfolio entrepreneurs (e.g., Westhead and Wright, 1998), their reasons for engaging in portfolio entrepreneurship (Carter and Ram, 2003), and, recently, the process of establishing a business portfolio (Sieger *et al.*, 2011). However, successful portfolio entrepreneurship does not end with portfolio creation; instead, it involves constant renewal (Dess *et al.*, 2003), adaptation and change (Zellweger *et al.*, 2012b) as well as a continuous, dynamic process of exiting and entering business activities (DeTienne and Chirico, 2013; Salvato, Chirico, and Sharma, 2010). Indeed, portfolio entrepreneurship is unlikely to follow a linear path; instead, there will be phases of expansion and contraction (Rosa, Iacobucci, and Balunywa, 2005), in which portfolio consolidation and development occur through careful divestment and acquisition processes (Iacobucci and Rosa, 2010). In the family firm context, the decision to exit one or several portfolio businesses, so-called satellite portfolio firms,[2] is difficult but often necessary (Salvato *et al.*, 2010) to preserve the nonfinancial benefits tied to the overall business portfolio, particularly in times of declining performance (DeTienne and Chirico, 2013; Gomez-Mejia *et al.*, 2007). Nevertheless, whether, how, and why a business family exits from its satellite portfolio firms and which satellite portfolio firms it chooses to exit remain unknown; such information would greatly enhance our understanding of business families' long-term enduring entrepreneurship, particularly in times of decline.

To close this research gap, we investigate how business families react to the declining performance of their business portfolios; specifically, we focus on the exit strategies that are deployed with regard to satellite firms and their underlying motivating factors. Because of the limited amount of extant theory, we follow a qualitative approach and study a sample of six family business portfolios from Pakistan that each experienced a decline, meaning that the business portfolios had overall performance deterioration over a persistent period (Weitzel and Jonsson, 1989). We examine 49 businesses and 20 exits. Our main data sources are interviews supplemented with observations and other supporting evidence collected from December 2010 to January 2014. We apply social identity theory as the conceptual lens (cf. Ashforth and Mael, 1989) because it is well known that business families strongly identify themselves with their firm(s) (Astrachan and Jaskiewicz, 2008; Deephouse and Jaskiewicz, 2013) and that such identification is likely to affect divestment or exit choices (Gomez-Mejia *et al.*, 2007; Sharma and Manikutty, 2005).

As a first key insight, we reveal that a business family may prefer to 'shut down' a satellite portfolio firm (i.e., close down operations and keep the assets) rather than sell it to a third party—even if the latter was an available option. This 'if we can't have it, then no one should' approach contrasts with the classic profit-maximizing model. Indeed, in all of our investigated exit cases, selling the firm would have enabled the family to generate immediate financial revenue (Decker and Mellewigt, 2007; Maksimovic and Phillips, 2001; Wennberg *et al.*, 2010) that could have been used for other (entrepreneurial) purposes (see DeTienne, 2010; Lieberman, Lee, and Folta, forthcoming; Mason and Harrison, 2006). Second, by analyzing the motives behind this decision from a social identity theory perspective, we reveal that the likelihood of shutting down versus selling a satellite firm is higher when there is a high degree of fit between the family and the satellite business identity. In addition, the goals of recycling the resources and of restarting the satellite business in the future and the degree of performance decline are important contingency factors of the above-stated relationship.

THEORETICAL BACKGROUND

Portfolio entrepreneurship

Portfolio entrepreneurship refers to the simultaneous ownership and management of several businesses (Alsos and Kolvereid, 1998; Carter and Ram, 2003) or to the parallel discovery and exploitation of two or more business opportunities (Wiklund and Shepherd, 2008). Scholars agree on the economic and social relevance of portfolio entrepreneurship (cf. Westhead and Wright, 1998), and Carter and Ram (2003: 375) depict it as a 'ubiquitous feature of the economic landscape,' which has recently led to a growing body of literature.

Nevertheless, portfolio entrepreneurship was largely ignored by scholars until the level of analysis

[2] A satellite portfolio firm is a secondary/subsequent business established after the core business (cf. Carter and Ram, 2003).

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shifted from the firm to the individual (Ucbasaran *et al.*, 2008). Most recently, research has established that the business family that owns the portfolio is an appropriate level of analysis because of business families' strong engagement in portfolio entrepreneurship (Sieger *et al.*, 2011; Zellweger *et al.*, 2012b). Indeed, portfolio entrepreneurship is particularly relevant in the family firm context because family dynamics may strongly affect why and how a portfolio is sustained (Carter and Ram, 2003; Jaffe and Lane, 2004). Portfolio entrepreneurship can be a promising strategy to achieve long-term success and remain entrepreneurial in the long run. Thus, portfolio entrepreneurship plays a crucial role in the context of transgenerational entrepreneurship (Zellweger *et al.*, 2012a) and long-term strategic entrepreneurship (Iacobucci and Rosa, 2010; Rosa, 1998). It has been found to lead to lower failure rates in business clusters (Rosa and Scott, 1999) and to enhance firm survival and growth (Iacobucci and Rosa, 2010).

The literature has identified various individual- and organizational-level differences between portfolio (or 'habitual') entrepreneurs and novice and serial entrepreneurs—for instance regarding their personal backgrounds and attitudes, financial aspects, and performance (Westhead and Wright, 1998) or in terms of the mode of organizing portfolio entrepreneurship (Wiklund and Shepherd, 2008). Research also shows that the various types of portfolio entrepreneurs (such as 'starters' and 'acquirers') differ with regard to how they leverage human capital (see Ucbasaran, Wright, and Westhead, 2003). Among the reasons why business families engage in portfolio entrepreneurship are the goals of diversifying risk, generating income, and securing employment for family members (Carter and Ram, 2003; Mulholland, 1997; Ram, 1994). The process of building a portfolio of family businesses has been addressed by Sieger *et al.* (2011), who investigated this aspect from a resource-based perspective.

Despite these earlier works, there is a critical lack of knowledge about how a family business portfolio is managed in the long run. It is important to illuminate the process of portfolio entrepreneurship and to gain a better understanding of the dynamic, procedural, and evolutionary nature of family portfolio entrepreneurship over time (see Carter and Ram, 2003; Rosa, 1998; Rosa *et al.*, 2014), particularly since it is unlikely that the portfolio entrepreneurship process will follow a stable and linear path. Indeed, the pursuit of entrepreneurial opportunities is naturally linked to high uncertainty and risk (Venkataraman, 1997); consequently, exit and even failure are central features of entrepreneurship (Shepherd, 2003). Thus, business portfolios can reasonably be assumed to follow 'natural' economic cycles with phases of growth and decline (DeTienne and Chirico, 2013; Michael-Tsabari, Labaki, and Zachary, 2014) and paths of expansion (e.g., acquisitions) and contraction (e.g., divestments) (Iacobucci and Rosa, 2010; Rosa *et al.*, 2005). However, prior research has not investigated portfolio entrepreneurship in times of declining performance (cf. Rosa, 1998); in particular, there is a clear lack of knowledge about the existence and nature of exit strategies related to (family) business portfolios. Addressing this gap is valuable and in line with the call of Carter and Ram (2003) to investigate the context (e.g., the family) and the circumstances (e.g., declining situations) of portfolio entrepreneurship in greater detail.

Business exit

Business exit generally refers to 'the process by which the founders...leave the firm they helped to create, thereby removing themselves, in varying degree, from the primary ownership and decision-making structure of the firm' (DeTienne, 2010: 203). Although a significant amount of research has focused on new venture creation, exit is a crucial event in the entrepreneurial process (DeTienne, 2010). Indeed, business exit is a common phenomenon, particularly in times of declining performance (Berry, 2010), and performance is an important determinant of exit routes, strategies, and processes (Wennberg *et al.*, 2010). The dynamics of business exit have been studied by a range of scholars in the strategy (Burgelman, 1994), entrepreneurship (Wennberg *et al.*, 2010), organization (Duhaime and Schwenk, 1985; Feldman, 2013), and family business (Dehlen *et al.*, 2014; Kammerlander, 2016) literatures.

Among scholars who have investigated exit modes, there is ambiguity with respect to the understanding of business exit—that is, whether the term refers to entrepreneurs exiting a firm or a firm exiting the market (Davidsson and Wiklund, 2001). Firms and entrepreneurs often exit simultaneously, for example, in the case of a firm's liquidation (Wennberg *et al.*, 2010). In such situations, a firm ceases to exist, and its assets are sold separately to third parties (Mitchell, 1994). In a business sale, in contrast, a firm is sold to a third party (e.g., a nonfamily actor), who takes over full ownership rights of the firm's assets and management responsibilities. Accordingly, the firm continues its operations, albeit

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under different ownership and management (Decker and Mellewigt, 2007). In general, the literature has developed multiple conceptualizations and definitions of exit types and modes, such as voluntary versus involuntary exit (cf. Justo, DeTienne, and Sieger, 2015), liquidation, sale, IPO, merger, acquisition, and succession (Coad, 2014; DeTienne *et al.*, 2015; Wennberg *et al.*, 2010). Other researchers have identified different motivations for exit, such as retirement, the absence of a successor, and financial distress (Dehlen *et al.*, 2014; Ronstadt, 1986; Shepherd, 2003), and they have revealed the forces that drive strategic business exit (Burgelman, 1994) or have shown what facilitates owners' intent to redirect, renew, and restructure their resources (Salvato *et al.*, 2010).

Regarding the concept of exit, with few exceptions (e.g., Sarasvathy, Menon, and Kuechle, 2013), research on business exit has focused primarily on entrepreneurial exit from a single venture[3] and has largely overlooked the fact that some entrepreneurs or business families undergo an exit process several times while managing their portfolio of businesses (MacMillan, 1986; Ucbasaran, Westhead, and Wright, 2006). Indeed, as explained by Wennberg and DeTienne (2014: 6), 'none' of the various studies on entrepreneurial exit has taken 'into account that an individual might run several firms concurrently as a portfolio entrepreneur.' This lack of research is regrettable because business portfolio management that includes the exit of satellite firms is a common phenomenon (Akhter, 2016 ; DeTienne and Chirico, 2013). Moreover, business exit, particularly in the portfolio context, is not necessarily synonymous with 'failure;' instead, it can be a wise entrepreneurial decision or even a sign of success (cf. Justo *et al.*, 2015; Wennberg and DeTienne, 2014). Specifically, exit constitutes a promising value-creating strategy (DeTienne, 2010) because it can lead to novel opportunities and enhance not only longevity and success (Salvato *et al.*, 2010), but also family wealth (Gomez-Mejia *et al.*, 2007; Zellweger *et al.*, 2012a) while allowing the entrepreneur or the family to redeploy their resources in different ways (DeTienne, 2010; Lieberman *et al.*, forthcoming). In sum, there is a lack of understanding regarding whether, why, and how a business family responds to declining performance with particular exit strategies and how such actions relate to its potential long-term enduring entrepreneurship. As we will show, social identity theory is a promising theoretical lens to address these research gaps.

Social identity theory

The basic claim of social identity theory is that individuals who identify themselves with particular social groups, such as a family business, favor those groups (Ashforth and Mael, 1989; Tajfel *et al.*, 1971; Turner, 1982). Social identity refers to the groups to which one belongs (Chirico *et al.*, forthcoming) and arises because individuals classify themselves and others into social categories (Turner *et al.*, 1987). These classifications enable individuals to make sense of their social environment and to define themselves in relation to others (Ashforth and Mael, 1989; Deephouse and Jaskiewicz, 2013). Social identity theory is particularly relevant in the family firm context for several reasons.

First, the family's long-term involvement and the common practice of including the family's name in the business' name enhance its members' identification with the family firm as their social group; indeed, evidence shows that business families strongly identify with their firms (Deephouse and Jaskiewicz, 2013). Such identification is often a function of the family's needs and demands (Miller, Breton-Miller, and Lester, 2011) such that the business becomes an extension of the family and its members (Chirico *et al.*, forthcoming). By identifying themselves with the business, the family comes to define itself in terms of a perceived social group or category (Mael and Ashforth, 1992). Nevertheless, individuals can have multiple identities because they may identify with multiple social groups (Hogg and Terry, 2014), and because these multiple identities are applicable to the family firm context, family firms represent two distinct institutions—the family and the business—that have different identities (Deephouse and Jaskiewicz, 2013; Shepherd and Haynie, 2009).

Second, strong identification leads to attitudinal and behavioral consequences and responses. For instance, family members' collective identity affects their decision-making processes by favoring the family's interest and maximizing the family's value over other shareholders' wealth (Cannella, Jones, and Withers, 2015; Sundaramurthy and Kreiner, 2008). Furthermore, family firms generally have a long time horizon and strive for reputation and transgenerational ownership (Deephouse and Jaskiewicz, 2013). Importantly, family identification

[3] Similarly, the extensive literature on divestitures has largely focused on why and how firms divest firm operations or business units, with poor performance being the main driver (cf. Berry, 2010; Chang and Singh, 1999; Burgelman, 1994; Chang, 1996).

produces significant psychic income, which is referred to as 'socioemotional wealth' (Gomez-Mejia *et al.*, 2007), and this noneconomic benefit may direct owners to prioritize reputation and transgenerational ownership over profit maximization (Gomez-Mejia *et al.*, 2011; Zellweger *et al.*, 2012a). The extant research further acknowledges the influence of the intersection between family and business identities on firms' sustainability and performance (Habbershon, Williams, and MacMillan, 2003).

Importantly, strong identification can also affect exit strategies in business portfolios. For instance, family owners may show concern about preserving family identity when embarking on the exit process. This concern is a result of the sense of attachment and belongingness to some particular groups that shape the behavior of individuals regarding, for instance, whether to adopt a particular divesting strategy (Sharma and Manikutty, 2005). Family firms are indeed depicted as commitment-intensive organizations: family members harbor a strong sense of emotional attachment to the business (Astrachan and Jaskiewicz, 2008; Zellweger and Astrachan, 2008). Thus, business families are often conservative with respect to divesting strategies (DeTienne and Chirico, 2013) because exit may lead to a loss of the socioemotional endowment that affects one's identity (Gomez-Mejia *et al.*, 2007). In sum, the use of social identity theory is appropriate in the business family context because business families normally exhibit a high level of identification with their business or portfolio of businesses which, in turn, affects their decision making and behavior (and, ultimately, the endurance of their business portfolio).

RESEARCH METHODS

Research design and setting

Given the limited understanding of exit strategies in family business portfolios in times of declining performance, we applied an exploratory qualitative research approach based on a multiple case study design. As described in greater detail in our analysis section, we followed a three-step procedure to analyze the cases whereby we combined two different types of analytical techniques (cf. Smith, 2014). In steps 1 and 3, we applied a multiple detailed case study method (Eisenhardt, 1989; Yin, 2009, 2011). Multiple case studies permit a comparison within and across cases in order to create a full picture of the events and phenomenon (Eisenhardt, 1989; Yin, 2009, 2011). Moreover, multiple case studies are specifically adopted to gain insights into the unexplored research phenomenon in which the research questions of *how* and *why* can be addressed (Edmondson and McManus, 2007; Eisenhardt, 1989). Put differently, we used this approach to identify emerging empirical patterns. In step 2, to build theory, we identified the underlying theoretical reasons for the observed patterns by relying on the justifications offered for decisions in the raw data (cf. Langley, 1999); we followed the inductive theory building procedures outlined in Gioia, Corley, and Hamilton (2013). Such an approach is most appropriate for the purpose and nature of our study and has been applied frequently in recent qualitative research (e.g., Salvato and Corbetta, 2013; Smith, 2014). The overall goal of these steps was to understand a complex reality (i.e., the exit process in family business portfolios), which demands the use of multiple, complementary perspectives (Langley, 1999; Van de Ven and Huber, 1990).

In our study, the personal relationships of one of the authors with most of the interviewed business families along with his knowledge of the local context were vital for obtaining access to reliable data.[4] For instance, in addition to using existing personal relationships and direct contacts, the first author also gathered information and impressions about further potential cases in the relevant local areas before actually making contact (Jack, 2005). Specifically, we selected our cases in two steps. A first round of field visits was conducted from December 2010 to January 2011 and was solely dedicated to identifying potential cases (business families owning a business portfolio) and establishing contacts. Next, we started the data collection by interviewing the directors/founders/owners of 12 family firm portfolios. Based on the analysis of these first-stage interviews, we selected six cases from Pakistan with family business portfolios in which at least one exit had occurred. This procedure allowed us to sample information-rich cases, which provided us with the opportunity to study our phenomenon of interest in great depth. These six cases included 49 businesses and allowed us to investigate 20 business exits.

Our focus on Pakistan is justified because of the significant presence of family firm portfolios in emerging economies (Jaffe and Lane, 2004; Khanna and Yafeh, 2007), particularly in the Pakistan region

[4] To honor privacy agreements and guarantee anonymity for both the companies and the informants, the real names of the cases and interviewees are kept confidential. This approach also encouraged the respondents to be more open when answering the interview questions and relating their stories.

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(Zaidi and Aslam, 2006). Indeed, almost all of Pakistan's unlisted firms are family firms, and 'approximately 80 percent of the listed companies on the Karachi Stock Exchange have family involvement or are indirectly affiliated with a large business family' (Zaidi and Aslam, 2006: 1). Additionally, Pakistan is regarded as very entrepreneurial; a recent study ranked Pakistan fourth in the world in entrepreneurship in terms of efficiency and innovation (Dutta, 2011). Nevertheless, entrepreneurs experience a very hostile environment characterized by uncertainty and rapid changes that imply the likely occurrence of declining performance and a corresponding need for exit strategies. For instance, a quick glimpse of Pakistan since 9/11 shows that in addition to security threats and a high number of casualties, the country has significantly struggled on the economic front (Acharya, Bukhari, and Sulaiman, 2009). As noted by Afzal, Iqbal, and Inayay (2012: 196), 'Islamabad faces a crisis that erodes [people's] options. Investors are afraid of investing in Pakistan due to instability.' The country's instability and the energy crisis have led to lower foreign investment and lower business activity. Nevertheless, Pakistani entrepreneurs have shown considerable resilience during this long crisis period (Amanullah, 2012). Recent figures from the World Bank and the United Nations favor Pakistan in terms of the overall growth rate and improvement of the security situation after a prolonged economic drought. Accordingly, it is interesting to study the exit phenomenon from a contextual point of view (Ucbasaran, Westhead, and Wright, 2001; Welter, 2011).

Data sources

In our study, we adopted a *multisource* data collection tactic (see Table 1) to capture the process over a certain period (Pettigrew, 1990; Van de Ven, 1992) and allow data triangulation. The primary data sources were interviews, and the additional sources we used for the purpose of triangulation (Miles and Huberman, 1994) were observations, informal discussions, company websites, company brochures, and informal telephone follow-ups. We gathered the data mainly through 39 in-depth interviews with family owners and managers, with each interview lasting from 60 to 120 minutes. In addition, there were four field visits from December 2010 to January 2014, which helped us conduct follow-up interviews.

For the interviews, we adopted open- and closed-ended interview strategies (cf. Bingham and Haleblian, 2012; Langley and Abdallah, 2011). For the early rounds, a more open-ended interview strategy was employed in which respondents were first asked to describe the family firm's history and background information chronologically in line with *the narrative style* (Etherington, 2004; Polkinghorne, 1995). For instance, for the background information and history, the interviewees were typically asked to describe the firm from its inception (e.g., *how the firm was started and how its historical development unfolded chronologically*). After reviewing the described events, the respondents were asked whether all of the important aspects had been covered (e.g., Bingham and Eisenhardt, 2011). The respondents were then asked to describe each exit event chronologically. Because there were multiple exits, we highlighted and emphasized the period when each exit started; for instance, we asked the following questions: *When and why did the family exit the firm? What were the reasons that some businesses were divested and others were not?* In the next step, we reviewed the exit timelines and asked whether anything remained uncovered. Finally, we asked questions in the *courtroom style*, meaning we asked direct questions related to exit (Langley and Abdallah, 2011). For instance, we asked the following questions: *Why did the family opt to shut down this particular satellite business? Why did the family opt to sell this particular business? If the family had not experienced declining performance, would it have done something different? Why did the family want to reenter the exited satellite business?* In the follow-up rounds, we also asked questions about family and business harmony: *Are the family and business thought of as one closely related entity or as two different entities? What about the satellite businesses?*

Thus, we determined repeated exit strategies (for this term, see also DeTienne and Chirico, 2013) along with the main underlying driving forces from the informants' responses that emerged through the interview process. Relying on multiple sources of data collection and asking different questions (i.e., open- and close-ended) helped our data triangulation and, thus, improved the reliability of the responses.

Analysis

The analytical process was iterative, not linear, because we constantly moved back and forth from data to the theory to improve insights and generalizability (Miles and Huberman, 1994; Van Maanen, Sørensen, and Mitchell, 2007). We now introduce the three steps in more detail.

Table 1. Description of the cases and overview of the interviews

Case	Total businesses	Total exits	Location	Founding year	Informants	Additional data sources
Lucky	6	2	Punjab	19**s	Director	Observations
					Owner 1	Phone calls
					Owner 2	Brochures
					Owner 3	
Kasf	11	2	Federal	1970s	Founder	Observations
					Director	Phone calls
					Owner 1	Brochures
					Owner 2	Internal documents
					Owner 3	Websites
Sunny	10	6	Punjab	19**s	Director	Observations
					Owner 1	Phone calls
					Owner 2	Brochures
					Owner 3	
					Owner 4	
Miral	9	5	Punjab	19**s	Former director	Observations
					Director	Phone calls
					Owner 1	Brochures
					Owner 2	Website
					Owner 3	
Jami	6	3	Punjab	1990s	Founder	Observations
					Director	Phone calls
					Owner 1	
					Owner 2	
Pak	7	2	Punjab	1970s	Director	Observations
					Owner 1	Phone calls
					Owner 2	
					Owner 3	

Notes: Most of the interview partners are highly educated (e.g., many have business, engineering, or liberal arts educations from Pakistani, U.S., or U.K. universities). Thus, they are familiar with the terminology and terms commonly used in business and academia/science. Asterisks have been used to disguise information that would put the anonymity of the companies and interviewees at risk.

Step 1

All of the interviews were conducted in Urdu and later translated into English.[5] The interview documents were synthesized for each firm, leading to the development of individual case narratives that allowed us to obtain an initial understanding of the cases and to identify the relevant issues. This step of developing the case narratives is in line with previous studies that adopted similar analytical approaches (e.g., Rindova, Dalpiaz, and Ravasi, 2011; Smith, 2014); moreover, it allowed us to follow each case's exit process chronologically. Throughout the process of analysis, we continued to update our case narratives with new information emerging from the data and identified key events, actions, and milestones in the family business portfolios that were linked to the process and type of exit through a 'temporal back tracking strategy' (Langley, 1999). Accordingly, the insights that emerged from the case narratives helped us in our subsequent analysis. For example, we found that business families decided between shutting down and selling a satellite business in face of declining performance. Consequently, we focused on those specific issues and obtained primary insights into the cases before we embarked on coding the interview data (step 2) to explore the underlying reasons and before we confirmed our insights within each case and compared them across cases (step 3).

Step 2

To code, structure, and order the interview data, we followed the procedure that is outlined in Gioia *et al.* (2013) and is composed of three substeps. This

[5] The translation process and the final translations themselves were checked for correctness by an independent bilingual researcher.

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procedure has been applied in numerous other recent studies (e.g., Jaskiewicz *et al.*, 2015; Jaskiewicz *et al.*, 2015b; Maitlis and Lawrence, 2007). We began by coding the first-order data and using the text of the interviews as coding units. We labeled the sentences and paragraphs (textual expressions) with *the language used in the text* or simply *descriptive phrases*. Later, we began to make connections between the first-order codes to develop second-order themes by selecting the codes that occurred more frequently and then collapsed the primary codes into a more conceptual level. Finally, we identified the overarching theoretical dimensions to develop our theory—namely, an identity-based motivating factor and three contingency factors as drivers of the shutting down versus selling decision. As an example, when a business family described how the family and the business were inextricably intertwined, this was given the primary code ‘family and business as same thing.’ In the next step of the analysis, this primary code ‘family and business as same thing’ as well as the primary codes ‘family name and legacy’ and ‘recognition with the family’ were collapsed to the second-order theme ‘family and satellite business identity fit.’ The corresponding aggregated theoretical dimension, in turn, is the ‘identity-based motivating factor.’ Figure 1 summarizes the first-order concepts and the researchers’ interpretation of the second-order themes or secondary codes, which ultimately lead to the aggregated dimensions. The aggregated theoretical dimensions serve as the basis for the emergent framework.

Although it is generally difficult to apply common readability and validity measures to naturalistic research, ‘it is still important to show why the findings of a qualitative study are representative of the phenomenon of interest’ (Maitlis and Lawrence, 2007: 61). Thus, in line with best practices in case study research (Miles and Huberman, 1994; Van Maanen, 1979), we ensured reliability in our process in several ways. First, our research is longitudinal in nature because we followed the cases over time and collected both retrospective and real-time data, which enabled greater understanding of the phenomenon (Pettigrew, 1990). Second, our analytical process was undertaken by multiple researchers who independently analyzed the data. In this regard, there was 95 percent agreement among the researchers when assigning labels, which is well above the suggested threshold of 70 percent (Cohen, 1960; Kreiner, Hollensbe, and Sheep, 2009). Third, we conducted code-recode checks on randomly selected interviews (e.g., Hannah and Robertson, 2015; Miles and Huberman, 1994) in which we compared our paper-based coding with a recoding procedure performed in NViVO (cf. Jaskiewicz *et al.*, 2016). With this procedure, we achieved the intra-coding reliability standards devised by Miles and Huberman (1994), thus increasing our confidence in the analytical process. Fourth, we compared and checked our interview data with other data sources to apply data triangulation (Eisenhardt, 1989), which is important to confirm both our own experiences and our observed interpretations (Van Maanen, 1979). In some cases, we were able to check and confirm our findings through other sources of data such as observations, websites, archival data (websites, news articles), and knowledge about the local context of the cases. Finally, through in-person follow-up interviews and Skype and phone calls with our informants, we

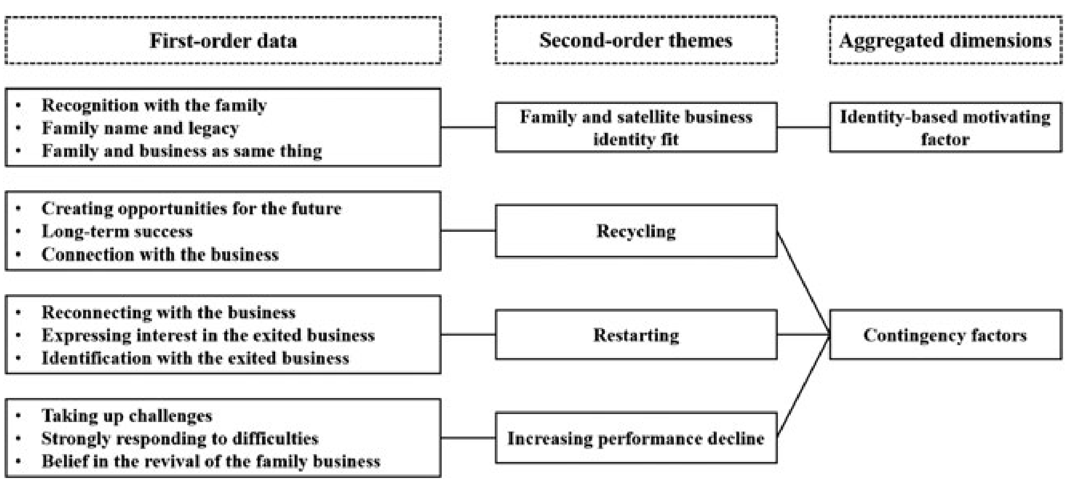

Figure 1. Data structure

ensured that our data interpretation was actually correct (Nag, Corley, and Gioia, 2007). We continued this process until each additional interview and other supplementary data sources confirmed instead of added new information (cf. Yin, 2009, 2011). This process ensured that the findings were obtained through a rigorous procedure that made full use of the richness and complexity of the data (cf. Maitlis and Lawrence, 2007).

Step 3

In the next phase, we evaluated each case individually through a within-case analysis. Once we were confident that we had a good understanding of each case, we moved on to the cross-case analysis. We also followed the process of replication logic to determine whether the cases confirmed or refuted the emerging findings. The cross-case analysis helped us look for similarities and differences among the cases. For instance, after first comparing the cases, we grouped the cases according to their shutdown and sell activities and ownership (see Table 2). Once this comparison was conducted with all 20 exits, we moved on to further group the cases according to their identity fit, recycling intention, restart intention, and increasing performance decline. For instance, for identity fit, we categorized the cases into high and low, whereby shutting down tended to occur when identity fit was high and selling tended to occur when identity fit was low. Finally, the common themes led us to formulate analytical generalizations, develop propositions, and formulate our theoretical model, later shown in Figure 2 (cf. Eisenhardt and Graebner, 2007; Miles and Huberman, 1994).

FINDINGS AND PROPOSITIONS

As we will outline next, our study reveals unique insights into how business families respond to declining performance. Our key finding is that shutting down is a prevalent exit strategy because of an identity-based motivating factor, namely, the identity fit between the family and the satellite business. We further present evidence that (1) the family's goal of recycling the assets, (2) the family's goal of restarting the business at a later date, and (3) the increasing performance decline are important contingency factors in the relationship depicted earlier that, therefore, also influence shutdown versus selling decisions (see Figure 1 for an overview). Table 3 summarizes the additional case evidence for the first-order data corresponding to each second-order theme.

Exit strategies in response to declining performance

Exit research often examines exit from the perspective of selling or liquidating (Dehlen *et al.*, 2014). Interestingly, we find that in our sample of family business portfolios, business families may shut down a satellite business by temporarily closing operations instead of selling the business for financial gain. A good example is given by the Kasf family, which is involved in the construction business as its core/legacy business and has several satellite businesses in its portfolio. This case shows how the owning family of a family business portfolio reacts to declining performance by shutting down satellite businesses. The director[6] stated that *'Our father has gone through a long struggle for this business, and he narrates his struggle to us and the people around us in a very positive sense. This motivates all of us to take care of what we have been given [legacy] and what we have founded [satellite businesses] and to preserve all of it as part of our family legacy.'*[7] Consequently, the family shut down some satellite businesses as a first step: they closed the business' operations so they could mitigate losses. The director further stated that '*The name of our company is the abbreviation of the full name of our grandfather. Our father said he wanted to honor our grandfather through the work of our company. I believe it's an emotional matter for our family, because the name means a lot to us...we had a strong motive to deal with the business decline through the closure [of the satellites], because it was more about preserving than earning in those difficult times.'*

The case of Lucky, which is involved in an agri-farming business as its core legacy business with five satellite businesses in its portfolio, provides further evidence of how the owning family of a family business portfolio can react to declining performance. Lucky's director stated that '*Our*

[6] The 'directors' we refer to in different cases are all members of the owning family who are operationally leading the family business (owner-managers). As their official job titles, they use several different terms such as 'managing partner,' 'managing director,' 'executive director,' 'CEO,' and others.

[7] Square brackets in quotes have been added by the authors for clarification about which businesses the respondents are talking about (i.e., the portfolio, legacy, or satellite) or to clarify the context of the meaning.

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Table 2. Description of legacy/core business with satellites' exit modes

Case name	Legacy/core business	Declining performance and exit time period	Exited satellites	Exit and assets	Family ownership	Exit mode
Lucky	Farmers	2007 onward	Fish farm	Property kept as is	Fully owned	Shut down
			Brick kiln	Property kept as is	Fully owned	Shut down
Kasf	Contractors	2006 onward	Hotel	Property rented out	Fully owned	Shut down
			Workshop	Property used for real estate	Fully owned	Shut down
Sunny	Distributors	2003 onward	Media	Part of the property rented out	Fully owned	Shut down
			Dairy plant	Property not owned	Fully owned	Shut down
			Dairy farm	Part of the property recently sold	Fully owned	Shut down
			Auto dealership	Property rented out	Fully owned	Shut down
			Design house	N/A	Fully owned	Sale
			Restaurant	N/A	Partnership	Sale
Miral	Manufacturers	2008 onward	S/H	Property not owned	Fully owned	Shut down
			Export	Property not owned	Fully owned	Shut down
			Restaurant	Property not owned	Fully owned	Shut down
			Dairy	Issues about the remaining assets were still not settled at the time of interview	Fully owned	Shut down
			Dealership	N/A	Partnership	Sale
Jami	Contractors	2006 onward	Tannery	N/A	Partnership	Sale
			Export (Sporting goods-tannery)	N/A	Partnership	Sale
			Transport	N/A	Fully owned	Sale
Pak	Farmers	2007 onward	Rice mill	N/A	Fully owned	Sale
			Ice manufacturing unit	N/A	Partnership	Sale

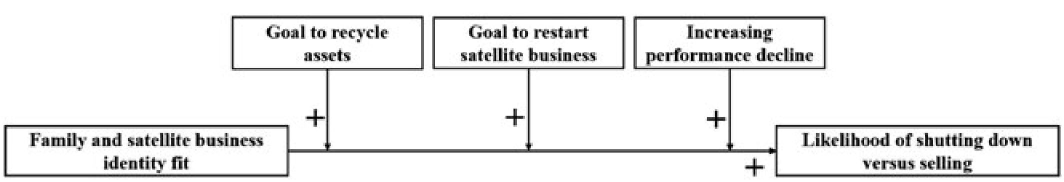

Figure 2. Theoretical model

family business was in hot water when we were not able to make profits with our newly invested greenhouses. The problem was that we had invested a lot, and the output was not meeting our required financial demands to accommodate for the losses... For us, it was a matter of keeping things on track for both our family and the business.' Thus, the family shut down a satellite business as a first step; they closed their fish farm. Owner 1 reflected, '*We were...not in favor of the idea that someone else would own our developed business [satellite]; why would we allow such a thing?'* Similarly, the business families of Miral and Sunny also opted for shutdowns of their business satellites.

These findings lead to several insights. First, on a general level, we see that exiting satellite firms is a common phenomenon when family business portfolios show declining performance. Second, as a main finding, there seems to be an exit mode that largely has been overlooked by the existing literature —switching off operations and retaining the firm's assets. In some cases, business families seem to prefer

Table 3. Additional representative data supporting each second-order theme

Second-order themes	Representative first-order data: *(first-order label assigned)*
Family and satellite business identity fit	- Owner 1, Lucky. 'It has been so long since we started our family firm—imagine how people around us recognize us, know us, and relate to us. It is very much the family and the business together. A very simple experiment if you ask someone in the city about our address, you would definitely hear the name of our father, together with the name of our main business [legacy] or one of our secondary businesses [satellite] in response: this confirms who we are.' *(Recognition with the family)*
	- Owner 2, Sunny. 'We have known that for quite a long time, our family and business both are our recognition, because we are very much emotionally attached to both our family and our businesses. One day a friend came and said '[name of the director], why don't you sell your office and the media company to me, or I will find someone with an interest in the business?' I replied to him—I only love sitting in the office every day. I don't have it operational. This is what I do, I come here two or three times a week, order a nice cup of tea from the restaurant downstairs… make calls and just sit and relax.' *(Recognition with the family)*
	- Owner 1, Miral. 'Our friends would call us by our business name instead of the family name, and the firm with all of its businesses [portfolio/satellites] has become our identity, our recognition and, of course, our pride.' *(Recognition with the family)*
	- Director, Lucky. 'Not surprisingly, it is family, and it's the name that comes first...We relate ourselves to it...and with the other/secondary businesses [satellites] in the [portfolio].' *(Family name and legacy)*
	- Owner 2, Lucky. 'It is very hard to sell the lands of your forefathers...The agri-land we own touches the boundaries of the town, and there is a great demand to buy it for housing. However, very few families in our area have actually sold land for property development, but like us, the rest still use it for farming purposes and own the land with no intention to sell.' *(Family name and legacy)*
	- Director, Miral. 'When I joined the business I was in the final year of business school...my father—who was ill at the time—approached me and said that I should now look after the business...It came to me as a surprise; I was not involved in the business, and I was not expecting to join it that early...At that time, I was also in the initial phase of expanding our business by starting the IT company...I didn't want to disappoint my father and the family, because I was the eldest and they were looking to me to save the family business. It was hard for me to say no to my family and to let go and sell this business that had been established through the dedication of my grandfather and father.' *(Family name and legacy)*
	- Founder, Kasf. 'In the initial days, I was traveling a lot because we had projects in various cities, and I often stayed in hotels. I liked the business very much, and the next thing I did was to buy this hotel [satellite], and it was a business in which I was interested...Not once did I think of selling it; it is part of me, and my family did not propose selling.' *(Family and business as same thing)*
	- Owner 2, Sunny. 'Our family business is very dear to us, and we do not distinguish our business from the family. We have no differences between the family and the family business. In particular, almost every business [satellite] is the outcome of a family member's dream or intention to grow [the portfolio] of our family business...This is like something you own and that is very dear to you, and you would not give it away...even if you are facing very difficult conditions. This is what happened with us as well...To me, when you sell something, it is like you are giving away part of your own self to someone else.' *(Family and business as same thing)*
	- Owner 2, Sunny. 'The businesses [legacy and satellite] and the family are the same, and we don't have any separation between the two.' *(Family and business as same thing)*
Recycling	- Director, Lucky. 'It was about benefiting from the shutdown in the long term. We believed that closing down the businesses would keep us in the game, and there will always be a future possibility within reach.' *(Creating opportunities for the future)*

Continues

Table 3. *(Continued)*

Second-order themes	Representative first-order data: *(first-order label assigned)*
	- Director, Kasf. 'We were not only transferring financial and other resources, but human resources to other businesses to retain as many useful resources as possible...After completing the...motorway project, there was a big gap of almost three to four years...We had no new projects, so at this stage, we started a small project to save overhead, and we asked our brother [one of the directors involved with the construction business; legacy] to look after our private hospital business.' *(Creating opportunities for the future)*
	-Owner 2, Sunny. The owners' action of shutting down the satellite businesses was chosen in order to ensure the long-term success of the legacy business through recycling the satellite's resources. 'It was not possible to survive and continue to be successful in the future without making the finances available from within the firm...we were repeatedly advised to take finances from outside, but we were afraid of further debt and suggested that the director do what he had advised us earlier...to shut down the additional businesses [satellites]. Because my father and the family cherished the hard work of our grandfather, his name and reputation in the market, we agreed with him on this, because if we had kept the dairy plant and other businesses [satellites] operational, we would have ended up closing down our distribution business [legacy] as well.' *(Long-term success)*
	- Owner 1, Miral. 'There was the connection in the form of our family name and identification [who we are], which prompted our family owners to shut down and use [recycle] the resources [for other businesses]. We were trying to turn around the situation in our favor...this is part of who we are... By doing this [i.e., several shutdowns], we focused all of our energies [reusing the resources] on the core business of the firm.' (*Connection with the business)*
Restarting	- Owner 1, Lucky. 'We started both the fish farming and the kiln businesses, but because of the losses, we had no choice but to close the businesses temporarily...the businesses were close to my heart and became a passion for me and my brother because we were both involved...We always wanted to get back to the fish farming business and the kiln business to continue our [entrepreneurial] passions, linked to our family business [portfolio]...The intention/plan to start the business again was always there.' *(Reconnecting with the business)*
	- Director, Lucky. 'Reopening has always been in our mind from the beginning. I knew the intentions and my sons' deep involvement in the business. At first, they didn't want to sell it because they intended to restart the businesses, and I am glad that we are back.' *(Reconnecting with the business)*
	- Owner 1, Sunny. 'We shut down several of our subsequent [satellite] businesses with the intention of keeping everything in the family. This had a great impact on our business because we had the choice to reenter the business at any time in the future, whenever we are up for it. We restarted the automobile business a few months back.' *(Expressing interest in the exited business)*
	- Owner 2, Sunny. 'We also wanted to be proactive to gain the maximum benefit from our decisions as much as we could...We thought, 'let's address the situation now the best we can and hope we can restart the dairy plant when the situation turns in our favor.'' *(Expressing interest in the exited business)*
	- Director, Sunny. 'We plan to restart the media business [satellite] after the market recovers. We have been closely observing because people are going back to the cinema, and there is a revival trend for big-screen movies. The passion for the movie business is still alive for us because we have not sold the property we own in the cinema district, and we cannot wait to start a new project.' *(Identification with the exited business)*
	- Director, Kasf. 'We decided to renovate the hotel from scratch, and now it is again going great...Last year, we shifted our workshop to a new location near the capital city of Islamabad and made it operational once again...Our family (and especially our father) never wanted to sell the hotel; the hotel business was one of his earliest and probably most desired businesses, along with his first attempt at diversifying the business [legacy] after he founded Kasf.' *(Identification with the exited business)*

Continues

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Table 3. *(Continued)*

Second-order themes	Representative first-order data: *(first-order label assigned)*
Increasing performance decline	- Owner 1, Lucky. 'In difficult situations, you meet people, some of whom encourage you and others who take a negative approach. While we were going through that, I would hear people saying that our family has started projects that we would not be able to manage...' The business family did not want to lose focus because of the people surrounding them, as the businesses were started with a long-term approach. Owner 1 reflected that as performance declined, they kept cool, stayed committed, and took up the challenge: 'I remained committed to our family business and decision about the businesses [satellites], regardless of the increasing pressure of ongoing losses.' *(Taking up challenges)* - Director, Kasf. 'Our family has been going through hard times both in the business and because of our father's health. My father wants to keep employees at the farmhouse, although we are hardly earning anything from it, but he never believes in selling, even in the most difficult times in his life...With a very heavy heart, I had to downsize the temporary employees and shift the permanent employees to other facilities...We have already closed down the businesses.' *(Taking up challenges)* - Director, Sunny. During the time when the business was declining, the owners decided on closing the business with the worst picture in their mind, and that would be the complete closure of the portfolio business. 'I contemplated what could be the worst that could happen, and I was unable to accept defeat in the form of being taken over by someone else. That highly worried me, and I could only see positivity in using a portion of the exited businesses, which would only happen if we closed down...during periods of high levels of performance instability.' *(Strongly responding to difficulties)* - Owner 4, Sunny. The owners were not ready to give up easily, and for that reason, they even opted to sell their performing satellite businesses. 'With the increased debt, I told my father to sell the business [design house], we don't want to continue with it...we were able to cash it at a good price...I had an argument with my brother about it; that is, why did I invest in something that I don't want to give time to...but I wanted to help my father and family save our [legacy] business...We had debt and an overdrawn balance...We didn't want to risk our reputation, we closed down the businesses that were mostly started by my grandfather or my father...and we relate to those businesses more (because of the emotional attachment) than those that came later as purely financial investments.' *(Strongly responding to difficulties)* - Director, Miral. The business family suffered due to the losses in the dairy plant, and they started closing their businesses one after the other when their performance was declining, despite having the opportunity to sell. 'I will try my best to return to our previous position, and it doesn't matter if we have closed down most of our shops...We have come down to less than 200 employees from 1,000...We will revive.' At the time of the interviews, the family owners were negotiating with financiers to restart the dairy business and to avoid the forced [exit] selling of the business. The director showed strong belief that even when he has to close down all the businesses, they will revive again. *(Belief in the revival of the family business)* - Director, Kasf. The owners felt that it would do them any good to layoff the employees, and their belief in the revival made them shift the employees to other sites whenever possible. 'Our father strongly believed in our family business and his long-term strategies...We hardly opted for downsizing in hard...and harder times, and we were mostly shifting the employees to other businesses [satellites] when possible. We were temporarily shutting down the [satellite] projects.' *(Belief in the revival of the family business)*

this option even when selling is a viable and financially rewarding option.[8] This finding is in line with the observation that business families' decisions may not be purely driven by financial considerations (cf. Kammerlander, 2016; Olson *et al.*, 2003). This evidence leads us to the following proposition:

Proposition 1: The owning family of a family business portfolio that is experiencing declining performance may prefer to shut down a satellite firm instead of sell it.

Shutting down versus selling: identity-based motivating factor

Family and satellite business identity fit

We further explore why shutting down a satellite firm may be preferred to selling (and why sometimes it may not be). We find that a business family's identification not only with its family business portfolio as a whole but also, and more specifically, with the satellite business drives this decision. An illustration in this regard is the Lucky family, where the satellite businesses that the family owners shut down were started as extensions of their agri-farming family business. Both of the businesses—a brick kiln and a fish farm—were situated on their main farmland. When encountering a decline in performance, the owners decided to shut down the satellite businesses because, as Owner 2 of Lucky stated, *'Our family always considers itself very strongly linked with our family business. Our recognition is because of our family business, and we take pride in it. My siblings and I were convinced that we were not going to allow someone else to work in the same fields...Our family business is our identity, and we will not share it with someone else.'* He also noted, *'it was our plan from the start that we will not sell the fish farm because of our family's strong attachment and identification with this particular [secondary] business...'*

A similar example is that of the Sunny family in which the family's brothers started a media business because of their infatuation with movie making. Owner 1 noted, *'Surely, we didn't want to sell those subsequent [satellite] businesses which we started, considering the close connection of those businesses with the family, because we can relate to ourselves. For instance, the media business was started by my elder brother [director] and me...We are both crazy about movie production and directing. It is like our baby, and we didn't want it to be handled by someone else.'* The Sunny family could indeed have sold the business—not only because of its asset value, but also because of its going-concern value (i.e., it could have rented out the movies it had produced to regional movie theaters).

Whereas the evidence illustrates that the Lucky, Kasf, Sunny, and Miral families shut down satellite firms because of a strong identity fit between the families and the satellite businesses, the business families did decide to sell other satellite firms (two satellite firms by Sunny and one by Miral). In these cases, the identity fit was perceived to be low. For instance, Sunny sold two of its satellite businesses: a design house (a branded clothing store, that was started by the family's youngest son), and a restaurant. Director Sunny stated, '*My youngest son started the design house as his first business, coming out of arts college; however, he later lost interest and started spending more time in the distribution [legacy business].*' The satellite business was primarily managed by a nonfamily manager. During the time of financial distress, the business family sold the business, which was active and situated in a very good location; thus, it had considerable sales value.

Similarly, when the Miral family experienced difficulties in their legacy business, they opted to sell their dealership, which was run with a partner at the time of sale. Importantly, there was a controversy related to the business. Additionally, the business did not carry the name of the Miral family, and it was clear that the identity fit between the family and this business was low. Accordingly, to keep their name distant from the controversy, the owners decided to sell.

Additional related evidence can be found in the cases of Jami (mainly active in the construction business) and Pak (mainly active in the farming business), in which satellites were sold because of a lack of identity fit. For example, in times of declining performance, the director of Jami stated, '*We sold the subsequent businesses [three in total] because that was the best possible way to respond...We don't feel that the businesses we sold will interfere with our*

[8] To make a conscious choice between shutting down and selling a satellite business, both options must actually exist. We re-ensured that both options indeed existed for all of the investigated exit cases by carefully rechecking all available materials (e.g., reports, interview transcripts, and other sources). In some cases, we also recontacted our informants to confirm that our corresponding interpretations were correct. In particular, we confirmed that all of the concerned satellite businesses still had some going-concern value, meaning that the value of the business as a whole was higher than the value of its single assets. We thank an anonymous reviewer for this hint.

recognition as a family because there is not a real match between our family business [mainly active in the construction business] and those subsequent businesses [satellites].' Similarly, Pak, which has farming as its main business activity, sold a rice mill and a small ice manufacturing unit during a decline (see Table 2).

Collectively, our data reveal that when a strong identity fit between the family and a satellite business exists, the family tends to prefer the option of shutting down the satellite instead of the alternative option of selling it because the family is not willing to let go of the satellite business or let someone else have it. In such a case, shutting down the business is viewed as a way to preserve the family identity and the family business portfolio; by contrast, selling the business would mean that part (if not all) of the family identity is lost. Conversely, when there is a weak identity fit, satellite businesses are more likely to be sold than to be shut down. This notion is supported by the fact that whereas there were 12 shutdowns and eight sales, all of the satellites that were shut down were fully owned by the families; by contrast, five of the eight satellites that were sold were not fully owned (see Table 2). This finding is significant to our reasoning because the literature has positively linked ownership levels to the level of identification (cf. Miller *et al.*, 2011; Rouse, 2016). Formally, we propose the following:

Proposition 2: The stronger the identity fit between the owning family and a satellite business in a family business portfolio that is facing declining performance, the more likely the owning family will be to shut down the satellite instead of sell it.

Shutting down versus selling: contingency factors

Recycling

Our analysis offers evidence that the decision either to shut down or to sell a satellite business, which is driven by identity-based considerations, is contingent on a business family's goal to recycle the assets—that is, to temporarily shift the firm's resources (e.g., tangible assets and human and financial capital) to other businesses. A good example in this regard is how the family owners of Kasf have chosen to shut down a satellite business in order to counter a business decline. The director stated, *'Our family is known for not selling anything. My father thinks that there is a value in everything that you can use or recycle. So we came out of the workshop business [satellite… and instead used the land for real estate…This may be the way to manage from a long-term perspective, perhaps also to keep the connection with the [divested] businesses alive.'* Because the workshop business is strongly linked to the family's identity, this statement shows how the goal to recycle assets can enhance identity fit-related considerations with regard to shutting down versus selling. Whenever the owners of Kasf experienced difficult situations, they refrained from selling businesses they felt were part of their family identity and heredity, particularly when they strived to redirect the corresponding assets to potentially more promising businesses. Such a situation has also recently been observed by the national media, which has highlighted that the Kasf family did not sell their businesses even in the face of business decline.

Similarly, in the Sunny case, the business family shut down some satellites they considered to be part of their identity to redirect resources and turn around the declining business. When reflecting about how the family responded in difficult situations, the director said, '*The reasons we took action in the form of closing down were because, first, we didn't want to let go of our businesses [satellite] and, second, we have always created some opportunities out of failures [through recycling resources]. The motivation that you need during the declining phase is that you create opportunities and not just focus on trying to get out of the situation at that particular time.'* This statement indicates that the main motivation to not let go, mainly because of identity considerations, is enhanced by the intended pursuit of a recycling strategy.

Similarly, the director of Miral stated, *'We did take advantage of the situation by closing the operations [satellite] and diverting all of our focus to the main activity [legacy]…That seemed to be the right strategy at that moment, which also allowed us to be attached to our business [legacy].'* Here, the recycling approach also helps families pursue identity-related motives in the context of the shutting down versus selling decision. Related evidence is also found in the Lucky case (see Table 2).

In sum, we find that the business families have a considerable desire to shut down instead of sell satellite businesses (while not liquidating or selling assets) in order to be able to redirect these assets to turn around the business portfolio. This situation resembles what Mason and Harrison (2006) term 'entrepreneurial recycling.' Accordingly, the goal to recycle those assets is part of a 'turnaround' strategy that can contribute to the long-term enduring success of the business portfolio. More specifically, the recycling goal seems to enhance identity-induced

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behaviors (i.e., shutting down instead of selling). We note that social identity arguments suggest that members of a group with strong identification adopt practices and make choices that benefit their firms (Cannella *et al.*, 2015). Indeed, they shape their behavioral responses toward collective long-term goals and activities congruent with their identities (Ashforth and Mael, 1989; Ellemers, De Gilder, and Haslam, 2004). This relationship between identity considerations and shutting down versus selling as a beneficial behavioral response during declining performance, in turn, seems to be stronger when the goal to recycle assets is present. Thus, we formally propose the following:

> *Proposition 3: In a family business portfolio that is experiencing declining performance, the goal of recycling the assets of a satellite business strengthens the positive relationship between identity fit (owning family and satellite business) and the likelihood of shutting down versus selling the satellite.*

Restarting

The identity fit-based decision to shut down or sell a satellite business is also affected by family owners' goal of reentering the business later. An illustration in this regard is the Kasf family, which is involved in the construction business as its main activity. During a decline in its construction business, other areas of its portfolio were affected, such as their hotel business and their heavy mechanical workshop. The Kasf family always very strongly identified with its hotel business, for instance, which had been one of their father's first diversifications. They then decided to shut down both their hotel business and the workshop. As the director noted, this decision was strengthened by the family's intentions to restart the businesses: *'Our family never sold any business that had ever been started...We had high hopes and interest to go back to the hotel business and the workshop business;...our decision to shut down...was made with the strong intention to reopen.'* Importantly, as in all of the exit cases investigated, the family would have been able to sell the businesses; the hotel, for example, is at a prime location on one of the main roads in the city of Rawalpindi. When the family exited the hotel business, they rented out the property for a few years. This example illustrates how the goal to restart a satellite firm can reinforce identity-based shutting down versus selling considerations. Indeed, the Kasf family restarted both businesses at a later time (e.g., the hotel after a complete renovation and the workshop on a smaller in-house scale).

Another example is the Miral family, which strongly identified with its restaurant business. This is mainly because the name of the restaurant is also the name of a heritage area in the city where the Miral family first settled. In addition, the public associated the restaurant's name with the Miral family name. The family owners decided to shut down the restaurant in a time of declining performance even though they could have sold it due to the restaurant's heritage value. As the director noted, *'...we were not ready to give up; rather, we were all set to fight—at that time, our friends and other people around us thought that it was foolish what we were doing...There were many reasons not to sell, especially when you want to take it forward.'* Here, identity was also not the only relevant consideration. As the director explained, *'We do intend to restart them [all of the businesses that were closed down] as soon as we can control the situation...My goal of running the traditional food restaurant is still 'alive,' and I am hopeful that I will restart again soon.'* The intention to restart here is a means to further strengthen identity fit-based motivations in regard to shutting down versus selling.

Similarly, the Lucky family strongly identified with its fish farm and brick kiln businesses. According to Owner 3, *'It was our thought out intention to close down the businesses [satellites] and wait for things to calm down...In the meantime, we were working to settle the debt with the help of family and friends... The vision of diversifying into different businesses carried on by restarting the fish farming business.'* Thus, the business family decided to shut down because of identity reasons; this decision was fostered by the family's willingness to come back to the businesses and to restart again.

In sum, our cases show that the intention to restart a satellite business at some point in the future is an important contingency factor of the identity fit/shutting down versus selling relationship in times of declining performance. Accordingly, the goal of restarting a satellite business in the future may imply some form of additional 'anticipatory identification' (Rouse, 2016: 24), with the business family showing an even stronger identification-based motivation logic toward the choice of shutting down versus selling. The previous literature states that decline or failure affects entrepreneurs' behavior in two ways, either fight or flight (Calvet, Campbell, and Sodini, 2009); in our cases, we clearly identified the 'fight' mode. Formally stated, we propose:

Proposition 4: In a family business portfolio that is experiencing declining performance, the goal of restarting a satellite business strengthens the positive relationship between identity fit (owning family and satellite business) and the likelihood of shutting down versus selling the satellite.

Increasing decline in performance

Our analysis provides evidence of another important contingency factor in the depicted main relationship: the increasing decline in performance (see also Brauer, 2006). Indeed, family business scholars often note that family owners manifest a high degree of risk-taking behavior in difficult situations (Chrisman, Chua, and Steier, 2011). Such behavior is explained by family owners' strong identification with the business, which shapes their risk-taking attitude and behavior (Gomez-Mejia *et al.*, 2007; Miller *et al.*, 2011).

For example, in the case of the Lucky family, the family first shut down its fish farm. However, the situation did not improve, and when its performance declined further, the family shut down another satellite (i.e., the brick kiln) instead of selling it. The director explained, *'In those days, we would discuss possible actions a lot because the [portfolio] business was not going well [increasingly worse]...and the increased complexity, uncertainty, and strong instability of the market were not helping at all!.. I was feeling that with the increasing decline, we were becoming more stringent and robust in our actions toward not selling off our subsequent [satellite] businesses, so first we closed down all of the fish farming operations, and then we agreed to come out of the brick kiln. The focus completely shifted to the agri-farming.'* This statement demonstrates that the effects of identity considerations on the likelihood that shutting down is preferred to selling a satellite firm are amplified by the increasing decline in performance in the business portfolio.

Similar evidence is found in the case studies of Miral, Kasf, and Sunny (see Table 3). For example, in the case of the Miral family, the family owners had to exit from several satellite businesses because of increasing decline in performance caused by a difficult market situation. As the director explained, *'Investments in new businesses [satellites] triggered our business decline: the dairy plant gave us the real shock. Our newly started dairy plant ran into trouble [declining performance levels that were worse in relation to the declining performance of the portfolio].'* With the declining performance, the family owners started to shut down their other businesses in the portfolio to protect their legacy business. As stated by the director, '*Increasingly low performance [of the family business] was leading us to be stronger, and our response was in the form of shutdowns...I am not upset; instead, I have become stronger because the family is with me, and we all believe in our family business...We take it as a challenge for the present and the future...After discussing and obtaining support from the family, I decided to close the...[satellite] businesses.'* In addition, selling these satellite businesses would have been possible here. The settled export business, for instance, had the same name as the Miral family and, thus, had considerable market value owing to the corresponding reputation and goodwill.

These findings are important because the existing literature generally suggests that increasingly poor performance is an important factor that motivates an owner to exit a business through a sale or, in the worst-case scenario, a liquidation (Brauer, 2006; Chang, 1996). In our cases, however, the families became more committed (escalation) to close down operations and retain all firm assets instead of selling the businesses even when the decline was worsening. This finding is in line with the argument that business families take greater risks when their emotional endowment (identity) is increasingly threatened (cf. Ashforth, Schinoff, and Rogers, 2016; Gomez-Mejia *et al.*, 2007). Put differently, tougher situations increase family owners' commitment to their business assets and resources (Chirico *et al.*, forthcoming; Salvato *et al.*, 2010). In a similar vein, some family business scholars suggest that family owners feel increasingly aware and obliged to retain and revitalize a business in more difficult situations (Cruz and Nordqvist, 2012; Lumpkin, Brigham, and Moss, 2010). Implicit in this line of reasoning is the observation that family owners view their businesses as something greater than a simple financial tool for profit maximization and that identification reasons drive such owners' strategic decisions. Consequently, business families who are experiencing difficult situations find themselves increasingly eager to avoid the selling option *at all costs* while committing to shut down satellite businesses. Taking these considerations together, we propose the following:

Proposition 5: In a family business portfolio, increasing decline in performance strengthens the positive relationship between identity fit (owning family and satellite business) and the likelihood of shutting down versus selling the satellite.

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The relationships we propose between the different variables are shown in Figure 2.

DISCUSSION

Our study aimed to investigate enduring entrepreneurship through exit strategies in family business portfolios experiencing declining performance. The analysis of a sample of six family business portfolios with 20 exits from Pakistan led to two main contributions.

First, we revealed that shutting down a satellite business (instead of selling it for financial gain) is a prevalent exit strategy in family business portfolios. Specifically, we showed that a business family may indeed prefer to 'shut down' a satellite portfolio firm (i.e., close down operations and keep all of the firm's assets) rather than sell it to a third party—even if the latter was an available option and would have enabled the family to generate immediate financial revenues that could have been used for other purposes. Second, we illuminated the drivers behind this decision. By using a social identity theory perspective, we discovered that the likelihood of shutting down versus selling a satellite firm is higher when there is a high degree of fit between the family and the satellite business identity. In addition, we find that the goals of recycling the resources and of restarting the satellite business in the future as well as increasing decline in performance are important contingency factors in the above-stated relationship. These contributions have important implications for several streams of literature.

Implications for portfolio entrepreneurship research

Our study affects research on portfolio entrepreneurship both within and beyond the family business domain because it demonstrates that studies that focus mainly on how and why business portfolios are created (for an overview, see Carter and Ram, 2003) neglect the various multifaceted and rather unexplored dynamics that occur in later stages of portfolio entrepreneurship. While research acknowledges that successful portfolio entrepreneurship involves renewal and constant entry into and exit from business activities (Dess *et al.*, 2003; DeTienne and Chirico, 2013), more research about later-stage portfolio entrepreneurship dynamics is needed. Specifically, we encourage portfolio entrepreneurship scholars to shift a bit away from 'why and how' business portfolios are built and focus more on research about engaging in exit in a portfolio of businesses in general, shutting down or selling satellite firms in particular, recycling resources, and restarting satellite firms. This is especially interesting during difficult times when the success or failure of a business portfolio is determined.

Relatedly, we raise scholars' awareness that the decision making of business families that own a business portfolio does not always follow a purely profit-maximizing approach. The '*if we can't have it, then no one should*' pattern we identified—manifested in the decision to shut down a satellite business even though selling it would enable the family to generate immediate and higher financial returns overall (see also Decker and Mellewigt, 2007; Wennberg *et al.*, 2010)—contrasts with the classic profit-maximizing model. This implies that the factors that affect this decision should be investigated further. A particularly promising avenue is to examine the interplay between identity-related 'nonrational' reasons and more economic 'rational' reasons. Specifically, although family owners can be implicitly assumed to make strategic decisions independent of financial considerations, the existence of identification and emotional reasons does not imply that family firms are generally self-sacrificial and that they ignore financial issues completely (Berrone *et al.*, 2010; Gomez-Mejia *et al.*, 2007). Put differently, it is unlikely that the decision to shut down instead of sell a satellite business is solely driven by identity considerations. Family firms are 'more likely to bear the cost and uncertainty involved in pursuing certain actions, driven by a belief that the risks that such actions entail are counterbalanced by noneconomic benefits rather than potential financial gains' (Berrone, Cruz, and Gomez-Mejia, 2012: 261). Thus, future research should investigate how identity-related rationales interact with particularly relevant economic factors (e.g., market value of assets, going-concern values, financial market conditions). Relatedly, it would be interesting to explore whether there is a 'price tag' that can be put on identity fit considerations: how large does the financial value that is foregone by shutting down instead of selling have to be so that the business family decides to sell despite any identity fit considerations?

Furthermore, with our identification of identity fit as a main driving force of the shutting down versus selling decision and three contingency factors, we demonstrate that exit decisions and strategies in family business portfolios are relatively complex. This opens up several promising research avenues.

To start, each of the contingency factors deserves further research attention. For instance, as discussed, we found that identification motives become stronger when the situation is more difficult. Because this might be context driven to a certain extent (as the post-9/11 situation has dramatically changed Pakistan's dynamics), we call for further investigation of the role of declining performance in other settings and countries while considering the extent to which the portfolio's survival—and, thus, socioemotional wealth (SEW; see Gomez-Mejia *et al.*, 2011)—is threatened explicitly. Furthermore, we found evidence in the Kasf workshop example that both the goals to recycle and to restart are present. This indicates that the relationship between identity fit and the likelihood of shutting down versus selling might be affected by more than one contingency factor at the same time. Clearly, further in-depth research is needed here. In addition, there might be other contingency factors we have not captured in our study. Possible factors worth investigating may include the size and performance of the various units, the resource allocation and relatedness between the core and satellite businesses, emotional attachment (and its link to identification), and external factors. Regarding the latter, some of our cases (i.e., Miral and Kasf) provide preliminary evidence that the level of environmental uncertainty, that is, the complexity and change emanating from the external environment (Keats and Hitt, 1988), may also drive the shutting down versus selling decision, with family owners tending to increasingly opt for shutdown instead of selling as environmental uncertainty increases. Relatedly, scholars could also investigate environmental elements such as institutional voids as potentially important boundary conditions.

Implications for entrepreneurial exit research

We impact research on *exit modes* (Chang and Singh, 1999; Wennberg, 2008; Wennberg *et al.*, 2011) by identifying 'shutting down' as an additional type of exit that has been largely overlooked in the literature so far. While there is considerable anecdotal evidence regarding this particular behavior of firms and firm owners, our work is the first to theoretically and empirically study this phenomenon. Specifically, we describe 'shutting down' as a situation in which a firm's operations are 'switched off' and assets are retained, leaving open the option to 'switch on' the firm and use the assets again in the future. Thus, 'shutdown' can be interpreted as a temporary pause in a firm's operations. This implies that future research on exit modes should consider this exit type; otherwise, the corresponding conceptual or empirical models might be underspecified.

Furthermore, our study affects general research on *exit motivations* (Dehlen *et al.*, 2014; Kammerlander, 2016). Besides highlighting the relevance of both emotional and rational reasons for exit decisions, something previous research has not addressed in sufficient depth (Wong *et al.,* 2006), we also offer nuanced insights into how business families make corresponding decisions depending on increasing performance decline. As a situation becomes more difficult (higher declining performance), business families tend to show an escalated commitment in the divested satellite businesses. This finding is intriguing because most of the recent family firm literature argues that economic considerations take precedence over emotional (including identification) concerns when a firm experiences economic hazards (see Gomez-Mejia *et al.*, 2011 for a review). For example, Gomez-Mejia, Makri, and Kintana (2010: 232) argue and find that family firms are more likely to engage in diversification as firm performance decreases; diversification and related financial considerations become 'a higher priority than the preservation of SEW.' Our study shows that identification motives become stronger when they are paired with greater performance hazard. This implies that, on the one hand, scholars should not take the previous findings in the literature for granted; actually, the opposite might also be true. On the other hand, there is a clear and strong need for further research about the general circumstances and conditions under which either economic or emotional (e.g., SEW) considerations dominate business families' decision making. There might be several important contingency factors to explore, such as family constellations, family and business values, or risk preferences.

Implications for research on long-term success and transgenerational entrepreneurship

Scholars in the corresponding fields should keep in mind that a key to long-term generation-spanning (i.e., enduring) entrepreneurial success of business families is how they may overcome declining performance in their business portfolios, for instance through the specific exit strategies we have identified. Specifically, we highlight how shutdown decisions may assist the recovery and endurance of the business portfolio, fostered by the intention to later recycle or restart a portfolio business. In other words, we shed

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some light on the pressing question of how some business families, particularly when they own a portfolio of businesses, survive periods of declining performance and remain successful in the long term. Future studies should better link the turnaround strategy of shutting down satellite firms to long-term success by investigating the long-term performance implications of this strategy through a longitudinal, quantitative approach.

Implications for practice

Finally, our study offers implications for practice. Family business managers and practitioners can benefit from our work because we show a promising and unique way in which family firms can respond to business decline and ensure enduring entrepreneurship. Indeed, shutting down a satellite firm instead of selling it should definitely be considered by business families both because it seems to be a promising turnaround strategy and because it prevents identity loss.

LIMITATIONS

Our study is not free from the limitations of qualitative research conducted with a limited sample which, in turn, opens up additional avenues for research. We acknowledge that there may be limitations with regard to the extent of the generalizability of the study, which was conducted in the specific context of Pakistan. While we are convinced that our key findings are generalizable to the general setting of family business portfolios (because we have no reason to assume that our identified patterns and underlying drivers differ systematically across contexts), we nonetheless call for future research to replicate and validate our findings within more '*individualistic*' cultures and more '*stable*' contexts, for instance in the U.S. and Europe. Moreover, as in all interview-based qualitative research, one might wonder whether the respondents provided correct and unbiased answers. While such bias can never be excluded fully, we believe this is not a critical issue in our study. This is because the strong relationships one of the authors had with many of the respondents seemed to help engender unbiased and reliable answers, as visible in the numerous statements about businesses being in crisis and mistakes that had been made. Additionally, confidentiality and anonymity were guaranteed. Furthermore, we note that our findings and the resulting propositions are analytical instead of statistical generalizations. The time could be ripe for quantitative studies.

Concluding remarks

How does a business family that owns a family firm portfolio react to declining performance? Our study of six Pakistani family business portfolios with 20 exits reveals distinct and unique insights that hopefully will inspire other scholars to pursue further corresponding research in order to better understand the long-term endurance of family firm portfolios.

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CORPORATE VENTURING IN FAMILY BUSINESS: A DEVELOPMENTAL APPROACH OF THE ENTERPRISING FAMILY

TOMMASO MINOLA,[1,2] MARA BRUMANA,[1,2] GIOVANNA CAMPOPIANO,[3] ROBERT PAUL GARRETT,[4]* and LUCIO CASSIA[1,2]

[1] *Center for Young and Family Enterprise (CYFE), University of Bergamo, Bergamo, Italy*
[2] *Department of Management, Information and Production Engineering, University of Bergamo, Bergamo, Italy*
[3] *Chair of Business Administration & Family Entrepreneurship, Witten Institute for Family Business (WIFU), University of Witten/Herdecke, Witten, Germany*
[4] *College of Business, University of Louisville, Louisville, Kentucky, U.S.A.*

Research summary: *This conceptual article discusses when and why family firms are motivated to engage in entrepreneurial activities. Drawing on family development theory, we offer midrange reasoning about the impact of enterprising family dynamics—such as the birth of a child or children leaving home—on the motivation for corporate venturing and its changes over time. Moreover, our model also accounts for the contingent effect of ownership and business developmental dimensions. Finally, we predict that motivation for corporate venturing can, in turn, spur the development of the enterprising family.*

Managerial summary: *Overcoming the idea that family firms are either very or minimally entrepreneurial, we focus on the enterprising family and consider its development to explain the motivation toward corporate venturing. We look at the evolution of the roles and norms of family members over time and predict that motivation for venturing increases with family growth until the moment in which a succession takes place and the younger generation receives the baton. We also consider how changes in the ownership structure and business growth influence the relationship between family development and motivation for venturing. The latter, in turn, can trigger the development of the enterprising family itself, with its structure and norms. Our work, in sum, depicts the enterprising family as a springboard for repeated acts of entrepreneurship across generations. Copyright © 2016 Strategic Management Society.*

INTRODUCTION

Corporate venturing (CV) is a strategic entrepreneurial activity that results in the creation of a new business within an existing corporate entity (Sharma and Chrisman, 1999). According to the literature, companies engage in CV activities for various reasons: to build an innovative capability as the basis for making the firm more innovative and change oriented; to gain greater value from existing competencies and expand the firm's scope into new areas of possible strategic importance; and to generate quick financial returns (Miles and Covin, 2002; Morris, Kuratko, and Covin, 2010). When existing firms behave entrepreneurially, they are often able to gain competitive advantage as they improve their flexibility, adaptability, speed-to-market, and learning

Keywords: enterprising family; corporate venturing; family development theory; family business developmental model
*Correspondence to: Robert Paul Garrett, College of Business W201, University of Louisville, Louisville, KY 40292, U.S.A. E-mail: robert.garrett@louisville.edu

processes (Covin and Miles, 1999; Sharma and Chrisman, 1999; Zahra and Covin, 1995).

CV activities are especially relevant to family firms. Family firms are defined as businesses 'governed and/or managed with the intention to shape and pursue the vision of the business held by a dominant coalition controlled by members of the same family or a small number of families in a manner that is potentially sustainable across generations of the family or families' (Chua, Chrisman, and Sharma, 1999: 25). Family businesses have attracted the attention of entrepreneurship scholars because of their family-influenced resources, behaviors, and preferences that lead to idiosyncratic firm strategies and distinctive governance processes (Lumpkin, Steier, and Wright, 2011; Nordqvist and Melin, 2010). Continuous entrepreneurial activities are needed to sustain and renew family firms in changing competitive environments (Cruz and Nordqvist, 2012). Among the different types of corporate entrepreneurship, CV is of particular interest to family firms. Indeed, the creation of new businesses within the existing corporate entity is a way to spur transgenerational entrepreneurship, ensure transgenerational wealth creation, and warrant persistent involvement of multiple generations in the business (Habbershon and Pistrui, 2002; Marchisio *et al.*, 2010). With CV, for instance, family firms can answer the financial and employment needs of a growing family and help ensure intergenerational survival of the family business (Greidanus, 2011; Calabrò *et al.*, 2016).

Although the previously cited literature has argued that CV can be particularly salient and interesting for family firms, there are contrasting opinions as to whether family firms are more or less likely to pursue entrepreneurial initiatives (Jaskiewicz, Combs, and Rau, 2015). On the one hand, some research asserts that family firms are known for lacking entrepreneurial behaviors (Bertrand and Schoar, 2006; Block, 2012; Bloom and Van Reenen, 2007), and there is also empirical evidence suggesting that they are less entrepreneurial than nonfamily firms (Rogoff and Heck, 2003). On the other hand, recent research advocates that some family firms *do* act entrepreneurially and are able to do so across multiple generations (Chirico *et al.*, 2011; Jaskiewicz *et al.*, 2015). So, while family firms are often described as low risk-takers, conservative, and not very entrepreneurial (e.g., Block, 2012; Gómez-Mejía *et al.*, 2007), contrasting arguments claim that family firms are more likely than nonfamily firms to engage in entrepreneurial initiatives and to do so repeatedly over time (Miller and Le Breton-Miller, 2005; Nordqvist and Melin, 2010; Sieger *et al.*, 2011).

The extant literature on CV in family businesses opens up several research opportunities to solve this puzzle. First, prior work in family business has been mostly anchored to the firm itself rather than the *family* (Rogoff and Heck, 2003). Thus, it is promising to examine how firm's embeddedness within a family affects entrepreneurial behavior (Aldrich and Cliff, 2003; Mattessich and Hill, 1976; Miller, Steier, and Le Breton-Miller, 2016). A shift in the level of analysis—from family business to enterprising family, namely a 'family that runs one or more businesses, and that has an intent to grow these businesses with the family as the foundation' (Nordqvist and Melin, 2010: 221; Habbershon and Pistrui, 2002)—is regarded as valuable in the entrepreneurship and family business literatures (Michael-Tsabari, Labaki, and Zachary, 2014). Second, exploring the *motivation* for venturing deserves further attention in the context of family firms. While existing research has focused mainly on family firms' ability to act entrepreneurially (e.g., Zahra, 2010), looking at the owners' willingness to engage in venturing initiatives is of strategic importance for the understanding of entrepreneurship in general (McKelvie *et al.*, 2013), at the corporate level (Brundin, Patzelt, and Shepherd, 2008), and for family firms in particular (Greidanus, 2011; De Massis *et al.*, 2014b). Although motivation does not necessarily lead to action, entrepreneurial motivation is an important precursor to entrepreneurial behavior (Shane, Locke, and Collins, 2003). Third, Michael-Tsabari *et al.* (2014) add that the role of motivation for venturing is even more important when considering the change over time of family business systems. Research on CV in family business, however, has maintained a static view of the family firm (Sciascia and Bettinelli, 2013; see also Sharma, Salvato, and Reay, 2014). It has studied risk preferences and entrepreneurial behaviors at points in time of the family business, rather than investigating how family firms evolve their entrepreneurial behaviors over time (De Massis *et al.*, 2014a). In order to overcome this limitation, research on CV in family firms would benefit from a *developmental perspective* (Habbershon, 2006; Hoy, 2006; Rutherford, Muse, and Oswald, 2006). Our aim, therefore, is to contribute to the debate on CV in family firms by addressing the question of *when and why enterprising families perceive corporate venturing as an attractive option.*

Using a midrange theory approach (Merton, 1949; Pinder and Moore, 1978), we develop a conceptual model that blends family development theory (Rodgers, 1964; Rodgers and White, 1993) and the family business developmental model (Gersick

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et al., 1997). Through the former, we predict how the evolution of the family system—together with its roles, relationships, and tasks—determines norms and motives for (or against) entrepreneurial initiatives in family firms. Through the latter, we benefit from a consistent set of stages to analyze the evolution of the enterprising family. Moreover, the utilization of the family business developmental model highlights the influence of two additional dimensions that characterize a family firm besides family—i.e., ownership and business (Gersick *et al.*, 1997; Tagiuri and Davis, 1996). Finally, our conceptual model proposes some development of the enterprising family as a result of motivation for CV activities.

Our article contributes to the literature in several ways. We add to entrepreneurship research by substantiating the importance and value of a family-related approach to CV (Marchisio *et al.*, 2010; Rogoff and Heck, 2003). Enterprising families are, thus, revealed to be a distinctive context, as their progress and development can spur, or hamper, repeated acts of entrepreneurship over time (Jaskiewicz *et al.*, 2015; Sieger *et al.*, 2011). Moreover, we believe that corporate entrepreneurship scholars will be interested in our conceptualization of CV activities that allows for a firm's motivation toward entrepreneurial engagement to change over time. Overall, we provide a picture of the enterprising family and its motivation for (or against) CV that coevolve. Much of the corporate entrepreneurship literature assumes that a firm either is or is not entrepreneurial and that managerial intervention is often needed to promote entrepreneurship. Our approach allows not only for CV motivation to change over time, but for it to be a natural evolution of group dynamics, rather than circumstances manipulated by firm management. We also add to the family business literature by shedding light on the evolutionary nature of the family business system and extending Gersick *et al.*'s (1997) family business developmental model through family development theory (Rodgers, 1964; Rodgers and White, 1993).

THEORETICAL BACKGROUND

In order to explore the evolution of enterprising family motivations to engage in CV, our article is guided by family development theory (Rodgers, 1964; Rodgers and White, 1993; White, 1991) and Gersick *et al.*'s (1997) family business developmental model. Family development theory predicts 'changes in role expectations in the family over time as a function of changes in family membership, individual developmental needs, and direct societal expectations' (Chaulk, Johnson, and Bulcroft, 2003: 261). As such, it has been suggested as a promising perspective for the development of family-based studies in family business research (Jennings, Breitkreuz, and James, 2013; Paul *et al.*, 2003). The theory is particularly suited for our purposes, as its major claim is that—based on normative expectations—the motivations and behaviors of family members evolve along with changes in family structure and family-related needs (Mattessich and Hill, 1987).

Developmental theorists have debated the very definition of family. The widest and most acknowledged definition is offered by White (1991: 7), who writes that 'A family is an intergenerational social group organized and governed by social norms regarding descent and affinity, reproduction, and the nurturant socialization of the young.' Consistent with this definition, the basic assumption of the theoretical perspective is that a family is composed of a married couple and one or more young children (Duvall, 1957; Paul *et al.*, 2003). Each family member at a certain point in time occupies a given position—i.e., a 'location […] in a system of social relationships' (Gross, Mason, and McEachern, 1958: 48)—and for each position, one can take on one or more roles, meaning 'part of a social position consisting of a more or less integrated or related subset of social norms which is distinguishable from other sets of norms forming the same position' (Bates, 1956: 314). For example, the position of husband is identified by a relational location in a bipolar social structure: a male connected by a marital relationship to a female. The role of the husband may change across culture and over time, together with its norms.

Another central tenet in family development theory is the concept of stage (Rodgers and White, 1993). As defined by Aldous (1978: 80), 'a stage is a division within the lifetime of a family that is distinctive enough from those that precede and follow it to constitute a separate period.' Family development is, hence, conceptualized as a process where the timing and sequencing of events affect how families function and move across stages (Stafford *et al.*, 1999). Existing literature identifies different stage sequences, ranging from two to 24 family stages, with no particular sequence being considered as the 'jack of all trades' (Mattessich and Hill, 1987).

Transitions between stages manifest through events called stressors that induce normative changes (McCubbin *et al.*, 1980; McCubbin and Patterson, 1983). For example, the birth of the first child (stressor) brings about a transition from husband andwife to husband-father and wife-mother (change in position and the related roles). Similarly, the stressor of children leaving home generates shifts in family roles and relationships, such as an improved child–parent relationship after the departure of a sibling (Laszloffy, 2002). The residue of tensions generated by the stressor, which remains unmanaged, generates family stress—e.g., transition to parenthood and problems of control and independence related to adolescence (McCubbin *et al.*, 1980).

Families are resilient organizations that adapt to changes, both internally and externally generated. At every stage, therefore, the family system sets specific family developmental tasks and specific family goals (Cunningham, 1978; Mattessich and Hill, 1987; Rodgers, 1964). For example, physical maintenance is one of the main tasks of the first phase of family development and is oriented by the family-driven goal of nurturing children. In later stages of family development, the task of moral maintenance can be associated with the family-driven goal of launching youngsters in a professional career.

The family as a social group is governed by institutional norms, meaning 'a patterned or commonly held behavior expectation, a learned response, held in common by members of a group' (Bates, 1956: 314). Norms regulate a specific and coherent sector of social life and change over time together with the structure of the family (Rodgers and White, 1993). For instance, weekend gatherings or marital fidelity might be norms of the family institution as such. Norms are defined as cross-institutional when they are constituted from the merger of two or more norms from different institutions. Such norms regulate the development of one institution (e.g., the family) in conjunction and in harmony with other social institutions (e.g., the education system, labor market, and welfare systems) (Rodgers and White, 1993). A consequence of cross-institutional norms is the preference for family-related (family-first) tasks, such as the children's physical or moral maintenance, rather than business-related (business-first) tasks, such as the firm's growth and survival (Aldrich and Cliff, 2003; Stafford *et al.*, 1999; Ward, 1987,) along the different stages of family development.

The most important advantage of family development theory is the multilevel nature of its predictions, incorporating individual family members, family relationships, the family group, and the institution of the family, collectively and individually guided by its specific and time-varying norms (Rodgers and White, 1993). In the context of our research, the family development theory allows us to build predictions about when and why CV may be an attractive option for a specific type of family—namely an enterprising family—as it pursues its primary goals of growth and survival (Gersick *et al.*, 1997; Habbershon and Pistrui, 2002; Nordqvist and Melin, 2010).

In order to characterize the development of the enterprising family, we refer to Gersick *et al.*'s (1997) family business developmental model. According to this framework, family firms are characterized by three developmental dimensions—family, ownership, and business—that interact and change over time. The family developmental dimension (FDD) describes the timing and sequencing of family events (e.g., entry of a new generation, authority transfer from parents to children, relationships between family members). It is articulated in four stages—i.e., young business family, entering the business, working together, and passing the baton—and has been used by family business scholars to describe the development of an enterprising family (Gersick *et al.*, 1997). Accordingly, FDD represents the foundation of our conceptual model. Table 1 offers a summary of the tenets of the family development theory organized according to the four stages of Gersick *et al.*'s (1997) FDD.

The ownership developmental dimension (ODD) describes instead the temporal evolution of a family firm's ownership structure from a controlling owner to a sibling partnership and a cousin consortium. Finally, the business developmental dimension (BDD) covers three stages—namely start-up, expansion/formalization, and maturity—and describes the development of the business over time with a particular focus on organizational change (growth and complexity of the organizational structure) (Gersick *et al.*, 1997).

THEORETICAL FRAMEWORK

Our article builds upon the central tenets of family development theory and offers a midrange reasoning about the impact of enterprising family dynamics on the evolution of its motivation for CV. Theories of the midrange are 'theories that lie between the minor but necessary working hypotheses [...] and the all-inclusive systematic efforts to develop a unified theory that will explain all the observed uniformities of social behavior, social organization, and social change' (Merton, 1949: 39). While such a way of theorizing has intrinsic boundaries and limited scope in explaining social phenomena, it has also been

Table 1. Family development theory tenets through the stages of the family developmental dimension

	Family developmental dimension			
Enterprising family developmental stages (Gersick *et al*., 1997)	Young business family stage	Entering the business stage	Working together stage	Passing the baton stage
	Adult generation under 40; children (if any) under 18	Senior generation ages 35 to 55; junior generation in teens and twenties	Senior generation ages 50 to 65; junior generation ages 20 to 45	Senior generation aged 60 and above
Challenges (Gersick *et al*., 1997**)**	Creating a workable marriage enterprise; making initial decisions about the relationship between work and family; working out relationships with the extended family; raising children	Managing the midlife transition; separation and individuation of the younger generation; facilitating a good process for initial career decisions	Fostering cross-generational cooperation and communication; encouraging productive conflict management; managing the different generations working together as family	Senior generation disengaging from the business; generational transfer of family leadership
Family career: positions and roles (Rodgers, 1964**;** Mattessich and Hill, 1987**)**	Husband-father; wife-mother; child or child-sibling	Husband-father; wife-mother; child-sibling	Husband-father-grandfather; wife-mother-grandmother; child-sibling-husband/wife-father/mother; in-laws; child-sibling-grandchild	Husband-father-grandfather (if applicable); wife-mother-grandmother (if applicable); child-sibling-husband/wife-father/mother; in-laws; child-sibling-grandchild
Stressors (McCubbin *et al*., 1980**;** McCubbin and Patterson, 1983**)**	Marriage; birth of first child; birth of subsequent children	Children leaving home (children launching); children looking for a job and establishing a career (within or without the family business)	Post-parental transition; new members joining the family (both in-laws and grandchildren); children ultimately disclosing whether working within the family business or not	Retirement; involuntary retirement; death; widowhood; relocation and institutionalization
Family stress (McCubbin *et al*., 1980**;** Mattessich and Hill, 1987**;** Laszloffy, 2002**)**	Transition to parenthood; adolescence and parents' problems of control and independence	Children making stronger requests for freedom and autonomy; marital relationship readjustment; problems of working together (son's entry into the business); training and development of the new generation	Training and development of the new generation; reputation, prestige and non-economic motivations attached to the firm	Caregiving responsibilities of older family members; problems of working together (succession struggle and authority overlaps)
Family developmental task hierarchy (Mattessich and Hill, 1987**)**	Physical maintenance; reproduction of new group members; socialization and schooling of new members	Socialization and training of new members; morale maintenance; acquisition of members and launching	Morale maintenance; social control; acquisition of members (including spouses) and launching; reproduction; socialization of new members	Physical maintenance; socialization of new members; transfer of power

considered a valuable and essential basis for the construction of more general theories (Pinder and Moore, 1978).

Our conceptual framework and the related propositions are based upon four main assumptions that define the scope of this study. First, although the literature suggests that two or more families could be involved in one business (Chua *et al.*, 1999), we focus our attention on the development of a single nuclear family. In this way, we are able to isolate the mechanisms that cause the emergence of an enterprising family's motivations. For the same reason, the influence of nonfamily or external shareholders is not the direct focus of our theorization, as these individuals are not primarily driven by family norms.

Second, we refrain from considering family firms that are too large and have complex organizations. In such firms, the involvement of professionals and firm size are likely to make family norms less observable. Hence, our conceptual model initially assumes (Propositions 1a to 1d) that the evolution of FDD is observed when the family firm is positioned in the early stages of the other two developmental dimensions—ownership and business. A first attempt to extend our midrange predictions is provided in Propositions 2 and 3, where we discuss the effect of relaxing these assumptions.

Third, Gersick *et al.*'s (1997) model has been developed, building on and referring to the North American context. Although scholars have suggested that this model has international validity (e.g., Hoy, 2012), we do not assume necessarily that our midrange theory is universal and valid outside that specific context. Different geographical or cultural contexts and different institutional norms may, in fact, uniquely affect enterprising family development. Addressing this issue is beyond the scope of our effort.

Fourth, although a married couple may have no children, (and, in fact, entrepreneurship literature shows growing interest in the phenomenon of co-preneurship (Fletcher, 2010)), when looking at FDD, we follow family development theory and consider that family development is driven by the presence of children within the family (Duvall, 1957).

Our conceptual model is depicted in Figure 1. Building on family development theory (Rodgers, 1964; Rodgers and White, 1993), we describe FDD as the pivotal dimension influencing the enterprising family's motivation for CV. Furthermore, we propose that both the ODD and the BDD interact with family development in its relationship with the enterprising family's motivation for CV. Finally, we advance that the motivation to pursue entrepreneurial initiatives can, in turn, affect the enterprising family's progression along its developmental dimension.

Family development and motivation for corporate venturing

Young business family stage

In this initial stage, the married couple has to deal with the creation of a marriage enterprise, where partners have to adjust to living as a married couple and caring about the balance between work and family. The birth of the first child (and subsequent children) activates the role of parenthood and the related rules as stipulated by norms from the institutions of marriage and family. The family unit has to be reorganized around children's needs, and parents are expected to

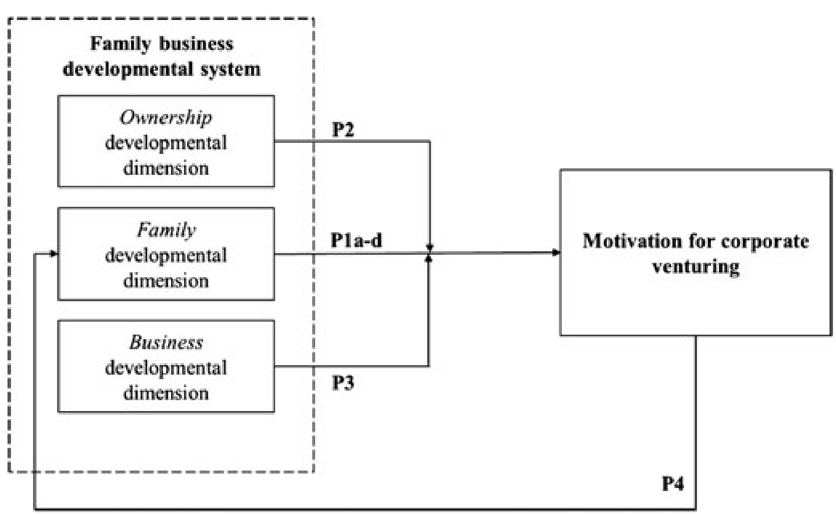

Figure 1. Conceptual framework

follow stage-specific norms (Chaulk *et al.*, 2003). Parents are subject to the provider norm with respect to the offspring, and they are concerned about their children's physical maintenance, security, and socialization.

Given this concern for the future of children, preserving income is very important, because it allows for investments in schooling and sport or leisure. Parents behave for the benefit of their children and prepare them for subsequent family stages (Rodgers and White, 1993). As a result, at this stage, parents are eager to preserve business resources and not to invest them in high-risk initiatives such as CV (Chaulk *et al.*, 2003; Sieger and Minola, forthcoming).

More generally, there is a lock-in tendency for the family, and family-first norms prevail (Rutherford *et al.*, 2006). Given that parents struggle with both marital status and parenthood, they are focused mainly on the well-being of the family itself and, hence, concerned about its demands and survival needs rather than the growth and development of the family business (Mattessich and Hill, 1987). In other words, at this stage, parents are reluctant to risk business resources by investing in CV initiatives and are more eager to employ those resources to satisfy the basic needs of the family. Thus, we propose that:

> *Proposition 1a: At the young business family stage, enterprising family motivation for corporate venturing is low.*

Entering the business stage

At this stage, parents become aware of their role as incumbents, while teen and young adult offspring keep growing in the enterprising family atmosphere. As the burden of parental responsibility (a salient feature of the previous stage) decreases when children age, parents are expected to increase their risk tolerance (Chaulk *et al.*, 2003).

The norm parents are subject to shifts from provider to mentor, with the main tasks of training, developing, and strategically educating offspring in areas that could be relevant to their future and to the future of the enterprising family (Jaskiewicz *et al.*, 2015). Given the mentoring norms that parents are expected to follow, CV can be particularly appreciated as a way to develop children's human capital, namely to enhance their business skills, self-confidence, and leadership attitudes (Au *et al.*, 2013; Greidanus, 2011; Miller *et al.*, 2015). CV can also be perceived as a way for incumbents to evaluate children's skills and entrepreneurial propensity and, hence, to ease the succession process (Greidanus and Märk, 2012; Marchisio *et al.*, 2010).

However, children at this stage are likely to be reluctant learners (Churchill and Hatten, 1997; Dyer, Nenque, and Hill, 2014). Children aim to assert their own autonomy pertaining to their individual careers and to resist their parents' desire for control (Davis and Tagiuri, 1989; Sieger and Minola, forthcoming). They start leaving home (children launching), establishing a career, and evaluating whether to join the family business. This generates tension and potential misalignment within the family, because children try to establish their own identities and, thus, claim freedom and autonomy (Davis and Tagiuri, 1989; McCubbin *et al.*, 1980).

In sum, given the CV's value in accomplishing training and educational tasks, we expect an increase in the enterprising family's motivation for CV compared to the previous stage. This increase, though, will be modest because of children's requests for autonomy. Hence:

> *Proposition 1b: As the enterprising family moves from the young business family stage through the entering the business stage, motivation for corporate venturing increases.*

Working together stage

In this phase, the family is often referred to as an empty nest (Duvall, 1957; Mattessich and Hill, 1987) because children have left home. They have also disclosed whether they want to work within the family business. The burden of parental responsibility related to children aging continues to decrease (Chaulk *et al.*, 2003), and offspring are likely to be given an autonomous area of responsibility within the family firm (Davis and Tagiuri, 1989). Moreover, new members—both in-laws and grandchildren—contribute to extend the family.

While parents still follow the norm of mentoring, children are now engaged learners. Accordingly, the parent–child relationship is relatively harmonious at this life stage: 'the son wants to learn and grow in competence at precisely the time when the father wants to teach and help the younger generation to develop' (Davis and Tagiuri, 1989: 54). In this situation, so-called entrepreneurial bridging—namely 'a period of working together side-by-side wherein the older generation manages operations and gives the younger generation the opportunity to apply its

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strategic education' (Jaskiewicz *et al.*, 2015: 30)—is more likely to occur. In other words, children willingly embrace CV as a learning opportunity. Entrepreneurial bridging may, thus, motivate the enterprising family to engage in multiple acts of entrepreneurship (e.g., CV) in a short time—'entrepreneurial leaps' (Jaskiewicz *et al.*, 2015).

Moreover, at this stage, family incumbents aim to integrate new family members—both offspring and in-laws—into the management of the family firm and to avoid sibling buyouts. In doing so, they engage in a process called strategic succession (Jaskiewicz *et al.*, 2015). The core business may no longer be adequate to the size of the enterprising family and to the satisfaction of its needs (De Massis *et al.*, 2014a). Accordingly, family members may perceive CV as an appropriate means to grow the business and to answer family members' requests (Greidanus, 2011). Together with purely economic motivations, the family business also represents an opportunity for a growing number of family members to obtain reputation, prestige, and identification within the enterprising family (Zellweger *et al.*, 2013). This promotes in each member of the enterprising family a pro-organizational and collectivistic behavior—stewardship mind-set (Davis, Schoorman, and Donaldson, 1997)—and, hence, leads to an increase in motivation for entrepreneurial initiatives (Corbetta and Salvato, 2004; Zahra, 2003). In fact, families highly committed to the firm are more likely to reduce their claims for dividends and payoffs from the core business, thus favoring the accumulation of resources needed to launch different entrepreneurial ventures (Eddleston and Kellermanns, 2007; Kellermanns and Eddleston, 2006).

Given the normative alignment that parents, children, and other family members reach at this stage, we speculate that:

> *Proposition 1c: As the enterprising family moves from the entering the business stage to the working together stage, motivation for corporate venturing increases.*

Passing the baton stage

In the final stage of family development, parents are at the end of their careers, while children increasingly take on caregiving responsibilities of both the business (e.g., 'the father assumes the chairmanship position and turns over operational responsibilities to the son' (Davis and Tagiuri, 1989: 73)) and of older family members (physical maintenance) (Chaulk *et al.*, 2003).

This last stage of family development has some peculiar characteristics. First, older individuals are generally more conservative and less entrepreneurial than younger ones (Minola, Criaco, and Obschonka, 2016), and most of their attention is focused on the successful transition of currently operating businesses to the new generation, rather than on the creation of new businesses (Davis and Tagiuri, 1989). Second, the provider norm that characterizes the first stage of family development returns to be salient for family principals at this stage. On the one hand, the new generation's family members find themselves subject to a sort of reciprocal provider norm toward the older generation: children are expected to care for parents in their old age, and subsidies to the family (e.g., parents' institutionalization) distract resources and attention from the business (Aldrich and Cliff, 2003). On the other hand, they anticipate the forthcoming norm of being providers toward their own children. All this might recall the family-first norms of the young family business stage and cause a weakening in the overall motivation for CV. Third, disputes over the goals of the business—e.g., tensions between family and commercial norms—are particularly likely to emerge when the enterprising family approaches succession (Kotlar and De Massis, 2013). Thus, the normative alignment among family members is jeopardized.

Since the arguments for an overall positive association between the enlargement of the enterprising family and the attractiveness of CV described in the previous stage remain true, the motivation will decrease without reaching the level we proposed for the first stage of enterprising family development. We, thus, propose the following:

> *Proposition 1d: As the enterprising family moves from the working together stage through the passing the baton stage, motivation for corporate venturing decreases.*

The family business developmental model describes the development of the family firm along three dimensions—family, ownership, and business—that can vary independently (Gersick *et al.*, 1997). Timing and sequencing of family events (i.e., FDD) represent the foundation of our conceptualization, and Propositions 1a to 1d assume that the family firm is positioned in the early stages of the other two developmental dimensions. However, our model also accounts for the contingent effect

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of a progression along ownership and business developmental dimensions. Particularly, the evolution of the family business ownership structure (i.e., the ODD) is described next, and we later elaborate on the development of the business (i.e., the BDD).

Ownership development and motivation for corporate venturing

When a family firm proceeds along its ownership developmental dimension, shares become increasingly dispersed among a growing number of family owners, and the overlap between business and family norms and roles decreases (Miller, Le Breton-Miller, and Lester, 2011). The ownership structure becomes more complex: some family members withdraw their roles and nonfamily members or newly affiliated members obtain shares of the business (Gersick *et al.*, 1997). Late ODD is characterized by an increasing level of potential rivalries among family members from different family branches involved in the business (Lim, Lubatkin, and Wiseman, 2010). Ownership development also implies that family members might experience less emotional attachment and decreased identification with the family business, as well as weaker ties with other family members (Le Breton-Miller and Miller, 2013). Outsider involvement reflects family willingness to relinquish control and is associated with more formal control systems (Gómez-Mejía *et al.*, 2011).

Considering FDD evolution when the firm is in late ODD, we expect distinctive patterns of motivation for CV to emerge. Particularly, the negative effect of the parents' provider norm on motivation for CV at the young business family stage is mitigated because family wealth is more diversified and there is less overlap between family and business resources. Each nuclear family is also less demanding of the business as a means to satisfy its own needs. All this implies that parents are both less risk averse and less locked into the family. Thus, motivation for CV is higher compared to early ODD.

At the entering the business stage, we recall, the positive effect of parents as mentors and the negative effect of children as reluctant learners result in moderate motivation for CV. Further investigating this stage in late ODD, the offspring find themselves in a context characterized by increased complexity—namely, ownership dispersion and definition of subidentities by family branches (Webb, Ketchen, and Ireland, 2010). The reluctance of offspring to embrace the family career and their eagerness toward an autonomous occupation outside the business are, thus, likely to be weaker. The enterprising family motivation for CV is higher compared to early ODD.

An alignment between mentor and learner is finally achieved at the working together stage. The family shows a collective commitment toward the business and the strategic succession process. This process involves the integration of in-laws within the enterprising family to ensure transgenerational entrepreneurship (Jaskiewicz *et al.*, 2015). In late ODD, shares are dispersed among different family branches and the number of in-laws potentially involved in the business increases. In-law involvement in the family business through CV initiatives rather than through their integration in the core business is particularly attractive and appropriate for several reasons. First, the core business offers fewer available positions. Second, in-laws are employed through formalized procedures instead of nepotistic practices, and it is unlikely that *ad hoc* positions will be created for them within the parent company. Third, creating different businesses within the same family firm could help reduce conflicts among family members (potential successors or founder and successor) (Poza, 1988). Thus, at the working together stage, motivation for CV is even higher than in late ODD.

Finally, tensions and divergence in goals between parents and children, which are observed in the passing the baton stage, are added to and magnified by rivalries among the different family branches that are typical of late ODD (Kotlar and De Massis, 2013; Lim *et al.*, 2010). Moreover, the presence of non-active family members within the ownership structure of a family firm—a common situation in late ODD—represents a threat for family cohesion. This risk is even higher in the case of a CV initiative (Marchisio *et al.*, 2010). Cognizant of that, the enterprising family is likely to display a lower motivation for CV compared to early ODD:

Proposition 2: Ownership development interacts with family development to determine an enterprising family's motivation for corporate venturing. Specifically when: (1) an enterprising family evolves along the first three stages of the FDD, later positioning on the ODD is associated with higher motivation for corporate venturing compared to earlier positioning on the ODD; and (2) an enterprising family evolves along the fourth stage of the FDD, later positioning on

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the ODD is associated with lower motivation for corporate venturing compared to earlier positioning on the ODD.

Business development and motivation for corporate venturing

A progression along the BDD makes a larger stock of resources, such as financial slack (Greidanus, 2011; Kellermanns *et al.*, 2008), human capital (Miller *et al.*, 2015), and social capital (Zahra, 2010) available to the organization, and the family might be willing to invest it. Moreover, family firm principals become aware that it is necessary to professionalize the firm in order to manage its increasing size and the related complexities (Dekker *et al.*, 2013). Similar to what happens along the ODD, business development might also lead to a decreased emotional attachment and lower identification with the family business (Le Breton-Miller and Miller, 2013). Finally, late BDD is also characterized by concerns about a potential decline in revenues and/or profits from the core business (Salvato, Chirico, and Sharma, 2010).

Considering family development in late BDD, we suggest distinctive patterns of motivation for CV. At the young business family stage, the provider norm and the task of nurturing can be supported by income availability that is higher in later BDD stages (Chaulk *et al.*, 2003). Hence, risk aversion decreases and enterprising family motivation for CV increases compared to early BDD (Greidanus, 2011).

As the firm grows and becomes professionalized in late BDD, working within the family business becomes much more attractive for offspring who are concerned about strengthening their skills and building their own careers. Accordingly, the likelihood that they will pursue an autonomous career path outside the family firm is lower. Hence, offspring will engage more quickly with the business, manifest higher learning proclivity, and act as stewards of the organization. Within this configuration, the parent–child alignment is strong: entrepreneurial education and bridging—typical strategic activities of the entering the business and working together stages, respectively—are enhanced. A stewardship mind-set leads the family to place higher priority on the establishment of new entrepreneurial initiatives in order to rejuvenate the business (prevalence of business-first norms). Hence, in late BDD, we expect an increased motivation for CV at both the second and third stages of family development compared to early BDD.

At the passing the baton stage, professionalization helps in the process of power transfer and mitigates conflicts between generations. Moreover, taking care of aging parents is facilitated in late BDD by the larger availability of resources. Tension between the two family norms of taking care of parents and supporting the growth of the family decreases; thus, the decline in motivation for CV initiatives is less prominent in late BDD.

Overall, the previously mentioned arguments support the idea of a positive interaction effect of business development on the relationship between family development and CV initiatives:

Proposition 3: Business development interacts with family development to determine an enterprising family's motivation for corporate venturing. Specifically, when an enterprising family evolves along the four stages of the FDD, later positioning on the BDD is associated with higher motivation for corporate venturing compared to earlier positioning on the BDD.

The effect of motivation for corporate venturing on family development

The stimuli for family developmental growth, and the pressure to move from one stage to the next in the family career, arise from two highly interdependent sources. First there are family developmental tasks, which are functions the enterprising family has to accomplish in order to survive (e.g., physical maintenance, reproduction of new group members, and socialization of new group members) and which require family members to develop, alter, or reallocate important roles within the family (Cunningham, 1978; Mattessich and Hill, 1987; Rodgers, 1964). Second there are recurrent life stresses—namely, the residue of tension generated by unmanaged events or stressors (e.g., transition to parenthood, child leaving, and launching)—that can force families into major reorganization (Laszloffy, 2002; Mattessich and Hill, 1987; McCubbin *et al.*, 1980).

Building on the theory of family development, we predict that the emergence of motivation for CV initiatives may, in itself, have an effect on the development of the enterprising family. The mechanism lies in the supposition that the motivation for CV can generate some types of stress and a shift in family roles, relationships, and tasks. Hereafter, we develop some illustrative arguments.

The well-being of children is a long-lasting concern throughout the family development that becomes particularly salient in the transition from the young family business to the entering the business stage. While the topic has received overriding interest from family scholars, it is a consequence of entrepreneurial activities in family business that is overlooked by family business research (James, Jennings, and Breitkreuz, 2012). Based on our conceptual model and existing studies (Aldrich, Renzulli, and Langton, 1998), we propose that, overall, parents' motivations for venturing can provide new generation members with unique learning opportunities that facilitate the family task of children's progress toward independent self-support—individuation or differentiation (Kaye, 1996). In fact, when the enterprising family strives for CV, children are exposed to and benefit from opportunities to develop work-related skills, values, experience, and connections (James *et al.*, 2012).

In addition, the motivation of incumbent family members to establish a new venture may cause decisions about children's careers and particularly influence children's evaluations regarding joining the family business (a typical stressor of the transition into the entering the business stage). It may be that offspring are likely to evaluate as attractive a family business with prospects of new business venturing (Greidanus, 2011). At this stage, these prospects might bring excitement, innovation, autonomy, and room for development of their own family entrepreneurial legacy (Jaskiewicz *et al.*, 2015). Conversely, a conservative and risk-averse enterprising family, with no motivation to venture, is possibly detrimental in recruiting offspring into the firm. The same is true also in the progression toward the final stage of family development, with severe consequences for succession (Greidanus, 2011).

Some scholars have depicted the business as a curb or an illness for the enterprising family and its members (Kaye, 1996). The role of parents should be to develop children's individuation and let them enjoy rewarding ties with the extended family. However, cases are reported of family businesses whose owners utilize the firm to delay the regular development of their family and their children. When parents, for example, are reluctant to support CV, they defer the development of their children and themselves. This prevents the fulfillment of family tasks and generates stress. Thus, family development is at stake, and its progress is severely inhibited. Summarizing, reduced motivation for CV is likely to prevent the enterprising family from developing.

Overall, we suggest that:

Proposition 4: The enterprising family's motivation for corporate venturing spurs its progression along the family developmental dimension.

DISCUSSION

Drawing on family development theory (Rodgers, 1964; Rodgers and White, 1993), we elaborate a conceptual model that illustrates when and why enterprising families are motivated toward CV. Our work suggests that institutional and normative aspects of family development influence the motivation of enterprising families for CV initiatives. Motivation for CV increases across the first three stages of family development before decreasing in the last stage, when a shift in responsibilities and roles in the parent-offspring relationship occurs. Additionally, this study leverages the family business developmental model (Gersick *et al.*, 1997) to explain how family development interacts with firm-related developmental dimensions (Hoy, 2006; Sharma *et al.*, 2014). According to our predictions, in late ODD and BDD, the effects of family development are strengthened. Finally, our model accounts for a feedback influence: the enterprising family may progress along its family developmental stages as a result of, and as a response to, increasing levels of motivation for CV.

Overall, our article supports the idea that enterprising families are actors likely to engage in continuous renewal and repeated acts of entrepreneurship. In particular, we speculate that motivation for CV depends on family dynamics associated with the natural evolution of norms through subsequent family stages (Rodgers and White, 1993). In this view, our model reifies the metaphor that represents families as the 'oxygen that fuels the fire of entrepreneurship' (Rogoff and Heck, 2003: 561), but also extends it by portraying the family as the water that can extinguish it. Moreover, the mutual influence of family development and entrepreneurial motivation indicates that the enterprising family can be the place in which a long-lasting pattern of enduring entrepreneurship occurs (Lumpkin and Brigham, 2011).

Our conceptualization offers several contributions to both the entrepreneurship and family business literatures. First, while 'very little attention has been paid to how family dynamics affect fundamental

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entrepreneurial processes' (Aldrich and Cliff, 2003: 573–574; Miller *et al*., 2016), our work offers a family-related approach to entrepreneurship and CV (Marchisio *et al.*, 2010; Rogoff and Heck, 2003). Particularly, the use of family development theory substantiates that family-related approaches have great potential to advance the study of entrepreneurship, because they capture the pervasive effect of family embeddedness and the value of transgenerational processes behind any entrepreneurial initiative (Jennings *et al.*, 2013). The focus on the family also allows us to extend to internal factors the notion of corporate entrepreneurship triggers that is predominantly used by scholars in this field of research (Kuratko, 2010). In fact, while existing literature tends to focus on antecedents of corporate entrepreneurship that are exogenous to the business (e.g., intense competition, rapid technological change, and short product life cycles), we elaborate on the role of factors that are endogenous to the organization in influencing the firm's motivation for CV.

Second, we contribute to research on entrepreneurship in a family business by elaborating on the motivation for corporate venturing. Existing literature acknowledges the importance of entrepreneurial motivation (Shane *et al*., 2003)—for instance, individuals acting entrepreneurially within an organization (Brundin *et al.*, 2008). Motivation is also a key success factor during a succession process (Jaskiewicz *et al.*, 2015). However, little is known about the reasons behind entrepreneurial initiatives and particularly the motivations of the enterprising family (Michael-Tsabari *et al.*, 2014; De Massis *et al*., 2014b). Our research addresses this gap by speculating on the relationship between family development, the development of the whole family business system (including ownership and business), and the enterprising family motivation for CV.

Third, we suggest a dynamic view of the motivation for CV within enterprising families and address two timely issues. On the one hand, our model goes beyond the general and rigid classification of family firms as either very or minimally entrepreneurial and studies the evolution of enterprising families' motivation for CV over time. On the other hand, it offers a nuanced characterization of family firms through behavioral and time-related mechanisms, which are decisive for the advancement of family business studies (Gagné, Sharma, and De Massis, 2014; De Massis *et al*., 2014b).

Fourth, building on the central tenets of family development theory, we offer an *extension* of Gersick *et al.*'s (1997) framework. While having some merits in conceptualizing family firms as inherently developmental, often the framework has been criticized for being practice-based and anecdotal (Berent-Braun and Uhlaner, 2012; Carney and Jaskiewicz, 2015; Rutherford *et al.*, 2006). By blending family development theory and the family business developmental model, we provide a more nuanced, rigorous, and normative description of the FDD stages and the reasons that enterprising families behave entrepreneurially across these stages. Furthermore, we highlight how the combination of different and even competing pressures, triggered by distinct developmental dimensions, results in a weakening or strengthening of CV motivations. In so doing, we respond to Hoy's (2006: 831) call to understand how the 'complicating factors of life cycle' affect CV in family firms.

Finally, the feedback influence suggested by our model represents an attempt to respond to scholars calling for further exploration of the effects of entrepreneurship on the family system (Sciascia and Bettinelli, 2015; see also Aldrich and Cliff, 2003). We postulate that as motivation for CV increases, this spurs the development of the enterprising family by making the children independent, self-supporting, and keen on joining the family business. This, in turn, is likely to influence subsequent motivation for CV. Thus, we propose a virtuous cycle whereby corporate venturing becomes increasingly established within the enterprising family. Furthermore, in our model, the decline of motivation for CV in the passing the baton stage does not drop to the initial level of the young family business stage. We suggest that there is a sort of progressive and enduring path toward entrepreneurship that is supported by—and which, in turn, reinforces—enterprising family well-being and development. This long-lasting mechanism depicts the enterprising family as a springboard for repeated acts of entrepreneurship across generations (Jaskiewicz *et al.*, 2015; Sieger *et al.*, 2011).

Implications for theory and research

To the extent that our propositions remain compelling in other settings, a theory of family motivation for CV is possible and could inform a more general theory of family entrepreneurship. In line with a midrange theoretical approach, the conceptual model presented here can be further extended (for example, by relaxing the assumptions inherent to our propositions), thus moving toward the elaboration of a theory of larger scope (Merton, 1949; Pinder and Moore, 1978). Given the boundaries of our theoretical elaboration, further efforts may consider: (1) additional sources of heterogeneity within families (e.g., differences in identification processes of individuals) and among families (e.g., extended families made of numerous nuclear families) as they develop over time; (2) different cultural and institutional contexts other than the North American one; and (3) complexity of enterprising family developmental patterns. Hereafter, we propose a few suggestions for this extension.

Challenging the implicit assumption that members of an enterprising family are 'predisposed to behave in a homogeneous manner' (James *et al.*, 2012: 94), further research may draw on social identity theory (Ashforth and Mael, 1989) to discuss how individuals identify themselves within groups different from the family (e.g., religious, political). This might help in investigating whether, how, and when their norms and roles detach from our predictions and. so. from motivation for CV. Also, social identity theory may shed light on the effects of family development on motivation for CV when considering the presence of multiple family branches. Since individual family members may identify with their own branch more than with the extended enterprising family, and do so differently along the stages of family development, it might be interesting to study the role of governance mechanisms (Jaffe and Lane, 2004); in particular, further theorizing could integrate communication and collaboration processes and how they cope with the normative heterogeneity across branches that is likely to occur at different stages of their family development.

Second, in line with family development literature, we relied upon a universal model of family (White, 1984). Relaxing this assumption—for instance, by considering a different cultural and geographical context—may extend the scope of our theory. We recognize also that our use of Gersick *et al.*'s (1997) framework builds on the same limiting assumption: it is based on the average American family, settled in the mid- and western U.S., representing wealthy, medium-sized, second- and third-generation family firms (Carney and Jaskiewicz, 2015). Scholars suggest using greater caution regarding the definition of family and to consider the formation and dissolution of kinship ties across the household boundaries when defining the entrepreneurial family (Aldrich and Cliff, 2003). A Japanese stem family, for example, with two or three generations sharing the same household, or a Chinese patrilineal family, with all male descendants living together until the parents pass away, represent different models of family, which can significantly influence how roles and norms change over time (Morioka, 1967). Also, considering other contexts, with their formal and informal institutions, might enlarge the scope of our conceptual model. For instance, the roles of parents who have to take care of one or more children in the young business family stage or of children who have to take care of aging parents during the passing the baton stage might differ in countries with public rather than private health care systems (e.g., Europe and the U.S.). Other examples of sociocultural institutions that could affect our model are: the one-child rule of Chinese families; sociocultural values, such as acceptance of failure or masculinity at the country level (Hofstede, 1983); and the zeitgeist effect that suggests that two identical families living in different time cohorts might develop and behave differently (Wyrwich, 2013). By comparing different contexts or by developing longitudinal analyses, the effect of changing norms and roles on motivation for CV could be explained with a broader theoretical scope.

Third, by building on Gersick *et al.*'s (1997) family business developmental model, our predictions are biased toward a progressive evolution of all the three dimensions (family, ownership, and business). While progress along the family developmental dimension is irreversible, the family business may follow different—and non-necessarily progressive—developmental patterns along the ODD and the BDD. For example, ownership dispersion may range from primogeniture, in which the first-born inherits all the equity and the ownership structure remains the same as in the previous generation, to coparcenary, in which offspring receive relatively equal shares (Schulze, Lubatkin, and Dino, 2003). But, as the enterprising family develops, its business may also fail, or be sold, before reaching the maturity stage (e.g., Salvato *et al.*, 2010). As these events may affect the norms that characterize the development of the enterprising family and be the source of new stresses that can influence the motivation for CV, future extensions of our model may consider nonprogressive ownership and business developmental patterns and their effect on motivation for CV.

Additional future research directions may emerge from this study and enrich the field of entrepreneurship in family firms. First, further elaboration on the coevolution of the different developmental dimensions seems worthwhile. For example, a three-way interaction of the family, ownership, and business developmental dimensions may offer additional insights into the motivation for CV, shedding further light on the complicating factor of life cycles (Hoy, 2006). Moreover, product, technology, or industry life cycles may be external

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triggers of entrepreneurship that can interact with our developmental dimensions that are endogenous to the family business system. Second, future research may consider the family development effect on further entrepreneurship endeavors—such as the preference for internal, cooperative, or external venturing (Sharma and Chrisman, 1999; Williams and Lee, 2009; Calabrò *et al.*, 2016) or manifestations such as entrepreneurial orientation (Cruz and Nordqvist, 2012) or strategic renewal (Sharma and Chrisman, 1999)—and do so in different organizational contexts (e.g., public versus private firms). Similarly, an enterprising family-related perspective could also be regarded as valuable to investigate family business' preferences for exploration or exploitation, namely two activities deemed as crucial for the survival, growth, and renewal of businesses in general and family firms in particular (Goel and Jones, 2016). In short, we recognize that corporate venturing—new business creation—is not the only manifestation that corporate entrepreneurship may take within a family firm, and future research to examine other typologies of entrepreneurial initiatives in family businesses is encouraged. In order to enhance the predictive power of our work, we chose to focus on a specific entrepreneurial manifestation at the firm level—that is, CV. The latter indeed represents the entrepreneurial activity most likely to extend the operational domain of the family firm in such a way as to provide greater opportunities to growing enterprising families. Third, dimensions other than motivation are also worth considering for the study of firm behavior. For example, by looking at resources and capabilities (Miller *et al.*, 2015), research aiming to predict actual family businesses engagement in CV will have to extend family development theory's normative and motivational arguments with resource- and capability-based views (Dyer *et al.*, 2014; Sieger *et al.*, 2011).

Implications for practice

The propositions derived from our conceptual model offer insightful implications for practice, thus filling the gap of practical knowledge on enterprising families as compared to family businesses noted by De Massis and Kotlar (2015). Enterprising families, resource providers (such as banks or private equity funds), advisors, and educators, in addition to policy makers, can obtain information relevant for their work. Enterprising families may be aware of the fact that the roles of the different members determine the alignment of motivation for CV and that the transitions toward the stage of entering the business and working together are especially delicate. Offspring motivation for CV at those stages should be accompanied by, for instance, investments in training and education. Moreover, nascent entrepreneurs and corporations may benefit from our speculations when they approach a family firm as corporate incubator or as partner, respectively, for their entrepreneurial initiatives (e.g., Au *et al.*, 2013).

Resource providers might consider the findings of this study as a way to distinguish family-related from business-related dynamics when they evaluate the funding of family businesses. Consulting firms and educators may derive from our conceptual model a perspective to better approach, mentor, and advise enterprising family members. In fact, when motivation for CV is high, so is the learning proclivity; this, in turn, is likely to increase the effectiveness of educational and training programs, both generally and specifically in relation to entrepreneurship. Furthermore, recent research has indicated that the engagement of families in entrepreneurship worldwide is paramount (James *et al.*, 2012) and that public policies should be aware of the pervasive family effect in entrepreneurship (Aldrich and Cliff, 2003). Hence, our contribution could be valuable to policy makers because by observing family-related demographic trends within a region, they could gather a deeper understanding about the overall level of new firm creation.

CONCLUSION

In sum, we suggest that family firms especially foster CV in the later stages of family, ownership, and business developmental dimensions. Specifically, family firms who survive at least two ownership succession processes and/or grow up to the maturity phase and whose family members face the working together stage in their entrepreneurial family, experience and nurture enduring entrepreneurship by engaging in CV. In a sense, they enter a virtuous cycle that rewards, with a heightened interest in entrepreneurial initiatives, their efforts to overcome the challenges encountered during the previous transitions from stage to stage.

By viewing the establishment of new ventures as family-related endeavors, we provide a unique contribution to understand why firms engage in repeated acts of entrepreneurship. Building on our propositions and integrating major family and management business theories, we encourage future research to explore this perspective further and, thus, contribute to both the entrepreneurship and the family business fields from a theoretical and practical point of view.

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PORTRAIT OF A RESEARCH PIONEER: ANDREW VAN DE VEN

SHAKER A. ZAHRA*
Carlson School of Management, University of Minnesota, Minneapolis, Minnesota, U.S.A.

Research Summary: *This article reviews the contributions of Andrew Van de Ven, a pioneer in the study of innovation, entrepreneurship, and corporate venturing. It articulates key themes in and findings from his research as well as the methodological and theoretical advances that he has introduced, shaping the development of the field. Embracing a broad view of entrepreneurship, his research has also fundamentally altered our understanding of the nature and processes of innovation and its implications for organizational learning, new business creation, and improved competitiveness. Van de Ven's fieldwork and engaged scholarship have made his findings powerful, rigorous, and relevant. The article also highlights the implications of Van de Ven's body of work for future research.*

Managerial Summary: *Professor Andrew Van de Ven is a true pioneer in the processes involved in the conception, introduction, evaluation, adoption, and institutionalization of innovations in established companies. His seminal work highlights key challenges managers encounter in each of these stages, offering rich insights into the causes and consequences of these issues while suggesting important solutions to them. Van de Ven's work has also advanced novel ways of studying and tracking innovations over time. It has also explored the close link between innovation and corporate venturing activities, which are vital to organizational renewal and growth. Van de Ven's findings about the dynamics of organizational change and learning have altered our notions of organizational evolution and transformation. Copyright © 2016 Strategic Management Society.*

INTRODUCTION

Over the course of his 44-year career, Andrew Van de Ven has been a towering figure in the study of innovation and corporate venturing. I came across his work while I was a Ph.D. student soon after the publication of his book on organizational assessment (Van de Ven and Ferry, 1980). The product of extensive longitudinal fieldwork, the book overwhelmed me with its craftsmanship, leading me to discover Van de Ven's research, which I have followed closely ever since. Two decades later, I have ended up working in the same department with Van de Ven, giving me an opportunity to know him, listen to his talks, attend his doctoral seminar on theory building, and observe how he works with students and other coauthors. These varied experiences have given me insights into why he has been able to produce work that has set worldwide standards and transformed scholarship in the field. Van de Ven has done so over a remarkably extended period of time and across several topical areas, especially innovation and entrepreneurship, the theme of this article. His pioneering research into these two areas has been

Keywords: innovation journey; corporate venturing; entrepreneurship; organizational change; process research
*Correspondence to: Shaker A. Zahra, Carlson School of Management, University of Minnesota, 321 19th Avenue South, Minneapolis, MN 55455, U.S.A. E-mail: zahra004@umn.edu

impactful, offering important findings that have revised our views and shaped the course of subsequent scholarship. From the start, Van de Ven has been the consummate researcher who practices engaged scholarship in its best sense, connecting the world of theory and practice, making his views on 'process' research especially powerful.

In this article, I will discuss how Van de Ven's pioneering research has provided a broader and more dynamic depiction of entrepreneurship than commonly done in the literature, highlighting its collective nature while celebrating the individual. His discussions of the role of entrepreneurial infrastructures have shaped the contemporary conversation of the nature, role, and evolution of entrepreneurial ecosystems. His views and methodological contributions have offered a much-needed approach to studying the entrepreneurial phenomena longitudinally.

In the remainder of this article, I will first present a short biography of Van de Ven's distinguished career. Then I will focus on his research on the twin themes of innovation and entrepreneurship. Next, I will outline central themes in and findings from his work, explain how he has addressed these issues, and reflect on the contributions of his work and its implications for future research in entrepreneurship. To do so, I will build on an extensive review of the field, first-hand personal observations, and three face-to-face interviews with Van de Ven in 2015 and 2016.

Background[1]

Andrew Van de Ven was born on October 30, 1945, in Schijndel, Netherlands. At the age of five, his family moved to Toronto, Canada and later settled in Green Bay, Wisconsin. He received his BA in liberal arts and business administration from St. Nobert College, West de Pere, Wisconsin. He then attended the University of Wisconsin at Madison, where he received his MBA and met Professor Andre Delbecq, who has been his advisor and mentor ever since. Professor Delbecq encouraged him to pursue a Ph.D. degree, which he received in 1972 in Interdisciplinary Program Administration—a program that crossed the departments of management, industrial engineering, social work, sociology, and educational psychology. Van de Ven taught at Kent State University (1972 to 1975) and then moved to the Wharton School, University of Pennsylvania (1975 to 1981), where he became full professor and the director of the Ph.D. program in organization studies. In 1982, Van de Ven joined the Carlson School of Management at the University of Minnesota, where he was the 3M Professor of Human Systems Management from 1982 to 1992 and then the Vernon H. Heath Chair of Organizational Innovation and Change (since 1993).

While at the University of Minnesota, Van de Ven has been a major institution builder. He was the founding director of the Ph.D. program in Strategic Management, co-chair of the Strategic Management and Organization Department, Founding Director of the Strategic Management Research Center, and a leader of several key committees at Carlson and throughout the University. He has been the chair of the Organization and Management Theory Division of the Academy of Management (AOM), as well as an AOM fellow, president, and a member of the board of governors.

A prolific author, Van de Ven has coedited 13 books and published 53 book chapters and 100 articles (including four reprints). He has also presented his research in seminars in more than 80 universities worldwide. His work has been cited widely (Aguinis *et al.*, 2012), garnering 53,451 citations on Google Scholar as of April 17, 2016. One study identified Van de Ven as the 15th most-cited management scholar over the past 25 years (Podsakoff *et al.*, 2008). His research has been honored by numerous awards, including the Terry Book Award from the Academy of Management, *Academy of Management Review* Best Article Award, *Academy of Management Perspectives* Best Article Award, and the Schendel Best Paper Prize at *Strategic Management Journal*. He has received a career award from the Organization and Management Theory Division and the Midwest Academy of Management. He was chosen to deliver Distinguished Scholar lectures in the Technology and Innovation Management Division and Health Care Management Division, both of the AOM. In addition, Van de Ven has had a distinguished editorial career and has been the recipient of many other major awards.

A master teacher, Van de Ven has been active in developing undergraduate and graduate curriculums at the various institutions where he has served. His mentorship of Ph.D. students, in particular, has won

[1] This section builds on website (https://carlsonschool.umn.edu/faculty/andrew-van-de-ven, http://umn.edu/~avandeve and https://en.wikipedia.org/wiki/Andrew_H._Van_de_Ven) and personal interview (in October and November 2015) material. Information on student advising and supervision as well as publications are based on personal communication.

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him wide acclaim. Websites that have materials on his seminar on theory building and other course-related materials are among the most visited and widely downloaded academic websites, with more than 20,000 hits a year (https://sites.google.com/a/umn.edu/ avandeven/). Several of his students have contributed greatly to the scholarly development of the field of entrepreneurship. He has chaired five master's theses and 41 Ph.D. theses committees, and he has served on 96 other Ph.D. theses committees. His students (e.g., Ragu Garud and Sankaran Venkataraman) have contributed also to the development of the scholarly field of entrepreneurship. Generations of researchers in the U.S. and elsewhere have grown up reading and studying his work.

Studying entrepreneurship and corporate venturing

Though he is well known for his innovation research, Van de Ven's earliest work studied entrepreneurship and entrepreneurial processes. As he recounts:

> 'When I started, entrepreneurship was widely considered a lower step in academic research inquiry. But I have always been interested in organizational innovation and change. And I see entrepreneurship as a central part in organizational life, where entrepreneurship and change are very evasive; they are intertwined activities that cannot be easily separated... [further] during my college days I ran a hardware store. And I was an entrepreneur doing it and so I learned through practice. First, I studied the start-up of early child care organizations in 14 Texas counties (Van de Ven, Walker, and Liston, 1979). I also studied new business start-ups in the educational software industry, as well as new venture creation within established companies (like Control Data Corp, 3M, and Honeywell) as well as in joint inter-organizational joint ventures. In the Minnesota Innovation Research Program (MIRP), we tracked the development of 14 very different innovations from concept to execution. And for nearly two decades now, I have been engaged in a longitudinal study of innovation and organizational change and integration in Minnesota health care organizations' (Andrew Van de Ven, pers. comm.).

From the beginning, Van de Ven viewed entrepreneurship in broader terms than his contemporaries. To him, entrepreneurship is the creation of new businesses or programs, and this exists in all types of organizations, whether private businesses, public and governmental agencies, or nonprofit organizations. Thus, it is not limited to business organizations or new firm creation. Van de Ven further asserts that entrepreneurial processes and activities share considerable similarities regardless of the context in which they take place. Entrepreneurs have to locate opportunities, market test them, raise funds, build and management support, identify markets, and take their products to the market. For example, independent entrepreneurs spend considerable amounts of time raising funds from business angels and venture capitalists. Applying somewhat different persuasion techniques, corporate entrepreneurs also have to work hard to build the case for their initiatives and gain the financial and political support they need for their projects. However, Van de Ven acknowledges that context influences the extent to which entrepreneurs focus on a given activity. For instance, managing organizational politics is far more important in a corporate entrepreneurial venture than in individual ventures. His perspective underscores the importance of studying entrepreneurship in its context, a view that has been recently adopted (Welter, 2011; Zahra, 1991; Zahra and Wright, 2007).

Van de Ven's process perspective has inspired entrepreneurship scholars to consider more systematically the processes entrepreneurs *and* managers use to create new businesses that, in turn, generate new revenue streams and promote organizational and industry growth. These processes influence which business opportunities are selected, pursued, and commercially exploited. They also influence when and how such exploitation takes place, influencing the outcomes of commercialization. Processes are important also because they determine what entrepreneurs—corporate and individuals—learn and how they make use of this learning.

A vast body of research highlights the traits, passions, and cognitive and genetic characteristics of individual entrepreneurs (Baron and Henry, 2010; Nicolaou *et al.*, 2008) in explaining new venture creation. In contrast, Van de Ven highlights the collective nature of entrepreneurship. To him, entrepreneurship is a collective achievement, much like a 'team sport' that requires the participation of different people, performing different and

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complementary roles to ensure the creation and subsequent success of new ventures (Van de Ven, 1986, 1993b; Van de Ven *et al.*, 1999; Van de Ven and Engleman, 2004a). His work, which highlights the involvement and interactions of different people across multiple levels of analysis, provides a valuable complement to common individual-focused approaches to the study of entrepreneurship. Van de Ven recently explained his focus on the 'collective' nature of entrepreneurship:

> 'Our research clearly shows that no one does it alone. Entrepreneurs like everyone else are highly dependent on many different suppliers, customers, distributors, financiers, employees, and partners. No one has the resources, power or legitimacy to do it alone. So, the idea of focusing on *the* entrepreneur is like the focus of the literature on *the* leader as opposed to distributed leadership. This is not to deny the importance of an individual entrepreneur; it is to celebrate multiple entrepreneurs engaged in the public and the private sectors and in many different roles. This makes the study of entrepreneurship the study of collective action—not individual action. Again, this is not to deny the importance of the entrepreneur founder but to celebrate the importance of many types of entrepreneurs' (Andrew Van de Ven, pers. comm.).

Van de Ven's emphasis on this collective nature of entrepreneurship is well chronicled in his famous book *Innovation Journey* (Van de Ven *et al.*, 1999). He further explains that during the MIRP studies, the research group observed that:

> 'Innovation teams had to deal with a large number of actors outside their organization and even get the support from their competitors to legitimate their technology in an emerging industry. That required a great need to collaborate even when you compete; innovation and entrepreneurship usually require *collaboration* and involve different groups and individuals—in and outside the organization—at different points in time...' (Andrew Van de Ven, pers. comm.).

Van de Ven believes that a focus on this 'collective' notion of entrepreneurship is important for the field, especially for understanding *how* we explain entrepreneurial processes and their outcomes.

> 'I think this perspective is going to lead scholars to take a more processional orientation. And to see which stakeholders, which parties, are engaged at different stages of the process of creating a company. It is going to lead us to also recognize that publicly funded basic science in universities and government labs predate, often by 25 to 40 years, applied entrepreneurial activities. By studying the roles of multiple actors, we can better appreciate *how* the process of entrepreneurship actually unfolds and where the 'bottlenecks' exist in the entrepreneurial ecosystem'.(Andrew Van de Ven, pers. comm.).

Van de Ven's focus on the collective nature of entrepreneurship highlights two additional contributions he has made to the field. The first is appreciating the critical value of institutional entrepreneurship where entrepreneurs have to work hard at building a coalition of interested parties to develop their ventures and ensure their companies' survival. The second is paying special attention to the entrepreneurial infrastructure (or ecosystem) essential to nurture, promote and sustain entrepreneurship. I will elaborate on both themes next.

Institutional entrepreneurship

A recurring theme in Van de Ven's work is the importance of institutional entrepreneurship (Hargrave and Van de Ven, 2006; Van de Ven and Garud, 1993b): the process by which entrepreneurs develop and cultivate their relationships with different institutions to see their innovations to fruition. Entrepreneurs understand the profound effect of such institutions (e.g., government technological policies) and, therefore, attempt to shape how these institutions influence their discoveries, innovations, and companies. This attention to the role of institutions is consistent with Van de Ven's sociological perspective on innovation, a view that gives primacy to institutions and their pivotal role in shaping economic activities. Consequently, his work underscores the diversity of institutions, the importance as well as the complexity of working with them, and the fact that entrepreneurs have to spend considerable time and effort to work with institutions. In a recent interview, Van de Ven argued that managing the institutional environment is essential for successful innovation and corporate venturing:

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> 'In our study of the cochlear implant program at 3M, the MIRP team found that of the thousands of events the company took to bring this innovation to the market, it spent over 60 percent of their time and energy dealing with one outside institution, the Food and Drug Administration...it goes to show how entrepreneurs need to navigate their institutional environment...and, here too, no one can do it alone...As a group, entrepreneurs can shape the way institutions work by, for example, negotiating and proposing industry standards' (Andrew Van de Ven, pers. comm.).

Van de Ven's work also highlights the role entrepreneurs play in creating new institutions (e.g., new technical standards for emerging technologies) to help commercialize their technologies and innovations and develop their industries (Hargrave and Van de Ven, 2006; Van de Ven and Garud, 1988, 1993a, 1993b). Institutions come into existence when entrepreneurs join forces to support their innovations and create the appropriate ecosystems within which these innovations are developed and commercially exploited. As Van de Ven says, 'entrepreneurs work with other groups to influence industry standards or shape the regulatory environment' (Van de Ven pers. Comm.). The development of institutions, in turn, shapes the composition of (e.g., which companies enter a market or industry) and relationships (e.g., the extent of competition versus collaboration) within an ecosystem. As such, Van de Ven's work lays a foundation for contemporary work on the emergence and evolution of ecosystems. His focus on institutional entrepreneurship also reinforces his belief that an innovation or the creation of a new business is a group or collective activity. In our interview, Van de Ven observed that institutional entrepreneurship goes beyond the mere introduction of goods and services to embody the creation of institutions and industries:

> 'Entrepreneurs naturally have to respond effectively to the demands of their institutional environment, but they are not passive actors. They work hard to influence that environment politically and by other means. They advance and create new structures, systems, and institutions—which, to me, is an important and natural form of entrepreneurship' (Andrew Van de Ven, pers. comm.).

Van de Ven's view of entrepreneurship sets him apart from many other researchers in the field. His research on different innovations and corporate venturing activities highlights the engagement of multiple groups: innovators, fund-raisers and providers, managers, in some cases politicians who provide necessary support, consumers and product users, designers, and a host of other actors. The entrepreneur engages these groups and builds on their collective achievements to bring forth new organizations that offer novel products and services. Successful entrepreneurs know how to 'run in packs,' a term Van de Ven is fond of using (Van de Ven, 1995, 2005; Van de Ven *et al.*, 1999). This insight gives voice to the idea that entrepreneurship is a team sport where multiple players performing different roles interact and learn from and influence each other, as noted earlier.

Van de Ven's research also reveals a cycle of nonlinear dynamics that embodies divergent and convergent activities that permeate innovation and venturing activities. Some of these efforts are planned, whereas others are unplanned and unpredictable. When triggered within an innovation or a venturing activity, this cycle repeats itself (Van de Ven *et al.*, 1999). This suggests that managers and entrepreneurs cannot fully control this emergence, functioning, and (dis)continuation of this cycle. However, entrepreneurs can learn to maneuver this cycle by being ambidextrous; their leadership styles should match the dimensions of the tasks involved. Further, given the multiplicity, repetitiveness, and complexity of the activities associated with this cycle, entrepreneurs need to 'run in packs' as they create and grow new businesses.

Entrepreneurial innovative processes

A key source of uniqueness of Van de Ven's early research is its focus on the process or sequence of events that make up the entrepreneurial act. He underscores the need to examine the 'how' of entrepreneurship (Garud, Tuertscher, and Van de Ven, 2013; Van de Ven, 1992; Van de Ven and Engleman, 2004a, 2004b). In contrast, researchers often give attention to the why, when, and so what of entrepreneurship. They pay far less attention to the process of entrepreneurship (Garud and Van de Ven, 1992) and do not sufficiently study the development sequences; Van de Ven's research has enhanced the rigor and value of process approaches

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to the study of entrepreneurship. Van de Ven has developed and used the event sequencing approach to observe multiple entrepreneurial phenomena being performed at the same time by multiple actors at multiple organizational levels (Van de Ven, 1992). Consequently, the 'event' becomes an important unit of the analysis in studying these processes and how they evolve over time (Van de Ven *et al.*, 1999).

Studying events in the manner just described is profoundly challenging because there is a need for concrete agreement on the ideas to be examined, recognition of actors involved, and transactions in which they are engaged, as well as the outcomes involved. Clearly, to Van de Ven and his colleagues (Garud and Van de Ven, 1992; Van de Ven, 1992; Van de Ven and Engleman, 2004a, 2004b; Van de Ven *et al.*, 1999), time is an important element of the entrepreneurial process. Their depiction of these processes has added much-needed specificity, clarity, and dynamism to the study of entrepreneurship. Their work suggests that regardless of the setting or goal of the activities involved, entrepreneurship activities (e.g., creating a new venture in a company or starting a company by an independent entrepreneur) are more similar than different in their processes (Van de Ven *et al.*, 1999). This has led Van de Ven to call for integrating and connecting research on innovation, venturing, and organizational change (Van de Ven and Engleman, 2004a, 2004b; Poole and Van de Ven, 2004; Van de Ven and Garud, 1993a, 1993b; Van de Ven and Huber, 1990; Van de Ven, 1988).

Context of entrepreneurial processes

Van de Ven's research also pays considerable attention to the context of the entrepreneurial process, underscoring its internal and external forces. For example, studying 10 software new ventures, Venkataraman *et al.* (1990) developed a process model that explains the failure of these firms. They proposed that failure rates among new ventures were affected by their newness and smallness, which decreased their perceived legitimacy in their markets. Venkataraman and Van de Ven (1998) also asserted that this rate reflected the general rate of failure in a given population as well as the kinds of transactions the firm conducted in the normal course of its business and the environments in which they operated. They found that transactions conducted with one or more powerful and legitimate partners were especially important in this environment, as they could be leveraged to attract resources and achieve legitimacy. Interestingly, their analyses found that transactions that could enhance legitimacy and attract resources were often the root cause of new venture failure. Their process model further showed that failed transactions sometimes depleted slack resources, increasing odds of failure. Later, Venkataraman and Van de Ven (1998) studied the effect of environmental jolts on the ability of the entrepreneurs to sustain their relationships with customers and suppliers or add new such relationships. They found that these jolts affected the exits of suppliers and customers but did not add new relationships by attracting new customers. Thus, the liabilities of newness and smallness appeared to affect the ability of entrepreneurs to hold on to existing relationships. Entering into new relationships, however, was less severe with each jolt. Attritions in existing relationships were less severe during the early years of a new business, signaling that new firms enjoyed a honeymoon period.

Van de Ven (1993a) also discussed the importance of infrastructure as a key component of the context, for the development of entrepreneurship. Further, in a recent interview he explained:

> 'My point is that the infrastructure, which we would now call ecosystem or platform, is crucial to the development of entrepreneurship. Its components are interdependent and essential for the development and growth of new ventures as well as technology commercialization. Key components of infrastructure include the institutional arrangements necessary to legitimize and standardize technologies, public resource endowments of basic scientific research, financing mechanisms, and competent labor as well as proprietary R&D, manufacturing, marketing, and distribution functions. Entrepreneurs benefit from these factors. Further, while they are constrained by them, they are able to influence them' (Andrew Van de Ven, pers. comm.).

Van de Ven argues that prior research has relegated the different components of entrepreneurial infrastructure, treating them as externalities though they are crucial to promoting entrepreneurship. Van de Ven (1993a) argues that the emergence of this infrastructure facilitates and constrains individual entrepreneurs. In turn, individual entrepreneurs also shape, change, and develop this infrastructure. Thus, no single or few entrepreneurs can bring about profound changes in the overall infrastructure. Van de Ven proposes that the change that sparks innovation and entrepreneurship results ‘through the accretion of numerous institutional, resources, and... Events that co-produce each other over an extended period...’ (1993a: 212). Interestingly, he asserts that these institutions and resources could later become a hindrance to the emergence of new technologies and innovations. Therefore, how this cycle unfolds and changes over time should be the subject of serious analysis and study.

A focus on infrastructure also undergirds Van de Ven’s work on the emergence and evolution of innovations, entrepreneurial initiatives, institutions, and industries. Van de Ven (1993b: 338) proposes that institutional ‘policies directed at (stimulating) technological innovation to achieve economic reform must not only be concerned with the micro organization and activities of the firm, but also with the creation of a macro industrial infrastructure that any technological community needs to sustain its members.’ These technological innovations are invaluable to the emergence of new industries, firms, and products, reinforcing the importance of institutional entrepreneurship discussed earlier.

Corporate venturing

Van de Ven’s work does not offer a theory of corporate venturing *per se*. Yet, his work underscores the vital importance of corporate venturing for organizational change and renewal. His research pays attention to three important issues that can determine the effectiveness of newly created ventures: managing context, organizational designs, and resource allocation, as discussed next.

The context of internal venturing

Van de Ven’s work gives special attention to the internal organizational context in which companies innovate and venture into new fields. This context affects the motivation and incentives of those managers and entrepreneurs engaged in venturing activities (Zahra, 1991). Company policies, cultures, and support systems may become obstacles that stifle entrepreneurial activities such as venturing. Noting that persistence is important to overcome barriers to creating and establishing new ventures within established companies, Garud and Van de Ven (1992) longitudinally analyzed a new venture established within a large diversified corporation (i.e., cochlear implant program at 3M), intended to create a radically new technology. The study explored when entrepreneurs are likely to continue a course of action despite experiencing negative outcomes. Such persistence would contradict the trial-and-error learning behavior model that posits that entrepreneurs would typically avoid courses of action associated with negative outcomes. The analyses suggested that persistence is likely to occur when there is a high level of ambiguity and slack resources are available.

Analyzing 12 years of data on the venture’s evolution, Garud and Van de Ven (1992) identified 456 discrete events. These events spanned three periods: agenda setting, expansion, and contraction. Each period was characterized by a distinct set of activities and challenges for the venture from external (e.g., competition) and internal forces (e.g., ambiguity about the best way to bring the venture to fruition). Results showed that senior management was likely to intervene in the venture’s decision-making process only when outcomes were negative, but not when the external environment had changed or external events had occurred. This relative autonomy from senior executives allowed venture managers to continue along their chosen paths (i.e., persist). Surprisingly, persistence along the same action path might have somewhat insulated the venture from the adverse effects of the external environment, allowing entrepreneurs to make progress in developing their technology. In contrast, in trial-and-error learning, there is the possibility of opening up the venture to external pressures, exposing it to failure.

One of the key contributions of the study (Garud and Van de Ven, 1992) was highlighting the various roles corporate sponsors play in the life of a venture —acting as mentors, critics, and champions. The study also showed that these roles varied over time and that the conditions favoring each role were different. The longitudinal design of the study, spanning 12 years, and its focus on the process of the internal venture is an example of how Van de Ven’s work broke with the literature. Combining rigorous statistical analyses with rich qualitative descriptions, the study also showed great attention to theory construction and testing.

Van de Ven’s research on corporate venturing provides a much-needed process perspective on the study of this complex phenomenon. The literature is replete with studies on corporate venturing, but it

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gives little systematic attention to the process of internal corporate ventures. Thus, how companies have developed new ventures or which factors have led to the formation of these ventures were largely ignored in the literature. In contrast, Van de Ven's research connects innovation and corporate venturing by studying the processes people undertake to create new businesses in a wide range of organizational settings (Van de Ven *et al*., 1999), while investigating innovation processes. His innovation research has offered important insights into the role of different (e.g., when to intervene with the venture team) and multiple actors in corporate ventures, clarified some of the respective roles of middle and senior management at different stages of a venture's creation, and showed how innovation can lead to creating new businesses or even industries by creating new knowledge about markets and opportunities, helping firms gain a competitive advantage. This research has also documented the learning consequences of corporate venturing (e.g., how to organize to promote venturing), a theme that has become popular in the entrepreneurship literature. Insights from this work have guided the growing literature on organizational learning through internal and external corporate venturing (e.g., Maula, Keil, and Zahra, 2013). Van de Ven's research has transformed the literature, which traditionally emphasized case studies and anecdotal evidence by offering a more systematized empirically grounded body of work**.** His work underscores the virtuous cycle between innovation and corporate venturing, where innovation can promote venturing and vice versa. This virtuous cycle is best understood by considering his Minnesota Innovation Research Program (MIRP), discussed later.

Organizational design

Ven de Ven's work recognizes the tensions that arise in organizing new ventures within existing companies. For instance, Van de Ven, Hudson, and Schroeder (1984) tackle the thorny issue of what determines the design of new business start-ups. New ventures need corporate support and viable links to sister units to survive. They also need autonomy, flexibility, and less rigid corporate controls. Van de Ven *et al.* (1984) use data on start-ups of 14 educational software developers, aiming to empirically find out what determines effective corporate organizational structures that promote new venture success. They argue that there is no simple answer—different theoretical perspectives highlight different sets of predictor variables. Their analyses show that the *entrepreneurial perspective* emphasizes the role of individual founders of these companies in making such design decisions. The *organizational perspective* stresses the planning and initial development processes of new firms. The *ecological view* is concerned with the success of the industry as a whole. The study reports significant statistical differences in the combination of factors that affects new venture design under each perspective between the six early stages and six later stages of the companies examined. Reflecting on their study's results, Van de Ven *et al*. (1984: 105) propose that each of the three perspectives they employed provides only a partial answer to the question 'what factors influence the successful startup of new firms?' As a result, they conclude that 'the multiple perspective approach used here appears to lead to a broader understanding of new business start-up' (Van de Ven *et al*., 1984: 105). They further note that, in the short term, corporate sponsorship of new ventures places them at a disadvantage compared to independent ventures that compete for scarce resources. This sponsorship comes with a heavy price tag in the form of tighter corporate controls and increased bureaucratization that combine to slow down a venture's progress. Corporate sponsorship becomes more important for new venture performance over the long term as it nurtures and protects these organizations.

Resource acquisition

Van de Ven recognizes the importance of gaining political and financial support for the venture from senior managers. Building and sustaining relationships is also crucial for the success of corporate joint ventures, as well as individual ventures. Indeed, Van de Ven examines resource acquisitions by entrepreneurial companies (Villanueva, Van de Ven, and Sapienza, 2011). Analyzing 191 pairs of dyadic inter-organizational relationships between 14 new early childhood development centers in Texas, they find that joint dependence in the dyad is positively related to the flow of resources to the new ventures. Resource dependence does not predict the flow of these resources. Overall, the results indicate that gaining external resources depends more on interdependence than it does on

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gaining a superior advantage. Consequently, new ventures would benefit more from pursuing symbiotic and mutually beneficial relationships with resource providers. 'Growing the pie' rather than 'slicing the pie' allows members of a dyad to gain from the relationship. These results are consistent with the emphasis on 'running in packs' (e.g., Van de Ven, 1995, 2005) as a means of new ventures' building, gaining and sustaining their competitive advantage.

Innovation journey and Minnesota Innovation Studies

One of Van de Ven's monumental accomplishments is leading and developing the MIRP, which is chronicled in his book, *Innovation Journey*. The MIRP stands out as one of the best examples of field-based longitudinal process-oriented research on innovation and entrepreneurship, reflecting Van de Ven's tendency to think of '10-year time frames' when planning his research (Van de Ven, pers. comm.). It also typifies his practice of engaged scholarship throughout his career. He notes:

> 'With the help of my dean, we got access to several leading executives whom we interviewed. We started by asking them to tell us what they thought the major challenges (in managing innovation) are; what are the things they want us to think about.'

The program started in 1983 and continued for nearly a decade, involving 14 teams that have encompassed more than 30 faculty and doctoral students studying 14 innovations. The MIRP sampled a wide range of innovations, aiming to enrich and deepen the insights gained from the project about the process of innovation while enhancing the generalizability of the findings. Innovations examined were as diverse as nuclear safety standards, multi-hospital systems, and government strategic planning (Van de Ven, Angle, and Poole, 1989). The research team believed that heterogeneity promoted richness and improved generalizability. MIRP researchers have also sought to advance a 'general theory of innovation processes' (Garud *et al.*, 2013; Poole and Van de Ven, 2000). Yet, this diversity invited criticism, as he noted in a recent interview:

> 'Journal reviewers and others were critical because they thought we were trying to compare apples and oranges...However, we were searching for generalizability across settings and across types of innovation. The research design proved effective in revealing commonalities across different innovations and settings' (Andrew Van de Ven, pers. comm.).

The MIRP research team reasoned that managers needed a process model to explain how innovations came about and to improve practice. Knowing how innovations might develop would help in selecting and training managers to address the challenges associated with each component of the process. The research team also believed that a process model may reveal some 'laws of innovating' and identify certain paths that were more likely to be effective under certain development conditions (Van de Ven and Polley, 1992; Van de Ven *et al.*, 1999). These objectives guided the design of the MIRP and the interpretation of its findings.

Unlike prior work that readily accepted the predictable stages of innovations (invention, development, testing, and commercialization), the MIRP program attempted to answer the fundamentally different question of how and why innovations develop from concept to implementation (Van de Ven *et al*., 1999). MIRP researchers were concerned that the widely accepted stage model was grounded in misleading assumptions about the origin and development of innovations. Most prior researchers appeared to accept that the innovation process was fairly predictable and manageable. Van de Ven *et al*. (1999: 3) began their research with a different observation: the innovation process is open and dynamic, implying that 'the timing and magnitude of events made the system of actions entrepreneurs take, outcomes they experience, external context events that occur unpredictable, truly novel, and genuinely a process of becoming...'

Traditional stage model theories of innovation predicted successive movements from one stage to the next. In this world, trial-and-error learning is possible and appropriate. Research by Van de Ven and his team found no support for the transitions identified in this model or the learning approach predicted therein. Consequently, they proposed a different process model of innovation in which the innovation journey is more complex. Their model suggests that innovations follow different and unpredictable paths, but the pattern of such journeys is essentially the same. Looking across the different innovations they studied, the research team observed that 'the innovation journey is a nonlinear cycle of divergent and convergent activities that might repeat over time and at different organizational levels if resources are obtained to renew the cycle' (Van de Ven *et al.*, 1999: 16).[2]

An important contribution of the MIRP is the methodological developments advanced to examine the processes of innovation. These included the development of new concepts, observing changes over time, and coding and analyzing event data that allow them to identify process patterns. Researchers also focused on developing and testing alternative theories that explained these patterns. Their fine-grained process approach allowed for careful recognition of relationships within, and the underlying patterns of, innovation processes (Van de Ven and Poole, 1990). This approach was different from the common focus in the literature on the antecedents and effects of innovation.

The MIRP has also helped correct a common shortcoming of the literature: there is a tendency among researchers to study innovations retrospectively, a practice that raises questions about the validity of prior findings. Participants do not always remember what they did, may not truthfully report what happened, and may be reluctant to discuss failed projects. To avoid the pitfalls of such historical analyses that have long dominated the literature, the MIRP examined innovations in real time from inception to implementation—offering a rare and rich longitudinal account of how these innovations actually occurred. The methods developed and used in the MIRP highlighted the importance and implications of the study of temporal processes—and have been applied to study a multitude of organizational phenomena such as organizational start-up, growth, and decline (Van de Ven and Poole, 1990; Van de Ven *et al.*, 1999).

Core concepts in MIRP were: idea, people, transactions, context, and outcomes. Each of these concepts was clearly defined, a process that required the research team to spend considerable time negotiating their differences and reaching consensus not only about the meaning of the concept but also its dimensions. Each of these five core ideas was then tracked over time. These concepts were then 'used and operationalized differently depending upon the type of innovation being studied, the data collection methods employed, and the substantive focus of the investigators...'(Van de Ven and Poole, 1990: 317). This added variability in the MIRP findings and allowed researchers later to apply the 'comparative case study' approach to identify recurring themes and generalizations.

Interestingly, as with other grounded theory research, concepts and assumptions became clearer over the course of the research program (Van de Ven and Poole, 1990). For example, while the prevailing literature assumed a simple cumulative sequence of stages, the MIRP noted multiple progressions of divergent, parallel, and convergent paths, some of which were related and cumulative, whereas others were not. They observed the same thing about the context of innovation: the widely held assumption was that the environment provided opportunities and constraints on the innovation process. The MIRP results supported this view but showed also that each innovation created multiple enacted environments. These important insights were largely the result of the researchers using the 'comparative case analysis' approach, where they did not presume the existence of a singular model of innovation. Rather, from the start, they assumed the existence of multiple models in their data and successfully evaluated them in comparison to one another.

Central problems in managing innovation

Another important contribution of Van de Ven (1986: 591) is his identification of four central problems in the management of innovation, reasoning that, 'these four problems emerge over time and provide an overall framework to guide longitudinal study of innovation processes.' These problems are: the human problem of managing attention, the process problem of managing ideas into good currency, the structural problem of managing part-whole relationships, and the strategic problem of institutional leadership. As Van de Ven (1986) has argued, the issue of managing attention in the innovation process is crucial, given the natural tendency in organizations to resist major change because of strong commitment to past practices, the need to protect legacy, and the desire to avoid uncertainty and complexity. Innovation often requires new thinking as well as new skills which, in

[2] As one of the editors noted, many are fond of quoting Van de Ven as saying innovation begins in chaos and ends in order.

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turn, demand significant investments of energy and time only a few people can afford. There are also the cognitive limitations that complicate the recognition of the value of an innovation. These shortcomings frequently impair individuals and groups and, consequently, complicate the process of innovation.

Van de Ven (1986) also explains the fragmentation of the activities typically associated with an innovation. One reason for this fragmentation is the proliferation of different ideas, people, and activities over the course of an innovation. Perceptions, goals, and frames of reference also vary greatly among participants in the innovation process. Yet, interdependence among these elements is characteristic of this process. For this reason, integrating these different parts into a coherent whole becomes a key challenge in innovating. Capitalizing on logical links, sequences, and temporal links provides a foundation for connecting the part into a meaningful whole.

Van de Ven (1986) observes that no single individual is responsible for making innovation happen—as mentioned earlier, innovation is the outcome of multiple actors. Therefore, 'it is a network-building effort that centers on the creation, adoption, and sustained implementation of a set of ideas...(to) transform them into 'good currency" (Van de Ven, 1986: 601). For this reason, he highlights the role of institutional leadership building intra- and extra-organizational infrastructures that facilitate innovation. Moreover, Van de Ven (1986) emphasizes that such leadership is particularly needed for organizational innovations that typically define the culture and impact of the mission and goals of the firm, further shaping the institutional processes the firm follows.

Learning in and through innovation

One of the central contributions of Van de Ven's work lies in articulating the nature of organizational learning that occurs through and during the innovation journey (Cheng and Van de Ven, 1996; Garud and Van de Ven, 1992; Polley and Van de Ven, 1996; Van de Ven and Polley, 1992; Van de Ven *et al*., 1999; Van de Ven, Bechara, and Sun, 2016). Noting the multiplicity and ambiguity of definitions of organizational learning (Cheng and Van de Ven, 1996; Huber, 1991; Van de Ven and Grazman, 1997), Van de Ven *et al*. (1999: 202-203) suggest that: '*Our findings call for an expanded definition of learning that examines not only how action-outcome relationships develop but also how prerequisite knowledge of alternative actions, outcome preferences, and contextual settings emerge*' (emphasis in the original). This definition goes beyond rote and trial-and-error learning that lead to the acquisition and accumulation of knowledge. It links learning (in innovation) to context.

Recognizing the cycle of divergence and convergence that occurs through the innovation journey, Van de Ven *et al.* (1999) and Dooley and Vand de Ven (Forthcoming) differentiate between learning through discovery and learning by testing. They posit that learning by discovering occurs early in the innovation process when conditions are chaotic, possible alternative actions and outcomes are unknown, and relationships between actions and outcomes are unclear. Van de Ven *et al.* (1999: 82) propose that 'broad macro goals...promote learning by discovery.' This type of learning occurs as innovation teams identify, share, and transform their tacit understandings into concrete and explicit understandings. These and other nonlinear dynamic processes enable learning by discovery. Transitioning from learning by discovery to learning by testing is triggered by institutional forces as well as by internal organizational processes.

In contrast, learning by testing happens later in the innovation journey when there is convergence that allows participants to better appreciate the relationships between actions and outcomes. This period of convergence promotes trial-and-error learning because the forces in the organization context are also better understood or more stable. Van de Ven *et al*. (1999) further assert that discovery and testing influence each other and require attention to the transitions that occur between the divergence and convergence phases. These transitions could enrich organizational learning. Such transitions are 'explained by the fact that innovations are dissipative structures' (Van de Ven *et al.*, 1999: 204) in that they receive knowledge and other resources that enable movement along innovation pathways. This movement, in turn, reinforces the importance of organizational leadership in managing the challenges associated with these cycles of divergence and convergence. Entrepreneurs and managers need to learn to 'go with the flow' (Van de Ven *et al*., 1999: 214) because they can learn to maneuver around the challenges of innovation but cannot control the processes involved. This flexibility is essential because the cycles of divergence and convergence

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reinforce one another, as mentioned earlier, further perpetuating the transitions that occur in the innovation journey (Van de Ven *et al.*, 1999: 213).

Methodological contributions

Van de Ven's innovation and venturing research crosses nearly all levels of analysis. He has studied new ventures at both the firm (Van de Ven *et al.*, 1979) and dyadic levels (Villanueva *et al.*, 2011). He has also studied single units within a company (Garud and Van de Ven, 1992). He studied single cases (Garud and Van de Ven, 1992), as well as single industries such as educational software (Van de Ven *et al.*, 1984) and daycare developmental education (Van de Ven *et al.*, 1979; Villanueva *et al.*, 2011). Within the MIRP, he has also studied multiple innovations in different industries (Van de Ven *et al.*, 1999), analyzing them at different levels.

In conducting his research, Van de Ven has advanced methods in several ways. For example, his nominal group technique and use of comparative case approaches (Van de Ven *et al.*, 2012) have given researchers new ways of examining their questions, such as achieving agreement on desired outcomes of a planned new venture. His research combines qualitative and quantitative process-based data. Further, in analyzing MRIP's longitudinal data, Poole *et al.* (2000) introduced a variety of quantitative and qualitative methods for doing process research. They present innovative ways of looking into the structure of longitudinal event time series to carefully test competing hypotheses about the nature of the changes that have occurred over time (e.g., type of learning that has occurred; when event time series shifts from random to chaotic to periodic patterns, and what models are appropriate for each pattern (Van de Ven and Chu, 2000; Poole *et al.*, 2000; Van de Ven *et al.*, 1999)). Overall, his research offers an important foundation for studying processes of change in organizations (Garud *et al.*, 2013; Langley *et al.*, 2013; Van de Ven and Huber, 1990; Van de Ven and Poole, 2002). His longitudinal work has been especially insightful regarding the different modes of learning within innovation and venturing activities and their implications for managers and entrepreneurs:

> 'The model we typically use for behavioral learning is that people should continue with the course of action that is successful and discontinue the actions that are not successful. Right? But what happens when you don't know what success or failure is. Simon relied on experience. As people gain a repertoire of experiences, they begin to discover their interests, goals, and criteria. Because entrepreneurship often deals with profoundly new and innovative activities, they must often learn by discovery, by experience—rather than learning by trial-and-error.
>
> 'A second point is that learning becomes very difficult under conditions of power imbalance. As founders, entrepreneurs are typically in a high power position, and some tend to impose their views and fail to recognize inevitable mistakes that arise along the way. These entrepreneurs tend to learn the least because they are not open to the suggestions or ideas of others. Learning does not occur in far too many entrepreneurial ventures, therefore, many fail' (Andrew Van de Ven, pers. comm.).

Variance versus process research

One of the key areas in which Van de Ven has contributed greatly is his definition of and emphasis on process (versus variance) research. Noting that most innovation and entrepreneurship research is content (hence, variance) oriented, Van de Ven and Engleman (2004b) highlight the need for process research by distinguishing outcome from event-driven explanations. In outcome explanations, certain variables (e.g., education and prior experience) are identified to explain a given dependent variable (e.g., rates of historical new firm formation in a country). This practice often leads to sampling on the dependent variable, generating biased results. In contrast, event-based explanations are built forward where there is a reason (e.g., logic and theory) to expect that an event or set of events might generate a particular outcome (e.g., technological endowments promote international expansion). Given that this outcome is not always known *a priori*, there is the risk that the chosen explanation may not lead anywhere.

Van de Ven (1992) and Poole *et al.* (2000) underscore the need for process research, suggesting it can complement the widely used variance employed in studying innovation and entrepreneurship. They propose that variance research usually offers explanations of continuous change driven by deterministic causation... 'which limits the validity

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of such approaches' (Van de Ven, 1992: 346). In contrast, process explanations 'encompass discrete events, qualitative differences, conjunctions, contexts, intermittent causality, and formative influences.' (Van de Ven, 1992: 347). With these views of the merits of process explanations in mind, Van de Ven and Engleman (2004b) sharply contrast variance and process research. For instance, they note that entities, attributes, and events may change in meaning over time—something variance research overlooks and cannot fully or reliably capture. Indeed, the entities themselves may change over the course of a study. They also observe that a process study should include far more than mere identification or counting of events; it should also include a sequence in time, a focal actor, identified narrative voice (a perspective), evaluative frame of reference, and other indicators of content and context.

One example that typifies this thinking about process research is the study by Das and Van de Ven (2000) that examines the strategy process by which companies introduce new (videoplayer system) technologies to the market. Initially, Das and Van de Ven (2000) distinguish between novel and evolved technologies that are introduced in dispersed versus concentrated markets. They suggest that a firm would choose from two strategy processes: technical and institutional. A technical strategy refers to 'a pattern of sequences of actions undertaken by firms, where the sequences predominately deal with *changes in technology specifications,* followed by evaluation of the technology on existing criteria' (Das and Van de Ven, 2000: 1303; emphasis in original). An institutional strategy is the 'pattern of the sequences of actions undertaken by firms, where the sequences predominately deal with *changes in criteria* used to evaluate the technology followed by evaluation of the technology on newly developed criteria of evaluation' (Das and Van de Ven, 2000: 1303; emphasis in original). Next, Das and Van de Ven propose that when the markets are not well developed to evaluate a new technology, companies would have to spend considerable time to develop those institutions needed for that purpose. However, when the market mechanisms exist to evaluate the new technology, the firm's focus will be on improving and introducing the technology with attention to developing institutions. To test their predictions, Das and Van de Ven (2000) analyze an extensive database from multiple sources using five companies as their case studies. Their analyses show that companies benefit from using the institutional strategy when introducing novel products in concentrated markets. A technical strategy is better suited for evolved technologies that are introduced in dispersed markets. Finally, a combination of institutional and technical strategy is especially useful when novel technologies are introduced in dispersed markets or for evolved technologies in concentrated markets.

Van de Ven's use of rigorous process research has inspired researchers to study entrepreneurial processes. Reflecting on the development of entrepreneurship research over the past 25 years, in our recent interview, he notes progress in this research and suggests the need for more:

> 'The study of process and processes of entrepreneurship is just the beginning. Very few studies have systematically, in real time, observed the sequence of events by which an entrepreneur starts a new business. We tend to begin with a business plan. But, our empirical studies find that the best plans go awry within six months. Costs over-run and time schedules go far past initial business plans. Our studies suggest that entrepreneurship courses might focus less on planning and controls and more on learning to maneuver the journey by practicing answers to the following kinds of questions: If you are proceeding toward goal A and now you change your course of action to plan B, what should you do? If you are finding what you are learning is wrong, how would you correct your learning process? If you are finding that your leader is proceeding into a direction that will probably lead to business failure, how would you correct and clue them in to become open to debates and consider alternative approaches? If you find you are engaged in a relationship and your partner flinches, what will you do? If you think this is a linear process but find it is a nonlinear dynamic cycle, how do you change your thinking about processes? If you think you can control it, think again because empirical evidence suggests it's quite otherwise. What do you do if you can't control the entrepreneurial journey?'

> 'We can compare the concept of learning to how to maneuver a river. If I'm trying to learn how to maneuver a new river, I can dramatically increase the likelihood of maneuvering my journey by learning how to swim, float, and

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shoot down the rapids. If I don't practice and learn how to maneuver different kinds of water, my likelihood of failure is tremendously increased. That's what we should be teaching our entrepreneurial students: learning how to maneuver the entrepreneurship journey' (Andrew Van de Ven, pers. comm.).

DISCUSSION

Van de Ven's research has advanced important conceptual, theoretical, and methodological approaches that have been influential in the study of innovation and entrepreneurship (e.g., Van de Ven, 1992, 2004). These innovations have fueled scholarly research, contributing to the development of the field. Van de Ven has been a trail blazer in studying some of the fundamental issues in entrepreneurship, venturing, and innovation. His process-oriented fieldwork has provided rich insights into these complex issues. Well-grounded in longitudinal fieldwork and good theory, his research has become an integral part of the literature, offering a strong foundation of rigorous and creative research. In particular, this research has altered our notion of organizational learning during and through innovation and corporate venturing. Van de Ven's work and insightful findings have important implications for future research as well.

Van de Ven has argued for decades (Van de Ven *et al.*, 1993a, 1993b, 1999) that context matters, a message that has been well received in recent research on organizational learning (Welter, 2011; Zahra, 1991; Zahra and Wright, 2007). As Van de Ven's work reveals, it is informative and fruitful to pay special attention to the idiosyncratic qualities of the setting in which entrepreneurial acts unfold. Process research that accounts for context can add power to our theory building and testing when studying entrepreneurship. To date, with some exceptions (e.g., Bingham, 2009), research on strategic entrepreneurship (and entrepreneurship in general) has been mostly of the variance variety.

Likewise, Van de Ven's work (1993a, 1993b) lays an important foundation for research into ecosystems and their role in generating, promoting, and sustaining entrepreneurship. One of his most insightful observations is that, over time, the factors that shape an ecosystem can slowly turn into serious impediments to technological development (Van de Ven *et al.*, 1999). With current excitement about studying young, vibrant, and growing ecosystems (e.g., Autio *et al.*, 2014), researchers need to examine this scenario. Documenting changes in ecosystems over time and relating them to companies' ability to innovate and undertake different types of entrepreneurial initiatives can enrich the field. What strategies do these firms use to retain their innovativeness as changes occur with ecosystems' evolution? Examining changes that occur in the form or type of entrepreneurship as a consequence of the evolution of an ecosystem can also improve our understanding of how these processes influence company survival.

Another area of interest is the role of time in the entrepreneurial process**.** Today, there is considerable interest in the longitudinal study of key entrepreneurial phenomena. The availability of large-scale databases and the growing understanding and use of econometric modeling have helped make this possible as well. Thus, we have an opportunity to document carefully the temporal dimensions of key milestones related to venture creation, management and organization, operational and strategic decisions, and performance. Van de Ven's research is informative in two ways that deserve attention in strategic entrepreneurship. First, time affects experience which, among other things, has implications for learning about the context. For instance, it may affect entrepreneurs' ability to gauge the pace and direction of change taking place in the market and how they can align resources around goals. Second, managing transitions is crucial for organizational survival and learning. Entrepreneurs have to answer several questions, such as: What are the different events or activities to be managed? How does the entrepreneur move from one activity to the next; and What are the consequences for organizational learning and performance?

Van de Ven's research on institutional entrepreneurship suggests that, without discrediting or minimizing the contributions of individuals, entrepreneurship education should give a great deal of attention to the collective nature of the entrepreneurial act. We need to focus on small group and team-building processes and how they unfold over time. Interpersonal dynamics also demand great attention in training future entrepreneurs**.** Future research should also recognize the diversity of roles different entrepreneurs play in bringing about innovations and even develop new categories of products (services) and build new industries.

A key message from Van de Ven's work is that each innovation creates multiple enacted environments and that entrepreneurs define and shape these environments quite differently. Entrepreneurship gives birth to industries which, in turn, define opportunities for different initiatives that keep industries vibrant and growing. This bidirectional relationship requires consideration in strategic entrepreneurship research. Likewise, there is a need to study how industries are created. Multiple forces shape the emergence and subsequent evolution of industries (Porter, 1980; Van de Ven, 1993c). A key contribution of Van de Ven's work is highlighting the centrality of entrepreneurs and entrepreneurial processes in this regard (Van de Ven, 1993a, 1993b), opening an important research area for future exploration.

Finally, Van de Ven's research over four decades epitomizes the best of engaged scholarship where managers, students, other researchers, and public policy makers are involved in the research enterprise. Van de Ven's (2007) book on engaged scholarship generalizes some key lessons learned from experience through extensive, longitudinal fieldwork. With the growing use of large-scale databases, his book serves as a reminder of the need to remain engaged with the diverse groups, agencies, and institutions interested or active in entrepreneurship. Good scholarship, thus, depends on keeping these connections strong.

CONCLUSION

Andrew Van de Ven has made significant and lasting contributions to the study of innovation and venturing in corporate settings. Since his early days as a Ph.D. student, he has been interested in studying innovation—indeed, his Ph.D. thesis introduced the 'nominal group' technique (Van de Ven and Delbecq, 1971, 1974)—an innovation in its own right that has become one of the most widely used brainstorming processes. His focus on process research has provided an important point of reference for the high quality of this type of research, stimulating a worldwide audience. His unique mix of bountiful energy, great insight, creativity, and unsurpassed dedication has allowed him to remain productive and intellectually vibrant over a period of four decades. His contributions to theory (e.g., Astley and Van de Ven, 1983; Poole and Van de Ven, 1989, 2000) and countless methodological advances have significantly improved scholarship and enhanced the development of our field.

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