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Learning through the generations: challenging the myths of family business survival.

Dr Louise Scholes
Loughborough University London
3 Lesney Avenue, The Broadcast Centre
Queen Elizabeth Olympic Park
London E15 2GZ
Email: l.scholes@lboro.ac.uk

Professor Carole Elliott
Roehampton Business School
University of Roehampton
Roehampton
London SW15 5SL
Email: carole.elliott@roehampton.ac.uk

Michael Mustafa
Business School
Nottingham University, Malaysia Campus
Jalan Broga, 43500 Semenyih
Selangor Darul Ehsan
Malaysia
Email: Michael.mustafa@nottingham.edu.my

Introduction

Activities which help develop an organisation's competitive advantage (Aguinis & Kraiger, 2009; Noe, Clarke, & Klein, 2014) through continuous learning have attracted considerable attention from scholars, commentators and policy makers alike. Such activities and practices focus on enhancing the quality of an organisation's most important resource, its human capital (Aragón-Sánchez et al., 2003; Scheel et al., 2014). Due to their cost-conscious nature, size and entrepreneurial origins, learning in SMEs and family firms is often regarded as informal in nature (Kitching, 2007), and something which individuals principally accrue through their job role (Geldenhuys and Cilliers, 2012; Matlay, 2005). Therefore, the question of how employees in family firms and SMEs acquire new knowledge, skills and learning continues to attract scholarly interest (Short and Gray, 2018).

This paper will employ theories of learning that recognise the social nature of learning, particularly how the dynamics of the relations between individuals and groups within organizations is significant to the transfer of knowledge between individuals and across generations. Specifically, we will apply communities of practice and situated learning theories to the entrepreneurship context to examine how families in business develop and learn to share knowledge in, and across, the generations in order to survive and thrive. While it is often claimed that only 13% of family firms survive beyond the third generation (Ward, 1987), families endure. Family firms' quest for longevity requires ongoing learning and investment in order to prepare the business and the family to meet emerging challenges (Zahra, 2012). Nevertheless, we know little about how family business and SMEs learn to survive and adapt to challenges, and apply their learning to new venture creation. Applying a learning lens to a selection of multi-generational family businesses will illuminate the role of learning activities in relation to the next generations' engagement - or lack of - with other family members and other firm stakeholders when developing new ventures. This will provide a more nuanced understanding of influences and collective approaches to family firm survival and development across the generations.

Research Method

The paper is based on an exploratory study and will draw principally on findings from one case company, which is a third-generation family business in the UK. Data was collected through

interviews with members of the family business from different generations, as well as non-family members working for the business.

Research questions

Our interdisciplinary approach employs communities of practice and situated learning theory to explore two broad research questions: (RQ1) how do families in business develop and share knowledge in and across each generation? (RQ2) how do families in business continue to engage in learning activities to ensure the success of family members' businesses?

We will go deeper into the influence of business families on entrepreneurial potential and tease out the complex interweaving of family and business in developing learning across generations. Our aim is to establish proof of concept in relation to learning processes and family firms' growth and the development of entrepreneurial potential and new models of venture creation.

Preliminary Findings

Findings gathered from Company X, a third-generation family business in the UK, where each of the three generation leaders are entrepreneurs, indicate that (1) the second generation learned from the first generation, in terms of product development, with the son being treated almost as an apprentice, (2) the second generation had difficulty in maintaining the business over time and was not able to learn from mistakes made internally (failed succession events), (3) the third generation was treated as an apprentice and had worked elsewhere before joining the family firm (4) the second and third generations also learned from external influences, in their case through the enforced formation of a formal board with non-family executive directors. This case suggests that learning can be both internal and external to the family firm and can be dynamic at an individual level. At this point, we are able to identify internal/external 'apprenticeships' as significant in the learning processes adopted within the family business, and we aim to explore these activities in more detail.

Theories used and research contribution

It is often stated that only 13% of family firms survive beyond the third generation (Ward, 1987) but families endure, indeed they are the most enduring human social grouping (Smith et al., 2009). Family firms' quest for longevity and competitiveness requires ongoing learning and investment in order to prepare the business and the family to meet emerging challenges (Zahra 2012). Nevertheless, we know surprisingly little about how family firms and SMEs learn to survive (Rigg & Tehan, 2002; Nolan & Garavan, 2016; Short & Gray, 2018), thrive and grow across generations (Mustafa & Elliott, 2019).

By focusing on the multi-generational family, we aim to establish proof of concept regarding the salience of learning and human resource development processes in family firms and entrepreneurship across the generations in two ways. First, we will go beyond the 'clogs to clogs' myth which abounds because the focus has been on individual businesses. Researchers have dispelled other myths showing that some family businesses are innovative (De Massis et al., 2013) and entrepreneurial (Zahra, 2005); they are not necessarily beset by nepotism and shirking younger generations and they do not necessarily impact negatively on productivity as suggested by Chandler (1990). But family firms are heterogeneous and so are the families behind them. Many families have portfolios of inter-related firms and many more are believed to have networks of unrelated firms founded by a variety of family members (Rosa et al., 2014) but evidence about this is scant. Research has so far failed to examine and understand the connections between entrepreneurial activities, including how knowledge is created and the forms of learning activities that enable knowledge sharing within and across generations. The research will shift the emphasis away from an individual business to examine individual and collective approaches to generational learning within a family. Second, research at the firm level emphasises the business more than the family behind the business/es (Jaskiewicz et al., 2017), despite families' importance in the development of the next generation of entrepreneurs (Schmitt-Rodermund, 2004; Howorth et al., 2016).

Organisational learning theories, particularly communities of practice (Wenger, 2000) and situated learning theory (Lave & Wenger, 1981; Fox, 2006), allow us to explore the intersections between family life, and learning and development activities. Situated learning theory views learning as “an integral and inseparable aspect of social practice” (Lave and Wenger, 1991; p. 31). Learning is therefore regarded as a process that is embedded within particular social, cultural and historical contexts. Such learning is shaped by changing contingencies in the sense that learners constantly monitor the context, interpret external demands, and act upon contextual clues through learning (Lave and Wenger, 1991). As learning is inherently a social process, the concept of community of practice is central to situated learning theory (Stein, 1998). Communities provide the setting for social interaction through which learners engage in joint activities and generate knowledge beyond collective action (Wenger et al., 2002), as well as a setting where learners develop their identity through social, informal and relational learning approaches. The idea of a community might be associated with the potential for mutual benefit, for example with regard to how individuals share a sense of responsibility to others (Reynolds, 2000). However, in common with other forms of social group, the social and political context within which a community of practice is situated brings with it asymmetries of power. A willingness to acknowledge the dynamics of power between and within group settings, including family firms that seek to ensure the firm’s sustainability, provides a lens through which we can examine how learning and knowledge is transferred from one generation to the next.

Applying a learning lens to the multi-generational family business will illuminate the role of learning activities in relation to the next generations’ engagement (or lack of) with other members of their family and other firm stakeholders, in entrepreneurship. We will examine multiple people within the same family, with varying engagement in entrepreneurship. This will provide a nuanced understanding of influences and collective approaches, going beyond (often heroic) studies of isolated individual entrepreneurs.

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