Entrepreneurial legacy: Toward a theory of how some family firms nurture transgenerational entrepreneurship

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1. Executive summary

By acting entrepreneurially – i.e., being among the first to introduce new products and services, enter new markets, or adopt innovative new technologies or materials – firms are better equipped to adapt to change, compete, and gain competitive advantage (Covin and Miles, 2006; Lumpkin and Dess, 1996, 2005; Zahra and Covin, 1995). While family firms comprise a majority of firms in most countries, they unfortunately lack a reputation for engaging in entrepreneurial behaviors (Bertrand and Schoar, 2006; Block, 2012; Block et al., 2013; Bloom and Van Reenen, 2007). Some family firms do, however, engage in transgenerational entrepreneurship wherein they act entrepreneurially and do so across multiple family generations.

However, no theory to date explains how these families nurture transgenerational entrepreneurship. Prior entrepreneurship research identified family (e.g., family unity – Edleston et al., 2012) and firm (e.g., organizational culture – Zahra et al., 2004) factors that are associated with entrepreneurship in family firms, but did not explain how these features are passed down from one generation to the next. Succession research describes processes and family attributes that characterize successful transfer of ownership and control – what we call ‘ordinary’ succession (e.g., Handler, 1990; Le Breton-Miller et al., 2004), but does not explain how

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succession can be performed to ensure that successors have the motivation and ability to act entrepreneurially. Imprinting theory suggests that it might be possible to imprint a propensity for entrepreneurship so that it survives beyond the tenure of those who worked directly with the founder (Marquis and Tiltisk, 2013), but the theory does not explain how.

To take steps toward a theory of transgenerational entrepreneurship, we perform qualitative analyses of in-depth interviews with owner-managers and potential successors of 21 multi-generation, family-owned and managed German wineries that are between 3 and 33 generations old (averaging 11 generations). We discover that transgenerationally entrepreneurial families possess what we call an *entrepreneurial legacy* — rhetoric reconstruction of narratives of the family’s past entrepreneurial behavior or resilience — that motivate and give meaning to entrepreneurship. Entrepreneurial legacies are imprinted in children through active involvement in the family firm and through story telling within large and cohesive families. Imprinted entrepreneurial legacies motivate current and next-generation owners to engage in three strategic activities that go beyond ordinary succession and thereby nurture transgenerational entrepreneurship — i.e., *strategic education, entrepreneurial bridging, and strategic succession*.

First, *strategic education* occurs when the older generation encourages and the younger generation embraces education and work experience in areas that are strategically relevant to the family firm’s potential future entrepreneurial opportunities. Second, *entrepreneurial bridging* is a period of working together side-by-side wherein the older generation manages operations and gives the younger generation the opportunity (or entrepreneurial capacity — Penrose, 1959) to apply their strategic education. Entrepreneurial bridging leads to “entrepreneurial leaps” wherein firms engage in multiple acts of entrepreneurship in a short time. Finally, in strategic succession the older generation protects the younger generation’s key resources for entrepreneurship — i.e., capital and the successor himself — by ensuring no sibling buyouts (to preserve capital within the firm) and by quickly integrating potential in-laws into the family (to preserve the successor as resource).

Our study offers three contributions. First, the concept of entrepreneurial legacy helps distinguish between more and less entrepreneurial multi-generational family firms. Second, our theory describes how older generations imprint the family’s entrepreneurial legacy on the next generation and thereby binds the next generation’s entrepreneurial spirit to (stories about) their ancestor’s entrepreneurial acts. Third, we introduce and describe three strategic activities that explain how some multi-generational families leverage their entrepreneurial legacy to nurture transgenerational entrepreneurship.

### 2. Introduction

Entrepreneurial behaviors include creating new products and services, entering new markets, adopting innovative production technologies, developing new raw materials, and implementing new ways of organizing business activities (Schumpeter, 1934). Macroeconomic research shows that developed economies experience superior growth and job creation when the people and firms within them engage in more entrepreneurial behaviors (hereafter also simply “entrepreneurship”). (Plehn-Dujowich, 2009; van Stel et al., 2005). Entrepreneurship researchers, in turn, have found that entrepreneurship helps firms adapt to change, compete, and gain competitive advantage (Covin and Miles, 2006; Lumpkin and Dess, 1996, 2005; Zahra and Covin, 1995). Accordingly, considerable effort has been devoted to understanding attributes and behaviors of individuals and firms that help them recognize and pursue opportunities to engage in potentially profitable entrepreneurship (Haynie et al., 2009; McMullen and Shepherd, 2006; Shane and Venkataraman, 2000).

Sadly, while family-owned and managed firms are among the most significant in terms of their worldwide economic impact (Ifera, 2003; La Porta et al., 1999), they engage in less entrepreneurship. Compared to non-family firms, family firms invest less in innovation, receive fewer patents, and their patents offer less radical contributions (Bertrand and Schoar, 2006; Block, 2012; Block et al., 2013; Bloom and Van Reenen, 2007; Morck et al., 2005). On average, family firms enter fewer new markets, are slower to enter when they do, and grow more slowly after entering new market entry (e.g., Gómez-Mejía et al., 2010; Graves and Thomas, 2004; Schulze et al., 2003). Further, families’ commitment to entrepreneurship declines precipitously once control is passed from the founding to later generations (Block et al., 2013; Cruz and Nordqvist, 2012; Gómez-Mejía et al., 2007; Miller et al., 2007, 2011).

Despite empirical evidence that family firms are less entrepreneurial, many family firms compete by repeatedly engaging in entrepreneurship, often across multiple generations (Miller and Le Breton-Miller, 2005; Nordqvist and Melin, 2010; Sieger et al., 2011; Simon, 1996). For instance, the Rothschild family not only managed to remain entrepreneurial and grow for several generations, but also family members rebuilt their bank twice: once after it was seized by the Vichy government in 1940 and a second time after the French state nationalized it in 1980 (Bellow, 2003; Lewis, 2007). Thus, whereas the average family firm might engage in less entrepreneurship and lack the capacity to nurture it in the next generation, some family firms do behave entrepreneurially and do so repeatedly across multiple generations.

To date, no theory explains how these families nurture entrepreneurial across generations (hereafter, also “transgenerational entrepreneurship”). Three literatures take partial steps. First, research on entrepreneurship in family firms has identified family (e.g., family unity — Eddleston et al., 2012) and firm (e.g., organizational culture — Zahra et al., 2004) factors that are associated with entrepreneurship. Second, succession research describes processes and family attributes that characterize successful transfer of ownership and control — what we call ‘ordinary’ succession (e.g., Handler, 1990; Le Breton-Miller et al., 2004). Third, imprinting theory states that important features were introduced by the founder or imposed by external conditions can become imprinted on organizations, and that “secondhand” imprinting might occur so that imprinted features can endure beyond the tenure of those who worked directly with the founder (Marquis and Tiltisk, 2013). Together, these three research streams (1) identify attributes that facilitate entrepreneurship in some family firms, (2) explain how some family firms successfully transfer ownership and control across generations, and (3) suggest that it might be possible to imprint features secondhand that lead to entrepreneurship. However, perhaps because imprinting theory does not yet explain how secondhand imprinting
occurs (Marquis & Tilcsik, 2013), these literatures leave a theoretical gap in that they do not explain the process through which entrepreneurial families nurture entrepreneurship across generations. Stated differently, there is no theory of transgenerational entrepreneurship.

Based on in-depth interviews with owner–managers and potential successors of 21 multi-generation, family-owned and managed German wineries, we discover that transgenerationally entrepreneurial families possess what we call an entrepreneurial legacy – rhetorically reconstructed narratives of the family’s past entrepreneurial behavior or resilience – that motivate and giving meaning to entrepreneurship. Our theory is that the incumbent generation imprints this legacy on the next generation, and that it motivates both generations to engage in three strategic activities – i.e., strategic education, entrepreneurial bridging, and strategic succession – that nurture transgenerational entrepreneurship. In this way, entrepreneurial legacy binds the next generation’s entrepreneurial spirit to (stories about) their ancestors’ entrepreneurial acts. Our findings have implications for future inquiry on entrepreneurship in family firms, imprinting theory, and succession research.

3. Theory overview

3.1. Research on entrepreneurship in family firms

There are contrasting views about family firms and entrepreneurship. Whereas some research emphasizes family firm advantages such as unity-of-ownership and control, parsimony of resource usage, care for future generations, and deep knowledge about the firm that together create hard-to-copy advantages (e.g., Carney, 2005; Miller and Le Breton-Miller, 2005; Sirmon and Hitt, 2003), other studies suggest that family control encourages risk-averse decisions geared toward protecting socioemotional wealth (Chrisman et al., 2012; Gómez-Mejía et al., 2007). Socioemotional wealth is the sum of affective values that a family derives from their control. It includes preserving dynastic family control (Gómez-Mejía et al., 2007), offering employment or resources for family members (Schulze et al., 2003), building the family’s reputation (Deephouse and Jaskiewicz, 2013), and investing in environmental causes (Berrone et al., 2010).

These contrasting visions of how families affect entrepreneurship highlight vast heterogeneity among family firms (Chrisman and Patel, 2012; Chrisman et al., 2012). Whereas the average family firm lags behind non-family competitors (e.g., Miller et al., 2007, 2011), theory about the positive ways families can affect entrepreneurship (Carney, 2005; Miller and Le Breton-Miller, 2005; Sieger et al., 2011) and anecdotal evidence (Bellow, 2003; Simon, 1996) suggest that some family firms are quite entrepreneurial.

Indeed, research on entrepreneurship has identified several factors that help differentiate between more and less entrepreneurial family firms (e.g., Kellermanns and Eddelston, 2006; Zahra and Covin, 1995). One is genetic factors (Nicolaou and Shane, 2009); another is role modeling by entrepreneurial parents (Laslita et al., 2012). Evidence suggests, however, that these factors dissipate by the third generation (Cruz and Nordqvist, 2012; Laslita et al., 2012). Thus, it is not surprising that generation is another factor that helps distinguish between more and less entrepreneurial family firms. Once founders release ownership and control to family members, firms often become less innovative and less entrepreneurial (Block et al., 2013; Bloom and Van Reenen, 2007; Gómez-Mejía et al., 2010). One theory is that the founders’ entrepreneurial orientation (EO), which involves preferences for autonomy, innovativeness, risk-taking, proactiveness, and competitive aggressiveness (Lumpkin and Dess, 1996), is lost as later generation family members become involved (Lumpkin et al., 2008; Miller et al., 2011).

Beyond generation, other factors that explain entrepreneurship among family firms include the family leader’s tenure, which is negatively related to entrepreneurship (Kellermanns et al., 2008; Zahra, 2005), and the leader’s growth orientation and ability to identify opportunities, which are positively related (Zahra et al., 2004). Other research suggests that some family firms have organizational cultures that foster decentralization, participative decision-making, a long-term orientation and vision, and an external focus, and that such cultures foster entrepreneurship (Kellermanns and Eddelston, 2006; Lumpkin et al., 2010; Ogbonna and Harris, 2001; Simon, 1996). Entrepreneurship is also supported by family–members’ sense of unity with each other and the firm (Eddelston et al., 2012), and the family’s financial and social capital (Aldrich et al., 1998; Sorensen, 2007). Collectively, this research is important because it helps explain key factors that make some family firms more entrepreneurial than others, but it does not explain how a family firm might remain entrepreneurial across multiple generations — especially as the founder’s influence dissipates in later generations.

3.2. Research on succession in family firms

Although research on entrepreneurship among family firms does not have implications across generations, succession research does. Most family firms are not able to transition to a second generation, much less a third: Only 30% continue to the second generation and only 15% to the third (Ibrahim et al., 2001; Le Breton-Miller et al., 2004). Theory and evidence suggests that the reason is that many family successors are poorly planned, implemented late, and plagued by conflict (e.g., De Massis et al., 2008). Consequently, researchers have long sought to understand factors that lead to timely, well-organized, and successful transitions (e.g., Barnes and Hershon, 1976). Le Breton-Miller et al. (2004) summarize the key factors: a high-quality predecessor–successor relationship, strong successor motivation, relevant education and work experience for the successor, family harmony, and having a board of directors (see also De Massis et al., 2008). Whereas the research summarized in these studies identifies factors and processes that facilitate or hinder ordinary succession, they do not explain how families nurture entrepreneurship across generations. Indeed, several recent literature reviews suggest that this topic remains a major theoretical gap (Baù et al., 2013; Nordqvist et al., 2013).
3.3. Research on imprinting theory

One theory that might inform understanding about transgenerational entrepreneurship is imprinting (e.g., Stinchcombe, 1965). Marquis and Tilcsik (2013, p. 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.” Imprinting theory predicts that individual and organizational responses to environmental conditions can persist long after environments have changed. At the individual level, for example, Malmendier and Nagel (2011) found that macroeconomic conditions experienced early in life have profound influence on investors’ risk propensity several decades later. Schoar and Zuo (2011) similarly found that CEOs who began their careers during a recession make more conservative decisions.

At the organizational level, actions that leaders take and routines that develop during periods of environmental stress and organizational change lead to profound differences in structures, strategies, and product offerings that become “imprinted” in that they persist over time (Marquis and Tilcsik, 2013; Miles et al., 1974). For example, the values, vision, and behaviors of founders are often imprinted on start-ups and can prevail beyond the founder’s exit (Geroski et al., 2010; Kimberly and Bouchikhi, 1995; Ogbonna and Harris, 2001). Also, organizational strategies (Boeker, 1989) and hiring criteria (Baron et al., 1999; Burton and Beckman, 2007; Hannan et al., 1996) often persist for years. Similarly, actions taken to cope with particular environmental conditions, such as fragility during a severe recession, can become imprinted on organizations (Geroski et al., 2010; Swaminathan, 1996).

Applied to our research question, imprinting theory implies that conditions and features that supported earlier generations’ entrepreneurship, or lack thereof, might become imprinted on firms and support continuous entrepreneurship, at least as long as those who remember the founder and founding conditions live and have influence. However, while imprinting theory explains how conditions and features are imprinted at founding, and why these imprints persist in newly-founded firms (e.g., Baron et al., 1999; Boeker, 1989), it does not explain the process through which imprints are sustained beyond the first generation’s influence — i.e., by new organizational members who were not involved at founding or directly influenced by the founding team. Indeed, as Marquis and Tilcsik (2013, p. 232) put it: “recognizing that history matters is of little help unless we understand how it matters” (see also Kimberly and Bouchikhi, 1995). The process whereby imprinted organizational members imprint new organizational members is called secondhand imprinting. However, secondhand imprinting is a new concept (Marquis and Tilcsik, 2013) and theory is yet to be developed to explain how it might occur.

3.4. Summary

There are known advantages to family involvement in firms (e.g., Carney, 2005; Miller and Le Breton-Miller, 2005) and anecdotal evidence that some family firms act entrepreneurially across multiple generations (Bellow, 2003; Sieger et al., 2011), but no theory exists that explains how multi-generational family firms nurture transgenerational entrepreneurship. Research on entrepreneurship explains why some family firms are more entrepreneurial than others, but not how entrepreneurship might be nurtured beyond the second generation. Succession research explains how some families are able to transfer ownership and control across generations, but not how features and conditions that facilitate entrepreneurship can be transferred. Imprinting theory offers a term — i.e., secondhand imprinting — and claims that imprinting can transcend generations, but does not yet explain how. Consequently, there is a theoretical gap in that there is no theory of transgenerational entrepreneurship. We address this gap by developing theory on how some families nurture transgenerational entrepreneurship.

4. Methods

We chose a micro-level inductive and interpretive approach (Gephart, 2004; Nordqvist et al., 2008) to build a theory of transgenerational entrepreneurship. This approach is appropriate for understanding complex social processes such as those that underlie interactions among family members of different generations and support entrepreneurship across generations (Nordqvist et al., 2008; Sieger et al., 2011). Moreover, such an approach is also commonly applied to historical events to identify chronological structures and causal relationships over time (Kimberly and Bouchikhi, 1995; Suddaby and Greenwood, 2009).

4.1. Theoretical sampling, data collection, and case development

In order to understand transgenerational entrepreneurship in multi-generation family firms we deliberately looked at a country that is well known for its old family firms. Germany, together with Italy, France and Japan, has the oldest family firms in the world, and is known for its innovative and internationally successful businesses — many of which are family businesses (O’Hara and Mandel, 2002). In Germany, we investigated one of the oldest industries still in operation, the wine industry, which dates back to the Roman Empire. Today, Germany has more than 30,000 wineries that compete nationally and internationally and most are still family-owned (Gault Millau, 2009). However, globalization has led to segmentation among wine makers; some wineries have achieved international and domestic success and exhibit high growth, while others have stagnated or declined. The overall number of wineries in Germany is declining (Gault Millau, 2009; Johnson and Brook, 2009; Weinwirtschaft, 2011) along with the number of family firms in wine-making (Gault Millau, 2009; Johnson and Brook, 2009; Ministerium für Wirtschaft, Verkehr, Landwirtschaft und Weinbau, 2010). We therefore assume that entrepreneurial behaviors vary among firms in this industry.

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Five criteria were used to select firms for our study. First, firms had to be large enough to be the family’s primary source of income, which ensures that family managers have strong economic incentives to engage in entrepreneurship. Thus, we selected wineries that were listed among the top third of the largest wine makers in Germany (Gault Millau, 1994, 2009). Second, the firm had to make wine; some firms only grow grapes and sell them to wine makers. Third, included wineries had to be 100% family owned in order to rule out possible influence from non-family owners. Fourth, since founder- and second generation-controlled firms behave differently and engage on average in more entrepreneurship than later-generation family firms (Cruz and Nordqvist, 2012; Miller et al., 2007, 2011), we focused on family firms that were at least in their third generation. This also helped avoid any remaining direct influence from the founder. Finally, to investigate transgenerational entrepreneurship, we restricted our sample to firms in which the senior generation was approaching succession age (older than 55 years old). Applying these criteria, we were left with a set of 45 wineries.

A well-known family member from a large winery wrote a letter supporting our research, which we used to contact the 45 wineries. This individual also introduced us personally to 12 of the target wineries at a wine fair and phoned several others to establish initial contact. When a family declined an initial interview, we contacted them a second time twelve months after the initial attempt. In the end, 21 families agreed to participate in our study and we developed 21 cases based on multiple interviews with family members, field observations, and archival data.

We conducted 48 core interviews. Out of these, 37 interviews were with family owners and/or potential successors. The remaining 11 interviews were conducted with industry experts — i.e., the President of the Association of German Prädikat Wine Estates (VDP — ‘Verband Deutscher Prädikatsweingüter’), three sommeliers (i.e., wine stewards), three wine traders, a professor at a wine-making college, and three winemakers who were not part of the sample. The interviews with the family owners and/or potential successors yielded 38 h of taped-recorded interviews that were transcribed into 695 1.5 spaced pages of text.3

To reduce dangers of interviewer bias, two interviewers conducted the first six interviews together. Once a standard semi-structured interview protocol evolved, subsequent interviews were conducted by a single interviewer. The interview protocol started with five close-ended questions about the interviewee’s age, number and age of children, founding date of the firm, cultivated acreage, and number of employees. After that, open-ended questions allowed for more spontaneous responses. The open-ended questions focused on the firm’s founding and subsequent history, a description of the family’s role, connections between the family and the firm over time, and the firm’s present and future strategic plans. In addition to the transcribed interview content, interviewers noted field observations about the context of the interviews — e.g., whether they were invited to the family’s home, shared a meal with the family, were given a bottle of wine, toured the winery, and time spent with interviewees, etc. The interviews took an average of 70 min, ranging from 45 to 90 min.

Beyond the initial recorded and transcribed interview data, we had 45 additional interviews over the next two years with family members from our cases. We contacted interviewees to clarify points they made, to get additional information and updates on particular topics, and to inquire about issues that came up during our coding and analysis. Twenty-seven of these additional interviews occurred by phone, 18 involved informal interviews with an author at the family winery, a wine fair, or at the author’s university. Although these additional interviews were not recorded, detailed notes were taken and added to the case study data (see Table 1). All told, researchers visited all of the wine estates at least once for a total of 33 visits.

In addition to primary data, we collected archival data from annual wine guides, federal statistics on German wineries, government reports, tourism agency information on German wine regions, winery homepages, books on wine topics, wine journals, and publications of local and national wine associations. An overview of major archival sources is in Appendix 1. The archival sources provided additional information about each case, helped verify and clarify points made by interviewees, and quantified the development of each case over time. Moreover, these data added important information about the field of wine-making in and beyond Germany. To organize all data and link it to a particular case, we used NVIVO software (Richards and Richards, 1994). Primary and secondary data were further used to develop chronological charts that illustrate important developments for each firm and family, enable a better understanding of each case, and ensure appropriate temporal sequencing and causal links in our emerging model.

4.2. Case representativeness and description

Given our focus on established wineries that support their families, our sample firms were slightly larger and more export-oriented than average, but they were representative of the average German professional winery. Comparing sample wineries with data from the “Verband Deutscher Prädikatsweingüter” (Association of German Prädikat Wine Estates) and the German Wine Institute, our sample produced an annual median of 100,000 l on 21 ha of acreage, versus a median of 97,500 liter production on 20 ha for the average professional German winery (VDP, 2009). Our sample cases came from all six major wine-producing regions in Germany (Deutsches Weininstitut, 2009, 2010; Eichelmann, 2009). The wineries grew red and white grape varieties (e.g., Merlot, Riesling, Chardonnay, etc.), produced high “Prädikatswein” and average “Tafelwein” wine qualities, and received different evaluations for their wines (Gault Millau, 2009; Johnson and Brook, 2009; Wein und Markt, 2009). We also collected data on the 24 qualified family firms that did not participate in our study. A comparison of the means of our 21 cases with the 24 firms that did not participate did not show any significant differences with respect to company size, age, regional representation, or number of employees.

The 21 firms that participated in our study were, on average, in their 11th generation, and ranged from 3rd to 33rd generation. Incumbent owner–managers averaged 59 years of age. In most families (19 out of 21), some family members lived on the wine estate, and many (15) also had retired parents who still lived on or near the premises and regularly helped out. There were an additional

3 Our data are from the current and next generation leaders. Any information we have on past generations’ actions comes from our interviewees and archival documents that shed light on the history of the family, firm and region.

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5–30 seasonal workers during the planting and harvest seasons. As a result, the average of 7.5 full-time employees per firm tends to underestimate the real number of employees. Table 1 summarizes characteristics of firms and families in our dataset.

4.3. Data analysis

Our analysis proceeded in four steps. First, to discern which cases had engaged in transgenerational entrepreneurship, we identified firms’ entrepreneurial behaviors. For this, we used textual analysis (Gephart, 1993): we wrote down key words for each entrepreneurial behavior identified by Schumpeter (1934) (e.g., introduce new product) and used a thesaurus to generate synonyms (e.g., new label). We then searched the interviews using more than 40 keywords (e.g., growth, export, invention, etc.) and highlighted paragraphs in which interviewees talked about entrepreneurial behaviors. Two authors then read the interviews for additional references that were missed in the initial textual search; they discovered and agreed on several more instances of entrepreneurship (Reported in Table 3 of the Results section).

In a second step, we used open coding wherein we analyzed each paragraph with the goal of identifying factors that might be relevant to transgenerational entrepreneurship. We stayed closely to what the interviewees told us and developed a large number of primary codes that identified potentially relevant factors (e.g., work experience abroad) (Gioia et al., 2013; Nordqvist et al., 2008). We then discussed the primary codes and collapsed those that were clearly redundant (e.g., graduated from college, and completed university). Our final set of primary codes reflects all of the identified factors as given by the interviewees.

In the third step, we discussed the primary codes with the goal of interpreting them (Gioia et al., 2013; Nordqvist et al., 2008). At this stage we were constantly moving between the data and prior literature, becoming what Gioia et al. (2013, p. 20) call “knowledgeable agents” by using existing concepts and theories to interpret our data. We initially focused on how prior research on entrepreneurship in family firms (e.g., family-firm unity), succession (e.g., relevance of the successor’s training), and imprinting (e.g., environmental scarcity during founding) might inform our primary codes. “Unifying concepts” (Creed et al., 2002, p. 482) played an important role; they helped us abstract from the data and develop themes (secondary codes). For instance, we summarized primary codes (e.g., worked for the family business after school/during holidays/on weekends) into the secondary code Childhood involvement in the family firm. Another important group of primary codes was related to narratives about ancestors’ entrepreneurial achievements or resilience, which led us to develop a theme around Entrepreneurial legacy. In addition to the interview data, archival data and field observations were used, often to refine or corroborate emerging themes. For example, an interviewee’s claim about successful exports to a new foreign market was supported by the firm’s higher international sales figures for that year, or for families that claimed

Table 1
Case overview.

<table>
<thead>
<tr>
<th>#</th>
<th>Century winery founded</th>
<th>Family generation in winery</th>
<th>Acreage (hectars)</th>
<th>Employees</th>
<th>Wine bottle output in ’000</th>
<th>No. wines produced</th>
<th>Wine export (%)</th>
<th>Family predecessor</th>
<th>Potential successor</th>
<th>Succession status</th>
<th>No. core interviews</th>
<th>Follow-up phone interviews</th>
<th>Follow-up in person interviews</th>
<th>Total interviews with family</th>
</tr>
</thead>
<tbody>
<tr>
<td>4</td>
<td>19th</td>
<td>9–11</td>
<td>10–15</td>
<td>6–10</td>
<td>70–110</td>
<td>3–4</td>
<td>&lt;10%</td>
<td>Eldest son</td>
<td>Eldest son</td>
<td>Fam. success.</td>
<td>2</td>
<td>0</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>15th</td>
<td>15+</td>
<td>21–30</td>
<td>11–15</td>
<td>150–190</td>
<td>&gt;5</td>
<td>&lt;5%</td>
<td>Eldest son</td>
<td>Eldest son</td>
<td>Fam. success.</td>
<td>2</td>
<td>3</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>18th</td>
<td>15+</td>
<td>31–40</td>
<td>11–15</td>
<td>&gt;70</td>
<td>&gt;5</td>
<td>&lt;33%</td>
<td>Eldest son</td>
<td>Eldest son</td>
<td>Fam. success.</td>
<td>2</td>
<td>1</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>20th</td>
<td>3–5</td>
<td>10–15</td>
<td>6–10</td>
<td>110–149</td>
<td>&gt;5</td>
<td>&lt;40%</td>
<td>Eldest son</td>
<td>Eldest daughter</td>
<td>Fam. success.</td>
<td>2</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>20th</td>
<td>3–5</td>
<td>10–15</td>
<td>1–5</td>
<td>70–109</td>
<td>&gt;5</td>
<td>&lt;5%</td>
<td>Eldest son</td>
<td>Eldest son</td>
<td>Fam. success.</td>
<td>2</td>
<td>1</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>18</td>
<td>18th</td>
<td>6–8</td>
<td>16–20</td>
<td>1–5</td>
<td>&lt;70</td>
<td>1–2</td>
<td>67%</td>
<td>Eldest son</td>
<td>Eldest son</td>
<td>Planned success.</td>
<td>1</td>
<td>0</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>18th</td>
<td>9–11</td>
<td>10–15</td>
<td>1–5</td>
<td>&lt;70</td>
<td>1–2</td>
<td>70%</td>
<td>Son</td>
<td>Eldest daughter</td>
<td>Fam. success.</td>
<td>2</td>
<td>0</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>17th</td>
<td>3–5</td>
<td>10–15</td>
<td>1–5</td>
<td>10–11</td>
<td>1–2</td>
<td>33%</td>
<td>Eldest son</td>
<td>Eldest son</td>
<td>Fam. success.</td>
<td>2</td>
<td>0</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>17th</td>
<td>12–14</td>
<td>&gt;40</td>
<td>&gt;20</td>
<td>&gt;190</td>
<td>&gt;5</td>
<td>&lt;5%</td>
<td>Son</td>
<td>Daughter</td>
<td>Fam. success.</td>
<td>2</td>
<td>4</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>17th</td>
<td>6–8</td>
<td>16–20</td>
<td>6–10</td>
<td>110–149</td>
<td>1–2</td>
<td>&lt;50%</td>
<td>Eldest son</td>
<td>Missing</td>
<td>Planned sale</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>21</td>
<td>18th</td>
<td>3–5</td>
<td>16–20</td>
<td>6–10</td>
<td>110–149</td>
<td>1–2</td>
<td>40%</td>
<td>Eldest son</td>
<td>Missing</td>
<td>Firm sold</td>
<td>1</td>
<td>2</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>18</td>
<td>18th</td>
<td>3–5</td>
<td>10–15</td>
<td>1–5</td>
<td>70–109</td>
<td>1–2</td>
<td>&lt;40%</td>
<td>Eldest son</td>
<td>Missing</td>
<td>Firm sold</td>
<td>2</td>
<td>0</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>20</td>
<td>18th</td>
<td>9–11</td>
<td>16–20</td>
<td>6–10</td>
<td>110–149</td>
<td>1–2</td>
<td>&lt;45%</td>
<td>Eldest son</td>
<td>Eldest son</td>
<td>Fam. success.</td>
<td>2</td>
<td>0</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>16th</td>
<td>15+</td>
<td>21–30</td>
<td>11–15</td>
<td>150–190</td>
<td>&gt;5</td>
<td>&lt;40%</td>
<td>Eldest son</td>
<td>Eldest son</td>
<td>Postponed1</td>
<td>2</td>
<td>3</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>20th</td>
<td>3–5</td>
<td>16–20</td>
<td>0–5</td>
<td>150–190</td>
<td>1–2</td>
<td>90%</td>
<td>Eldest son</td>
<td>Eldest daughter</td>
<td>Postponed1</td>
<td>2</td>
<td>2</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>7</td>
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<td>6–8</td>
<td>10–15</td>
<td>1–5</td>
<td>70–110</td>
<td>1–2</td>
<td>70%</td>
<td>Son</td>
<td>Eldest daughter</td>
<td>Postponed1</td>
<td>2</td>
<td>0</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>15</td>
<td>17th</td>
<td>3–5</td>
<td>21–30</td>
<td>6–10</td>
<td>150–190</td>
<td>3–4</td>
<td>&lt;50%</td>
<td>Eldest son</td>
<td>Eldest son</td>
<td>Fam. success.</td>
<td>2</td>
<td>1</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>17th</td>
<td>15+</td>
<td>10–15</td>
<td>1–5</td>
<td>70–110</td>
<td>1–2</td>
<td>50%</td>
<td>Eldest son</td>
<td>Eldest daughter</td>
<td>Postponed1</td>
<td>2</td>
<td>4</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>14th</td>
<td>3–5</td>
<td>&lt;40</td>
<td>&gt;20</td>
<td>&gt;190</td>
<td>1–2</td>
<td>35%</td>
<td>Eldest daughter</td>
<td>Missing</td>
<td>Planned sale</td>
<td>1</td>
<td>2</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>14</td>
<td>15th</td>
<td>15+</td>
<td>16–20</td>
<td>6–10</td>
<td>110–149</td>
<td>3–4</td>
<td>&lt;5%</td>
<td>Wife</td>
<td>Eldest son</td>
<td>Fam. success.</td>
<td>2</td>
<td>0</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>19</td>
<td>16th</td>
<td>9–11</td>
<td>10–15</td>
<td>6–10</td>
<td>&lt;70</td>
<td>1–2</td>
<td>&lt;25%</td>
<td>Niece</td>
<td>Missing</td>
<td>Firm sold</td>
<td>1</td>
<td>2</td>
<td>1</td>
<td></td>
</tr>
</tbody>
</table>

Notes: Data in this table stem from interviews and from numerous archival sources (see Appendix 1); eld. = eldest; Fam. = Family; success. = succession.

1 # = Case. 2 Differences between the founding century of the winery and the family’s generation in the winery are due to 1) a family’s takeover of an existing winery, or 2) a family’s refocus on wine-making after having done something else (e.g. forestry) for some generations. 3 Successor shares conditioning factors potentially relevant to transgenerational entrepreneurship, J. Bus. Venturing (2014), http://dx.doi.org/10.1016/j.jbusvent.2014.07.001
to be cohesive, field observations showed that interviewees invited us to come back and interview other family members (which was not the case in less cohesive families).

We then evaluated each case individually with respect to themes before comparing their evaluations and discussing any initial differences. For instance, two authors evaluated the entrepreneurial legacy of each case based on a three-fold categorization (low-medium–high) that was previously used in qualitative research on entrepreneurial orientation in family firms (e.g., Zellweger and Sieger, 2012), and evaluated family size and cohesion based on categories from prior research (e.g., Barber and Buehler, 1996; Bloom, 1985; Cochran et al., 1993). Upon comparing entrepreneurial behaviors across cases, however, we realized that simple counts of such behaviors were not sufficient to describe entrepreneurship; they also varied in boldness and speed. Although these characteristics emerged from our data, similar categories were used in previous attempts to describe entrepreneurial behaviors (e.g., Boeker, 1989; Thakur, 1999). We therefore supplemented the count of entrepreneurial behaviors (from step one) with available information about their boldness (major vs. minor investment) and speed (i.e., first vs. late mover). We agreed as to whether each (pre-succession) family firm was either more or less entrepreneurial; the latter we labeled “traditional” family firms.

The evaluation of themes across cases led to the fourth and final step, during which we developed our model. We developed the model by discussing possible relationships iteratively between (a) our codes within and across cases and (b) existing research. A “eureka” moment came when we noticed that entrepreneurial families discussed what we labeled an “entrepreneurial legacy”, but traditional families did not. We also noticed that entrepreneurial successors (where they existed) described entrepreneurial legacy narratives more often, which suggested that transgenerationally entrepreneurial families were doing something to nurture it across generations. We thus began to compare entrepreneurial and traditional firms and entrepreneurial firms with and without entrepreneurial successors looking for differences. Going iteratively between single cases and groups of cases, interviewees and the opinions of industry experts (whom we contacted to verify or add information), and the literature, we identified how entrepreneurial families imprinted their entrepreneurial legacy on the next generation and the strategic activities they pursued to nurture entrepreneurship in the next generation. Using a format suggested by Gioia et al. (2013), Table 2 summarizes our analysis by showing how we progressed from primary to secondary codes and from secondary codes to aggregate (relational) dimensions in our final model. To assemble the different dimensions in the final model, we used chronological overviews of data for each case to ensure appropriate temporal sequencing and to establish causal relationships among dimensions (e.g., Sieger et al., 2011). For instance, successor statements about how their education and work experiences helped them recognize opportunities that they pursued once they returned to the family firm support a temporal and causal link from “strategic education” to “entrepreneurial bridging”.

5. Results

The model that emerged is shown in Fig. 1. We found evidence that entrepreneurial families had what we call an entrepreneurial legacy that, while a rhetorical reconstruction of past entrepreneurial acts, motivates current and next-generation owners to engage in three strategic activities—i.e., strategic education, entrepreneurial bridging, and strategic succession—that nurture transgenerational entrepreneurship. Table 3 summarizes the case evidence for each element of our model, and Table 4 presents the evidence from an exemplary case.

5.1. Entrepreneurial versus “traditional” family firms

The first step in our analysis involved identifying entrepreneurial behaviors and their characteristics. As shown in Table 5, our 21 cases varied strongly in the number, speed, and boldness of entrepreneurial behaviors.12 Twelve firms were strongly engaged in entrepreneurship. Although not every case contained evidence of each of Schumpeter’s (1934) entrepreneurial behaviors—i.e., creating new products and services, entering new markets, adopting new production technologies, developing new raw materials, and implementing new ways of organizing business activities—entrepreneurial firms were often first movers and described more and bolder entrepreneurial behaviors than firms we labeled “traditional”. Entrepreneurial examples include acting quickly to launch new wines as niches develop or taking opportunities to increase capacity by acquiring vineyards. Entrepreneurial families also took greater advantage of wine fairs and associations, and traveled extensively to find new markets and increase exports. Similarly, these families were often first movers in adopting new production technologies:

> Although all wine-makers know each other and help each other in our region, strong differences between the wineries remain. My father has always been the first to implement new technology and buy new machinery. Once we buy a completely new machine, everybody talks about it, and we know that all the others [wine-makers] will come and visit us in the following years to ask “how does it work?”, “is it good?”. Once they see that it works, some will follow our example (Case 6, interview with a next generation member at a wine fair).

The other family firms were more “traditional” in that their behaviors conformed to extant theory about family firms; they focused on maintaining their socioemotional wealth through transgenerational control (Gómez-Mejía et al., 2007, 2011). It is not that they did

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4 Because tables showing all quotes from 21 cases for each of the three strategic activities would be quite long, we adopted Eisenhardt and Graebner’s (2007) advice to summarize the evidence of multiple case studies in one table and to give full information from an exemplary case in another.

5 The distinction of entrepreneurial and traditional family firms was based on entrepreneurial behaviors of predecessors (the older generation) because not all firms had a successor.
not attempt to grow and perform, but that they engaged in fewer and less ambitious entrepreneurial behaviors, were late adopters, and were more risk-averse regarding the business:

Yes. I belong to the static wineries, both, concerning the hectares and the volume. I don’t have as you call it today a “shooting star”. I don’t expand in terms of hectares or output. [...] I try to maintain the actual structure of the winery in its best form and also to develop it, but compared to competitors that went from 0 to 100, I belong to the group of static and conservative wineries (Case 7, older generation).

Comparing entrepreneurial and traditional families, one major finding emerged: Entrepreneurial families all freely recalled narratives regarding past entrepreneurial endeavors or resilience that we labeled entrepreneurial legacy.

5.2. Entrepreneurial legacy

Family members in entrepreneurial firms often expressed how narratives about their family’s entrepreneurial history shape how they think about the firm today. These narratives form what we call the family’s entrepreneurial legacy, which we define as easily recalled narratives about past entrepreneurial achievements or resilience. These narratives motivate and give meaning to entrepreneurship. As such, the entrepreneurial legacy is one example of rhetorical history — the process through which actors rhetorically reconstruct and interpret the past to suit present purposes (Suddaby et al., 2010).

We noted two different kinds of narratives that comprised entrepreneurial legacies. First, several entrepreneurial legacies were comprised of narratives about past entrepreneurial achievements. Family members explained in detail and with pride how 50, 200, or 1000 years ago, a family member engaged in entrepreneurship to start or reinvent the firm. Prior research has shown that family firm culture can be an important inspiration for entrepreneurship (Ogbonna and Harris, 2001; Zahra et al., 2004) and these stories motivate family members to become entrepreneurial. They give meaning to entrepreneurial behaviors by linking family members to a rich history that defines who they are as a firm and as a family:

In the 14th century the count of [city] bestowed the winery upon the monks of [town]. The count wanted to ensure that the monks would stay here for the long-run. [...] These monks were chased away without compensation by Napoleon who pursued his idea

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of secularization. And when Napoleon and his state had to step down, the subsequent French State sold the winery at an auction in Paris. The French State needed money and my great-great-great-great uncle [rode on his horse to Paris] and acquired the winery (Case 17, older generation).

Table 3
Entrepreneurial behaviors across generations in the 21 case studies.

<table>
<thead>
<tr>
<th># Case</th>
<th>Introducing new products and services e.g., new wines, wine tastings, sales growth</th>
<th>Introducing new production methods e.g., introducing new production processes</th>
<th>Entering new markets e.g., entering foreign countries, increasing exports</th>
<th>Developing new raw materials e.g., planting new grape varieties</th>
<th>Implementing new ways of organizing e.g., outsourcing, new marketing campaign</th>
<th>Speed of ENT. behaviors predec.</th>
<th>Boldness of ENT. behaviors predec.</th>
<th>Total predecessor</th>
<th>Total successor</th>
</tr>
</thead>
<tbody>
<tr>
<td>4</td>
<td>9 5</td>
<td>1 0</td>
<td>0 0</td>
<td>4 1</td>
<td>0 1</td>
<td>First mover</td>
<td>Major</td>
<td>14</td>
<td>7</td>
</tr>
<tr>
<td>5</td>
<td>7 4</td>
<td>1 1</td>
<td>1 1</td>
<td>5 0</td>
<td>2 4</td>
<td>First mover</td>
<td>Major</td>
<td>16</td>
<td>10</td>
</tr>
<tr>
<td>8</td>
<td>9 2</td>
<td>1 0</td>
<td>0 1</td>
<td>1 0</td>
<td>3 2</td>
<td>First mover</td>
<td>Major</td>
<td>13</td>
<td>6</td>
</tr>
<tr>
<td>11</td>
<td>4 4</td>
<td>1 0</td>
<td>0 1</td>
<td>0 0</td>
<td>3 3</td>
<td>First mover</td>
<td>Major</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td>16</td>
<td>2 2</td>
<td>1 0</td>
<td>0 1</td>
<td>1 0</td>
<td>3 6</td>
<td>First mover</td>
<td>Major</td>
<td>7</td>
<td>9</td>
</tr>
<tr>
<td>18</td>
<td>4 /</td>
<td>0 /</td>
<td>1 /</td>
<td>0 /</td>
<td>5 /</td>
<td>First mover</td>
<td>Major</td>
<td>10</td>
<td>/</td>
</tr>
<tr>
<td>9</td>
<td>7 3</td>
<td>0 0</td>
<td>3 0</td>
<td>1 0</td>
<td>2 4</td>
<td>Mixed Medium</td>
<td>13</td>
<td>7*</td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>3 2</td>
<td>1 2</td>
<td>0 1</td>
<td>3 0</td>
<td>3 3</td>
<td>Mixed Medium</td>
<td>10</td>
<td>8</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>3 1</td>
<td>0 0</td>
<td>1 0</td>
<td>1 0</td>
<td>2 0</td>
<td>First mover</td>
<td>Major</td>
<td>7</td>
<td>1</td>
</tr>
<tr>
<td>10</td>
<td>2 /</td>
<td>0 /</td>
<td>0 /</td>
<td>2 /</td>
<td>4 /</td>
<td>First mover</td>
<td>Major</td>
<td>8</td>
<td>/</td>
</tr>
<tr>
<td>17</td>
<td>5 /</td>
<td>0 /</td>
<td>1 /</td>
<td>1 /</td>
<td>0 /</td>
<td>First mover</td>
<td>Major</td>
<td>7</td>
<td>/</td>
</tr>
<tr>
<td>21</td>
<td>5 /</td>
<td>0 /</td>
<td>2 /</td>
<td>1 /</td>
<td>2 /</td>
<td>First mover</td>
<td>Major</td>
<td>10</td>
<td>/</td>
</tr>
<tr>
<td>20</td>
<td>3 2</td>
<td>0 0</td>
<td>0 0</td>
<td>0 0</td>
<td>0 0</td>
<td>Late mover</td>
<td>Minor</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
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<td>2 /</td>
<td>0 /</td>
<td>0 /</td>
<td>0 /</td>
<td>1 /</td>
<td>Late mover</td>
<td>Minor</td>
<td>3</td>
<td>/</td>
</tr>
<tr>
<td>3</td>
<td>2 1</td>
<td>0 0</td>
<td>1 1</td>
<td>0 0</td>
<td>3 0</td>
<td>Late mover</td>
<td>Medium</td>
<td>6</td>
<td>2</td>
</tr>
<tr>
<td>7</td>
<td>0 0</td>
<td>1 1</td>
<td>2 0</td>
<td>0 0</td>
<td>3 1</td>
<td>Late mover</td>
<td>Minor</td>
<td>6</td>
<td>2</td>
</tr>
<tr>
<td>15</td>
<td>1 0</td>
<td>1 0</td>
<td>0 0</td>
<td>0 0</td>
<td>2 0</td>
<td>Late mover</td>
<td>Minor</td>
<td>4</td>
<td>0</td>
</tr>
<tr>
<td>1</td>
<td>4 0</td>
<td>1 0</td>
<td>1 0</td>
<td>0 0</td>
<td>1 0</td>
<td>Mixed Minor</td>
<td>7</td>
<td>0</td>
<td></td>
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<tr>
<td>2</td>
<td>1 /</td>
<td>0 /</td>
<td>0 /</td>
<td>2 /</td>
<td>2 /</td>
<td>Late mover</td>
<td>Minor</td>
<td>5</td>
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<tr>
<td>14</td>
<td>3 1</td>
<td>1 0</td>
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<td>0 0</td>
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<td>Mixed Minor</td>
<td>5</td>
<td>1</td>
<td></td>
</tr>
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<td>19</td>
<td>2 /</td>
<td>1 /</td>
<td>1 /</td>
<td>1 /</td>
<td>1 /</td>
<td>Late mover</td>
<td>Medium</td>
<td>6</td>
<td>/</td>
</tr>
<tr>
<td>TOTAL</td>
<td>78 27</td>
<td>11 4</td>
<td>14 6</td>
<td>22 2</td>
<td>43 24</td>
<td>168 63</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Includes some entrepreneurial behaviors from projects with parents; /" indicates an absence of entrepreneurial data for successors as it highlights cases that (still) lack a successor.

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Table 4
Exemplary evidence of entrepreneurial legacies in entrepreneurial families.

<table>
<thead>
<tr>
<th>Case</th>
<th>Entrepreneurial legacy predecessor</th>
<th>Primary code</th>
<th>Entrepreneurial legacy successor</th>
<th>Primary code</th>
</tr>
</thead>
<tbody>
<tr>
<td>4</td>
<td>Our family history is without a gap and dates back to [year, 10th century]. We are growing wines in this town for 9 generations. Before that our family grew wines in the region of [city]. [...] In [year, 19th century], my great-great-great-grandfather was a wine commissioner. That means he was hired by vineyard owners who lacked knowledge about wine-making and made wine for them. [...] His son even became the manager of the coop of [city]. However, the son focused on growing his own vineyards and on selling his own wine. We were the family of the assistant secretary of the region and as such, we had to pursue the responsibilities of public administration in the six towns around the city [name]. In the beginning, our family was not involved in wine-making as much as we are now. They primarily collected taxes on wine while outsourcing the management of their own vineyards. [...] However, in the function of leading the regional public administration, our family was still involved a lot with wine. The wine cellar was called the “public cellar” and the assistant secretary of the region was officially called the “public cellar master” until 1803. This only shows you how important wine was for the region and for our family. And over there, in our archives, we have many old vineyard maps of the region. In addition to that, we have records of who harvested what over many generations and [our ancestors] also developed over time clear methods for how to ensure high wine quality.</td>
<td>Past entrepreneurship (new firm with new products)</td>
<td>You will have realized by now that we don’t panic. We let things happen and see. As I said before, we have been making wine for more than 1000 years, which has included many ups and downs (Case 4, younger generation).</td>
<td>Past resilience</td>
</tr>
<tr>
<td>5</td>
<td>I took over the business in [year] because we celebrated that year our historical foundation which was [years; comment: several centuries] ago. It was an ideal time to hand over the firm. We incorporated our crest back then and have since then a modern corporate logo.</td>
<td>Past entrepreneurship (marketing change tied to founding)</td>
<td>[...] the family regains importance, especially during crisis [...] as grandfather states, there have always been crises. [...] They experienced the wars and that makes you stronger, gives you stability, and helps you move ahead when you are having a hard time, because the older generation members tell you that this is something that has been experienced and managed before (Case 5, younger generation) No, I would not sell the firm but, well, I cannot exclude this option either. [...] It is not the goal, it is not the plan, but things happen. My grandfather’s estate was expropriated by the Czech Republic. He was not able to sell the estate; they simply took it away. [...] It was the communists in the Czech Republic. In 1945 after WWII, estates everywhere in the Czech Republic were expropriated. If politics started to move nowadays in such a direction, I am not sure how I would react. However, I would find the answers soon enough.</td>
<td>Past resilience</td>
</tr>
<tr>
<td>8</td>
<td>We were the family of the assistant secretary of the region and as such, we had to pursue the responsibilities of public administration in the six towns around the city [name]. In the beginning, our family was not involved in wine-making as much as we are now. They primarily collected taxes on wine while outsourcing the management of their own vineyards. [...] However, in the function of leading the regional public administration, our family was still involved a lot with wine. The wine cellar was called the “public cellar” and the assistant secretary of the region was officially called the “public cellar master” until 1803. This only shows you how important wine was for the region and for our family. And over there, in our archives, we have many old vineyard maps of the region. In addition to that, we have records of who harvested what over many generations and [our ancestors] also developed over time clear methods for how to ensure high wine quality.</td>
<td>Past entrepreneurship (new production techniques)</td>
<td>[...] the family regains importance, especially during crisis [...] as grandfather states, there have always been crises. [...] They experienced the wars and that makes you stronger, gives you stability, and helps you move ahead when you are having a hard time, because the older generation members tell you that this is something that has been experienced and managed before (Case 5, younger generation) No, I would not sell the firm but, well, I cannot exclude this option either. [...] It is not the goal, it is not the plan, but things happen. My grandfather’s estate was expropriated by the Czech Republic. He was not able to sell the estate; they simply took it away. [...] It was the communists in the Czech Republic. In 1945 after WWII, estates everywhere in the Czech Republic were expropriated. If politics started to move nowadays in such a direction, I am not sure how I would react. However, I would find the answers soon enough.</td>
<td>Past resilience</td>
</tr>
<tr>
<td>11</td>
<td>You have to differentiate: We have vineyards now for four generations but our wine estate is only three generations old. The wine estate was founded in [year]. Before, the grapes were transported to the local coop. My father and I then decided that we would start our own wine business and so our family started the wine estate.</td>
<td>Past entrepreneurship (new firm, new products)</td>
<td>My father was entrepreneurial when he started the wine business. We already had some vineyards before but grandfather was still delivering grapes to the local coop. Father then decided to change this and so he started with a very small area and grew it very significantly to [number] hectares, [...] We had some leaps over time. In the 1990s, after we had some success, the demand got much bigger and soared, [...] He was the one who build it. But then, he lived through war, they lived through thoroughly worse times than we did. If an important customer quits, it’s a real sorrow for me, but my father just laughs at me because he lived through war and he experienced poverty and starvation.</td>
<td>Past entrepreneurship (New firm, new product)</td>
</tr>
<tr>
<td>16</td>
<td>In [year] my father bought both the house and the business from my uncle. During the great depression, winemakers offered vineyards to pay their debt. My father took over and in 1933/34 he was confronted with the question whether to go on with his retail store or with winemaking; he opted for winemaking. He joined the winemaking school in 1934/35 when he was 45 years old while his classmates were 16 or 17. This came at the advantage that he was not entrenched in the old way of winemaking but influenced by the then modern way of winemaking. That means there was a shift from growing vineyards. In former times they were aimed at a height of 60, 70, 80 cm and now one leaves them to grow up to two meters of height. This shift he experienced there [at school]. And the vineyards until the end of WW II were roundabout 5 or 6 ha, he grew them by buying further vineyards… that was the development of the winery. After the war we, I</td>
<td>Past entrepreneurship (new production methods, acquired new raw materials [land], new products)</td>
<td>My father was entrepreneurial when he started the wine business. We already had some vineyards before but grandfather was still delivering grapes to the local coop. Father then decided to change this and so he started with a very small area and grew it very significantly to [number] hectares, [...] We had some leaps over time. In the 1990s, after we had some success, the demand got much bigger and soared, [...] He was the one who build it. But then, he lived through war, they lived through thoroughly worse times than we did. If an important customer quits, it’s a real sorrow for me, but my father just laughs at me because he lived through war and he experienced poverty and starvation.</td>
<td>Past resilience</td>
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</table>
Table 4 (continued)

<table>
<thead>
<tr>
<th>Case</th>
<th>Entrepreneurial legacy predecessor</th>
<th>Primary code</th>
<th>Entrepreneurial legacy successor</th>
<th>Primary code</th>
</tr>
</thead>
<tbody>
<tr>
<td>18</td>
<td>The wine estate was founded as it is today by [name] in [year]. The founder [name] bought it from the church because the church representatives ran away when Napoleon’s troops arrived and occupied the region. [...]. After his [founder name] death, the winery was divided. This happened again and again in the following generations. [...] some who did not have children passed parts of the winery back to their siblings. Some siblings bought out other family members. [...]. My grandfather finally [united all the parts] and passed on the entire business to my father.</td>
<td>Past resilience, Past entrepreneurship (new way of organizing)</td>
<td>(Successor too young; we only conducted interviews with successors who were at least 18 years old)</td>
<td></td>
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<tr>
<td>9</td>
<td>The winery is over 200 years old. The first written proofs date back to [year]. The firm was often passed along the daughters’ lineages, [...] the winery was often also divided [among heirs] and then it was damaged during [the two world] wars. The wine estate building and the cellar were destroyed. And through the division of inheritances, there were at times three winery businesses with our name [name] [...]. It is a complex story. My uncle and my father successfully developed two parts of the wine business independently. And then there was this great-aunt who had a third part of land. Her part was divided into many hands. My family was able to buy out many family members to unite the land again and when I started to work for my father, we finally also bought out our uncle.</td>
<td>Past resilience, past entrepreneurship (new ways of organizing, new raw materials)</td>
<td>Yes, the [founder name] was an important person in our family. This is why our winery is named after him [founder's name]. He lived around the turn of the century and had been employed by the Prussian State. He was the Forester to the king at that time. He did a lot of good things for our Riesling wine, but also for the Riesling of the whole region. He was also a founding member of the Association of Quality Winemakers of our region, [name of region]. Because of that we want to value him with his name on the bottles.</td>
<td></td>
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<tr>
<td>13</td>
<td>Our family has been in wine-making for more than 400 years. This business is now run by the 5th family generation [the son]. Well, it began when an old [wine] estate was for sale. My great-grandfather, who was a consistory and a school inspector in [town] but at the same time also the son of a wine-maker from [town], decided to buy it. His son had just returned from World War I. Before the war, the son graduated from high school and due to the family's agricultural background, he became right away a manager of a wine estate. Since the son was good at his job, and my great-grandfather had saved some money, he bought the wine estate for him. Well, but we already had many other vineyards at that point of time from previous generations.</td>
<td>Past resilience, past entrepreneurship (New firm, new raw materials)</td>
<td>My family came to this village [name], which consisted of four buildings, and settled. Because of its [difficult] situation, my family looked for a larger place to start a farm. Today, we still own the old house in the village, but it got too small over time. When my family got the chance to buy a larger estate, they saw an opportunity to develop their firm. It was my great-great grandfather who acquired the estate, but then died quite soon. It was mostly my grandparents who grew later the diversified agricultural business, which was common at that point of time in this region [name], and then developed it into a highly focused wine business. That happened rather early, in the 1950s and 60s. And they emphasized quality right away, reduced harvest, harvest by hand and so on and so forth — and finally they grew the business with bottled wine. Today, [because of them] we are 100% winery with an international customer base.</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>The oldest document we have dates back to [year, 17th century]. Since then, we have always made wines. [...] My great-grandfather also had a store. You could buy everything there from potatoes to suits. That business was economically interesting because we also had some tough times. The ups and downs in wine-making were different in the past from the ones we have today. It was only my father who started to focus on wine-making. During WWI he increased the size of the vineyards from [number] to [number] hectares. After WWII, it was once again tough. [...] when my brother and I became responsible in [year, 20th century], we focused entirely on wine-making and worked hard to lead the firm to the top.</td>
<td>Past resilience, past entrepreneurship (new raw materials, new products, new markets)</td>
<td>No evidence of entrepreneurial legacy</td>
<td></td>
</tr>
</tbody>
</table>

(continued on next page)
The second type of narrative that comprised entrepreneurial legacies concerned resilience in that family members describe how the firm survived challenging, even perilous, times and bounced back. These stories motivate and give meaning to entrepreneurship by placing today’s risks in perspective vis-à-vis much more substantial challenges from the past:

*He was the one who build it. But then, he lived through war, they lived through thoroughly worse times than we did. If an important customer quits, it’s a real sorrow for me, but my father just laughs at me because he lived through war and he experienced poverty and starvation (Case 16, older generation).*

Several studies theorize that resilience is relevant for entrepreneurship in that it aids long-term survival and innovation (Hayward et al., 2010; Shapero, 1982; Swaminathan, 1996), but its role in entrepreneurial legacies that motivate entrepreneurship across generations is new.

In contrast, traditional families lacked a clear entrepreneurial legacy:

*I cannot say anything concerning the founding period, but all businesses have been mixed businesses. They started with the goal to feed their families. […] the opportunity to lead and keep a family business. That’s not easy and there are not many opportunities (Case 20, older generation).*

We thus introduce the concept of entrepreneurial legacy as a new theoretical construct that helps explain how families can motivate the pursuit of entrepreneurship. Table 4 shows evidence regarding entrepreneurial legacy and reports one of the narratives that comprise the entrepreneurial legacy in each of the entrepreneurial cases, as expressed by the predecessor and, where possible, the successor.

### 5.3. Imprinting the entrepreneurial legacy

Theory suggests that environmental influences that occur when one is young remain imprinted in adulthood (Higgins, 2005; Marquis and Tilsik, 2013). Thus, family firms have unique opportunities to imprint beliefs and behaviors onto the next generation. Accordingly, childhood involvement in the family firm offers a platform for imprinting the family’s entrepreneurial legacy. In all cases where entrepreneurship was nurtured, or being nurtured, in the next generation, children spent extended time in and around the family firm, and frequently interacted with other family members who were also involved in the business.

All of the families that had an entrepreneurial legacy that was retained by interviewees in the younger generation were large (e.g., family network) and cohesive families where the children were deeply involved in the firm. Childhood interaction with multiple generations provides repeated opportunity for senior family members to share narratives that reconstruct the family’s past entrepreneurial acts or resilience. Because large and cohesive families usually live together on the wine estate and the family and firm are one rather than two entities, next generation members have no choice other than to get involved and hear and learn rhetorical narratives about the entrepreneurial history of the family and the firm:

*You don’t have any privacy during lunch, lunch is not private at all. You only talk about the business and, being a child, you are somehow overlooked (Case 5, younger generation).*
In contrast, when the core family was small, family members lived away from the wine estate, did not get involved in the firm, and lacked frequent interaction with other family members, children were less likely to get involved in the family firm and were not exposed to reconstructed narratives about the family’s entrepreneurial past (even if the family had an entrepreneurial legacy):

*No, no [the children did not have to work in the firm]. The winery was always working with non-family employees and so it was difficult because we did not have these traditional [family] patterns (Case 17, older generation).*

Accordingly, deep involvement of children and other family members in the family firm is not only important for children to identify with the family firm and to develop an understanding of the firm’s activities, it also helps imprint the family’s entrepreneurial legacy through narratives that will motivate and give meaning to their own future entrepreneurial behaviors. This aligns with research on families. *Copeland and White (1991)* describe how family history and family myths impact children; narratives of ancestors, even when children never meet them, influence the children’s behavior. Based on a shared history, sometimes stretching back generations, family members “bring to every interaction expectations about each other based on extended prior experience and family myth. [...] These kinds of entrenched expectations do not exist to the same extent in ad hoc research groups and other naturally formed groups” (p. 4–5). In line with our observations, involvement in the firm from childhood appears critical for children to hear and absorb the family firm’s entrepreneurial legacy. To summarize:

**Proposition 1.** Large and cohesive families with an entrepreneurial legacy imprint their entrepreneurial legacy on the next generation by involving their children in the family firm. The entrepreneurial legacy helps motivate children’s future entrepreneurship.

Although large and cohesive traditional families (i.e., those without an entrepreneurial legacy) also used childhood involvement for imprinting, imprinted traditions did not motivate next generation entrepreneurship. Imprinting a family’s entrepreneurial legacy is thus important because it motivates next generation entrepreneurship. It does so by encouraging both generations to engage in (1) strategic education (2) entrepreneurial bridging, and (3) strategic transition, which, in turn fuel transgenerational entrepreneurship.

### 5.4. How entrepreneurial legacy motivates transgenerational entrepreneurship

#### 5.4.1. Strategic education to recognize entrepreneurial opportunities

We found that the next generation’s education and work experience played an important role for entrepreneurship. Families with an entrepreneurial legacy nudged their children toward educational and work experiences that were both high quality and related to the firm and its potential future opportunities. *Strategic education* is used by these families to bring the latest knowledge to the firm for the purposes of capitalizing on emerging entrepreneurial opportunities:

*Whereas exports are not that important to us at the moment, I want my son to improve them. He had been to the US and is now in Lisbon [where] he studies agriculture. My husband probably already told you that. He [the son] is now in Lisbon and is...*
learning Portuguese and Spanish, and, as a student, he spent a year in the US. He has a high school degree from the US, [and] for that reason he got into [university name]. He also did very well on his TOEFL test, close to 100%, and he is a multi-cultural guy, always travelling around. He will take care of exports because I have the disadvantage of having poor English (Case 16, older generation).

Work experience is similarly used to expose children to the latest practices. In seven of the cases with an entrepreneurial legacy, children gained such work experiences outside the family firm (see the exemplary case described in Table 6).

Strategic education goes beyond learning basic job skills for taking over (i.e., ordinary succession); its focus is on opportunity recognition (Baron and Ensley, 2006; Shane, 2000). In one of our cases, for example, innovations in wine processing in North America led one family to push their successor to study wine-making in Canada. In another case, the family sent a child to South Africa to learn about a grape variety that was uncommon in Germany. These examples suggest that in families that successfully imprint an entrepreneurial legacy on the younger generation, the older generation will encourage and the younger generation will embrace education and work experience in areas that are strategically relevant to the family firm’s potential future entrepreneurial opportunities. Thus, we theorize that:

Proposition 2. In families that possess an entrepreneurial legacy, children receive a strategic education – both formal and experiential – that helps them recognize entrepreneurial opportunities.

5.4.2. Entrepreneurial bridging

Once next-generation family members completed their strategic education, they returned to the family firm and engaged in what we call entrepreneurial bridging. We define entrepreneurial bridging as transgenerational collaboration of at least two generations over several years to foster entrepreneurship. Entrepreneurial bridging is more than a period of side-by-side working together to train the next generation and ease the transition. Two generations work together intensely for many years – 22 in one of our cases – with the focus on entrepreneurship, not succession. Another distinction between entrepreneurial bridging and existing concepts of “generational transition” (e.g., Gersick et al., 1997) is that entrepreneurial bridging is not just a period in which the young learn from the experienced. In families with an entrepreneurial legacy, knowledge transfer from the younger to the older is equally, if not more, important. That is, the older generation runs the firm and gives the next generation the power, resources, and support needed to implement entrepreneurial ideas (cf., Penrose, 1959). In this way, entrepreneurial bridging goes beyond the notion of mentoring (e.g., Le Breton-Miller et al., 2004). Entrepreneurial bridging is a critical time for organizational renewal wherein the young take their entrepreneurial legacy, education, experience, and energy and make significant changes that move the firm forward. When entrepreneurial bridging works well, the older generation facilitates and encourages the younger generation’s entrepreneurship:

Well, at our place it worked well. [...] I forget. I may have been around eight when my grandfather said: “Look what your father is doing. He is destroying everything in the vineyard! He remakes it, and makes it this and that way.” My grandfather was hurt. But he let father do it, and father was successful. And I realize now that father does not always agree with what I am doing. But it’s my task and he accepts it, and he cherishes my success. [...] You have to have a longitudinal view and you have to realize that things are changing and that time is moving on. This is the only way it works (Case 5, younger generation).

Our data further reveal that entrepreneurial bridging is a critical period for “entrepreneurial leaps”, which we define as multiple entrepreneurial behaviors in a relatively short time period (see also Table 3, column: Total [entrepreneurial behaviors of] successor). The reason that entrepreneurial bridging leads to entrepreneurial leaps is that it helps overcome the entrepreneurial capacity problem first described by Penrose (1959). She observed that managing day-to-day operations reduces managers’ capacity to pursue entrepreneurial growth opportunities. In entrepreneurial bridging, the older generation gives the firm much-needed stability and continuity, which, at the same time, gives the newly educated designated successor room to experiment, recognize opportunities and implement them. Whereas extant literature has described families as antithetical to entrepreneurship (Block et al., 2013; Gómez-Mejía et al., 2010; Lumpkin et al., 2008; Miller et al., 2011), our evidence points to the exact opposite in families that have an entrepreneurial legacy. In these family firms, entrepreneurial leaps occur as a result of involving next generation members in the family firm and equipping them with the resources they require to pursue entrepreneurial ideas. The next generation family member then pursues opportunities with the support of the older generation, in part, because their time is not diverted toward day-to-day management. Thus, entrepreneurial bridging helps overcome the entrepreneurial capacity problem and leads to changes in the business model. Accordingly:

Proposition 3. Families that possess an entrepreneurial legacy engage in entrepreneurial bridging to help successors seize entrepreneurial opportunities with operational support from predecessors. Entrepreneurial bridging helps overcome limits to entrepreneurial capacity and leads to entrepreneurial leaps.

5.4.3. Strategic transition

At the end of entrepreneurial bridging lies what we call strategic transition. Strategic transition is defined as formal transition of ownership and control to the next generation in a way that protects resources needed for entrepreneurship. Beyond existing research,
After graduating with a technical degree, I went for half a year to Austria. Thereafter I returned home, where I

Table 6

Exemplary evidence from case 5.

<table>
<thead>
<tr>
<th>Theme</th>
<th>Summary of key evidence</th>
<th>Exemplary quotes from predecessor</th>
<th>Exemplary quotes from successor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Entrepreneurial legacy</td>
<td>Successor and predecessor freely recall narratives about past entrepreneurship or resilience.</td>
<td>“They had a shitty business when everything was destroyed in the war [WWII]. However, we could rebuild it. We were not a shitty winery at all. It has all been written down [what was accomplished] and the buildings are also still here.”</td>
<td>“They experienced the wars and that makes you stronger, gives you stability, and helps you move ahead when you are having a hard time, because the older generation members tell you that this is something that has been experienced and managed before.”</td>
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<tr>
<td>Family size</td>
<td>The family is large.</td>
<td>“First of all, my wife, my children, my parents, my extended family, yes, we are truly many.”</td>
<td>“Our family is very big. We have just had a family weekend with my parents, grandparents, siblings, all cousins, and an aunt [...]. I should also add my uncle.”</td>
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<tr>
<td>Family cohesion</td>
<td>Family members regularly meet, help each other, and several of them also work or help out in the family business.</td>
<td>“We are a typical large family and you always meet all members at birthdays [every 2–3 weeks]!”</td>
<td>“We have support. The whole family is close to us and supportive, and yes, we are also close to the family and stand by them.”</td>
</tr>
<tr>
<td>Childhood involvement in family firm (1980s)</td>
<td>a) Grew up on family's winery</td>
<td>“There was this hail. We lost 16 hectares within fifteen minutes. No grape left. [...] and I said: “the soil is full of minerals and this is the time. We have to clear the wine plants and change [...].” I phoned France and Italy. My son [name; comment: teenager] went to Italy and brought back 5000 Merlot plants. Everyone in [town name] said “They went crazy. [...].” I said: “Forget about it; we have to act ...””</td>
<td>“When you grow up on the wine estate, you are naturally very close to the business, the soil and everything else that belongs to it. It is therefore also obvious to pick a related career.”</td>
</tr>
<tr>
<td>Strategic education (1990s–2000s)</td>
<td>a) Finished junior high school</td>
<td>“All of my employees did an apprenticeship here, went abroad to gain work experience, had to get a technical degree, and work for their parents winery.”</td>
<td>“After graduating with a technical degree, I went for half a year to Austria. Thereafter I returned home, where I worked for two years. Then I left to work at the grape harvest in New Zealand and then I returned again home.”</td>
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<tr>
<td></td>
<td>b) Worked during a wine harvest at a winery in South Africa</td>
<td>“Maybe, we should have truly done a few things differently. Maybe we should have pushed them [the children] even more to learn more or to learn more languages.”</td>
<td>“I had so many ideas from school, from Austria, from South Africa and I wanted to implement them in the winery to advance it. Looking backwards it might have also been interesting to join another winery and lead it for 5 years before returning home.”</td>
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<tr>
<td></td>
<td>c) Did 3 years of vocational training on wine-making in Germany</td>
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<td></td>
<td>d) Worked parallel for a winery in Germany</td>
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<tr>
<td></td>
<td>e) Got qualification to attend a technical university</td>
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<tr>
<td></td>
<td>f) Got a technical degree</td>
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<td></td>
<td>g) Worked in the cellar of a wine-maker in Austria for 6 months</td>
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<td></td>
<td>b) Joined family winery for several months to implement first “changes”</td>
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<tr>
<td></td>
<td>i) Went for 4 months to work for a winery in New Zealand</td>
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<tr>
<td>Entrepreneurial bridging (2000s)</td>
<td>a) After three years on and off at family winery (because of parallel education and seasonal foreign work experiences)</td>
<td>“When he returned [home after his education] he wanted to do things differently in the cellar and I agreed.”</td>
<td>“When I finished my education, I returned to implement some changes [changes of the production process in the cellar].”</td>
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<td></td>
<td>b) Father and mother continued to run daily operations of winery</td>
<td>“It is important to let the younger generation be innovative and implement changes once they return.”</td>
<td>“The Sauvignon Blanc, I think is another example for the generational change. I brought it from South Africa.”</td>
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<tr>
<td></td>
<td>c) Discussed own entrepreneurial ideas with family before implementing them</td>
<td></td>
<td>“After I got my technical degree, I started to think, we can grow this firm.”</td>
</tr>
<tr>
<td></td>
<td>d) Father supports implementation of new ideas</td>
<td></td>
<td></td>
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<tr>
<td>Strategic transition (2010s)</td>
<td>a) Enjoyed sharing innovative ideas with his wife and have her support</td>
<td>“I simply see that my children picked spouses based on the families they came from. I always tell me wife, we are in a very lucky situation that we get along so well with our daughters-in-law.”</td>
<td>“Since we joined the family winery, we focus during the harvest more on quality and less on quantity.”</td>
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<td></td>
<td>b) Participated with wife in family and firm events</td>
<td>“I will do it [succession] like my father. I will ask: How can I help you? Where shall I go to make a presentation?”</td>
<td>“How does it work with a wife, how do you integrate her. We [brother and he] both want spouses that are part of the firm. Because we are a family business there are many winery activities during weekends. Therefore your wife has to agree and be fine with this [lifestyle].”</td>
</tr>
<tr>
<td></td>
<td>c) Step-by-step transition process to next generation was taking place (and no buyouts)</td>
<td></td>
<td>“Family is support, integrity, stability and innovation. For instance, I currently work with my wife on new products and new projects which is great.”</td>
</tr>
<tr>
<td></td>
<td>d) Older generation will continue living close to winery and help out</td>
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</table>

Entrepreneurial behaviors (2010s)

a) Engaged in several entrepreneurial behaviors once he finished his strategic education and returned home.
we found two additional strategic elements in the way that families with an entrepreneurial legacy performed this transition. Successors were protected from buying out other heirs, and in-laws were integrated into the family prior to transfer. Prior research has recognized that there are negative consequences from buyouts (Ellul et al., 2010) and failure to integrate in-laws (Santiago, 2011). Our findings go beyond pointing to consequences by showing that families with an entrepreneurial legacy recognize these consequences ex ante and take specific actions to avert them. Avoiding buyouts and integrating in-laws ensures that family resources are protected so that they are available to pursue entrepreneurial opportunities.

5.4.3.1. No buyouts. Buyouts in family firms reduce future investment (Ellul et al., 2010). Accordingly, we observed different mechanisms for preventing successors from paying out other family members. Regardless of whether parents saved money to pay out other family members or simply favored one child in succession, in families with an entrepreneurial legacy, parents know that it is critical that the succession does not create firm or successor indebtedness that cripples future entrepreneurship. Although several parents expressed concern about the disproportional treatment among children, they did so believing that even those children and grandchildren who received less were better off because they benefit greatly from the social and, if necessary, financial support from being part of an ongoing, entrepreneurial, and successful family firm. These parents view the firm’s success as essential for carrying on the family’s entrepreneurial legacy and as a central source of long-term support for all family members. If they harm the family firm in the name of equal treatment, the long run result might be more harm to more family members. The firm and its cash flow would disappear as it is divided into ever-smaller portions across generations. Instead family members, along with inheriting a disproportionate share of the wealth, also inherit a social obligation to protect their siblings and their families.

I do not feel like an owner but like a caretaker. [...] I inherited the entire winery from my father and thus my siblings had to give up their legitimate portion of the inheritance. Although they did not receive a material value in exchange, they received something else, but it did not equal the true value of their shares. If one proceeded according to the legal code, they could have asked for more. That means that I have a responsibility to maintain an open house for my siblings. It is and remains their childhood home. I am also responsible for maintaining, further developing, and passing on the firm — but I cannot sell it (Case 8, older generation).

Strategic transition that does not involve buyouts is critical in order for the successor to pursue entrepreneurial opportunities without worrying about debt or family infighting. In traditional families (i.e., those that lacked an entrepreneurial legacy) that were less concerned with next generation entrepreneurship, successors often had to worry about buying out other family shareholders. Even if they used their education and experience to identify opportunities, they were prevented from implementing them:

No, it didn’t change much, the winery developed out of the group of inheritors after my father’s death. I had to pay out 50% of the value of the winery, which was quite a lot. I even had to sell some peripheral vineyards to finance this. I regretted it, but there was no way to avoid it… In a nutshell my generation worked for the last 25 years to get rid of the debt … (Case 7, older generation).

Whereas prior research notes that transition to the next generation can be jeopardized if the successor lacks necessary resources to buyout family heirs, our analysis suggests that even if the successor can gather these funds, families with an entrepreneurial legacy prevent buyouts in order to ensure that the successor can use this capital for entrepreneurship. To summarize:

**Proposition 4a.** Families that possess an entrepreneurial legacy make sure that the successor does not have an obligation to buy out other heirs so that s/he has the necessary resources to pursue entrepreneurial opportunities in the family firm.

5.4.3.2. Integration of in-laws. Finally, our data revealed another aspect of strategic transition that could become a hurdle for transgenerational entrepreneurship: integration of (future) in-laws. Prior research found that in-laws can play an important role. In public firms, investors favor marriages between well-connected families (Bunkanwanicha et al., 2013; Santiago (2011) found that cohesive and professionally run families better integrate in-laws. She also found that experience matters; those who had integrated in-laws previously were likely to do so again (Santiago, 2011). Families that shared an entrepreneurial legacy in our sample similarly had fewer problems with next generation in-laws. This appears to be because it was normal for them to include and integrate in-laws (or potential in-laws) into their lives and firms. Involving children’s partners early helped develop deeper relationships before they became part of the family and firm.

A key reason in-laws are so important is because by this point in the transition, the potential successor is a critical resource for entrepreneurship. She or he has been imprinted with the family's entrepreneurial legacy, gained knowledge to recognize opportunities, and is somewhere in the entrepreneurial bridging process. Failure to fully integrate the successor’s partner could cause a breakdown in cohesion and result in the loss of a critical resource for entrepreneurship. Accordingly, members of families with an entrepreneurial legacy described how they proactively ensure that (future) in-laws are integrated in the family and in the family firm prior to succession. In one case, the family hired external moderators to get feedback on family communication and improve family governance. In families without an entrepreneurial legacy, where in-laws were not integrated, family conflicts thwarted development of the next generation’s entrepreneurial potential:

Yes, my wife was, my divorced wife came from, she came from, yes, how to put it, from a very risk-averse family of civil servants, and she was reluctant when it came to economic questions and so we had conflicts and the children realized – and she also said – that they shouldn’t go into wine-making. [Consequently] My son only considered doing it for a short time (Case 17, older generation).
When considering that half of the adults in every generation can be in-laws, in-laws are an important factor for continued entrepreneurial success. Families that have an entrepreneurial legacy are aware of the important role that even non-active in-laws can play and integrate them early. We therefore derive the following proposition:

**Proposition 4b.** Families that possess an entrepreneurial legacy integrate the successor’s potential partners into family life and the firm to protect cohesion and allow the successor to stay focused on entrepreneurship.

To conclude, we observe that when the older generation successfully imprints the entrepreneurial legacy on the next generation, both generations are motivated to engage in three strategic activities that nurture transgenerational entrepreneurship. The process, however, is fragile. Some families fail to imprint their legacies; others fail to implement a strategic activity. Without an entrepreneurial legacy, the next generation lacks entrepreneurial spirit, and without all strategic activities, they lack either the ability to recognize or the resources to pursue entrepreneurial opportunities.

6. Discussion

6.1. Contributions

Given that family firms are less entrepreneurial, on average, and that those that are often become less so after one or two generations, it is clear that nurturing entrepreneurship across generations presents a real challenge. Further, recent reviews lament the lack of theory describing how succession processes can nurture entrepreneurial behaviors across generations (e.g., Nordqvist et al., 2013). We therefore set out to develop theory to explain how some family firms meet this challenge. Our study led to three theoretical contributions:

First, our theory is that transgenerationally entrepreneurial families possess what we call an entrepreneurial legacy. The entrepreneurial legacy is comprised of narratives that reconstruct the family’s past entrepreneurial achievements or resilience. These narratives motivate and give meaning to current and future entrepreneurship. As such, the entrepreneurial legacy is an example of rhetorical history — the process through which actors reconstruct past events to influence the present and future (Suddaby et al., 2010).

Identifying entrepreneurial legacy contributes to entrepreneurship research by distinguishing between more and less entrepreneurial multi-generation family firms. Second, our theory describes how the older generation imprints the family’s entrepreneurial legacy on the next generation. Imprinting binds the next generation’s entrepreneurial spirit to (stories about) their ancestor’s entrepreneurial acts. Third, we show that families with an entrepreneurial legacy engage in three strategic activities — i.e., strategic education, entrepreneurial bridging, and strategic succession — that nurture next generation entrepreneurship. Together, our theory presents entrepreneurial legacy as a key distinction between entrepreneurial and traditional family firms and explains how some of these multi-generational families leverage their entrepreneurial legacy to nurture transgenerational entrepreneurship. Our theory also shows how fragile the process is: Failure to imprint the entrepreneurial legacy or to engage in one of the three strategic activities can thwart next generation entrepreneurship. Our study offers implications for future inquiry on entrepreneurship in family firms, imprinting theory, and succession research.

6.2. Implications for research

Regarding implications for research on entrepreneurship in family firms, more research on entrepreneurial legacy is needed. We have snapshots of the entrepreneurial legacy as expressed by incumbent and next-generation family members, but it seems unlikely that entrepreneurial legacies are static (Suddaby et al., 2010). Research on storytelling shows that narratives are reconstructions and interpretations that evolve as they are retold (Barry and Elmes, 1997), so it seems imperative to know how incumbents change, add to, or embellish entrepreneurial legacies, and to understand what motivates change across generations. Is it that each generation adds narratives about important entrepreneurial achievements and resilience while shedding others? Do parents embellish the legacy out of pride or are they more strategic about how they shape the legacy to influence their children?

A related question involves the role of entrepreneurial legacy in sustaining longevity. Prior research suggests that entrepreneurship is a pre-requisite for long-term survival, especially in competitive industries such as the German wine industry, which raises questions about how the traditional firms in our sample have survived so long. Boeker (1989) offers one answer in that he observes that less entrepreneurial late-mover strategies can also be successful. It seems likely, however, that there are important moderators. In stable but growing industries with differentiated products, such as wine, it seems likely that a firm can produce a high-quality wine with regional distribution and survive, perhaps even grow steadily, without being particularly entrepreneurial (Ward, 2004). This might not be the case, however, among hyper-competitive commodity-type industries where moving slowly means falling behind. Thus, perhaps future inquiry is warranted to understand how industry conditions shape transgenerational entrepreneurship and how an entrepreneurial legacy contributes to firm sustainability over time.

Another possible explanation for the longevity of traditional firms is that they were once more entrepreneurial and they lost their entrepreneurial legacy. Our theory suggests that the process of imprinting an entrepreneurial legacy is fragile, and could be lost if the family’s size and/or cohesion deteriorated. Indeed, given that our detailed data only cover two to three generations, we cannot rule out the reverse — i.e., that both entrepreneurial and traditional firms have had prior generations that were more and less entrepreneurial than the generations we now observe. Future research might therefore gain from learning what factors cause a previously
entrepreneurial multi-generation family to abandon its entrepreneurial legacy and what factors might coax traditional families into creating one.

Regarding implications for imprinting theory, the key mechanism for secondhand imprinting seems to be during childhood, which takes place before the person gets an education and becomes fully active in the family firm. This finding has implications for the development of theory on secondhand imprinting in non-family firms. If the “willingness to adopt” certain viewpoints is built early in childhood (Higgins, 2005), then perhaps the key mechanism for secondhand imprinting in non-family firms is through self-selection and hiring criteria. That is, organizations might need to attract and select people who already accept the founders’ initial imprinting. Alternatively, childhood involvement could be viewed like a training ground for future involvement, so perhaps there are ways that organizations can set up intensive experiential training that helps embed certain aspects of the firm’s imprinted attributes in newly hired employees, even if they did not arrive initially with these.

Regarding implications for succession research, evidence suggests that failure to release control is a key factor that cripples succession (e.g., De Massis et al., 2008). We found that an entrepreneurial legacy plays an instrumental role in that it provides a context that offers predecessors purpose and meaning for making tough personal decisions that benefit succession outcomes. In particular, it gives parents insight into the benefits of releasing control in ways that nurture entrepreneurship during the stages of entrepreneurial bridging and strategic transition. Without an entrepreneurial legacy, it might be difficult for parents to see the benefits of rendering strategic before operational control. To us, this raises questions about whether there are substitutes for an entrepreneurial legacy that can be taught. If this process were explained to founders, would it help them release control in a way that nurtures entrepreneurship? A related and potentially interesting research question involves how possessing an entrepreneurial legacy interacts with succession: Are children who inherit an entrepreneurial legacy more likely to return home, or is there increased risk that they will strike out on their own?

A final research implication of note is regarding generalizability beyond German wine making. Since we looked at an internationally competitive sector (wine-making), our firms are likely representative of multi-generational firms in other competitive sectors and countries. Our theory should resonate particularly well in other countries where multi-generation families and their firms are common, such as Japan, Italy, and France. However, when we look at the distinct ways families with entrepreneurial legacies nurture transgenerational entrepreneurship, we are struck by how out-of-sync they are with family and social trends in other developed countries. For instance, childhood is now viewed as a time to explore and play (Elkind, 2007; Fromberg and Bergen, 2006), which appears incongruent with having children work in the family firm. Moreover, inheritance norms are shifting toward equal distribution among heirs (Alstott, 2008), which puts pressure on strategic transition. Finally, well-educated youth like those we studied have many career opportunities outside the family firm. All of these trends make us wonder about the long-term sustainability of entrepreneurial legacies. One fruitful avenue for future research might thus be to explore how societal changes affect the sustainability and potential changes of entrepreneurial legacies over time.

6.3. Implications for practice

Our study shows that while the process of leveraging an entrepreneurial legacy for transgenerational entrepreneurship is different and more difficult than the one leading to ordinary succession, it can be accomplished if entrepreneurs take a long view. Founders hoping to do more than ordinary succession need to realize that sharing their entrepreneurial legacy with the next generation and nurturing entrepreneurship among next generation family members starts at birth and takes at least 20 to 30 years. Thus, whereas many founders might feel uncomfortable with “business talk” at home or advertising their success (and failures) at the dinner table, this appears to be exactly what is needed in order for family narratives to take root. Further, whereas boundary theory says that employees are better off keeping boundaries between work and family (Ashforth et al., 2000), such practice appears unhealthy for the imprinting of an entrepreneurial legacy where involvement of the larger family is essential for frequent family member interactions to motivate children’s future entrepreneurship.

Our concept of entrepreneurial bridging also has important practical implications for first-generation entrepreneurs undergoing succession. Our results suggest that a very important opportunity for entrepreneurial leaps is lost if inter-generational time is treated only as a way for the predecessor to teach the business to the successor. Assuming that the successor has been imprinted with an entrepreneurial legacy and has received a strategic education, this should be a time for predecessors to encourage successors to use their knowledge to pursue entrepreneurial opportunities while protecting them from the burdens of day-to-day management.

7. Conclusion

Although multi-generation family firms engage in less entrepreneurial on average, some remain entrepreneurial across generations. Since entrepreneurship helps firms adapt to change and compete, transgenerational entrepreneurship might be one foundation stone for dynamic, multi-generation family firm success. We therefore answered recent calls to build a theory of transgenerational entrepreneurship. Our theory is that transgenerationally entrepreneurial families differ from traditional families because they possess an entrepreneurial legacy, successfully imprint their entrepreneurial legacy on the next generation, and that the entrepreneurial legacy then motivates both generations to engage in strategic activities that nurture next generation entrepreneurship. While this

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6 We thank one of our reviewers for inspiring this idea.

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process is long and fragile, we hope that our research can be a step toward helping business families pass along an entrepreneurial legacy and nurture next generation entrepreneurship. Despite the many challenges confronting multi-generation families and their firms, our research suggests that some have already built and passed on their entrepreneurial legacies and left behind a roadmap for others to follow.

Appendix 1. Overview of archival sources

1 Books on wineries, wine regions and wine rankings in Germany:

2 Magazines:
   - Weinscript. Meininger Verlag GmbH (Years: 2004–2012; 26 Issues per year; total of 234 issues); Wein und Markt. Fachverlag Dr. Fraun GmbH (Years: 2001–2012; 12 Issues per year; total of 144 issues).

3 Wine associations and organizations in Germany (accessed 2009–2010):
   - Der Deutsche Weinbauverband (www.dwv-online.de); Verband Deutscher Weinexporteure e.V. (www.vdw-weinexport.de); Deutsches Weininstitut GmbH (www.deutscheweine.de); Deutsche Weinakademie (www.deutscheweinaakademie.de); Deutsche Wirtschaftsseminare (www.deutscher-wirtschaftsseminare.de); Deutsche Wirtschafts-Verlag GmbH (www.deutsche-weine.de); Bundesverband Ökologischer Weinbau e.V. (www.ecovin.de); Forschungsanstalt Geisenheim (www.fa-gm.de).


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