TRANSGENERATIONAL ENTREPRENEURSHIP AND VALUE CREATION OF FAMILY FIRMS IN LAGOS STATE.

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Abstract
The study examined the influence of entrepreneurial orientation and family firm's resources on value creation in family firms in the State. This is with a view to enhancing the understanding of how transgenerational entrepreneurship influenced value creation in family firms in Lagos State. This study relied on the descriptive and cross-sectional survey design which established the association between variables affecting transgenerational entrepreneurship and value creation in family firms. The population for the study, were respondents from the family firms in Forbes List of registered family firms. Based on pre-survey carried out on the family firms, 10 family members involved in the operation of each of the firms making a total of 150 respondents from the fifteen (15) firms registered on Forbes List were purposively selected. The selection consisted of the Chief Executive Officers from each firm and nine other key family members. The data collected were analyzed using percentage analysis, Pearson product moment correlation and regression analysis. The analysis of the data showed that there was a strong positive relationship between entrepreneurial orientation and family firm's resources. The result further indicated that the combination of both family firm resources and entrepreneurial orientation explained forty-five percent of the variance of value creation in family firms. The study concluded that the combination of family firms' resources and entrepreneurial orientation influences value creation. Thus, transgenerational entrepreneurship is a fundamental to multi-generation family firms' success.

Keywords: *Transgenerational, Entrepreneurial Orientation, Resources, Value Creation, Family Firm*

1.0 Introduction

A comprehensive stream of entrepreneurship literature proposes that entrepreneurial attributes and resources are crucial antecedents for a company's short- and long-term success. In order to understand the uniqueness of family firms, family-business scholars developed transgenerational entrepreneurship framework which combines entrepreneurial orientation and family firms’ resources in order to create value across generations. To achieve continued growth, family firms should pass on the entrepreneurial orientation and family firms’ resources to create new streams of wealth across many generations and not just pass a business from one generation to the next. Transgenerational perspective proposes that only the combination of resources and entrepreneurial orientation will carry family firms into a successful future. Family firms range in size from small owner-managed firms to large multinational corporations and are spread out across a variety of industries. Fortunately, sustainability and long-term perspectives are fixed objectives within most family firms Miller and Le Breton-Miller (2005). Schwass (2005) found that continuity over generations is the greatest threat to family firm. While the family firms’ objective is to sustain survival beyond the current generation Davis and Harveston (2001), many studies cite survival rates of only 30% into the 2nd generation and about 15% into the 3rd generation Marshall, Ritch, Keith, Elizabeth, Alan and Richard (2006); Esuh, Mohd and Adebayo (2011). The small percentage of family-owned businesses led by third generation family members highlights the difficulty of sustaining interest and capability across generations (Hoy and Vesper 1994). Studies have focused on, among other issues, strategic behaviour in family firm performance (Chrisman, Steier and Chua (2008), exploiting the competent resources of family firms their capabilities,(Miller, Le Breton-Miller,2005) and their capabilities Despite the numerous studies about family firms, there are still many evident cases of inability of the family firms to combine both entrepreneurial orientation and the family firms’ resources in order to create value in Nigeria. However, there is a gap on the concept of transgenerational entrepreneurship and how entrepreneurial orientation and the family firms’ resources can be used to create value across generations; hence this study. Thus, the research question for this study is; to what extent does entrepreneurial orientation and family firms’ resources influence value creation in family firms?

Towards achieving the aims of the research questions the objectives of the study is to; examine the influence of entrepreneurial orientation and family firms’ resource on value creation

2.0 Literature Review

Transgenerational entrepreneurships is defined as he entrepreneurial orientation of a family firm and the ability of these firms to act entrepreneurially across generations by using the specific resources and capabilities they posses. Habbershon and Pistrui (2002) first introduced the concept of transgenerational wealth, related to family-owned firms, as *continuous stream of wealth that spans generations*. The main contribution of the mentioned study is the definition of family firm as the *unit of analysis*, upon which, the transgenerational entrepreneurship research is later developed Boers and Lora (2009). Transgenerational entrepreneurship was defined as the family's mindset and capabilities to continue their entrepreneurial legacy of social and economic wealth creation across many generations Naldi, Nordqvist, Sjöberg, and Wiklund (2007). Nordqvist, Zellweger, and Habbershon (2009) developed the concept even further and connected it towards the specific factors and conditions enabling this transfer process in such context. Transgenerational entrepreneurship, as considered in this study, was defined as the processes through which a family uses and develops entrepreneurial mindsets and family influenced resources to create new streams of entrepreneurial, financial and social value across generations Nordqvist, Zellweger, and Habbershon, (2009).

Entrepreneurial capabilities refer to the resources and capabilities of a given family that may facilitate entrepreneurial activities and create competitive advantage Habbershon, Williams, and MacMillan, (2003); Sirmon and Hitt, (2003). New streams of entrepreneurial, financial, and social values refer to a broader understanding of performance and value that reaches beyond the boundaries of only economic performance outcomes in the context of families and family firms Chrisman, Chua, and Litz, (2004). Finally, the transgenerational entrepreneurship framework adopts a longitudinal perspective by looking at how value is created not only for the current stakeholders but also for the future and, in particular, future family generations.

2.1 Theoretical Framework

Schumpeter's Theory: The theory of entrepreneurship innovation was propounded by Joseph Schumpeter (1949). According to him, entrepreneurs help the process of development in an economy, entrepreneurs are the people who are innovative, creative, and with foresight in a given community. Further and added that innovation occurs when the entrepreneur introduces a new product or a new production system, open a new market, discover a new source of raw materials or introduce a new organization in to the industry. He further stated that entrepreneurship is about combining resources in a new way such as introducing new products, new method of production, identify new source or source (s) of raw materials/inputs and setting a new standard either in the market or the industry that alters the equilibrium in the economic system. However, Schumpeter's entrepreneurs are, essentially, large scale businessmen/ women which are common in the advanced economies. The class of entrepreneurs that are common in developing countries are entrepreneurs who needs to imitate, rather than innovate to survive.

3.0 Methodology

This study used survey and cross-sectional design which established the association between variables affecting transgenerational entrepreneurship and innovation family firms in Lagos State. Questionnaire was used to elicit information from 150 respondents from the 15 family firms purposively selected in Lagos State. between the variables of the study and the extent to which the independent variable transgenerational entrepreneurship explained the dependent variable value creation, The population for the study were respondents from the family firms in Forbes List of registered family firms. A structured questionnaire was administered on the sample. The selection consisted of the Chief Executive Officers from each firm and nine other key family members. The data collected were analyzed using percentage analysis, Pearson product moment correlation and regression analysis.

4.0 Results And Discussion Of Findings

Table 1 indicates that 33.8% of the respondents were within the age bracket of 46-55 years as a result of this, majority of the respondents fall between the age brackets of 46-55 years; 64.0% of the respondents were male while 36.0% were female; (66.2%) of the respondents were married while 23.7% were single. The educational qualification showed that majority (54.0%) of the respondents were B.Sc and Masters degree holders; 59.7% of the respondents were top level staff while 40.3% were middle level staff, length of service of the respondents showed that 63.3% had spent 10 years and above in the company. The duration of family ownership reveals that majority of the business enterprises have been in business for 27 years and above representing 56.8% of the respondents. The type of industry analysis reveals that majority of the companies were into the production of consumer goods which represents 54.0% with car dealership business and oil and gas having 19.4% and 12.2% respectively.

Table 2 indicates that majority of the respondents (38.1%) agreed that the firm gave special attention to research and development; 34.5% agreed that the employees were free to spark new idea(s); 24.5% agreed that firm considered new idea/approach as very important; 78.4% agreed that their employees participated in firm's planning; 45.3% agreed that the firm spends large amount of money on new product development; 76.3% representing the majority agreed that the firms act assertively in order to achieve objectives. Moreover, 48.2% agreed that the firm typically adopts a very competitive posture; 76.3% agreed that the firm acts boldly in order to achieve objectives; 59.7% agreed that the firm acts promptly to reduce losses; 63.3% of respondents representing majority agree that the firm invests in high cost projects; 58.3% of the respondents agreed that the firm sells new products/services in new market; 48.9% agreed that the firm expends substantially large amount in R & D; 33.8% agreed that the firm expends substantially large amount in new product; 44.6% agreed that the firm spends substantially large amount in marketing; 58.3% agreed that the firm sells new products/services in new market; 38.1% agreed that the employees are free to make decision; 43.2% agreed that the employees are encouraged to implement newness; 19.4% agreed that the employees are encouraged to implement newness; 48.9% agreed that the firm adopts “follow the leader” strategy in the market 54.7% representing majority agree that the firm always take unrelated opportunities.

Table 3 indicates that about 63.3% representing the majority also agreed that the managers are equipped with technical skills that allow them act in new ways; 66.2% agreed that education, expertise and experience are qualities the firms desire in the employees; 85.6% representing majority agree that the firm considers communication skills as very important; 56.8% representing majority strongly agree that the firm values strong networks; 43.9% agreed that the firm promotes long-term and trust-based relationships; 37.4% agreed that the firm have shared vision, values, stories and language; 43.9% agreed that the firm promotes interaction and frequent communication; 23.0% agreed that employees are always informed about the aims of the firm; 30.9% agreed that the company has formal mechanisms to guarantee the sharing of the best practices among the different fields of the activity.

Furthermore, 52.5% of the respondents agreed that employees share knowledge and experience by talking to each other; 54.0% agreed that teamwork is a very common practice in the company; 53.2% agreed that the company offers others opportunities to learn so as to make individuals aware of other people's duties; 32.4% agreed that the firm injects enough equity capital into the business 48.9% representing majority indicated that the firm promotes trust among employees; 43.2% representing majority of the respondents agree that the firm is willing to borrow from financial institutions to finance heavy capital projects; 41.0% agreed that the firm will orientate new members on the correct way to perceive, think and feel in relation to some problems.

The results on Table 4 presents pearson product-moment correlation that was run to determine the relationship between entrepreneurial orientation and family firm’s resources. There was a strong, positive and significant correlation between entrepreneurial orientation and family firm’ resources ($r = .738$, $n = 139$, $p = 0.0005$). This result is in line with Nordqvist, Zellweger, and Habbershon (2009), who argued that by combining entrepreneurial orientation and family firm resources, researchers address the question why some firms stay competitive and continue to grow while other firm decline or even become obsolete.

Results in Table 5 present the multiple Regression on the influence of entrepreneurial orientation and family firms' resources on value creation. The result indicated that entrepreneurial orientation and family firms' resources were statistically significant to value creation in family firms (F= 55.682, p < 0.05). The 't' values indicated the influence of each predictor variables on the response variables with an absolute t value > 2 and p value < 0.05 the results were as follows, family firms' resources (t= .2.520, p= .013) and entrepreneurial orientation (t= 5.055, p= .000. The results revealed that both family firms resources and entrepreneurial orientation has significant influence on value creation of family firms in Lagos State.

On Table 5, the larger beta coefficient is 0.476 which is for entrepreneurial orientation. This means that entrepreneurial orientation of the family firms makes a stronger and unique contribution to explaining the dependent variable (value creation) when the variance explained by all other variables in the model is controlled

5.0 Conclusion And Recommendations

In conclusion, the combination of entrepreneurial orientation and family firms' resources significantly influences value creation in family firms in Lagos State and will also carry family firms into a successful future.

The following recommendations were made based on the findings of this study and conclusion made which would be of help family firms in Lagos State in order to survive transgenerational changes and continuity of value creation.

i. The study has proven the importance of family firms' resources particularly social capital in enhancing transgenerational business. Hence strong ties, big networks and trust environment constituting social capital can be used to generate a competitive advantage. Thus, managers of family firms in Lagos State should be aware of social capital and use it to gain access to networks and also strong build internal and external relationships which can increase the firm's performance.

ii. Family firms in Nigeria should pay more attention to sustaining entrepreneurial orientation particularly competitive aggressiveness given the importance of the long term survival of family firms and the importance of value creation to the economy of the country.

iii. The founding fathers of family firms should develop a policy to encourage their next generation leaders, governors or owners to increase exposure to entrepreneurship related activities,

6.0 References

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7.0 Appendix of Results Tables And Figures

Table 1: Socio-Demographic Distribution of Respondents

Variable	Option	Number of Respondents	Percentage (%)
Response Rate	Questionnaires Returned	139	92.7
	Questionnaires not Returned	11	7.3
Age distribution	18-25 years	2	1.4
	26-35 years	18	12.9
	36-45 years	37	26.6
	46-55 years	47	33.8
	56 years above	35	25.2
	Total	139	100.0
Gender distribution	Male	89	64.0
	Female	50	36.3
	Total	139	100.0
Marital Status	Single	33	23.7
	Married	92	66.2
	Divorced	11	7.9
	Widowed	3	2.2
	Total	139	100.0
Educational Qualification	HND & BSC	64	46.0
	MSC & MBA	75	54.0
	Total	139	100.0
Management Level	Middle Level	56	40.3
	Top Level	83	59.7
	Total	139	100.0
Duration of Family Ownership	20- 25 years	79	56.8
	26 years & above	60	43.2
	Total	139	100.0
Type of Industry	Consumer Goods	75	54.9
	Car Dealership	27	19.4
	Oil and Gas	20	14.4
	Others	17	12.2
	Total	139	100.0
Number of Employees	20 employees & above	139	100.0
	Total	139	100.0

Source: Field Study, (2019)

Table 2: Influence of Entrepreneurial Orientation on Value Creation

	Entrepreneurial Orientation	SA	A	U	D	SD	Total
Innovativeness	The firm give special attention to research and development	53 (38.1)	50 (36.0)	20 (14.4)	10 (7.2)	6 (4.3)	139 (100)
	Employees are free to spark new idea	48 (34.5)	53 (38.1)	16 (11.5)	17 (12.2)	5 (3.6)	139 (100)
	The firm considers new idea/approach as very important	40 (24.5)	30 (21.6)	35 (25.2)	34 (25.2)	-	139 (100)
	Employees participate in firm's planning	109 (78.4)	30 (21.6)	-	-	-	139 (100)
	The firm spends large amount of money on new product development	63 (45.3)	65 (46.8)	11 (7.9)	-	-	139 (100)
Risk Taking	The firm acts assertively in order to achieve objectives	106 (76.3)	33 (23.7)	-	-	-	139 (100)
	The firm typically adopt a very competitive posture	67 (48.2)	64 (46.0)	8 (5.8)	-	-	139 (100)
	The firm acts boldly in order to achieve objectives	106 (76.3)	33 (23.7)	-	-	-	139 (100)
	The firm acts promptly to reduce losses	83 (59.7)	53 (38.1)	3 (2.2)	-	-	139 (100)
	The firm treats usage of new method as very important	52 (37.4)	64 (46.0)	23 (16.5)	-	-	139 (100)
Competitive Aggressiveness	The firm invests in high cost projects	88 (63.3)	51 (36.7)	-	-	-	139 (100)
	The firm expends substantially large amount in R & D	68 (48.9)	40 (28.8)	11 (7.9)	10 (7.2)	10 (7.2)	139 (100)
	The firm expends substantially large amount in new product	47 (33.8)	81 (58.3)	4 (2.9)	7 (5.0)	-	139 (100)
	The firm spends substantially large amount in marketing	62 (44.6)	58 (41.7)	18 (12.9)	1 (.7)	-	139 (100)
	The firm sells new products/services in new market	81 (58.3)	52 (37.4)	6 (4.3)	-	-	139 (100)
Autonomy	Employees are free to make decision	53 (38.1)	66 (47.5)	13 (9.4)	7 (5.0)	-	139 (100)
	Employees are encouraged to implement newness	60 (43.2)	60 (43.2)	17 (12.2)	2 (1.4)	-	139 (100)
	The firm favors new idea beyond rules and regulation	27 (19.4)	80 (57.6)	1 (.7)	16 (11.5)	15 (10.8)	139 (100)
Proactiveness	The firm adopts "follow the leader" strategy in the market	68 (48.9)	36 (25.9)	17 (12.2)	5 (3.6)	13 (9.4)	139 (100)
	The firm always take unrelated opportunities	76 (54.7)	51 (36.7)	12 (8.6)	-	-	139 (100)

Source: Field Study, (2019)

	Family Firms Resources	SA	A	U	D	SD	Total
Human Capital	Managers are equipped with technical skills that allow them act in new ways	88 (63.3)	51 (36.7)	-	-	-	139 (100)
	Education, expertise and experience are qualities we desire in our employees	92 (66.2)	43 (30.9)	4 (2.9)	-	-	139 (100)
	The firm considers communication skills as very important	119 (85.6)	20 (14.4)	-	-	-	139 (100)
Social Capital	The firm valuesstrong networks	79 (56.8)	46 (33.1)	4 (2.9)	10 (7.2)	-	139 (100)
	The firm promote long-term and trust-based relationships	61 (43.9)	38 (27.3)	16 (11.5)	-	24 (17.3)	139 (100)
	The firm has shared vision, values, stories and language	52 (37.4)	80 (57.6)	7 (5.0)	-	-	139 (100)
	The firm promotes interaction and frequent communication	61 (43.9)	34 (24.5)	16 (11.5)	15 (10.8)	13 (9.4)	139 (100)
Knowledge Capital	Employees are always informed about the aims of the firm	32 (23.0)	81 (58.3)	4 (2.9)	2 (1.4)	20 (14.4)	139 (100)
	The company has formal mechanisms to guarantee the sharing of the best practices among the different fields of the activity	43 (30.9)	60 (43.2)	6 (4.3)	16 (11.5)	14 (10.1)	139 (100)
	Employees share knowledge and experience by talking to each other	73 (52.5)	29 (20.9)	18 (12.9)	13 (9.4)	5 (3.6)	139 (100)
	Teamwork is a very common practice in the company	75 (54.0)	49 (35.3)	9 (6.5)	-	6 (4.3)	139 (100)
	The company offers others opportunities to learn so as to make individuals aware of other people's duties	74 (53.2)	42 (30.2)	10 (7.2)	6 (4.3)	7 (5.0)	139 (100)
Financial Capital	The firm injects enough equity capital into the business	45 (32.4)	68 (48.9)	9 (6.5)	13 (9.4)	4 (2.9)	139 (100)
	The firm is willing to borrow from financial institutions to finance heavy capital projects	60 (43.2)	34 (24.5)	16 (11.5)	29 (20.9)	-	139 (100)
Cultural Capital	The firm promotes trust among employees	68 (48.9)	29 (20.9)	27 (19.4)	5 (3.6)	10 (7.2)	139 (100)
	The firm orientates new members on the correct way to perceive, think and feel in relation to some problems	57 (41.0)	67 (48.2)	7 (5.0)	8 (5.8)	-	139 (100)

Table 3: Influence of Family Firms Resources on Value Creation
Source: Field Study, (2019)

Table 4: Correlation Analysis on the Relationship between Entrepreneurial Orientation and Family Firm Resources

	Entrepreneurial Orientation	**Family Firm Resources**
Entrepreneurial Orientation Pearson Correlation Sig. (2-tailed) N	1	738** .000 139
Family Firm Resources Pearson Correlation Sig. (2-tailed)	.738** .000 139	1 139

** Correlation is significant at the 0.01 level (2-tailed).

Source: Field Study, (2019)

Table 5: Regression Analysis on Influence of Entrepreneurial Orientation and Family Firms resources on Value Creation

Model	**Unstandardized Coefficients**		**Standardized Coefficient**	**T**	**Sig**
	B	Std Error	Beta		
(Constant)	1.279	.573		2.233	.027
Entrepreneurial Orientation	.980	.194	.476	5.055	.000
Family Firms Resources	.279	.111	.237	2.520	.013
Model Statistics					
R	.671[a]	Sum Square Regression	22.331		
R^2	.450	Sum Square Residual	27.271		
Adjusted R^2	.442	**Total**	49.602		
F- Statistics	55.682	Mean Square Regression	11.166		
Sig F- Statistics	.000[a]	Mean Square Residual	.201		

Source: Field Study, (2019)

a. Predictors: (Constant), Family firms resources, Entrepreneurial orientation

b. Dependent Variable: VALUE CREATION