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Exit Strategies in Family Firms: How Socioemotional Wealth Drives the Threshold of Performance

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Although research has shown the ability to exit from both successful and unsuccessful ventures is important to founders, families, firms, industries, and overall economic health, exiting from a family firm can be especially challenging. In this paper, we examine exit strategies in the context of the family firm and the family firm portfolio. Drawing upon threshold theory and the socioemotional wealth perspective, we develop a model that provides guiding theoretical explanations for exit strategies. We address two questions: (1) *why* do family owners develop specific exit strategies, and (2) *how* do these strategies differ within family firms and family firm portfolios? In doing so, we contribute to family business, portfolio entrepreneurship, and exit literatures.

Introduction

Entrepreneurial exit—the process by which owners leave the firm they helped to create (DeTienne, 2010)—is a rapidly growing topic in scholarly literature as researchers more and more acknowledge that entrepreneurship is an ongoing process of not only identifying and creating ventures but also exiting them (DeTienne; DeTienne & Cardon, 2012; Gimeno, Folta, Cooper, & Woo, 1997; Hessels, Grilo, Thurik, & Zwan, 2011; Ryan & Power, 2012; Salvato, Chirico, & Sharma, 2010; Wennberg, Wiklund, DeTienne, & Cardon, 2010). While the lone entrepreneur who creates and maintains a single venture until retirement or death remains an important part of the landscape, many entrepreneurs enter and exit multiple ventures and often engage in portfolio entrepreneurship—the simultaneous ownership and management of more than one firm (Westhead, Ucbasaran, & Wright, 2005; Westhead & Wright, 1999; Wiklund & Shepherd, 2008).

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In this paper, we examine exit strategies in the contexts of the family firm and the family firm portfolio for several reasons. First, there is a literature gap in "understanding the role exit can play in entrepreneurial regeneration of family firms" (Salvato et al., 2010, p. 344). That is, exiting from a venture can be an important tool in maintaining family firm viability. In addition, portfolio entrepreneurship is particularly relevant in family firms (Sieger, Zellweger, Nason, & Clinton, 2011) because it provides a method to diversify risk, meet growth aspirations, and assist family firms in providing career opportunities for additional family members (Carter & Ram, 2003; Mulholland, 1997; Ram, 1994; Rosa, 1998). Accordingly, family firms often engage in portfolio behavior and make decisions about which opportunities to pursue and which entities to exit—yet we know very little about this phenomenon.

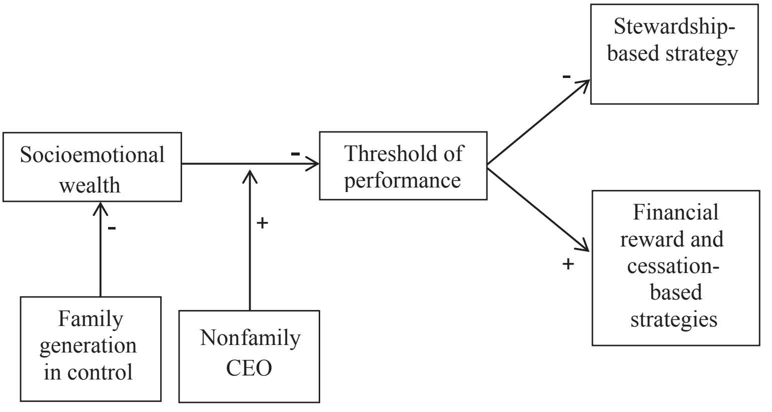
Second, the context of the family firm is interesting because several factors specific to family firms make exiting these ventures especially challenging. In this research, we examine three specific factors which have been viewed as important distinguishing factors within family firms (Chrisman, Chua, & Steier, 2005; Chua, Chrisman, Steier, & Rau, 2012; Sharma, 2004) and which, as we show below, have particular relevance to the strategic exit decision. These include the family's socioemotional wealth (SEW)—the nonfinancial aspects of the firm that meet the family's affective needs (Gómez-Mejía, Haynes, Núñez-Nickel, Jacobson, & Moyano-Fuentes, 2007)—the level of dispersion in governance structures modeled as generation in control (e.g., Casillas, Moreno, & Barbero, 2010; Cruz & Nordqvist, 2012; Ling & Kellermanns, 2010; Salvato, 2004) and the presence of a nonfamily chief executive officer (CEO; e.g., Gómez-Mejía, Hoskisson, Makri, Sirmon, & Campbell, 2011; Gómez-Mejía, Nunez-Nickel, & Gutiérrez, 2001).

Finally, succession remains one of the most relevant topics in family firm literature (DeMassis, Chua, & Chrisman, 2008; Le Breton-Miller, Miller, & Steier, 2004; Nordqvist, Wennberg, Bau, & Hellerstedt, 2013; Steier, Chrisman, & Chua, 2004), and others (e.g., DeTienne & Cardon, 2012; Salvato et al., 2010; Sharma, 2004; Wennberg, Wiklund, Hellerstedt, & Nordqvist, 2011) have pointed out that succession research may benefit from an expanded exit focus. Research examining how family firms make strategic decisions regarding exit has primarily focused upon succession, but other exit strategies may be better suited for some family firms. For example, we argue that not all firms in a family firm portfolio have similar levels of SEW, and family owners may therefore develop different exit strategies for these firms.

Drawing upon threshold theory—the perspective that firms differ in their thresholds of performance, and that the decision to exit or persist with a firm is dependent upon how firm performance varies above or below that threshold (Gimeno et al., 1997)—coupled with the SEW perspective (Gómez-Mejía et al., 2007), we develop a model of exit in family firms and family firm portfolios which provides guiding theoretical explanations for specific exit strategies. In particular, we develop propositions which propose relationships between SEW, threshold of performance, and three exit strategies—stewardship based (e.g., family succession), financial reward based (e.g., business sale), and cessation based (e.g., business liquidation)—identified by DeTienne, McKelvie, and Chandler (2012). Also, we address how movement from a concentrated governance structure (e.g., founder generation; family-member CEO) to a more dispersed structure (e.g., second or third generation in control; nonfamily CEO) (Chua et al., 2012) affects a family firm's specific exit strategies. In so doing, we address two research questions: (1) *why* do family owners make specific exit strategies, and (2) *how* do these strategies differ within family firms and family firm portfolios? It is important to note that our focus is on family owners' voluntary and intentional exit strategies, *not* on exit decisions deriving, for

Figure 1

Conceptual Model of Exit Strategies in Family Firms



instance, from either the founder's death or the firm bankruptcy. Our conceptual model of exit strategies in family firms is depicted in Figure 1.

Our research provides several contributions to the literature. First, we contribute to family business literature by illustrating how family firm-specific factors impact the selection of different exit strategies. Our study extends the SEW model into new domains by examining how SEW (through a reduced threshold of performance) impacts exit strategies, expanding upon the notion put forth by Gómez-Mejía et al. (2007) that family firms will take risks to avoid a loss of SEW while also being unlikely to consider decisions that would actually increase performance variability. Additionally, while SEW arguments have been traditionally used to distinguish the strategic choices made by family versus nonfamily firms (e.g., Berrone, Cruz, Gómez-Mejía, & Larraza-Kintana, 2010; Gómez-Mejía et al., 2007, 2011), our focus is on sources of heterogeneity within family firms (Chua et al., 2012). This enables us to build arguments regarding the effect of families' increased SEW levels on family-firm exit decisions, and accordingly, we contribute to the behavioral agency theory on which SEW arguments are based (Wiseman & Gómez-Mejía, 1998). We also model how a more dispersed governance structure—in terms of later generations in control and the presence of a nonfamily CEO—impacts strategic exit decisions.

Second, we add to the discussion of threshold theory by developing theoretical linkages with family firm literature and the SEW perspective. While Gómez-Mejía et al. (2007) and others use the term "primary reference point" and point out that risk bearing is subjective and can be positively or negatively framed, threshold theory provides us the mechanism from which to understand relationships between family firm-specific factors, thresholds of performance, and exit strategies.

Finally, we add to exit and portfolio entrepreneurship literatures through an examination of the uniqueness of family firms and family firm portfolios. In particular, outlining a conceptual model with family owners rather than the firm, as the relevant level of analysis enables us to challenge the implicit assumption that family firms consist only of a single entity and that nonfamily succession exit strategies always represent a failure for the family (Zellweger, Nason, & Nordqvist, 2012). By extrapolating different exit strategies from recent research in entrepreneurial exit, we begin to expand upon the singular exit focus (succession) often present in family literature.

Theoretical Framework

Exit Strategies

Although somewhat neglected until fairly recently, exit is a critical component of the entrepreneurial process and is one of the distinctive domains of entrepreneurship research (DeTienne, 2010; DeTienne & Cardon, 2012; Wennberg et al., 2010). DeTienne (p. 203) defines entrepreneurial exit as the process by which owners/entrepreneurs "leave the firms they helped to create . . ." and argues that understanding exit is important because of the magnitude of its effects on the firm, the family, the industry, and the overall economy. As Salvato et al. (2010, p. 321) note, "[s]hedding resource combinations that no longer add value-creating opportunities is a critical dynamic capability in Schumpeterian markets." Leaders in the field (e.g., Wennberg et al.) have noted that exit varies on two dimensions—firm exit and owner exit—resulting in different exit perspectives. Thus, in exit research it is important to clearly outline the unit of analysis. Here, we examine the decisions and strategic methods of family owners of family firms or family firm portfolios engaging in voluntary exit (DeTienne et al., 2012).

Specifically, we use the recent theoretical framework developed by DeTienne et al. (2012) which identifies three specific exit strategies: stewardship, financial reward, and cessation based. A stewardship-based exit strategy refers to a strategy developed out of an "ongoing sense of obligation or duty to others" (Hernandez, 2012, p. 174) and generally provides for firm continuity and care of the firm, the family, and the employees (DeTienne et al.). Family succession—the process through which family owners transfer the ownership of their firm to one or more other family members, often the owners' children (Sharma, Chrisman, & Chua, 2003)—is a common stewardship-based exit strategy (DeTienne et al.). Those pursuing a stewardship-based exit strategy are willing to sacrifice personal financial gains in order to further the long-term vision of the family and to protect the long-term welfare of other stakeholders (Miller, Le Breton-Miller, & Scholnick, 2008).

A financial reward-based exit strategy is a strategy based upon the highest potential returns to the owners (Babich & Sobel, 2004; DeTienne et al., 2012). Those pursuing a financial reward-based strategy tend to favor personal financial returns over other goals. Research has demonstrated that these exits tend to include initial public offerings (IPOs) and trade sales (Giot & Schwienbacher, 2007), though an IPO is a rare strategy among small firms. Among small and medium-sized enterprises, the most common strategy is the sale of a firm to an individual or another firm (DeTienne, 2010). A cessation-based exit strategy is one which refers to (at some point in the future) disbanding a venture and liquidating its assets (DeTienne et al.). In a family firm, motivations to disband and liquidate could include the firm having served the purpose for which it was designed, a family member or family members' waning interest in a business, or wanting to free up resources to serve another purpose.

We draw upon these three strategies in this current research, and in particular, we juxtapose stewardship-based exit strategies (most often delineated in family business literature as succession) with financial reward-based and cessation-based exit strategies. We do this because succession is the primary exit strategy addressed in family business literature, and because both financial reward-based and cessation-based strategies provide methods to diversify risk, meet growth aspirations, and assist the family firm in providing career opportunities for additional family members.

Threshold Theory

Existing research often suggests that poor performance is the most important determinant of exit strategies (e.g., Brauer, 2006). Much of this previous research equates exit with poor performance and failure (e.g., Brüderl, Preisendörfer, & Ziegler, 1992), but recent research suggests that equating exit with failure is erroneous (Wennberg et al., 2010). Owners exit the ventures they have created for a multitude of personal and business reasons, which may or may not be linked to performance. Gimeno et al. (1997) were the first to propose a theoretical explanation of conflicting findings concerning firm performance and the determinants of exit.

According to threshold theory, firm exit is determined by both economic performance and the organization's threshold of performance, the latter defined as "the level of performance below which the dominant organizational constituents will act to dissolve the organization" (Gimeno et al., 1997, p. 750).[1] If threshold levels increase, owners will be more likely to sell or liquidate the firm because they must reach a higher level of performance in order to be satisfied with the current activity. If threshold levels decrease, owners will be more likely to continue the firm because they feel satisfied with a lower level of performance. An important insight from the work of Gimeno et al. is that there are situations wherein entrepreneurs may exit their ventures even though, in terms of economic performance, they would not be expected to. Conversely, there are also situations wherein entrepreneurs, due to a low threshold, might persist with a venture even though economic theory would suggest they would exit or be selected out. Thus, the economic performance of a venture does not singularly determine its survival—instead, an exit decision is driven by a venture's economic performance relative to the threshold (Gimeno et al.).

This perspective provides relevance to our study because it explains that firms may differ significantly in their thresholds of performance. And as Gimeno et al. (1997, p. 750) describe, "by identifying how thresholds differ systematically across firms, we can explain why, given the same level of performance, some firms exit . . . while others do not." This difference also points to why some firms might choose different exit strategies (DeTienne & Cardon, 2012). For instance, the threshold of performance can be affected by owners' nonfinancial objectives going beyond or differing from maximizing economic returns.

This is especially relevant in the family firm context, where the business is not only a source of income for family owners but also a framework for family activity and an embodiment of the family's pride and identity (Zellweger, Nason, Nordqvist, & Brush, 2013). In particular, founders and their heirs often refer to the business as their "baby" (Sharma & Irving, 2005), thus implying that "exit is more than the relinquishment of equity ownership, but also has psychological implications as well" (DeTienne, 2010, p. 205). Therefore, we can expect that the threshold of performance may differ across family firms based on the family's SEW, which then results in different exit strategies.

Family Firms and Socioemotional Wealth

Chua, Chrisman, and Sharma (1999) define the family firm as a business owned and/or managed with the intention to shape and pursue a family vision—"a notion of a

1. In their work on thresholds, Gimeno et al. (1997) use the terms *reference, aspiration*, and *threshold* interchangeably. Similarly, in this paper we follow the same approach.

better future for the family, with the business operated as a vehicle to help achieve that desired future state" (Chua et al., p. 24). Family firms play a large role in the world's economies (La Porta, Lopez-de-Silanes, & Shleifer, 1999) and thus make notable contributions to wealth creation and job generation (Gómez-Mejía et al., 2007). They are often depicted as commitment-intensive organizations (Chirico, Ireland, & Sirmon, 2011; Sharma & Irving, 2005) because of the family members' devotion and emotional attachment to the enterprise (Gómez-Mejía et al.; Sharma & Manikutty, 2005). Family firms also tend to share characteristics such as a long-term strategic orientation, a strong collective identity and set of family values, a unique social context, and an extraordinary emotional commitment to firm survival (Chirico & Salvato, 2008; Chirico, Sirmon, Sciascia, & Mazzola, 2011).

Recent research has increasingly stressed how the inherent characteristics of family firms make portfolio entrepreneurship—the ownership and management of more than one venture at a time (Westhead & Wright, 1999; Westhead et al., 2005; Wiklund & Shepherd, 2008)—especially attractive to family firms to achieve both family and business goals (Carter & Ram, 2003; Mulholland, 1997; Ram, 1994; Rosa, 1998; Sieger et al., 2011; Westhead & Wright, 1999; Zellweger, Nason, et al., 2012). For instance, Ram demonstrates how family firms split or expand into multiple businesses in order to meet the needs of the growing family. Also, Mulholland and Rosa provide evidence of business families who diversified their business into multiple activities not just to sustain diversification but also to accommodate family members' needs and expectations.

In fact, family firms value both financial and, more often, nonfinancial outcomes (Berrone et al., 2010; Gómez-Mejía et al., 2007, 2011). For example, Gómez-Mejía et al. (2007, p. 106) explain that for family firms, the most important reference point (see Wiseman & Gómez-Mejía, 1998) when framing major strategic decision choices is the loss of SEW, that is the "non-financial aspects of the firm that meet the family's affective needs, such as identity, the ability to exercise family influence, and the perpetuation of the family dynasty." In a recent article, Berrone, Cruz, and Gómez-Mejía (2012) depict SEW (in terms of family control and influence, family members' identification with the firm, binding social ties, emotional attachment, and transgenerational sustainability) as the most important differentiator of the family firm as a unique entity. As such, SEW helps explain why family firms behave distinctively. Gómez-Mejía et al. (2007, p. 108) propose that preserving the family firm's SEW "represents a key goal in and of itself. In turn, achieving this goal requires continued family control of the firm." Thus, family owners may be willing to accept low performance or even threats to the firm's financial well-being in order to prevent a loss in SEW.

However, while most research regards family firms as a homogeneous group, calls to investigate behavioral differences among family firms are being issued with greater frequency (Chrisman et al., 2005; Chua et al., 2012; Sharma, 2004). In response, our arguments suggest that the behavior of family firms, with respect to different types of exit decisions, differs based on the degree/level of each family's SEW. As Chua, Chrisman, and Chang (2004) explain, whether and to what extent a firm is a family business whose primary focus is the achievement of nonfinancial goals may be simply a matter of degree. That is, family involvement in a business—or more specifically, higher levels of a family's SEW—makes a firm or a family firm portfolio more and more of a family business type.

In the next sections, our focus is on family firms whose heterogeneity is based on the degree of the family's SEW, the family generation in control, and the presence of a nonfamily CEO in the firm. Later, we examine these issues within the family firm portfolio. We draw upon the case studies of the Falck Group (James, 2006; Salvato et al.,

2010) and the Tía Company (Doughty & Hill, 2000) to help us offer evidence of the rationality of our arguments.

Proposition Development

Exit Strategies in Family Firms

Exit is generally perceived to be a difficult and challenging event, especially when owners are deeply emotionally involved with the business (DeMassis et al., 2008; Gimeno et al., 1997). In a family firm context, the emotions of the owners are often very intense, causing the achievement of nonfinancial goals to be a primary concern (Zellweger & Astrachan, 2008; Zellweger et al., 2013). Burgelman (1994) and DeTienne (2010), among others, argue that when emotional logic prevails over business logic, exit options can be undermined. There is considerable evidence that when family firm owners make strategic decisions such as exit, the preservation of SEW is the most important objective (Salvato et al., 2010). Therefore, because both financial-based and cessation-based exit strategies may be viewed as a devastating cause of SEW loss, the higher the family's degree of SEW, the lower the likelihood of the family developing a firm simply to disband it for its financial value or for a short-term purpose with the intention to sell or liquidate (DeTienne et al., 2012; Zellweger & Astrachan; Zellweger, Kellermanns, Chrisman, & Chua, 2012).

Accordingly, Thomas (2002), in her study of two interrelated Australian firms, refers to "ownership challenge"—a scenario where many shareholders recognize that the best share price for the family firm will be achieved by selling or even liquidating the whole company, but the so-called continuing family group—those who consider themselves stewards or custodians of the inherited family firm—do not make this happen due to their strong desire to continue the business as a family-owned firm. Similarly, Zellweger, Kellermanns, et al. (2012) found that selling a family firm is an option for the family owners only if they are commensurably compensated for the loss in SEW.

In family firms, heavy emotional involvement over generations explains why continuity and success are often associated with succession (Salvato et al., 2010; Thomas, 2002). Pursuing a stewardship-based exit strategy in terms of family succession is viewed as the primary goal in family firms, and is often the primary measure of performance as well (Sharma et al., 2003). Sustaining the family dynasty is so central and crucial to family firms that it is viewed as a defining feature (Jaffe & Lane, 2004; Ward, 1987). As Zellweger, Nason, et al. (2012, p. 141) note, with a family firm "intended to remain under family control [through family succession], business exit is always seen as a failure"—rather than an as intentional strategy to create fresh opportunities, such as a market for new firms, new industries, or new ways of doing business (Salvato et al.; Sharma & Manikutty, 2005).

In fact, "when the owner experiences the opportunity to pass on ownership within the family, the ownership in the firm will develop a kin-keeping role, representing family history, extending the owner's and the preceding generations' selves into the future" (Zellweger & Astrachan, 2008, p. 355). Thus, contingent on the opportunity to pass the baton within the family and to perpetuate the family ownership legacy, increased SEW leads family owners to the perception that dismissing the business means dismissing the family. The stewardship-based exit strategy of family succession is therefore the most likely option (Chrisman et al., 2005; Sharma et al., 2003). On the contrary, lower levels of SEW will make family owners more open to considering financial reward or cessation-based exit strategies (Doughty & Hill, 2000; Salvato et al., 2010). Formally:

Proposition 1: In family firms, higher levels of socioemotional wealth (1) increase the likelihood that the family owners will select a stewardship-based exit strategy and (2) decrease the likelihood of a financial reward or cessation-based exit strategy.

Although in the concept of SEW it is implicit that family owners make strategic decisions independently from financial considerations (Gómez-Mejía et al., 2007), Berrone et al. (2010) recently (and in our opinion, correctly) warned family firm scholars and practitioners that the SEW approach does not imply that family firms are self-sacrificial and ignore financial issues. The main point is that a family's increased SEW makes the family firm "more likely to bear the cost and uncertainty involved in pursuing certain actions, driven by a belief that the risks that such actions entail are counterbalanced by noneconomic benefits rather than potential financial gains" (Berrone et al., 2012, p. 261). However, it is still not clear what intermediate variable(s) mediate and thus fully explain the relationship between SEW and family owners' strategic decisions such as exit. In the next section, we argue that a crucial intermediate variable is represented by the threshold of performance, and we develop propositions related to the role of performance thresholds as a mediator between SEW levels and exit strategies.

The Role of Performance Thresholds. The general argument in this section is that increased SEW motivates an important change to the reference point family owners use in framing exit decisions. It lowers the family threshold of performance, which positively affects the likelihood of family succession (see Wennberg et al., 2011; Zellweger & Sieger, 2012) and which negatively affects the likelihood of financial reward and cessation-based strategies. In other words, the threshold of performance mediates the relationship between SEW and stewardship-based exit strategies as well as financial reward and cessation-based strategies. Many studies in entrepreneurship and strategy indirectly corroborate this view. For example, Francis and Sandberg (2000) indicate that managers are more likely to remain committed to a lower performing venture in the long run when affective bonds among members of the entrepreneurial team are stronger. Similarly, Gimeno et al. (1997) argue that when entrepreneurs are motivated by noneconomic goals, they obtain a greater "psychic income" from entrepreneurship, and thus are willing to accept lower economic returns when they gain personal satisfaction from the business. They found that higher degrees of psychic income from entrepreneurship are negatively related to the likelihood of firm liquidation.

In family firms, higher levels of SEW make family owners willing to accept and be comfortable with low-target performance in order to retain and protect nonfinancial benefits (Gómez-Mejía et al., 2007). These family owners are apt to "actively intermingle business and family resources" (Haynes, Walker, Rowe, & Hong, 1999, p. 238) to ensure the firm's survival and long-term success. Also, the family firm's long-term perspective, deriving from increased SEW, enables family owners to extend significant efforts and resources (e.g., patient and survivability capitals) for the family and the business independent from financial considerations (Chirico, Ireland, et al., 2011; Sirmon & Hitt, 2003; Zellweger & Sieger, 2012). For instance, Sirmon and Hitt and Chirico et al. suggest that when a business is so closely tied to a family, the family owners are willing to make personal sacrifices—even during challenging economic conditions—to keep their business viable for future generations. Accordingly, family owners are likely to use a long time horizon for resource allocation, which reduces the family's threshold of performance. This favors a stewardship-based perspective leading to family succession, and also limits the option of releasing the firm's assets for other entrepreneurial use.

The Falck case study offers some evidence in support of our arguments. A family firm established in 1906 and originating back to1833, the Falck Group was the largest privately held steel producer in Italy (James, 2006; Salvato et al., 2010). This family exhibited high levels of commitment, devotion, and willingness to remain in the business even when the company experienced low performance and even huge losses due to several environmental and industrial reasons. Alberto Falck, chairman of the company in the 1980s/1990s, clearly says that "it was the wealth [and investments] of his family that allowed the firm to continue to bear continuing . . . losses." He explains that "in the past we went through . . . succession processes. . . . However, in our case attachment to the business has always prevailed over other [economic] considerations."[2]

Thus, as James (2006) and Salvato et al. (2010) explain, and as the case study above suggests, family owners often experience protracted difficulties in selling or liquidating unproductive assets when they are intimately linked to the family and firm's history (Sharma & Manikutty, 2005). Increased SEW and the related strong psychological commitment to the business make family owners able to accept low or even negative performance, and to deny or delay exit strategies which are not based on the stewardship principle of family succession. Again, this is because the family owners' self-concepts are strongly emotionally tied to the family firm's identity and intimately linked to the family firm's history. In formal terms:

> **Proposition 2a:** In family firms, the threshold of performance mediates the relationship between socioemotional wealth and exit strategies. That is, higher levels of socioemotional wealth negatively affect the threshold of performance, thus (1) increasing the likelihood that the family owners will select a stewardship-based exit strategy and (2) decreasing the likelihood of a financial reward or cessation-based exit strategy.

Consequently, given the potential damaging effect of increased SEW on financial reward and cessation-based exit strategies (because of its negative impact on the threshold of performance), we anticipate the market presence of many under-performing family firms with high levels of SEW. Following the work of Meyer and Zucker (1989), DeTienne, Shepherd, and DeCastro (2008, p. 530) define under-performing firms as those "whose performance, by any standard, falls short of expectations . . . yet, whose existence continues." Our arguments suggest that when the family's SEW is high, the family owners are willing to tolerate and even justify low levels of performance for emotional reasons, thereby favoring the stewardship-based exit strategy of family succession (Jaffe & Lane, 2004; Kets de Vries, 1993; Lansberg, 1988; Miller, Steier, & Le Breton-Miller, 2003). Thus, it is not surprising that some scholars refer to a poorly performing firm that is fully owned and managed by a family as a "sickness" which may become "the drug of choice [illness], with the whole family addicted to keeping some members in business together at all costs" (Kaye, 1996, p. 350).

On the contrary, when SEW is low, we expect family owners to set higher performance thresholds for their firm and to be more likely to focus their attention on financial outcomes. Thereby, if the firm is performing poorly, family owners will be in a better position to opt for more financially profitable exit strategies than family succession (Doughty & Hill, 2000). That is, the desired future state of the family—i.e., its vision (Chua et al., 1999)—is more likely to be pursued by redeploying the family and business's

2. Quotations for the Falck Group and the Tía Company are taken from the study of Salvato et al. (2010) and James (2006), and from the study of Doughty and Hill (2000), respectively.

resources elsewhere, such as in firms or activities that may be more capable of achieving the expected thresholds. Formally:

Proposition 2b: Given the negative effect of socioemotional wealth on financial reward-based and cessation-based exit strategies, we expect the market will reflect many under-performing family firms with high socioemotional wealth.

Exit Strategies in a Portfolio of Family Firms

The implicit assumption in most family firm studies is that a family firm consists only of a single business entity. This perspective, however, neglects to account for the many "business families [that] are often engaged in several businesses," or in a portfolio of activities (Zellweger, Nason, et al., 2012, p. 150). Accordingly, entrepreneurship literature mainly distinguishes entrepreneurs who own and manage a single firm from those that simultaneously own and manage more than one venture at a time (Westhead & Wright, 1999; Wiklund & Shepherd, 2008). As discussed earlier, the latter are most often referred to as portfolio entrepreneurs. Research suggests that "portfolio entrepreneurship is particularly relevant in the family firm context" (Sieger et al., 2011, p. 327), providing increased opportunities for offspring or other family members' careers, meeting growth aspirations, diversifying risk, and providing alternatives when the core business (usually the founder's business) faces market challenges (Carter & Ram, 2003; Mulholland, 1997; Ram, 1994; Sieger et al.; Westhead & Wright; Zellweger et al., 2013).

In a portfolio of family firms, family circumstances may influence decisions to engage in portfolio strategies such as investment into or exit from certain entities (Carter & Ram, 2003). For instance, Sharma and Manikutty (2005, p. 295) explain that "changes in the environment require strategic responses on the part of a firm (such as readjustment of the business portfolio and divestment of unproductive resources), so as to enable regeneration and renewal." However, in a portfolio context, it is likely to expect that family owners will be strongly attached to the core business and less attached to other firms (e.g., subsequent businesses that are part of the family's extended portfolio of business activity). For example, Pathak, Chirico, Hoskisson, and Makri (2012) recently argued that family owners' strong emotional attachment to their firm makes them reluctant to divest assets from the core business in a portfolio of family firms. In fact, similar family and business dynamics (e.g., in terms of SEW and aspiration levels of performance) have been observed in both the single family firm and the core business of a family portfolio (e.g., Pathak et al.; Ram, 1994; Rosa, 1998; Sieger et al., 2011; Zellweger, Nason, et al., 2012). For instance, Sieger et al. (p. 327) explain that a distinctive motivation for family firms to engage in portfolio behavior is "seeking growth while protecting the firm's core activity," and facilitating succession of the core business independently from financial considerations (see also Rosa). Thus, we expect that:

Proposition 3a: In a portfolio of family firms, higher levels of socioemotional wealth negatively affect the threshold of performance associated with the core business, thus (1) increasing the likelihood that the family owners will select a stewardship-based exit strategy and (2) decreasing the likelihood of a financial reward or cessation-based exit strategy for the core business.

However, when it comes to selling or liquidating subsequent businesses in the portfolio (whether new venture creations or acquisitions) (see Carter & Ram, 2003), family owners may behave very much like a traditional investor (e.g., a venture capitalist) wherein profit and value maximization (Almeida & Wolfenzon, 2006; Iacobucci & Rosa, 2010; Ram, 1994)—not emotions—determine behavior. Accordingly, the higher threshold of performance set by family owners in relation with subsequent businesses will lead them to be less likely to opt for a stewardship-based exit strategy than financial exit strategies for those subsequent businesses (Iacobucci & Rosa). Interestingly, Iacobucci and Rosa (p. 354) indirectly substantiate our view that after the establishment of the core family business, a portfolio of subsequent businesses can be considered as a device "to maximize the financial wealth of the controlling family." Accordingly, we propose:

> **Proposition 3b:** In a portfolio of family firms, the higher threshold of performance associated with subsequent businesses (1) decreases the likelihood that the family owners will select a stewardship-based exit strategy and (2) increases the likelihood of a financial reward or cessation-based exit strategy for those subsequent businesses.

In line with our arguments, since in a portfolio of family firms the family owners' SEW is likely to be higher in the core business compared to subsequent businesses (Iacobucci & Rosa, 2010; Pathak et al., 2012), we also expect that family owners will be likely to persist with an under-performing core business and pursue financial reward or cessation-based exit strategies for subsequent businesses in order to sustain and ensure the core business's family succession and thus longevity (Carter & Ram, 2003; Rosa, 1998). In formal terms:

> **Proposition 3c:** We expect the market will reflect many under-performing core businesses and also that the family owners will develop financial reward or cessation-based exit strategies for subsequent businesses to ensure succession as an option for the core business.

In the next section, we further distinguish family firms based on the level of dispersion in governance structures modeled as generation in control (e.g., Casillas et al., 2010; Cruz & Nordqvist, 2012; Ling & Kellermanns, 2010; Salvato, 2004), and the presence of a nonfamily CEO (e.g., Gómez-Mejía et al., 2001, 2011). We select these two because "differences in governance . . . arise from the family's involvement in ownership and management" (Chua et al., 2012, p. 1104), and these are considered two important differentiators and thereby sources of heterogeneity within family firms (e.g., Casillas et al.; Cruz & Nordqvist; Gómez-Mejía et al.; Ling & Kellermanns; Salvato). Accordingly, we detail how family owners' financial and nonfinancial considerations related to exit strategies may vary across family firms depending on these two factors as well.

Family Generation in Control

Generation in control refers to "the generation that holds the majority of the equity, and thus guides the firm" (Ling & Kellermanns, 2010, p. 324). Many scholars have addressed the impact of generation in control on family firm outcomes and entrepreneurial behaviors (e.g., Casillas et al., 2010; Cruz & Nordqvist, 2012; Gómez-Mejía et al., 2007; Ling & Kellermanns; Salvato, 2004). The general underlying rationale is that family owners from different generations will differently perceive and value both financial and nonfinancial goals, thus affecting their strategic decisions, including exit (Gómez-Mejía et al.; Salvato et al., 2010). Generational effects, as well as the related dispersions of ownership among family, alter the dynamics and decisions among family members over time. For instance, Gersick, Davis, Hampton, and Lansberg (1997) contend that as familial distance increases from (1) controlling owners to (2) sibling partnerships and (3) cousin consortium, the values, beliefs, and consensus of the family become more diluted, and family relationships become more complicated. Also, Ensley and Pearson (2005, p. 269) explain that "the greater kinship distance and dispersion of the family members in the familial teams will serve to dilute the strong central beliefs and ties of a more closely knit social group." Accordingly, family business literature suggests that the degree of family identification, commitment, influence, social capital, and personal investment in the firm is highest in the founding-family firm, and tends to decrease as the firm transitions into subsequent generations (e.g., Gersick et al.; Gómez-Mejía et al.). In particular, the emotional attachment of the controlling family to the firm gradually evaporates over generations. Corbetta and Salvato (2012) refer to "generational drift" as the progressive decay of family members' affective commitment to the firm, following the increase in the number of family and nonfamily members with each new generation.

These factors, along with the increasing professionalism characterizing many later generations (generations further from the firm's foundation), lead family owners to focus more on financial rather than emotional objectives (Stewart & Hitt, 2012). As a consequence, the financial considerations related to the ongoing business will move to the forefront as more generation transitions occur in the family firm (Gersick et al., 1997; Gómez-Mejía et al., 2007, 2011). Accordingly, it seems reasonable to expect that socioemotional wealth will be stronger in firms controlled and managed by the founding family, and decrease as the firm moves on (Gómez-Mejía et al., 2007, p. 109). Additionally, in later generations, while financial expectations (and thus the family's threshold of performance) increase, family owners will potentially be less likely to choose a stewardship-based exit strategy and more likely to choose a financial reward or cessation-based exit strategy because they must reach a much higher level of performance to continue.

For instance, Doughty and Hill (2000) and Salvato et al. (2010), respectively, found that the more family members perceive themselves distanced (in terms of number of generations) from the founding roots of their firm, the more they pursue exit strategies in terms of sale (Tía Company; Doughty & Hill) or asset liquidation (Falck Group; James, 2006; Salvato et al.). This is primarily to achieve higher performance returns to reinvest into other entrepreneurial activities outside or within the family. In particular, Salvato et al. analyzed the Falck Group before its exit (liquidation) from the steel industry in 1996, which was followed by the successful startup of a new renewable energy business. Federico Falck, chairman of the Falck Group, explains that "we were in our fifth generation (including George Henri Falck I) when we discontinued the business, which means pretty far from the founders' motivations." In another case study, Doughty and Hill describe the sale of the Tía Company—a third-generation family retail business from Argentina founded in 1933. Interestingly, while the previous generation still considered the family business their "baby" and "part of their life," Francisco de Narváez, exiting family owner and general manager of the family firm, generally perceived the firm as a pure business rather than a family business and as only one of many other activities and businesses in which he was engaged. After the firm sale in 1999, Francisco de Narváez noted that it "was time to move on" and viewed the sale of the family firm as a great business opportunity. Within months of selling Tía, he quickly became involved in new and different projects. By August 2000, he had invested $30 million of the money from selling the business into multiple new and existing activities, and had a portfolio of 12 companies.

These two family firm cases corroborate our argument that in later generations family owners are more likely to use financial-based exit strategies and to leverage the related gains into other business endeavors (Coelho & McClure, 2005). In particular, the Tía Company case study and our earlier arguments (Pathak et al., 2012; Ram, 1994; Rosa, 1998; Sieger et al., 2011; Zellweger, Nason, et al., 2012) suggest that this logic does not apply only to single family firms but also to the core businesses of family firm portfolios. For example, Sieger et al. found that the knowledge, skills, and experience of family members that helped create the core business become less relevant at later stages of the portfolio entrepreneurship process. On the contrary, in order to support the growth of a portfolio of family firms across generations, the family needs to gain more and more entrepreneurial knowledge independent of the context or industry of the core business. Accordingly, the bond and emotional attachment of family owners with the core business are likely to progressively decay, following the process of generational drift described earlier (Corbetta & Salvato, 2012) and which is also found in Francisco de Narváez's behavior. Family owners of later generations tend to prioritize profit and value maximization in the family portfolio, and thus follow financial reward-based exit strategies in relation to the core business if required by the market. Unproductive resources are divested and reinvested in more productive businesses (Doughty & Hill, 2000). In formal terms:

Proposition 4: Both in a single family firm and in a family firm portfolio, lower levels of the family's socioemotional wealth associated with later generations in control positively affect the firm's threshold of performance, thus (1) decreasing the likelihood that the family owners of later generations will select a stewardship-based exit strategy and (2) increasing the likelihood of a financial reward or cessation-based exit strategy.

The Presence of a Nonfamily CEO

Although the influence of owners on strategic decisions can be strong, executive managers, in particular the CEO, retain the most direct influence on the firm's strategies. In the family firm, the family CEO tends to meet and satisfy the family's desires, and thus is more inclined to avoid strategic decisions that might threaten the family's SEW (Gómez-Mejía et al., 2011; Sharma, 2004). In fact, under the light of agency theory, family CEOs tend to be unwilling to risk the family's wealth and jeopardize the financial and social well-being of future generations. However, a family firm may also appoint a nonfamily CEO who can bring more objectivity to the decision-making process while increasing the level of professionalization in the business (Blumentritt, Keyt, & Astrachan, 2007; Gómez-Mejía et al.; Salvato et al., 2010; Sciascia, Mazzola, & Chirico, 2013). Indeed, the literature on change agents and exit strategies suggests that change and divestment decisions are facilitated when a new CEO (or top management team) takes over (e.g., Hayward & Shimizu, 2006; Miller & Shamsie, 2001).

In family firms, the decision to employ nonfamily executives is often seen as a good option to make rapid changes. Although the nonfamily CEO plays an important role, research on nonfamily CEOs in family firms is surprisingly scarce. Sonfield and Lussier (2009) found that the presence of nonfamily managers is accompanied by an increase in the use of sophisticated financial management techniques as well as the tendency to consider initial public offerings. Gómez-Mejía et al. (2001) found that nonfamily CEOs are generally held more accountable for firm performance than are family CEOs, but also receive higher compensation than nonfamily CEOs for their service. Recently, Woods, Dalziel, and Barton (2012) presented the crucial role of outside board members to avoid family members' escalation of commitment toward under-performing activities leading to bankruptcy.

Given that "nonfamily CEOs are responsible for generating superior business performance like their peers at other businesses" (Blumentritt et al., 2007, p. 321) and are in a better position to feel detached from the business family (Salvato et al., 2010), we expect they are more likely to set higher financial goals and encourage and support sensitive financial reward-based exit strategies while also mitigating emotional considerations related to the exit decision (i.e., SEW) if necessary (Salvato et al.; Woods et al.). In support of this line of thought, Berrone et al. (2010) argue that SEW is less salient in decision-making processes when the CEO is not a member of the family. In other terms, the presence of a nonfamily CEO should positively moderate the relationship of family SEW and threshold of performance.

As an example, consider again the case of the Falck family firm. Salvato et al. (2010) found that "the critical appointment of Achille Colombo, a nonfamily CEO, in 1989 represented a turnaround point in Falck's history." This appointment significantly helped the subsequent exit (asset liquidation) from steel production, and energized entrepreneurial regeneration into the new renewable energy business. The nonfamily CEO was able to set higher aspiration levels in terms of financial results while still bringing awareness of under-performance to the family members (James, 2006). Specifically, Alberto Falck, the chairman of the company, commented that the appointment of a nonfamily CEO generally "dramatically improves the quality of strategic decisions. It allows an objective view of the situation that . . . [a] deeply involved family member may not capture. An example? Achille Colombo has significantly helped us realize that the steel crisis was irreversible." Similarly, Doughty and Hill (2000) describe how important the appointment of an external CEO, Fabian Ferraro, was to the process of selling the Tía Company. Prior to the acquisition, Ferraro increased the financial value of the company and facilitated the exit process, mitigating the concerns related to the emotional issues of some family owners about the decision to exit (e.g., Francisco de Narváez's mother). From a financial perspective, the sale was very successful, thus enabling the family owners to exit from the core business and to invest the wealth generated into other existing and new entrepreneurial activities.

To sum up, we propose that the presence of a nonfamily CEO is likely to mitigate family owners' concerns about exit and value its potential financial benefits, thus positively moderating the effect of family SEW on the threshold of performance. This will discourage stewardship behavior leading to family succession and favor a financial reward-based or a cessation-based exit strategy. Moreover, building on the Tía Company case study and our previous arguments (Pathak et al., 2012; Ram, 1994; Rosa, 1998; Sieger et al., 2011; Zellweger, Nason, et al., 2012), again it is evident that this logic will also apply to the core business of a portfolio of family firms. Formally:

Proposition 5: Both in a single family firm and in a family firm portfolio, the presence of a nonfamily CEO positively moderates the socioemotional wealth/threshold of performance relationship, thus (1) decreasing the likelihood that the family owners will select a stewardship-based exit strategy and (2) increasing the likelihood of a financial reward or cessation-based exit strategy.

Discussion

The family firm is the primary form of business throughout the world and employs over 80% of the workforce. In the United States, over one third of the S&P 500 has significant family influence, and more than 50% of the gross national product is produced by family firms (Miller et al., 2003; Neubauer & Lank, 1998). Thus, increasing our understanding of the long-term perspective or "search for longevity" in family firms is relevant to strengthening both theory and practice. A central topic in family firm research is about transferring the firm's ownership within the family (Nordqvist et al., 2013), which represents "both an exit of current owner-managers and the entry of the next generation" (Wennberg et al., 2011, p. 352). However, family succession is only one of many other exit strategies that family owners may pursue in family firms.

Accordingly, existing entrepreneurship research has been focused on multiple exit strategies (Wennberg et al., 2010). In this research, we focus upon exit in family firms and in family firm portfolios in terms of stewardship, financial reward, and cessation-based exit strategies (DeTienne et al., 2012). We believe that understanding exit strategies from a type of business that is so prevalent worldwide is not a trivial issue. Although obtaining exact figures for private company exit data is difficult, an examination of 2011 global middle-market exits—those over \$2 million and under \$500 million—indicates a total transfer of \$805 billion (PrivCo, 2012). This is an enormous transfer of wealth which will have significant consequences for not only the family but also for other stakeholders and institutions.

In this paper, we draw upon threshold theory (Gimeno et al., 1997) and SEW arguments (Gómez-Mejía et al., 2007) to suggest that the family's threshold of performance mediates the relationship between family firm-specific factors and exit strategies. Increased SEW causes an important change in the reference point that the family uses to frame decisions (see Wennberg et al., 2011; Zellweger & Sieger, 2012). Our arguments lead us to conclude that higher levels of SEW negatively affect the threshold of performance, which positively affects the stewardship-based exit strategy of family succession as well as negatively affects financial reward (business sale) and cessation (business liquidation) exit strategies. As a consequence, we predict the market presence of many under-performing family firms with high socioemotional wealth. Further, we contend that this logic will also apply to the core business of a portfolio of family firms, given the similar family and business dynamics (in terms of SEW and aspiration levels of performance) that have been observed in both the single family firm and the core business of a family portfolio. Rather, for subsequent businesses, family owners will behave very much like a traditional investor wherein profit determines behavior *unless* the core business' succession is at risk. Finally, due to their effects on SEW and threshold of performance, later generations in control and the presence of a nonfamily CEO favor financial reward and cessation-based exit strategies in relation with both single family firms and family firm portfolios (see Figure 1).

Interestingly, the arguments theorized in our work seem to find some practical evidence in the business world—e.g., the Falck Group from Italy (Salvato et al., 2010) and the Tía Company from Argentina (Doughty & Hill, 2000)—in which later generation family owners, helped by the presence of a nonfamily CEO, were finally able to sell and liquidate their respective (core) family businesses and to invest the resulting resources acquired in other new or existing businesses.

We believe that our focus on multiple exit strategies in family firms is relevant. For instance, emerging transgenerational entrepreneurship research centering on how family firms achieve growth through entrepreneurial activities (e.g., through a portfolio of family ventures) suggests that we may misunderstand and underestimate longevity/continuity when we examine family firms only through the lens of the continuing successful successions of a (single) family firm (Sieger et al., 2011; Zellweger, Nason, et al., 2012). To clarify, when we assume that nonfamily succession exit strategies are always negative outcomes, we may be underestimating the importance of exit strategies and their impact on the family firm and the global economy.

Our study offers some important contributions. First, while exit has received considerable research attention in the strategic management (e.g., Gimeno et al., 1997) and entrepreneurship literature (e.g., DeTienne, 2010), surprisingly few scholastic works have been devoted to the study of family firm exit strategies other than succession (e.g., Salvato et al., 2010; Sharma & Manikutty, 2005; Wennberg et al., 2011; Zellweger, Kellermanns, et al., 2012). For instance, Sharma and Manikutty (p. 294) note that "[d]ue to a combination of emotional entrapments and practical reasons, scholars note a significant inertia against resource shedding in a timely manner. . . . Beyond this observation, virtually nothing is known of the divestment processes in family firms where decisions are governed as much by financial and rational motivations as they are by the emotional forces and family traditions." By combining threshold theory and SEW arguments, our research sheds light on family firm exit strategies, thus representing an initial step toward developing a comprehensive framework of the roles of SEW and performance threshold on family firm exit decisions. We examine stewardship, financial, and cessation-based strategies as alternative exit options. In reality, a company may simultaneously (1) sell a portion of the business, (2) liquidate another part of it, and (3) reinvest the wealth generated into other activities outside or within the family. Part of the remaining business and the wealth generated from the sale or liquidation may even be transferred to the next generation. Thus, the reallocation of resources may be also coupled with or lead to family succession.

Also, our focus is not only on single family firms, but also family firm portfolios. This "addresses a very important research gap," (Sieger et al., 2011, p. 345) as knowledge about portfolio entrepreneurship in family firms is scarce despite the fact that both family firms and portfolio entrepreneurship play important roles in the economic landscape. In particular, shifting the level of analysis from the firm to family owners in the context of exit strategies enabled us to contrast the majority of family-business studies that (1) neglect to account for the many business families that are often engaged in several businesses, such as a portfolio of activities, and (2) fail to recognize other forms of exits (e.g., sale), not as family firm failure types but as intentional strategic decisions to free up resources and redirect them into new entrepreneurial activities (Sieger et al.; Zellweger, Nason, et al., 2012). Paradoxically, we argue that the stewardship logic of family succession at all costs may lead to the market presence of many under-performing family firms.

Extending and complementing existing literature is a second contribution of our work. The SEW model has been traditionally used to distinguish the behavior and strategic choices of family-controlled firms from other types of organizations. We extend this line of research into a new domain, namely the decision by firm owners to opt for different exit strategies in both the family firm and family firm portfolios. Nonfinancial considerations may indeed explain exit decision choices, depending on the framing of loss or gain by dominant owners. Relatedly, we enhance the behavioral agency literature on which SEW arguments are based (Wiseman & Gómez-Mejía, 1998) by theorizing how the framing of exit decisions may involve nonfinancial concerns, and how principals may apply socioemotional criteria when interpreting norms of economic behavior.

We also expand on the SEW construct through our focus on family firms which enabled us to build arguments about how increased levels of a family's SEW affects exit decisions within family firms. In particular, our work suggests that a family's SEW can cause family owners to feel locked into a business and harms the potential gains deriving from nonfamily succession exit strategies. In this regard, Berrone et al. (2012, p. 269) invite scholars to direct more research attention toward the negative side of SEW, given that existing studies "are mainly focused on discussing positive aspects of SEW," though "family owners also experience negative aspects related to their affective experiences." The family's SEW is often viewed as an *affective asset* or endowment. In line with recent research (Kellermanns, Eddleston, & Zellweger, 2012), our work suggests that it may also be an *affective liability* or burden that can be costly to family owners.

However, our study does not imply that increased SEW is always bad. In fact, as discussed earlier, the SEW approach does not denote that family firms ignore financial issues all the time (Berrone et al., 2010, 2012). Family firms make strategic choices using SEW as the reference point, but their short-term choices may also have the intention of maximizing performance outcomes in the long term. In fact, we recognize that family firms are particularly equipped to survive in the long term because they do not simply chase short-term profits, and increased levels of SEW may enable family firms to resist short-term urges to sell or liquidate. Therefore, while high levels of SEW might encourage the continuation of some under-performing firms, some of these firms may be better positioned to profit in the long term.

Additionally, we believe that by adopting the concept of "threshold of performance" (Gimeno et al., 1997), our theoretical work clarifies how SEW affects family members' strategic decisions. We specify that SEW negatively impacts financial reward-based strategies while favoring the stewardship-based strategy of family succession because it changes the reference point in the threshold of performance that family owners use to frame exit decisions. We believe the concept of "threshold of performance" is central to understanding the SEW logic. Thus, our study extends and adds value beyond the notion of SEW and the related works of Gómez-Mejía and colleagues. We also contribute to threshold theory (Gimeno et al.) by developing theoretical linkages with family firm literature and the SEW perspective.

Moreover, our research complements the work of DeMassis et al. (2008), which centers on the factors that prevent intra-family succession from occurring. Instead, our work focuses not only on (1) why family succession often takes place, but also on (2) the circumstances in which this is not the case. Accordingly, we look at two exit strategies that may lead to renewal and regeneration (Salvato et al., 2010).

Finally, this research argues that family firms are heterogeneous groups, and as such behave differently (Chrisman et al., 2005; Sharma, 2004). We show how the family's SEW, the family generation in control, and the presence of a nonfamily CEO are vital differentiators that explain why family owners of single family firms and a portfolio of family firms choose one exit strategy rather than another. This represents an important addition to existing SEW literature. As Berrone et al. (2012, p. 270) explain, although family business literature has recently "emphasized existing differences within family firms . . . these differences have not been linked to SEW issues. The SEW literature must reach beyond this oversimplification and explain the factors behind the varying sources and degrees of SEW." Also, while arguing that later generations of family owners are less likely to pursue family succession and more likely to pursue firm sale and liquidation, we indirectly shed some light and offer some explanation for the negative statistics regarding family firm succession. Existing research shows that although family owners expect to transfer their companies to a family member when they retire, in reality, family business research indicates that a small percentage of family firms "survive" across generations and that this percentage tends to decrease over time (e.g., Le Breton-Miller et al., 2004). Our arguments lead us to conclude that family firms may simply redeploy resources into other business activities after exit. A broader view of family firms is thus needed.

In general, we believe this work serves as a foundation to sharpen understanding of exit strategies as they relate to family firms and family firm portfolios. More specifically, we hope that this research adds knowledge and inspires future work on exit strategies in these organizations, and helps these firms—as well as family firm scholars—to better understand the importance of different exit strategies for the family business and the economy worldwide.

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