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ResearchMatters

Working Adolescents In Canadian Family Enterprises

Willy Wonka: I don't feel so hot. What makes you feel better when you feel terrible?

Charlie Bucket: My family.

Willy Wonka: Ew!

Charlie Bucket: What do you have against my family?

*Willy Wonka: It's not just *your* family, it's the whole idea of... [balks]*

Willy Wonka: "You know, they're always telling you what to do, what not to do and it's not conducive to a creative atmosphere!"

Charlie Bucket: "Usually they're just trying to protect you, because they love you."

– Charlie and the Chocolate Factory

BY JENNIFER HALYK

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Succession, intergenerational transition, and dynamics between members of a family business are perhaps the most ubiquitous, complex and challenging issues in the entire field of family business studies. Regardless of the challenging nature of these processes, research shows that "what business-owning families do – or do not do – today will have echoes down through time, for generations to come," according to John L. Ward, a leading authority in the field (2004). Further, that "the involvement of the next generation in a family business can have dramatic consequences for the continuity of the firm" (Stavrou, 1998). It is perhaps not surprising, then, that there is a large body of research on the entrepreneurial intentions of offspring of business owners, including but not limited to: attributes of their competence (Obschonka, Silbereisen, Schmitt-Rodermund, & Stuetzer, 2011); "family entrepreneurial orientation" and "trans-generational entrepreneurship" (Zellweger, Nason, & Nordqvist, 2011); adolescents' psychological separation from the business (Eckrich & Loughead, 1996); and the outcome of entrepreneurial exposure (Krueger, 1993).

Assuming a family business owner has intergenerational intent to begin with, research on family businesses shows that in order to create a long-lasting, successful business, the founder/owner must consider how to make it attractive to the most promising next-generation family members: they must "take action when those family members are quite young" (Ward, 2004). Further, research tells us that an effective transition between business family generations begins very early in a child's life: "succession is not a static event, or a process that begins once heirs are involved in the business; it is a long-term endeavor initiated early in the heirs' lives" (Stavrou, 1999). Likewise, author and professor of entrepreneurship Dr. Sue Birley emphasizes the early involvement of children in the business as a way of training for succession (2002); and authors Eckrich and Loughead (1996) note that the family business system is extremely dominant in a child's development.

While Ward advises owners to first employ their children "at the bottom and work their way up in the company," he points out that many families start their children with menial duties during after-school

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and summer jobs (2004). At least, in the beginning, "both firm and family make only minor shifts when the eldest son is employed in the firm during summer vacations" (Kepner, 1991). Ward also suggests parents provide exciting and attractive opportunities to sons and daughters who have the greatest enthusiasm and show the greatest promise, in order to ignite and foster their interest in the company. But there is a common perception held by those in the family business field and its community that family firms are inherently "messy and confusing," not least because offspring are quite often welcome in the family business regardless of their ability to contribute to its success (Kets de Vries, 1993). Exacerbating this stereotype is anecdotal advice from certain professional family business advisors that there are negative inferences that come along with family businesses, including nepotism, family feuding, emotional decision-making and general disorganization or lack of professionalism. Further, that these characteristics are unavoidable or pre-existing reasons for young adults to leave their family business environment – or actual employment – in the firm in the early years of their careers, in order to gain work experience elsewhere (Levitt, 2005). According to family business consultant Donald Levitt, Ph.D:

One of the best ways to help children develop into responsible adults and capable business owners is to make sure that they spend their time in the real world of adults away from their parents. After graduating from college … it is strongly recommended that potential successors spend three to five years working elsewhere in positions of increasing responsibility. This builds self-confidence and helps to overcome any feelings of entitlement or obligation (Levitt, 2005).

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Yet, there is some evidence that business owners' succession preparation can increase the odds of an adolescent's preference of succeeding in the family business by a whopping 233 percent (Schroder, Schmitt-Rodermund, & Arnaud, 2011), and that early exposure to a family business appears to influence attitudes and intentions toward entrepreneurship (Krueger, 1993). Certainly in the media, we see depictions of adolescents and adults describe their family business experience with nostalgia: Family Business Magazine's recent "Summer Job Memories," profiles prominent, older family business professionals in which they reminisce about past summers working at their family firm (Darley, Hussey, Lundberg, & Reininger, 2012). However, "childhood is also the time when some children come to see business ownership as an entitlement, part of their birthright," according to Dr. Levitt:

Other children come to see future leadership as an obligation, as the only way to please mom and dad. Twenty years later these same parents will complain that their adult child has a 'bad attitude' regarding the family business. Funny how that happens.

While it is clear that multiple variables factor into determinants of career choices of adolescents – personality; gender; identification with the family business; perception of father's working conditions – a "potential succession option may be perceived as an opportunity or a burden" (Schroder et al., 2011). While it is a concern amongst experts that there is a lack of research comparing children of family-business owners directly with children of those who are not, some evidence shows that late adolescents from families who own their own business "have a less clear sense of their abilities, talents, and interests in a career than do late adolescents from non-family-business homes" (Eckrich et al., 1996). This evidence supports previous research that these adolescents:

- *[are] exposed to greater familial involvement in the workplace, thus potentially blurring the line between work and family*

- *perceive a greater opportunity to follow the career paths of parents, but also perceive stronger internal and external pressures to engage in these paths*
- *[experience a] difference in vocational identity between [adolescents in family businesses versus non-family businesses ... and] may also reflect the centripetal, or inward focus that is said to occur in family-business families (Eckrich et al., 1996)*

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Therefore, any further research regarding the ways in which youth with family business backgrounds "form career intentions provides further insight into how a family business background primes goal intentions of offspring," (as cited in Zellweger, Sieger, & Englisch, 2012). Likewise, more research in this area would subsequently shed light on potential ways to increase the chances of successful intergenerational transfers among family businesses, or at least inform family businesses of some of its many pitfalls. Consequently, a new study out of the University of British Columbia's Sauder School of Business, showing that adolescents who work within family businesses experience several significant advantages compared to their non-family business peers, may have a greater bearing on family businesses than its authors initially thought. Given the lack of evidence in the field on younger generations in business families, the implications for this new study are substantial and widespread, and could greatly affect family businesses' desire – and ability – to successfully transition from one generation to the next.

The forthcoming study, conducted by a team of UBC researchers, shows that young adolescents who work within their family's business on an ongoing basis while they are 14 and 15 years old gain measurable advantages over their peers who do not work in a family business environment at that age. The team, including principal investigator Dr. Marc-David Seidel, doctoral candidate Marjan Houshmand, and statistician Dennis Ma, was able to compare young adolescents within family businesses directly to those who are not members of family-run businesses. The study is the first of its kind to investigate such a young demographic by taking on a multi-disciplinary approach, between the fields of family business, family studies and organizational behaviour. Using data extracted from Canadian census surveys – the National Longitudinal Survey of Children and Youth (NSLCY), and the Youth in Transition Survey, conducted by Statistics Canada and Human Resources and Skills Development Canada – the study compared 14- and 15-year-old adolescents who were employed in their family businesses to all other 14- and 15-year olds. Since most young adolescents in this age bracket, generally speaking, are employed at low-level jobs such as mopping, stocking shelves, cleaning, or doing other menial work, the authors speculated the attained advantages given to adolescents working in their family firms was due to the sophistication level of the duties carried out by those adolescents in family firms, by virtue of the family environment. The time they spent with parents, coupled with the complexity of the work, contributed a marked difference to the teens' development, and, therefore, in subsequent employment opportunities. This is consistent with Ward's aforementioned suggestion to assign more attractive opportunities in order to grow children's interest in the company (Ward, 2004).

This new research study out of UBC shows that, in the short term, young adolescents working in family businesses are given more responsibility, develop faster and learn more skills than their peers at that age. Their work experience generally includes more complicated tasks, involves speaking to management more often (including family members who are managers), and may include training from more senior employees in the business than their non-family business counterparts. All of these advantages bring forward many desirable outcomes for those adolescents who have an ongoing involvement in

their family firm compared to their peers. The findings of the study show that the adolescents working in their family firms had a higher level of psychological well-being at a younger age, built their self-esteem to a higher level, and had better relationships with their parents. The long term result was that by age 18, these adolescents had more sophisticated work experience to include on their curriculum vitae, and ultimately had a higher foothold in terms of opportunities for employment than their non-family business peers. Those with a family business background also strived for more complex jobs, had higher self-employment intentions and ultimately enjoyed higher incomes than their non-family business counterparts. These outcomes were attained due to these adolescents having more impressive resumes, stronger references from superiors and a deeper knowledge of how organizations operate in general. Houshmand says:

Imagine, when [one becomes] 18, [and one wants] to get a job; the type of work experience [one has on their] CV – those people who have worked in family businesses – can have much better things to say on their resume than just 'mopping the floor.' [They can say] 'I was in charge of this, and that,' and more. They will have some advantages compared to everybody else, to get a better job, and the cycle goes on and on. They know about the business world, and they understand what the business world is about, because the parents don't censor themselves when they talk about customers and suppliers.

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The extensive nature of the data enabled the research team to draw a consistent and far-reaching hypothesis between the two data sets. While several previous studies have focussed on the psychological traits of adolescents (Schroder et al., 2011; Krueger, 1993), the UBC team did not. The research team had hypothesized that, over a period of time, because of training, mentoring and exposure to more complicated tasks, these adolescents would tend to have higher income jobs. They would also be more likely to develop an intention to be self-employed; and if they became self-employed, they would have higher incomes, because they would already have some experience running a business. Ultimately, their hypothesis was supported by the data, which showed that the family business adolescents hold several measurable advantages over their non-family business peers, during their later teenage years and later on in their careers. Houshmand says although they were hoping to find support for their hypothesis, the team was still shocked to see the proof in the data.

"We were surprised when we saw [the findings in the data]," she says, chuckling at the irony.

Given the scope of the survey, which represents a population of about 700,000 to 1.5 million adolescents, the impact of the results could potentially make a significant contribution to the study of family enterprise and the practises of family business management. Houshmand says:

There are a lot of policy makers that talk about whether they should allow adolescents to work or not, 14- to 15-year olds, and if they are not controlling who they are working for, that just does not make sense. If … the parents [would] provide mentorship and training, and teach them skills, then why not? … [The adolescents] are given, on average, better training. They are allowed to take risks; they are given more complicated tasks. That's why they outperform their peers.

While Houshmand stops short of making a direct correlation between her findings on early adolescents and business families' abilities to successfully transition a business to the younger generation, she admits it may be one reason for family business owners to hire their own teenagers.

"We speculate [that] is one reason to hire youth," she says.

Nevertheless, as long as more than 40 percent of all the companies in the world are experiencing or anticipating a succession process (Ward), and as long as family businesses continue to create as much as 90 percent of global GDP annually, the decisions of family business owners, managers and parents are surely nothing short of crucial to the health of our families, our businesses, and the very survival of our economy.

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While we may not know many of the answers to the multidimensional and complex questions that arise out of the complicated succession process, this new evidence is potentially highly relevant as a harbinger to successful intergenerational family business transition. Furthermore, this research has implications to contribute to the landscape of the next generation's career plans, succession intentions (or lack thereof) and consequent survival of family businesses.

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The Business Families Centre at the University of British Columbia's Sauder School of Business provides internationally renowned education programs, resources and research to business families, professional advisors and executives in the field of family enterprise. Leading the way with research and innovation at the intersection of family enterprise and business acumen, the Business Families Centre advocates education as the central path to success for all enterprising families. The BFC's partnership with the Institute of Family Enterprise Advisors (IFEA) has successfully established the first and only family enterprise advisor designation in the world.

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