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Introductory Comment to "Entrepreneurial Risk Taking in Family Firms: The Wellspring of the Regenerative Capability"

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Zahra's 2005 article titled, "Entrepreneurial Risk Taking in Family Firms," addressed a fundamental question within family business research: Under what conditions do family firms encourage entrepreneurial activities? After an extensive review of the existing literature on family firms and risk taking, especially agency-based studies, the author chose to test the two contradictory existing perspectives regarding how family- and ownership-related factors may be associated with entrepreneurial risk taking. One perspective was that family- and ownership-related factors serve to encourage entrepreneurial risk taking, whereas the other held that these factors actually inhibit entrepreneurial risk taking. Accordingly, Zahra developed four rival hypotheses on how family variables relate to entrepreneurial risk and conducted the empirical analyses to test these hypotheses. Specifically, he examined the correlation of founder's duality as CEO, founder's tenure, family ownership stakes, and family involvement in the company's operations on firm investment in radical innovation and emerging technologies (*innovation*), firm venturing into new markets at home and abroad (*venturing*), and firm use of domestic and international strategic alliances (*alliances*).

Using survey data from 209 manufacturing companies, the mixed results provide empirical evidence supporting both perspectives and indicate that the relationship among family factors and entrepreneurial risk taking is complicated and depends on which family factors and which indicators of entrepreneurial risk taking are being examined. For example, CEO–founder duality was not significantly associated with entrepreneurial risk taking. CEO tenure was found to be negatively associated with entrepreneurial risk taking. However, family ownership was positively associated with some aspects of risk taking (venturing into new and domestic international markets), while negatively associated with others (alliances). Family involvement was positively associated with innovation. Based on these findings, Zahra (2005) represents an important initial empirical test of two diverse perspectives, and the study clearly highlighted the complexity involved when establishing links between family factors and entrepreneurial risk taking.

In retrospect, there are several reasons why Zahra (2005) is widely regarded as a seminal article. One aspect that we would highlight is that entrepreneurial risk taking is both an important and multifaceted construct. The influence of this study on related research on corporate entrepreneurship and entrepreneurial orientation in family firms is difficult to overstate. And while there are still many unresolved definitional, operational, and theoretical challenges related to entrepreneurial risk taking in family firms (McKelvie, McKenny, Lumpkin, & Short, 2014), the increasing volume of work in this area demonstrates that the questions asked in Zahra (2005) remain highly relevant.

Furthermore, in reviewing Zahra (2005), we posit that a key and lasting contribution of the article is the inspiration it has had on other researchers to consider the heterogeneous nature of family firms. Indeed, his article was an early example in raising the importance of focusing research efforts on understanding why certain family firms are willing to engage in entrepreneurial activities when others do not. Subsequently, there have been increasing calls to focus more on the sources of heterogeneity among family firms in general (e.g., Chua, Chrisman, Steier, & Rau, 2012). This is to say,

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the need as a field to move beyond testing between group differences of family and nonfamily firms, but rather, within group differences of family firms. The idea of family firm heterogeneity is explicit in both the research design and the discussion throughout Zahra (2005). Furthermore, many of the aspects of family firms that Zahra initially identified as factors influencing entrepreneurial risk taking have also been identified as drivers of other important sources of family firm heterogeneity such as socioemotional wealth (Berrone, Cruz, & Gomez-Mejia, 2012).

In sum, Zahra's 2005 article was "ahead of its time" in not only addressing entrepreneurial risk taking in family firms but also recognizing the value of examining family firms as a heterogeneous organizational form. Furthermore, his findings put the entrepreneurial propensity of family firms under a more positive light by demonstrating that family firm factors are not always a hindrance to entrepreneurial risk taking as one perspective had maintained. Rather, we are left with a more nuanced view where family firm factors may both inhibit and enhance entrepreneurial risk taking. He has inspired many others to study family firms as a context that encourages or discourages entrepreneurial activities and to provide a solid foundation from which to continue to build on our understanding about risk taking in family firms.

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