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LONG-TERM ORIENTATION IN FAMILY BUSINESSES: ANTECEDENTS, CONTINGENCIES, AND THE ROLE OF INNOVATIVENESS

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LONG-TERM ORIENTATION IN FAMILY BUSINESSES: ANTECEDENTS, CONTINGENCIES, AND THE ROLE OF INNOVATIVENESS

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Dr. Andy Yu, Dissertation Chair

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DEDICATION

To my best friend and husband Donald, your support means the world to me.

When I was studying, you forced me to eat when I forgot to, sleep when I needed to, and lifted me up when the road seemed too difficult. We celebrated the milestones together and had an amazing time in Taiwan for my paper presentation. I love you, and this degree is for you, too!

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LONG-TERM ORIENTATION IN FAMILY BUSINESSES: ANTECEDENTS, CONTINGENCIES, AND THE ROLE OF INNOVATIVENESS

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ABSTRACT

Family businesses are driven by economic and noneconomic goals that tie back to the wealth of the family members and firm. Thus, more studies have shown interest in examining the long-term perspectives of family firms and the factors that contribute to their desire to achieve transgenerational wealth. A long-term orientation is a mindset of the dominant coalition of family members that changes over time. However, there is a dearth of emprical studies that have tested the antecedents and outcomes of long-term orientation (LTO) and its relevant contingencies. This dissertation examined LTO in two essays to address this gap.

The purpose of Essay 1 was to examine the antecedents of LTO in family businesses through stewardship theory and agency theory. This study employed 238 shareholder letters and secondary data sources through content analysis to examine the antecedents of LTO in family firms. The findings suggested that family involvement is positively associated with LTO. Additionally, the findings suggested that CEO incentives, nonfamily CEO tenure, and CEO ownership have negative relationships with an LTO.

The purpose of Essay 2 was to empirically examine the relationship between LTO and family firm performance through the resource-based view (RBV). This LTO–performance relationship is mediated by innovativeness because the LTO of the dominant coalition catalyzes to identify resources for innovation. Additionally, the relationship between LTO and innovativeness may be moderated by board governance and environmental factors because the mindset of the dominant coalition may change to adapt to these factors. This study examined 249 shareholder letters and secondary data to determine the influences that LTO has in family firms. This study predicted that LTO does have a significant influence on the dominant coalition's decision making. As such, an LTO mindset will adapt to different governance structures in the firm, as well as to the changes in the external environment. This study proposed to show that innovativeness is positively associated with LTO and firm performance.

Keywords: Family business, long-term orientation, innovativeness, contingencies, firm performance

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Introduction of Dissertation

An increasing number of researchers have recognized the critical role of family businesses in the economy. Research on family firms has found that distinctive differences exist between family businesses and non-family businesses. One significant difference between the two businesses is that family businesses have goals to pass the business onto future generations. Thus, family firms focus on a long-term orientation (LTO) when making business decisions. Brigham, Lumpkin, Payne, and Zachary (2014) proposed LTO as a construct to help researchers examine and understand the long-range perspective of family firms. This study extends research of LTO in family firms since family firms comprise about 80% of the businesses in the United States (Gomez-Mejia, Larraza-Kintana, & Makri, 2003). Also, developing a theoretical framework for understanding the antecedences and outcomes of LTO will improve the health of the economy. This dissertation is comprised of two essays: Essay 1 studies the antecedents of LTO, and Essay 2 examines the consequences of LTO.

Essay 1 explores the antecedents associated with family firm LTO. This study aimed to empirically test suggested antecedents of LTO in family firms through stewardship theory and agency theory. The two theories provide different perspectives to examine CEO behaviors. Stewardship theory explains that managers' goals are aligned with the organizational goals (Davis, Schoorman, & Donaldson, 1997). As such, managers behave as stewards of the organization, serving as caretakers with the best interest of the organization.

On the contrary, agency theory indicates that managers (agents) are self-serving and thus have a misalignment of goals with principals (Jensen & Meckling, 1976). As such, incentivizing with additional compensation attempts to align the goals between an agent and a principal. This study hypothesized that family involvement is positively associated with LTO. Additionally, the study hypothesized that overall CEO incentives are negatively related to LTO; however, non-family CEO incentives is hypothesized to be more negatively related to LTO. Overall, CEO tenure is hypothesized to relate positively to LTO. Family CEO tenure is hypothesized to relate positively to LTO; however, non-family CEO tenure is hypothesized to have a negative association with LTO. Regarding CEO ownership, this study hypothesized that in family firms, non-family CEO is more positively associated with LTO than family CEOs. There were 238 shareholder letters tested by using content analysis. The results of the multiple regression analysis showed that family involvement is a positive antecedent of LTO, and non-family CEO tenure negatively impacts LTO. However, other relationships hypothesized were not supported.

In Essay 2, this dissertation aims to empirically examine the relationship between LTO and family firm performance through the resource-based view (RBV). It is argued that LTO is a valuable, rare, non-imitable, and non-substitutable source unique in family firms that positively impacts business performance. Further, this research suggests that LTO may influence innovativeness efforts since LTO is a resource of the dominant coalition. As such, LTO in family firms is the catalyst for family firms to invest in the future. Further, innovativeness was linked to improved firm performance. This dissertation also examined the effect of contingencies on the relationship between LTO and innovativeness, such as board governance and environmental factors. This study employed archival data, such as shareholder letters, proxy statements, and corporate documents. The 249 shareholder letters were analyzed through a content analysis word count process to study family firms. The hierarchical regression model showed results that indicated LTO is linked to innovativeness. Further, innovativeness serves as a positive mediator between LTO and firm performance. However, the results showed that LTO does not have a direct impact on firm performance. Therefore the mediating effect of innovativeness is critical to firm performance. Additionally, the results showed that family CEO duality has marginal importance to the LTO–innovativeness relationship. However, board independence as a governmental contingency and the environmental contingencies were not supported in this study.

In summary, Essay 1 and Essay 2 sought to add to family business literature in three ways. First, this study identified the relationships among important antecedents of LTO and consequences of innovativeness, business financial performance, and key contingencies. Second, with a cross-sectional design, this study combined various archival sources (shareholder letters, proxy statements, Compustat data, etc.) to test the research models. This approach of computer-aided text analysis allowed for a more objective and systematic analysis of the data by avoiding the coding problems of social surveys. Third, the findings provide important implications for practitioners on how LTO plays a critical role in business outcomes and offers suggestions on the development of LTO within family firms.

Essay 1: Antecedents of Long-Term Orientation in Family Firms

Time is an essential consideration for organizations when making a business decision. Successfully managing daily operations while pursuing long range objectives is an essential role of an organization's dominant coalition (Lumpkin & Brigham, 2011). As such, the temporal orientation of the dominant coalition plays a vital role in determining how to manage best changing demands and priorities. In family firms, time-sensitive decisions may be more critical since family firms have goals for transgenerational wealth (Anderson & Reeb, 2003). As such, there is an increased interest in conducting family firm research to understand how the reasons for making time-sensitive decisions in family firms differ from non-family firms. Economic conditions may determine when to have a short-term versus long-term mindset, and in some cases, a short-term orientation may be ideal to react to market changes or customer needs. However, *short-termism* is frequently criticized as persuading decision makers to focus on immediate short-term gains (Jacobs, 1991; Laverty, 1996).

Prospect theory suggests that many criteria for decision making are framed references to the status quo or current situation (Kahneman & Tversky, 1979). As such, decisions are weighed on the likelihood of an event and the prospective gains. This would imply that family firms value traditions and therefore reference their current and past situations. Thus, the references can impact the dominant coalition's ability to sustain a long-term mindset (Lumpkin & Brigham, 2011). For example, the reference points that develop the dominant coalition's temporal perspective may influence the coalition's attitude about adopting a long-term versus short-term orientation. Reference points are reflections on past experiences, family traditions, values, attitudes, and beliefs about the family firm. As such, managing decision-making in family firms can become a complex process when values, goals, or economic conditions change. While time sensitive short-term decisions may be needed for day-to-day operations, an LTO is critical for achieving long-term aspirations (Le Breton-Miller & Miller, 2011).

The construct, LTO, is defined as the "tendency to prioritize the long-range implications and impact of decisions and actions that come to fruition after an extended period" (Lumpkin, Brigham, & Moss, 2010, p. 241). Long-term is typically greater than five years (Le Breton-Miller & Miller, 2006), but researchers have suggested that LTO is a disposition or mindset that changes over time rather than a specific time period (Lumpkin & Brigham, 2011). Over time, a family firm's priorities may shift and either reduce or support LTO depending on the dominant coalition's temporal mindset (Lumpkin & Brigham, 2011). For example, more family members involved in the business may shift more decisions toward a long-term focus to keep the business in the family and pass traditions or legacy to the next generations. Family CEOs with longer tenure with the firm may also have more long-term focus because they focus on preserving wealth and achieving nonfinancial goals (Lansberg, 1999; Le Breton-Miller & Miller, 2006; Lumpkin & Brigham, 2011; Lumpkin et al., 2010).

On the other hand, a CEO's short-term financial goals may shift toward immediate short-term results since CEOs may receive additional pay for positive firm performance (Martin et al., 2016). Research has suggested that the dominant coalition views time-sensitive decisions with a mindset that considers the past, present, and future implications (Mosakowski & Earley, 2000). When making decisions, the dominant coalition considers family values, goals, economic conditions, and non-economic factors before adopting a short-term versus LTO.

However, researchers have found that a notable difference between family firms and non-family firms is that family firms have a goal to pass the firm down to future generations (Chua, Chrisman, & Sharma, 1999). In this sense, an LTO in family firms is essential for the family firm to survive, grow, and attain transgenerational succession and wealth. Studies have found that family businesses are more long-range orientated than non-family firms because of the emotions and relationships that exist in family firms and motivation to protect the family. Since family firms comprise about 80% of the businesses in the United States, an increased number of researchers have recognized the critical role that family businesses play in the economy (Gomez-Mejia et al., 2003). Further, there are distinctive differences between family firm and non-family firm business decision making that need to be understood. This study posed the following question: What are the antecedents associated with a family firm's LTO? This question addresses the need for a better understanding of how family businesses develop, maintain, or lose an LTO.

There were three aims of the present study. First, this study aimed to test the suggested antecedents of LTO including family involvement, CEO tenure, CEO incentives, and CEO ownership within family businesses (Brigham et al., 2014; Lumpkin & Brigham, 2011). The comparison of family and non-family businesses was temporarily outside the scope of this study because LTO is arguably a unique characteristic of family businesses (Lumpkin & Brigham, 2011). However, this is not to suggest that LTO does not exist in non-family firms at all. Second, this study explored these factors and their influence on LTO through stewardship theory and agency theory. This study argued that agency theory and stewardship theory are needed to understand how LTO is influenced. Through the lens of stewardship theory (Weigert & Hastings, 1977), this study examined how family involvement in the firm represents family member shared values and beliefs about attaining LTO for the organization. Specifically, researchers have suggested that family involvement as members of the dominant coalition may contribute to LTO (Anderson & Reeb, 2003; Chua et al., 1999). I extended agency theory research by examining how agent's incentives, tenure, and stock ownership wealth influences LTO. Researchers have found that some CEOs tend to make short-term financial decisions when they pursue personal wealth gains (Martin, Wiseman, & Gomez-Mejia, 2016). Agency theory was used to show how the temporal orientation of the CEO may influence LTO (Martin et al., 2016).

Lastly, this study explored these relationships through content analysis. Most of the past research on family firms has used self-reported measures, which may be vulnerable to validation challenges, subjectivity, and biases (e.g., social desirability and common method bias). Archival databases were used in this study to mitigate potential data collection limitations. A content analysis process was used to test the model, which can mitigate biases (e.g., common method bias) and enhance the data quality with combined data sets (Jick, 1979). The potential benefits of using this methodology to access archival databases for content analysis include access to a larger sample (i.e., massive data sets), more replication, and a lower cost. Subsequently, this may produce more valuable, replicable research for future family business scholars (Anglin, Reid, Short, Zachary, & Rutherford, 2017). This study examined a sample of approximately 1,500 public firms using archival data from 2013 to 2015. A study of public firms captures a wide range of secondary data available for public firms and is available to identify family firms.

This study contributes to the family business literature in three ways. First, this paper develops a framework to understand the antecedents of LTO. A framework is essential because research has found that high-performing family firms who make decisions with long-run implications have high firm performance (Miller & Le Breton-Miller, 2005). However, to this date, very few studies were found that have identified and examined LTO antecedents. With knowing specific antecedents of LTO, scholars can conceptualize further LTO relationships. Second, this paper answers a call to understand further how the three dimensions of LTO are impacted by the antecedents (Brigham et al., 2014). Since the concept of LTO is in the emerging stage, this is one of the few studies that has measured the essential determinants of the dominant coalition’s attitude to adopt LTO. Lastly, this research explored the LTO construct through content analysis of shareholder letters and corporate documents.

Literature Review of Long-Term Orientation

Lumpkin and Brigham (2011) studied LTO and intertemporal choice in family firms and suggested that LTO varies based on many non-economic and economic goals in family firms, which is different from the considerations of non-family firms. Further, LTO is stronger in family firms because family goals tend to be centered on the values, beliefs, family harmony, and family involvement in the firm that are central to achieving family and firm goals (Lumpkin & Brigham, 2011). Three dimensions are encompassed in LTO: futurity, continuity, and perseverance. The futurity dimension of LTO is representative of a firm's vision and aspirations, as well as the forecasting and planning activities to secure the firm for future generations (Miller & Friesen, 1978; Venkatraman, 1989). The continuity dimension of LTO is represented by the presence of succession plans and strategies to have a business that focuses on the endurance of the firm. Continuity is detected through family involvement and long tenure of CEOs who are family members (Miller & Shamise, 1996; Zahra, 2005). Perseverance reflects the dominant coalition's focus on strategies that keep family firm traditions (Brockhaus, 2004; Dyer, 1989; Hall & Nordqvist, 2008).

Research on family firm LTO is scarce. However, studies on family firms have increased over the past 15 years to gain an understanding of the long-term perspective differences between family firms and non-family firms. Previous research has identified the importance of time in family businesses and how time influences the dominant coalition's temporal orientation (Anderson & Reeb, 2003). However, prior research has not presented a theoretical model for the antecedents of LTO, nor has it considered the implications of the dominant coalition's temporal orientation in a theoretical model. The following sections will further outline the research in LTO and analyze past research to identify the gaps in studies.

Researchers have studied the relationships between extended time horizon (Zellweger, 2007), long-term horizon (James, 1999), managing for the long-term (Miller & Le Breton-Miller, 2005), and LTO (Chrisman & Patel, 2012; Gomez-Mejia, Haynes, Nunez-Nickel, Jacobson, &

Moyano-Fuentes, 2007; Zahra, Hayton, & Salvato, 2004). Prahalad and Bettis (1986) suggested that the dominant logic have a worldview of the organization's tools needed to make decisions. Dominant logic is a mindset stored with a cognitive map that helps to merge long-term decisions into the organization’s decision-making process (Lumpkin & Brigham, 2011). Thus, LTO is manifested in the dominant coalition. For example, the dominant coalition’s LTO mindset may help make long-term financial decisions that secure the family wealth for multiple generations. As such, one can infer that the cognitive map is the basis for considering the past, present, and future outcomes when making decisions. Thus, researchers have found that family firms are more conservative and avoid a risky decision that threatens future wealth (Gomez-Mejia et al., 2007).

One of the newest constructs to describe the mindset of the dominant coalition of family members in the firm is LTO. Researchers have suggested that LTO is a high order heuristic construct that changes over time in family firms based on the priorities, time demands, and goals of the firm (Brigham et al., 2014; Lumpkin & Brigham, 2011). Researchers have found that the emotional connections in the family firm help to support LTO when family members have shared values and beliefs about the future of the family business (Lumpkin & Brigham, 2011). Additionally, LTO is a mindset and disposition that may be influenced by family involvement and temporal orientation of the dominant coalition.

Research has also focused on the dominant coalition’s intertemporal orientation that influences the intention to adopt an LTO. Lumpkin and Brigham (2011) discussed how representation, self-control, and anticipation explain the intertemporal choices of the dominant coalition; the research further explained that representation describes the framing of the situation or choice. For example, the dominant coalition may represent succession planning as a necessary goal for family firms or planning that can wait. Self-control is a dilemma of intertemporal choices because it involves impatient or patient behaviors. For example, planning requires patience and self-control (Lumpkin & Brigham, 2011). Gentry, Dibrell, and Kim (2016) suggested that family firms are more likely to engage in conservative behaviors but are more long-term oriented than Standard & Poor's (S&P) 500 non-family firms. Finally, anticipation can occur in the waiting period for immediate or future things. As such, in some situations, the dominant coalition may have the patience to wait for the long-term benefits of decisions to be realized. Lumpkin and Brigham (2011) referred to succession planning as an anticipation feeling that can create a positive or negative waiting period. For example, a founder's anticipated retirement may create an adverse waiting period. Representation, self-control, and anticipation all impact the intertemporal perspective of the dominant coalition in an organization and influence the level of LTO when situations may arise (Lumpkin & Brigham, 2011).

Research has also focused on why LTO may be diverted to short-term intentions when situations arise, such as economic threats or self-interest choices of the dominant coalition (Lumpkin & Brigham, 2011). Agency problems develop in the firm when the non-family CEO's self-interest misaligns with the owners. CEO incentives may not be in place to help these executives focus on long-term goals.

Lumpkin et al. (2010) proposed a multidimensional construct for LTO. Brigham et al. (2014) validated the LTO construct as three dimensions comprised of futurity, perseverance, and continuity with a content analysis word count process; however, studies have not tested LTO with content analysis. Further, each dimension of LTO has characteristics that relate to family businesses differently. Futurity supports shared beliefs about strategy and succession planning (Sharma, Chrisman, & Chua, 2003; Sharma, Chrisman, & Chua, 1997). Continuity is about ownership and control, in addition to linking traditions to the present and future (Bearden, Money, & Nevins, 2006; Lansberg, 1999). Perseverance is about attitudes toward family pride and traditions and maintaining professionalism (Brockhaus, 2004; Dyer, 1989; Hall & Nordqvist, 2008). These dimensions are underdeveloped in the research (Lumpkin & Brigham, 2011).

Lumpkin and Brigham (2011) made advances to family business research by developing the LTO construct. However, a theoretical model using the LTO construct to identify antecedents of LTO has not been found to date. Hoffmann et al. (2016) examined the outcome of LTO using a 4-item survey questionnaire but not the LTO construct.

Research has suggested that factors such as family involvement and CEO factors defeat or support LTO (Lumpkin & Brigham, 2011). However, research has not examined these factors and their influence on LTO. There is a general agreement that family involvement influences many family firm decisions such as the decision to preserve the non-economic and economic goals of the firm.

Lastly, prior research in family firms has suggested that the dominant coalition's temporal orientation directly impacts LTO (Lumpkin & Brigham, 2011). Further, the attitudes of the dominant coalition tend to develop from non-economic and economic factors. However, research that shows how the temporal orientation of the dominant coalition impacts LTO has not been found to date.

Overall, research has advanced family firm literature by developing an LTO construct that can be tested further through content analysis. Although perseverance, futurity, and continuity are three LTO dimensions identified by Lumpkin and Brigham (2011), the research has not moved forward to test the influences on an LTO in family firms. To further understand LTO and test the construct, the proposed theoretical model for the antecedents of LTO is presented in the following section.

Theoretical Development and Hypotheses

Stewardship theory and agency theory both offer perspectives in family business research with complemental views. Although each holds different behavior assumptions, both stewardship theory and agency theory offer a behavior and governance perspective that help explain differences in management philosophies (Davis et al., 1997). Managers referred to as stewards, build trusting relationships, develop long-term perspectives, and pursue objectives to achieve organizational wealth (Davis et al., 1997). On the contrary, agency theory refers to managers as agents who act with individual interest and misalignment of goals with the principal (owner). Agency theory perspective promotes implementing control mechanisms for self-serving agents, short-term thinking, and agency cost controls (Fama & Jensen, 1983; Jensen & Meckling, 1976). While both theories offer different management philosophies, they may help to explain how management philosophies impact LTO.

The following two sections will further describe stewardship theory and agency theory and explore the antecedents of LTO. Specifically, hypothesis development for family involvement, CEO incentives, CEO tenure, and CEO ownership are hypothesized. These factors may influence the dominant coalition's mindset and may ultimately be antecedents of LTO.

Stewardship Theory

Stewardship theory describes situations where the principal (owner) and manager (steward) goals are aligned (Davis et al., 1997). Stewardship theory is a behavioral-based theory of the humanistic model of man. Stewards serve the organization without self-serving or opportunistic behaviors (Davis et al., 1997). As such, managers are stewards with a management philosophy that promotes organizational involvement, trusting relationships, collectivism, focus on long-term goals, and wealth maximization for the organization (Davis et al., 1997). Stewards gain utility by maximizing wealth through firm performance, not individual wealth. Stewards do have personal needs; however, they trade off personal needs and organizational needs for the organization's benefit. As such, stewards place their personal interest aside for the good of the organization (Corbetta & Salvato, 2004). Trusting relationships with stewards and the organization do not warrant control systems for agency cost (Davis, Allen, & Hayes, 2010). In this sense, the optimal mechanism in stewardship theory is when the principals and agents have a trusting relationship and the stewards are motivated by organizational growth and achievements (Davis et al., 1997).

Stewardship theory assumes that in family firms, business owner-managers' goals are aligned with the organization's goals (Corbetta & Salvato, 2004). Schulze, Lubatkin, and Dino (2003) suggested that stewards exhibit altruistic behaviors toward family members. As such, stewardship theory assumes that managers will have an exceptional vision for the organization and an LTO to drive firm performance because passing the baton to next generations is a key value to them (Corbetta & Salvato, 2004). Further, other characteristics of good stewards are to be caretakers of family assets and to have a healthy desire to pass the organization down to future generations.

Stewardship theory offers a framework to examine the influences of family involvement in the family firm, particularly in the dominant coalition, because researchers have suggested that stewards influence LTO (Corbetta & Salvato, 2004; Miller, Le Breton-Miller, & Scholnick, 2008). Therefore, stewardship theory offers a framework to explore LTO and the alignment of the principal-steward relationship of non-family CEOs and family CEOs, because CEOs are part of the dominant coalition that may influence LTO. As such, this study argues that stewards support the collaborative efforts of family members to pass the firm down to future generations. Further, this study argues that stewardship theory helps explain the mindset of the dominant coalition as stewards focus on collaborative efforts to achieve organizational and family goals.

Agency Theory

Agency theory refers to the principal-agency conflicts that can exist when the principal's and agent's goals are misaligned (Fama & Jensen, 1983; Jensen & Meckling, 1976). In this sense, the principal (owner) must enact governance over the agent (manager) to monitor the behavior.

Agency theory assumes that owners and managers may have conflicting goals (Fama & Jensen, 1983; Jensen & Meckling, 1976). Further, agency theory suggests that managers may pursue their own goals to the detriment of the owner (Fama & Jensen, 1983; Jensen & Meckling, 2004). Agency theory assumes that owners have bounded rationality. They are unable to observe all manager behaviors. However, the cost of implementing the controls is less expensive than ignoring poor behavior problems. Therefore, there is a cost benefit associated with implementing a monitoring system. Agency problems may exist when manager incentives are not implemented to reduce agency problems. As such, CEO self-serving behaviors are less focused on balancing short-term and long-term goals, which may be a problem (Martin et al., 2016). Since the CEO is part of the dominant coalition, it is critical that the CEO adopts an LTO mindset.

Given the power the CEO and dominant coalition have on the decision-making processes and the ability to influence LTO, further examination of agency problems is warranted. Also, pay and incentives are widely studied topics in management and part of family business literature (Gomez-Mejia et al., 2003; Martin et al., 2016; Souder & Bromiley, 2012). As such, there are differences in family versus non-family CEOs. Therefore, the influence on LTO is worthy of examination. Agency theory offers a framework to examine LTO and the misalignment of the principal–management relationships of non-family CEOs and family CEOs within family firms. As such, the temporal perspective of family CEOs and non-family CEOs may influence LTO (Gomez-Mejia et al., 2003; Martin et al., 2016; Souder & Bromiley, 2012; Souder & Shaver, 2010).

Antecedents of Long-Term Orientation

Exploring family involvement through stewardship theory. Family involvement is “related to the presence of family members in ownership as shareholders, in governance as members of the board of directors, and in management as managers” (Songini & Gnan, 2015, p. 755). Hoffmann, Wulf, and Stubner (2016) found that family involvement in management increased LTO because the temporal orientation of the dominant coalition helped focus the business decisions toward reaching long-term goals. Further, family business goals shift over time and can impact the temporal orientation of management. As such, family involvement in the dominant coalition can help keep an LTO mindset for making decisions that support business continuity and future plans (Lumpkin & Brigham, 2011). For example, perseverance is recognized in older firms, along with strong family pride and traditions.

According to stewardship theory, stewards will behave with collaborative intentions that support the organization without considering personal gains (Davis et al., 1997). As stewards, the dominant coalition of family members involved in the firm with an LTO mindset will make decisions that support the long-term goals of the organization. An LTO mindset also supports a shared belief about the strategic direction of the firm.

Stewardship theory suggests that stewards are thinking long-term to build wealth for the organization. As the dominant coalition act as stewards, the LTO mindset will support non-economic and economic goals, such as building relationships, developing trust, and creating wealth for the organization. Stewards will promote stronger collectivism within the dominant coalition and organization as a whole. As such, to achieve goals, an LTO mindset involves a long-range perspective on planning, forecasting, and evaluating decisions and their impact on the long-term goal achievement of the firm (Lumpkin & Brigham, 2011).

Family involvement in the dominant coalition is critical to the adoption of LTO. As family involvement pertains to LTO, the dominant logic is drawn from previous experiences and traditions to weigh the outcome of the decisions on the family and firm. The dominant coalition reflects on the outcome and cognitive map of past decisions and knowledge to have self-control against risky decisions (Lumpkin & Brigham, 2010). This study argued through the lens of stewardship theory that family involvement in the dominant coalition increases LTO, and therefore, family involvement is an antecedent of LTO.

The dominant coalition as stewards focuses on a perspective of collectivism and trusting relationships. Thus, the shared values are reflected through the family involvement in the firm. In this sense, this study argued that the presence of the LTO will increase. By the dominant coalition adopting a mindset that family involvement is critical to achieving long-term goals, the family firm’s decision-making processes may increase the level of LTO. Although LTO is a multidimensional construct, an LTO mindset holistically views and values the past and future when making present business decisions (Lumpkin & Brigham, 2011). As such, LTO is a construct that includes all three dimensions. Thus, as LTO shifts over time, the dominant coalition will bring the focus of the organization back to LTO because stewards gain utility from achieving organizational wealth for the family and business. Therefore, this study proposed that:

H_1: Family involvement is positively associated with LTO.

Exploring the family and non-family CEO through stewardship and agency theory. Stewardship theory and agency theory may both help explain different viewpoints for non-family CEOs and family CEOs. Regarding stewardship theory, stewards tend to be less interested in achieving personal financial gains and more interested in achieving organizational wealth (Davis et al., 1997). On the contrary, agency theory presents agents as self-serving individuals in need of financial rewards to help the firm align the goals of the agent with the principal (Fama & Jensen, 1983; Jensen & Meckling, 1976).

The following hypotheses examined the impact of family and non-family CEO incentives, CEO tenure, and CEO ownership as antecedents of LTO.

CEO incentives. CEO incentives describe competitive financial compensation, such as bonus payouts. According to stewardship theory, stewards are not focused on individual gain because they value the organizational gains (Davis et al., 1997). Therefore, in this study, CEO incentives were examined through agency theory. As CEO incentives pertain to agency theory, CEO incentives are offered as a cost benefit to combat agency problems. By incentivizing the agent, the agent in exchange may behave and act in a way that aligns with the principal's wishes. CEO incentives attempt to mitigate agency problems and agency cost associated with self-interest CEO behaviors. CEO incentives also attempt to resolve asymmetric information problems. For example, when the agent has more information than the principal, the agent may have more knowledge to skew decision making to the agent's benefit, such as ensuring bonus payouts.

Overall, CEO incentives may impact the LTO mindset, since researchers have suggested that CEO incentives can skew the temporal orientation of managers toward short-term perspectives as a means to protect their self-interest (Souder & Bromiley, 2012; Souder & Shaver, 2010). Based on agency theory, Martin et al. (2016) examined stock option incentives and found inconclusive results; these stock options incentives aimed to motivate CEOs and therefore reduce agency problems. However, the incentives had a negative impact on long-term investments (Martin et al., 2016). For example, the temporal orientation changed to a short-term mindset that was focused on achieving current wealth over long-term incentives (Martin et al., 2016). Therefore, this study proposed the following hypothesis:

H_{2a}: In family firms, CEO incentives overall are negatively related to LTO.

Family CEO incentives may have less impact on LTO because family CEOs tend to be stewards and less concerned with personal financial incentives. However, CEO incentives were examined in this study because previous researchers have suggested that the temporal perspective of CEOs is influenced by CEO incentives (Martin et al., 2016). As such, the temporal orientation of CEOs may influence the dominant coalition's LTO mindset. Family CEOs tend to be less focused on quarterly financial results than non-family CEOs in family firms (Gomez-Mejia et al., 2003) because steward's motives are aligned with the organization (Davis et al., 1997). Further, stewards tend to show altruism toward family members (Schulze et al., 2003). Their focus tends to be on achieving non-economic goals for the family well-being (Chrisman, Kellermanns, Chan, & Liano, 2010). Stewards focus on achieving a collective and trusting system (Davis et al., 2010). Thus, family CEO incentives might be less critical to family CEOs because family CEOs might be less focused on individual goals.

However, non-family CEO incentives in family firms may distract from supporting an LTO mindset. As such, non-family CEO incentives may help resolve agency problems by providing incentives to non-family members to align owner and manager interest. Firm CEOs have the authority and power to persuade others toward business decisions through information asymmetry. Since the CEO is part of the dominant coalition, the CEO may not share the same LTO as the dominant coalition when non-family CEO incentives are at stake. Given LTO is a mindset that changes over time, CEO incentives may shift the non-family CEO's focus on achieving short-term quarterly results when considering the potential loss of wealth (Martin et al., 2016).

Further, non-family CEOs in family firms may be less concerned with maintaining long-term traditions and succession planning since they are not family members. As agency theory suggests that incentivizing CEOs will align goals with the owners, non-family CEO incentives may distract from the futurity dimension of LTO because the CEOs intend to protect their self-interests. As such, CEO incentives may not support LTO because non-family CEO incentives may be short-term focused when the risk of losing current wealth is present. Therefore, this study proposed that:

H_{2b}: In family firms, compared to family CEO incentives, non-family CEO incentives in family firms are negatively associated with LTO.

CEO tenure. CEO tenure refers to the length of time a person has held the CEO position in the firm (Hambrick & Fukutomi, 1991). Firms hire CEOs because they tend to be intelligent and bring practical experience to the position (Hambrick & Mason, 1984). Within the firm and throughout different stages of a CEO's tenure, more knowledge of the firm is acquired (Hambrick & Fukutomi, 1991). As stewardship theory relates to family firm CEO tenure, when stewards build a trusting, collective relationship within the organization among family members, they may support an LTO mindset in the dominant coalition.

Overall, the knowledge held by a CEO with extended tenure in an organization may increase an LTO mindset because stewards will focus attention back to long-range goals when crucial decisions are needed that impact the continutity and future of the business. Regarding family CEO tenure, family members tend to stay in the CEO positions longer than non-family CEOs (Tsai, Hung, Kuo & Kuo, 2006). As such, the manifestation and support for LTO may be stronger since the family CEO can reflect on the past outcomes to make decisions for the present and future. Thus, CEO tenure overall may have a positive influence on the dominant coalition's LTO mindset because stewards support the collective effort of the organization to achieve long-term success for future generations. Therefore, this study proposed that:

H_{3a}: In family firms, CEO tenure overall is positively related to LTO.

Family CEO tenure in family firms may be a distinguishing characteristic difference from non-family CEO tenure in family firms regarding an LTO mindset. As CEO tenures extend, power over the organization grows with more time in the position (Hambrick & Fukutomi, 1991). Hambrick & Fukutomi (1991) suggested that longer CEO tenures provide more opportunities to build a stronger support system and hire people who align with the firm's vision. According to stewardship theory, family CEOs with longer tenure may act as stewards, thereby building mutual and trusting relationships (Davis et al., 2010). Tsai et al. (2006) found that family CEOs with extended tenures are more focused on family benefits than self-interest. Thus, family members in the dominant coalition are more likely to have concern over achieving non-financial goals (Westhead & Howorth, 2007). As such, family CEO tenure with extended time is more likely to support an LTO.

Further, researchers have suggested that family CEO tenure supports a risk averse focus on wealth preservation (Le Breton-Miller & Miller, 2006; Lumpkin & Brigham, 2011; Lumpkin et al., 2010). As such, the presence of longer tenure in family firms suggests that family CEO tenure may contribute to LTO (Lansberg, 1999; Lumpkin & Brigham, 2011). Family CEO tenure also provides continuity, shows perseverance over long-term decisions, and offers futurity to support long-term goals. This study argues that over time, extended family CEO tenure supports greater stewardship. Thus, regarding time in the CEO position, family CEOs will have a stronger LTO mindset as CEO tenure extends. As such, longer family CEO tenures will also have more business and family knowledge and an intertemporal perspective of past, present, future to help facilitate long-term decision making. For example, Martin et al. (2016) suggested that long CEO tenure of founder family members results in greater investment in long-term innovation projects. Therefore, this study proposed that:

H_{3b}: In family firms, family CEO tenure is positively related to LTO.

Non-family CEO tenure refers to an individual who is not a family member but holds the CEO position. As such, non-family CEO tenure individuals may not have the same LTO mindset as a family CEO tenure individual because they are not a part of the family goals to achieve transgenerational wealth. Further, non-family CEO tenure situations lack the same cognitive map and LTO mindset as the dominant coalition of family members. As non-family CEO tenure refers to agency theory, the time as a CEO can affect how engaged the CEO will be in the firm’s strategy (Finkelstein & Hambrick, 1996). As such, one would assume that if the non-family CEO tenure does not develop into an engaging relationship, misalignment of goals may exist. Hou, Priem, and Goranova (2017) suggested that CEO tenure over time will create a misfit between the shareholders and the CEO’s interests because early CEO tenure can produce risky behaviors. According to agency theory, misalignment creates agency problems (Jensen & Meckling, 1976). Further, over time in CEOs’ tenure, it has been suggested that CEOs’ attitudes change (Boling, Pieper, & Covin, 2016). Also, in later stages of tenure, CEOs become less willing to act on entrepreneurial opportunities that arise. This study argues that in early stages, non-family CEO tenure individuals are learning about the firm and therefore have not yet developed the same mindset as the dominant coalition of family members. As such, as LTO is developed and changed by family firm values, goals, and traditions, the non-family CEO may not attain the same LTO mindset as the family member in the dominant coalition. Thus, in a non-family CEO tenure situation, an LTO mindset may not manifest. Therefore, this study proposed that:

H_{3c}: In family firms, non-family CEO tenure is negatively related to LTO.

CEO ownership. CEO ownership refers to stock ownership CEOs hold in the company. Regarding stewardship theory, personal gains do not provide stewards with the same utility in achieving organizational wealth. Family firm CEO ownership may not be a mechanism used by principals to help align the goals of the principal and stewards because stewards tend not to need additional income. The management philosophy of stewards is to focus on organizational wealth. However, when family CEO ownership is connected to the wealth of the family business and the family CEO is focused on achieving organizational wealth, the family CEO ownership may support an LTO mindset. Therefore, this study proposed that:

H_{4a}: In family firms, CEO ownership overall is positively related to LTO.

Family CEO ownership may influence LTO because family CEOs may behave as stewards who tend to forego higher compensation for the family to achieve non-economic benefits, like family involvement (Gomez-Mejia et al. 2017). Stewards focus on wealth maximization through firm performance measures that benefit the firm. As stewards, family CEOs may also be the owner of the firm and are thus more concerned with altruism towards family members (Schulze et al., 2003). Martin, Gomez-Mejia, and Wiseman (2013) suggested that it is a mixed gamble for CEOs when working to balance the financial wealth with the fear of losing non-economic family benefits.

Non-family CEO ownership in family firms may not support LTO when non-family CEOs focus on their self-serving interests, thus creating a misalignment of goals with the principal. Although researchers have examined this relationship, they found that when managers are unsure about the finances of the firm in the long-term, they chose short-term current benefits instead (Martin et al., 2016). Short-termism is an agency problem when agents are motivated to pursue their gains over the shareholders or owners (Laverty, 1996). CEOs that focus on short-term payments for their benefit will have less LTO support. As such, short-term business decisions may outweigh LTO. In this case, non-family CEO ownership negatively impacts LTO because the focus is on short-term investments to pursue short-term wealth outcomes for the CEO. Therefore, this study proposed that:

H_{4b}: In family firms, compared to the stock ownership of family CEOs, that of non-family CEO is more negatively associated with LTO.

Methodology

Sample and Data Collection

This study examined a non-random sample of U.S. public firms listed in the Russell Microcap Index for the years 2013, 2014, and 2015. The Russell Microcap Index firms were chosen because they represent the smallest 1,000 firms in the U.S. Russell 3000E Index (Russell Index) based on market capitalization. The Russell Index captures approximately 99% of the U.S. equity market, comprises 4,000 of the largest U.S. companies, and 100% of the investible market. The Russell Index comprises smaller companies than the S&P 500 and therefore offered an attractive sample for this study since there are differences in the behaviors of smaller firms versus larger firms (Anderson & Reeb, 2003).

Further, smaller family firms show behavioral differences compared to non-family firms (Anderson & Reeb, 2003). From the list of firms in the Russell Microcap Index, shareholder letters were used to examine the firms and to study the behaviors of family firms. Shareholder letters were extracted from company websites, Hoover, and Mergent Online. This study excluded firms that did not have an available shareholder letter.

Family firms identified by at least 5% family stock ownership and at least one family member in an executive position or as a member of the board of directors in the firm were included in this study (Brigham et al., 2014). Several sources of data helped identify family firms, such as company annual reports, proxy statements, Securities and Exchange Commission (SEC) 10-K filings, BoardEx, Blockholders, and Execucomp. After accounting for companies that were acquired, merged, and discontinued operations, 1,112 firms remained. Of this amount, 238 qualified as family firm years and 114 were unique firms after accounting for missing proxy statements and data.

Variables

Lumpkin et al. (2010) defined LTO as the "tendency to prioritize the long-range implications and impact of decisions and actions that come to fruition after an extended time period" (Lumpkin et al., 2010, p. 241). As shown in Table 1, LTO was operationalized by the three dimensions—perseverance, continuity, and futurity—through content analysis word choices validated by Brigham et al. (2014).

Table 1

Words Used in Content Analysis to Operationalize Long-Term Orientation

LTO dimension	Content Analysis Words with Expert Validation
Continuity	boundless ceaseless cohesive committed commitment connected connection constancy constant contiguity continual continuance continuation continue+to+exist continuity continuous continuousness continuum durability durable duration endless entire eternal eternalization everlasting extend extended flow immortal immortalize incessant infinite interminable interrelated interrelatedness interrelationship last lasting legacy link linkage linked long-last long-lasting long-standing maintain maintained maintenance nonstop ongoing perdure perennial permanent perpetual perpetuation perpetuity persist persisted persistence persistent preservation preserve preserved prolong prolongation prolonged protract protracted protraction sempiternal sustain sustaining sustenance unbroken unbrokenness uninterrruptedness uninterrupted unremitting upkeep
Futurity	anticipate anticipated anticipating anticipation aspiration aspire augur augury blueprint conjecture construct contemplate contrive course+of+action design develop devise divine envision estimate estimation evaluating expect expectation expected expecting forebode foreboding forecast forecasting foreshadow foretell foretelling forewarn formulate fortunetelling future futurity hope impending intend intent intention likelihood likely long-range long-term look+ahead make+plans map map+out mastermind outline pattern plan plan+ahead plan+of+action planned planning plot prearrange predesign predetermine predict prediction prefigure prefigurement premeditate presume presuming presumption prognosticate prognostication project prophesize prophesy proposal prospect prospective schedule scheme shape shape+a+course sketch soothsay speculate speculation strategize vaticinate
Perseverance	abiding abidingness constant determination determined devote devoted devotion diligent earnest endurance endure enduring firmness+of+mind grit gritty incessant indefatigableness indomitable industrious insistent insistency insisting keep+going mulish mulishness patience patient perseverance persist persistence persisted pertinacity purposiveness resolute resolve scrappy stamina staunch steadfast steadfastness stick+it+out strive striving stubborn stubbornness sturdy sustain tenacious toughness+of+mind unceasing uncompromising undeviating unfaltering unflagging unflinching unshakable unstoppable unstopping unswerving untiring unwavering unyielding

Note. LTO = long-term orientation.

Family involvement was a continuous measure and indicated by at least one family member as either the founder or a relative serving in the leadership position in the firm and at least 5% of shares held by the family (Chrisman & Patel, 2012). Table 2 lists the definition of terms.

Table 2

Definition Table

Term	Definition	Operational	Operational Source
LTO	LTO is the "tendency to prioritize the long-range implications and impact of decisions and actions that come to fruition after an extended time period" (Lumpkin et al., 2010, p. 241).	Three dimensions: perseverance, continuity, and futurity through content analysis word choices.	Brigham et al. (2014)
Family Involvement	Indicated by at least one family member as either the founder or a relative serving in the leadership position in the firm and at least 5% of shares held by the family.	Proxy statements and company websites.	Chrisman & Patel (2012)
Firm Age	Number of years since inception.	Year business started and the number of years since the inception of the firm.	Hoffman et al. (2016)
CEO Tenure	The number of years since appointment in CEO position.	The number of years since the appointment of CEO on firm proxy statements.	Hou et al. (2017)

(Continued)

(Continued)

Term	Definition	Operational	Operational Source
CEO Incentives	CEO incentive bonuses, not part of base salary.	CEO incentive bonus from Compustat and firm proxy statements.	Fabrizi, Mallin, & Michelon (2014)
CEO Ownership	Common shares held by the CEO.	The percentage of common shares held by the CEO divided by the firm's outstanding common shares.	Kim & Lu (2011)
Firm Size	Logarithm of sales revenue to assess financial resource capability to take on long-term projects.	Log of annual net sales revenue.	Chrisman & Patel (2012); Martin et al. (2016)
Board Size	Number of board of directors	Number of board members listed on the corporate proxy statements.	Deutsch et al. (2011)

Note. LTO = long-term orientation.

CEO incentives are the potential gains to the value of cash bonuses received by the CEO (Fabrizi et al., 2014). CEO incentives were taken from the bonuses presented in Compustat and listed in firm proxy statements. For family CEO incentives, a dummy variable of 1 for family CEO member and 0 for a non-family member was used (Gomez-Mejia et al., 2003).

Following Hou et al. (2017), CEO tenure was measured by the number of years that have passed since the CEO was appointed in the position. This information was attained from the company proxy statements. Measuring CEO tenure as an antecedent to LTO was important because when CEOs are new, they tend to be more compliant and also experimental in the firm

(Hambrick & Fukutomi, 1991). On the contrary, as CEO tenure increases, CEOs tend to reach a dysfunctional stage where they are less interested in achieving new tasks.

Following Kim and Lu (2011), CEO ownership was analyzed as the common shares owned by the CEO. Common shares exclude stock ownership. Common shares are important because they capture power to make a decision based on the voting rights held by the CEO. For example, a CEO with only 1% voting rights will have less power to influence LTO decisions versus more voting power for a CEO who owns 30% of the common stock shares and voting rights. CEO ownership was calculated as the percentage of common shares held by the CEO scaled by the outstanding common shares of the firm.

Controls

Based on family firm research studies that have examined the level of CEO influence and family involvement in leadership, this study examined firm size, firm age, and board size (Gomez-Mejia et al., 2017; Martin et al., 2016). Firm size was controlled to assess the level of firm resource capabilities and commit to long-term projects. Further, firm size may influence the temporal orientation in the firm (Martin et al., 2016). Firm size in sales is operationalized by the logarithm of total assets (Uribe-Bohorquez, Martínez-Ferrero, & García-Sánchez, 2018). Firm age was controlled for the possibility of entrenchment in family firms (Chrisman & Patel, 2012). Firm age measures the number of years since the inception of the firm (Hoffman, Wulf, & Stubner, 2016). Governance literature has suggested board size may influence agency problems and firm decisions (Bettinelli, 2011; Daily, Dalton, & Cannella, 2003; Deutsch, Keil, & Laamanen, 2011). Board size was measured as the number of board members (Deutsch et al., 2011).

The regression equation is written as the following:

$$\textit{Long-Term Orientation (Full Model)} = \beta_0 + \beta_1(\textit{Family Involvement}) - \beta_2(\textit{CEO Incentives}) + \beta_3(\textit{CEO Tenure}) + \beta_4(\textit{CEO Ownership}) + (\textit{control variables}) + u \quad (1)$$

Computer-aided text analysis (CATA). Content analysis is a qualitative research method that uses a set of word-count procedures on communication information and categorizes the word count to develop a theme (Weber, 1990). Further, content analysis reveals the unique differences in communicators through the number of words. Content analysis provides insight into management thinking and decision-making choices (Short, Payne, Brigham, Lumpkin, & Broberg, 2009). Content analysis has such benefits as access to available text information, typically not easily found. Content analysis is also used in the strategic management field (Short & Palmer, 2008). It has been used to validate constructs using content analysis such as LTO (Brigham, Lumpkin, Zachary, & Short, 2014), entrepreneurial orientation (Short et al., 2009), and market orientation (Zachary, McKenny, Short, & Payne, 2011).

This study conducted a content analysis word count using collected firm shareholder letters from 2013, 2014, and 2015. Shareholder letters are a source of communications from the chairman of the board and a better measure than a nonintrusive approach compared to ad hoc interviews (Short et al., 2009). A CATA is a specific computerized system that counts word text and analyzes processes used to make quantitative assessments of text content (Zachary et al., 2011). With a CATA technique, the software can make quantitative assessments by identifying words and phrases to find themes present in firm documents. This computer-based technique was used in this study because it is more reliable and has fewer errors than hand-coding (Short et al., 2010). The CATA process allows the researcher to process large document files at a higher speed.

The CATA process of the word count of individual company shareholder letters was run through DICTION 7.1.3 software. Researchers have suggested DICTION software to measure theoretical constructs for strategic management (Short & Palmer, 2008). DICTION 7.1.3 software analyzed the content of the textual materials (letters) by counting the number of keywords in the shareholder letters through the keyword list identified by Brigham et al. (2014) for the three dimensions of LTO—perseverance, continuity, and futurity. The total LTO score was calculated for each family firm shareholder letter.

Analysis. Table 3 shows the descriptive statistics and correlations. The results indicated that LTO shows significant correlations with one independent variable, family involvement. Also, family involvement correlated with two other independent variables, CEO ownership and CEO incentives. Multiple regression analysis was used to test seven hypotheses. The hypotheses were analyzed in two sequences. First, the control variables were entered in Model 1, then the main effects were analyzed in Model 2. The LTO equation is written as the following:

Long-Term Orientation (Full Model) = 8.543 + 2.042(Family Involvement) - .103(CEO Incentives) - .426(CEO Tenure) - .845(CEO Ownership) + (control variables) + u (2)

Table 3

Descriptive Statistics and Correlations on Long-Term Orientation, N = 238

Variable	*M*	*SD*	*1*	*2*	*3*	*4*	*5*	*6*	*7*	*8*
1 LTO	5.86	3.05	1.00							
2 Board Size	2.18	0.33	-0.13*	1.00						
3 Firm Age	56.18	42.99	-0.08	0.21*	1.00					
4 Firm Size	6.01	1.32	-0.01	0.43*	0.31*	1.00				
5 Family Involvement	0.23	0.24	0.12*	0.00	0.02	-0.03	1.00			
6 CEO Incentives	0.64	1.22	0.00	0.06	-0.01	0.14	0.18*	1.00		
7 CEO Tenure	2.32	1.01	-0.12*	-0.01	-0.13*	0.05	0.07	-0.05	1.00	
8 CEO Ownership	0.11	0.15	0.03	-0.12*	-0.12*	0.02	0.54*	0.01	0.36*	1.00

Note. LTO = long-term orientation; numbers 1-8 represent variables; *$p < .05$

Results

The results of the hypotheses are listed in Table 4. The results of the regression analysis are presented in Table 5 (Model 1.2) and showed an overall significance at $p < 0.05$. As shown in Table 6, Model 2.2 showed significance at $p < 0.05$ and Model 2.4 showed significance at $p < 0.05$.

Table 4

Summary of Hypotheses Test Results

	Hypotheses	Regression coefficient (p value)	Empirical findings
H_1	Family involvement is positively associated with LTO.	$\beta = 2.042$, $p < .05$	H_1 is supported
H_{2a}	In family firms, CEO incentives overall are negatively related to LTO.	$\beta = -.103$, $p > .10$	H_{2a} is not supported
H_{2b}	In family firms, compared to family CEO incentives, non-family CEO incentives are more negatively associated with LTO.	Family CEO: $\beta = .082$, $p > .10$, non-family CEO: $\beta = -.066$, $p > .10$	H_{2b} is not supported
H_{3a}	In family firms, CEO tenure overall is positively related to LTO.	$\beta = -.426$, $p < .05$	H_{3a} is not supported
H_{3b}	In family firms, family CEO tenure is positively related to LTO.	$\beta = -.077$, $p > .10$	H_{3b} is not supported
H_{3c}	In family firms, non-family CEO tenure is negatively related to LTO.	$\beta = -1.144$, $p < .05$	H_{3c} is supported
H_{4a}	In family firms, CEO stock ownership is positively related to LTO.	$\beta = -.845$, $p > .10$	H_{4a} is not supported
H_{4b}	In family firms, compared to the stock ownership of family CEOs, that of non-family CEO is more positively associated with LTO.	Family CEO: $\beta = -6.532$, $p < .05$, non-family CEO: $\beta = 4.799$, $p > .10$	H_{4b} is not supported

Note. LTO = long-term orientation.

Hypothesis 1, which predicted that family involvement is positively associated with LTO, was supported ($\beta = 2.042$, $p < .05$), as shown in Table 5 (Model 1.2). Hypothesis 2a, which predicted that in family firms, CEO incentives overall are negatively related to LTO, was not significant, as shown in Table 5 (Model 1.2). Hypothesis 2b, which predicted that compared to family CEO incentives, non-family CEO incentives are more negatively associated with LTO was not supported as shown in Table 6 (Model 2.2 and Model 2.4).

Table 5

Coefficients of the Estimations Predicting Long-Term Orientation

	Model 1.1		Model 1.2	
Variable	β	*SE*	β	*SE*
Constant	7.96***	1.368	8.543***	1.429
Board size	-1.300	0.658	-1.401*	0.660
Firm age	-0.005	0.005	-0.008	0.005
Firm size	0.169	0.170	0.248	0.172
Family involvement (H_1)			2.042***	1.006
CEO incentives (H_{2a})			-0.103	0.166
CEO tenure (H_{3a})			-0.426	0.210
CEO ownership (H_{4a})			-0.845*	1.751
ΔR^2				0.001
R^2		0.023		0.062
Adjusted R^2		0.010		0.033
F		1.803		2.156*

Note. $N = 238$, $*p \leq 0.05$; $***\ p \leq 0.001$.

Hypothesis 3a which predicted that in family firms, CEO tenure overall is positively related to LTO as indicated in Table 5 (Model 1.2), was not supported. Hypothesis 3b, which predicted that in family firms, family CEO tenure is positively related to LTO as indicated in Table 6 (Model 2.2), was not supported. Hypothesis 3c, which predicted that in family firms, non-family CEO tenure is negatively related to LTO as indicated in Table 6 (Model 2.4) was negative and significant (β = -1.144, $p < .05$), was supported.

Hypothesis 4a, which predicted that in family firms, CEO ownership is positively related to LTO, as shown in Table 5 (Model 1.2) was not supported. Hypothesis 4b predicted that in family firms, compared to the stock ownership of family CEOs, ownership of non-family CEOs is more negatively associated with LTO. As shown in Table 6, family CEO ownership was negative and significant (Model 2.2), and non-family CEO ownership was positive and not significant (Model 2.4), therefore, H_{4b} was not supported.

Table 7 presents the difference of means tests for the variables between family CEO and non-family CEO. Family CEOs represented 64% of the sample. The means test was based on each firm in the sample.

Table 6

Coefficients of the Estimations Predicting Long-Term Orientation in Family CEOs and Non-Family CEOs,

	Model 2.1		Model 2.2		Model 2.3		Model 2.4	
	Family CEO		Family CEO		Non-family CEO		Non-family CEO	
Variable	β	*SE*	β	*SE*	β	*SE*	β	*SE*
Constant	8.299***	1.807	9.299***	1.820	9.569	2.440	10.747***	2.621
Board Size	-1.427†	0.831	-1.942*	0.839	-2.553	-1.403	-2.190	-2.19
Firm Age	0.000	0.008	-0.003	0.007	-0.011	0.007	-0.011	-0.011
Firm Size	0.088	0.197	0.111	0.195	0.492	0.372	0.485	0.372
Family Involvement			5.161***	1.528			-0.079	1.49
CEO Incentives (H_{2b})			0.082	0.306			-0.066	0.211
CEO Tenure (H_{3b}, H_{3c})			-0.077	0.249			-1.144*	0.419
CEO Ownership (H_{4b})			-6.532*	2.516			4.799	2.936
Number of Observations	152		152		86		86	
ΔR^2			0.042				0.029	
R^2	0.021		0.096		0.056		0.149	
Adjusted R^2	0.001		0.052		0.021		0.073	
F	1.069		2.193*		1.611		1.958†	

Note. *N = 238*, †indicates significance at the $p \leq 0.10$. *$p \leq 0.05$; ***$p \leq 0.001$.

Table 7

Summary of Mean Statistics

	Full sample		Family CEO	Non-family CEO
	N = 238		n = 152	n = 86
Variable	Median	Mean	Mean	Mean
CEO incentives	0.35	0.64	0.57	0.77
CEO tenure	13.00	15.08	18.47	9.08
CEO ownership	0.04	0.11	0.236	0.22

Discussion

This study examined if family involvement, CEO incentives, CEO tenure, and CEO ownership are antecedents of LTO. Further, agency theory and stewardship theory were adopted to assess the relationship effects on non-family CEOs and family CEOs in family firms. Overall, family involvement in family firms is key to LTO regardless of the presence of family CEOs or non-family CEOs. As such, attaining an LTO disposition of perseverance, futurity, and continuity are evident when family members are involved as the leadership in the dominant coalition of the family firm.

In family firms, the data showed CEO incentives were not important to LTO overall, nor were they important when comparing family CEOs and non-family CEOs. Overall, CEO tenure was negatively associated with LTO. Additionally, family CEO tenure showed a negative relationship with LTO. However, as expected, extended CEO tenure for non-family members resulted in a negative relationship with LTO. The negative relationship with CEO tenure overall, and with family CEOs and non-family CEOs, supported Hambrick and Kukutomi (1991) who suggested that the longer a CEO stays in a position, the more the CEO becomes less functional. Additionally, the mean tenure for family CEOs was higher than the total sample mean and also higher than the mean of non-family CEOs.

In family firms, the data demonstrated that CEO ownership overall was not an important antecedent to LTO. Further, as compared to family CEO ownership, non-family CEO was not more negatively associated with LTO. Although it was predicted that the percentage of family CEO ownership is important to a family CEO in a family firm, the results did not show CEO ownership as important. This may occur due to the fact that the CEO ownership measure was based on common shares and did not consider that family members may have different rights and privileges that were not taken into consideration in this study. The results of the family CEO ownership may support literature that has identified other ownership factors for family members; for example, family members may own preferred shares with special voting rights. Additionally, family trusts held by the family provide ownership of the company and voting rights.

The finding of this study contributes to family business literature in three ways. First, this paper has developed a framework that shows family involvement is an important antecedent to LTO. This study is essential to add to research that shows the long-run success of the family firm has a connection to firm performance (Miller & Le Breton-Miller, 2005). Knowing that family involvement is important to LTO and that CEO incentives, CEO tenure, and CEO ownership were not a contributor to LTO, scholars can conceptualize further LTO antecedents. Studying these relationships through agency theory and stewardship theory helped to understand why family involvement is important in family firms. As stewardship theory suggests, family members are stewards that hold the family goals to be more important than individual goals. Family members are more willing to adopt an LTO because a large part of their wealth is connected to the family firm.

Additionally, the family reputation and family values are important to family firms (Gomez-Mejia et al., 2007). As agency theory suggests, CEOs must be incentivized to align the CEO's goals with the firm goals. However, CEO incentives did not impact LTO. Since the results showed a negative impact on non-family CEO incentives, agency theory could suggest that CEOs are more short-term thinking (Martin et al., 2016).

Second, this study addressed calls to understand further LTO since the LTO construct is in the emerging stage (Brigham et al., 2014). Additionally, this study is helpful in measuring the essential determinants of the dominant coalition's mindset to adopt LTO with different theoretical perspectives. Lastly, this study explored LTO through content analysis of shareholder letters of smaller publicly traded companies. As such, smaller companies than the S&P 500 may show more behaviors represented in smaller firms (Anderson & Reeb, 2003).

Implications for practitioners include the finding that in family firms, family involvement is essential to carry on the business values, traditions, goals, and beliefs for future generations. Family involvement with an LTO mindset will benefit the family firm in planning for the future while also understanding the past. The implications for scholars are that the findings of the paper lay the groundwork to build on additional LTO relationships. As this study found that family involvement is key to LTO, stewardship theory provides a basis to understand LTO.

Limitations and Future Research

This study focused on determining antecedents of LTO from language in shareholder letters of smaller U.S. publicly traded companies through content analysis. Shareholder letters are an excellent source to gain insight into the organization's LTO because they share beliefs and values. Also, they are carefully crafted corporate documents because leadership and other decision makers are involved in creating the content (Barr, Stimpert, & Huff, 1992; Short & Palmer, 2008). Further, shareholder letters are a nonintrusive approach to gain meaningful communication about a firm compared to ad hoc interviews (Short et al., 2009). While shareholder letters provide an excellent resource to study CEO mindset and firm goals, they represent only one document of the firm. Future research that examines company website language and communication with customers could be an interesting study of LTO and firm behaviors. Future studies could also examine other text available through company websites, such as company history or "About Us" pages to further understand family firm behavior.

This study examined possible antecedents of LTO through agency theory and stewardship theory. Future studies could examine the consequences of LTO through additional theories such as RBV. Particularly, it would be interesting to see how governance in a family firm impacts LTO. Additionally, future studies could closer examine the CEO's role when they also hold the chairman of the board position.

Conclusion

Long-term orientation is unique to family firms because the family wealth is connected to the family business. As such, the family works together and the members of the dominant coalition act as stewards to make decisions that support continuity and futurity. Therefore, it is not surprising that the findings of this study suggested that family involvement is an antecedent of LTO. I hope that the outcome of this study will prompt researchers to study additional antecedents of LTO and consequences that help family firms survive and achieve transgenerational wealth.

Essay 2: Long-Term Orientation, Innovativeness, Contingencies, and Family Firm Performance

Some researchers see family businesses as risk-averse and not investing in long-term projects, thereby limiting opportunities to increase firm performance (Munari, Oriani, & Sobrero, 2010). Others have argued that keeping the long-term value-creating activities and stakeholders' long-run interest ensures strategic advantages to a family firm's financial well-being (Lumpkin & Brigham, 2011; Miller & Le Breton-Miller, 2005; Zahra et al., 2004). The time orientation could be a dilemma to a family business. This is precisely reflected in "the family firm's disposition toward long-term value creating activities that have a low possibility of success but are important for the business creation and revenue generation" (Zahra et al., 2004, p. 367). Accordingly, does LTO serve as an antecedent to innovativeness, thereby enhancing firm performance? The impact of LTO on family firm performance may depend on governance and environmental factors because the open system perspective argues organizations are exchanging with external environments to receive feedback (Lawrence & Lorsch, 1967). LTO is arguably one unique feature of family businesses that may enhance firm performance by such exchanges

(Lumpkin & Brigham, 2011; Lumpkin et al., 2010; Miller & Le Breton-Miller, 2005). Le Breton-Miller and Miller (2006) described LTO as a critical family firm characteristic that contributes financially to the success of the business.

Similar theorization was also presented by Zahra et al. (2004); LTO is positively linked to entrepreneurial activities, ensuring the future success of a family business. Since LTO is positively linked to entrepreneurial activities, innovativeness serves as a mediator that can improve higher firm performance. As such, the RBV suggests that resources can lead to a competitive advantage when allocated appropriately. Innovativeness may be an important mediator because studies have shown that innovativeness is tied to increased firm performance (Duran, Kammerlander, Van Essen, & Zellweger, 2016; Sirmon et al., 2008). Further, firms innovate to achieve higher firm performance. Thus, the relationship between LTO and family firm performance is worthy of further investigation, and importantly, the impact on innovativeness might shed new light on the LTO–performance relationship.

Based on RBV, I argue that LTO in family firms is an intangible mindset and resource used by family members to help guide decisions that protect the noneconomic and economic goals of the firm for the future (Lumpkin & Brigham, 2011). Researchers suggest that family firm owners and managers carrying a long-range perspective are willing to invest in long-run projects and explore possible opportunities for earning strategic advantages (Anderson & Reeb, 2003; Lumpkin et al., 2010). The LTO is a resource for the dominant coalition of a family firm to make sound strategic business decisions that shape and preserve the vision of the family business (Chua et al., 1999). Miller and Le Breton-Miller (2005, p. 232) stated that "the only way to sustain good performance is to act in the long-run interest of the company and all of its stakeholders." Adopting LTO creates a unique resource in family firms because it helps them survive longer than non-family firms, in part because family firms have a long-range temporal perspective used to evaluate decisions that support non-economic goals (Lumpkin & Brigham, 2001). In family firms, decisions are based on long-term future gains and calculated benefits for growth and future transgenerational wealth and opportunities (Le Breton-Miller & Miller, 2006). The fundamental assumption of RBV is that the addition of valuable, rare, non-imitable, and non-substitutable resources helps add competitive advantages to a family firm. How the resources are combined and used in some way to excel falls into the domain of resource orchestration process.

Accordingly, drawing on RBV, this study adopted the view that LTO is a mindset in family firms and an intangible resource. Further, LTO offers a lens to mobilize the vision and plans of family firms to achieve long-run success for transgenerational wealth through the action of innovativeness. Based on the contingency theory (Lawrence & Lorsch, 1967; Thompson, 1967), this study also considered the significant role of board governance and environmental factors as moderators of the LTO–innovativeness relationship. Additionally, Daspit, Chrisman, Sharma, Pearson, and Mahto (2018) suggested that studies consider the governance role and how it impacts the orchestration of resources toward innovativeness because the family's involvement in the management and control over the firm is vital to the decision-making process. The external environmental factors are considered a significant influence on the relationship between LTO and innovativeness because companies that are combining and organizing resources react to environmental influences. The LTO–innovativeness relationship might depend on internal or external contingencies. The study suggests that the external environment may strengthen a family firm's LTO and firms will allocate resources to adapt to environmental changes as a reaction to protect the family and firm assets. Given that family firms make up a significant part of the firms in the United States (Gomez-Mejia et al., 2003), it is important to understand the impact of adopting an LTO in family firms to improve the health of the national economy as well.

This study contributes to the family business literature in three ways. First, it adds an understanding of how other internal and external influences impact the LTO-family firm performance relationship. Empirical studies of LTO in family firms have been underdeveloped (Brigham et al., 2014), so theorization through RBV may spur more discussion and facilitate future model testing. Second, this study aimed to show that LTO may serve as a resourceful antecedent to innovativeness. As such, this opens the door for further studies on the impact LTO can have on other first order capabilities. Third, based on the theoretical reason around RBV, this study provides a basis to understand the impact innovativeness can have on the process between LTO and firm performance when governance and environmental factors are considered. Family firms that have an LTO may sacrifice higher firm performance to protect the affective endowment (Kellermanns, Eddleston, & Zellweger, 2012; Le Breton-Miller & Miller, 2006; Schulze & Kellermanns, 2015). For example, when innovativeness is viewed as risky, family firms may decide not to allocate resources toward entrepreneurial activities. The implications for practitioners are to understand the importance of having an LTO perspective while maintaining the level of innovativeness activities with the right strategy to accomplish economic goals in the short-term and long-term for the family business and family.

Theoretical Development and Hypotheses

Resource-Based View

The RBV provides the basis for understanding how the valuable, rare, and inimitable resources of a firm are used to attain a competitive advantage (Barney, 1991). However, mere possession of these resources does not secure a competitive advantage (Sirmon, Gove, & Hitt, 2008), because managers must orchestrate these resources and realize the potential advantage (Sirmon et al., 2008). Resource orchestration “is concerned with the actions leaders take to facilitate efforts to manage the firm's resources effectively" (Hitt, Ireland, Sirmon, & Trahms, 2011; Ndofor, Sirmon, & He, 2011). In family firms, actions or behaviors are driven by relationships and emotion that can positively or negatively influence firm performance (Kellermanns et al., 2012; Shepherd, 2016). In other words, for family firms to attain a competitive advantage, they must strategically orchestrate resources. Carnes and Ireland (2013) suggested that the familiness culture in family firms creates firm value by successfully utilizing the bundling process. Specifically, managers structure the firm's resource portfolios by accumulating bundled resources to leverage in the marketplace (Ireland, Hitt, & Sirmon, 2003; Sirmon, Hitt, & Ireland, 2007). The researchers explained that orchestrating the resource bundling process of stabilizing, enriching, and pioneering resources results in the continuous involvement of management in the firm (Ireland et al., 2003; Sirmon et al., 2007). Managers are required to orchestrate resources to manage growth and run the firm (Sirmon et al., 2011). For resources orchestrated to be effective, all levels must work together (Sirmon et al., 2011). However, if the family firm believes in LTO but the dominant family members are too risk-averse, the accumulating and bundling process will not fully realize. Thus, the LTO–performance relationship is weak. For example, family firms may be too conservative, holding onto resources and not fully leveraging them to make essential advances to improve firm performance. Also, decisions not to allocate resources to research and development for innovation could leave a family firm outdated and obsolete (Chrisman & Patel, 2012).

Hoffman et al. (2016) found that the LTO–performance relationship is weaker when family members are not fully involved in the leadership of the firm; however, the study only suggested that LTO was a partial mediator between the leadership team performance and did not consider innovativeness as a mediator between the LTO–performance relationship. As such, innovativeness can strengthen the LTO–performance relationship through the resource orchestration process. Furthermore, resource orchestration is about leveraging, which requires sequential processes that include mobilizing, coordinating, and deploying the firm's capabilities (Sirmon et al., 2011). According to a recent meta-analysis by Duran et al. (2016), compared with non-family firms, family firms are more efficient and effective on innovation input and output, indicating family firms seem to have better resource orchestration processes. This phenomenon could be from the mindset and idiosyncratic LTO and family involvement process.

Mobilization provides the strategy or vision for firm capabilities while coordinating refers to the mechanisms that coordinate the value of specific assets that create co-alignment (Helfat et al., 2007). Mobilization and coordination are both useful in knowledge resources or specific expertise possessed by an individual, for example, in the family leadership and knowledge expertise of the firm. Mobilization can be a critical component of resource orchestration in family firms because resources must be known and evaluated to determine the right time to use them (Sirmon & Hitt, 2003). Additionally, family firms need to know when resources are no longer useful and need to be shed. This process also assumes that a clear strategy is in place for the firm. As such, LTO offers a lens for family leaders to mobilize the vision and plans of the firm by using firm resources to achieve firm goals. This study suggests that LTO within family firms is a positive resource used to mobilize firm resources toward achieving positive firm performance.

Family Firm Performance

Return on assets (ROA) is an important accounting firm financial performance measure that indicates how well a firm uses its resources to generate earnings (Kimmel, Weygandt, & Kieso, 2011). Researchers have suggested a strong linkage between innovativeness and firm performance because firms use resources to support innovativeness efforts to achieve higher performance objectives (De Massis, Frattini, Kotlar, Petruzzelli, & Wright, 2016). Therefore, innovativeness is critical to a firm's performance. The RBV variable suggests that managers are tasked with orchestrating resources and mobilizing them appropriately to achieve a competitive advantage (Barney, 1991). As RBV refers to the family firm's dominant coalition, the dominant coalition is tasked with orchestrating resources toward innovativeness efforts.

Further, when the dominant coalition is focused on LTO and supporting the goals of the firm to maintain the traditions, the group orchestrates resources to support innovativeness efforts for a competitive advantage. Thus, the family firm will have continuity and futurity for generations. In this sense, innovativeness becomes the means to achieve long range goals, survival, and firm performance. Researchers have suggested that a unique characteristic of family businesses is that they engage in innovativeness to protect the family wealth for future generations (Gomez Mejia et al., 2007; Naldi et al., 2007; Zahra, 2005). As such, research has suggested that family firms are unique and have been willing to adopt innovativeness (Gomez-Mejia et al., 2007; Kellerman, Eddleston, Barrett, & Pearson, 2008; Le Breton-Miller & Miller, 2006). Therefore, this study argues that innovativeness is an important mediator between LTO and firm performance.

Contingencies impact firm performance within the firm, as well as contingencies in the external environment. Contingencies within the firm, such as governance and management, may influence how LTO is manifested in the dominant logic to support innovative ideas, thereby increasing firm performance. Thus, reflecting on RBV and LTO as a resource would suggest that the long-term perspective of the family firm may allow more resources to be orchestrated toward innovativeness (Zahra et al., 2004, p. 363), because family members know the firm history and can reflect on the past experiences before making business decisions (Lumpkin & Brigham, 2011). The contingencies of the external environment force the dominant coalition to either react to changes, such as customer preference, technology, and competition in dynamic environments or risk business continuity. Thus, LTO is a resource that should determine which resources are orchestrated toward innovativeness.

Long-Term Orientation in Family Firms

Researchers have defined LTO "as the tendency to prioritize the long-range implications and impact of decisions and actions that come to fruition after an extended time-period" (Lumpkin, Brigham, & Moss, 2010, p. 241). However, LTO is not a specific timeframe, but a disposition of the dominant coalition in the firm that changes with the temporal perspective in the family firm. An LTO develops through the temporal perspective of the dominant coalition from economic and noneconomic factors. As such, LTO is a disposition developed from family firm shared values and attitudes toward achieving future goals to sustain the business for future generations (Lumpkin & Brigham, 2011). For example, social cognitive theory outlines the nature of capabilities that individuals draw from before a certain behavior takes place (Bandura, 1986). Reflecting on social cognitive theory and the nature of individuals, it is implied that the dominant coalition of family members with LTO will also draw on certain capabilities by which firms operate and govern.

Further, the social cognitive theory explains that individuals draw from the knowledge that they live through, use foresight to consider consequences of their behaviors, learn from experiences directly or from others, and self-regulate based on standards. Likewise, the nature of an LTO disposition is that the dominant coalition draws from the past experiences and traditions, considers the consequences of decisions on the family firm longevity, reflects on past decisions and knowledge, and exercises self-control against risky business decisions. Therefore, family firms may have more LTO than non-family firms, which explains why owners and managers have longer tenure in family firms (Anderson & Reeb, 2003; Chrisman & Patel, 2012; Duran et al., 2016; Gomez-Mejia, 2007).

Longer tenure of family CEOs and managers means family firms have members with a temporal perspective to consider the past, present, and future before making organizational decisions (Lumpkin & Brigham, 2011). As such, these individuals have more knowledge about the business and can use reference points in the past to build an LTO disposition. Therefore, LTO in family firms is not a specific timeframe but is a disposition and idiosyncratic mindset that can change in time (Lumpkin, 2017; Zahra et al., 2004). Therefore, time is an important consideration when making decisions that require patiently waiting for the right window of opportunity to invest or allocate resources to benefit firm performance for the long term (Anderson & Reeb, 2003). Time is particularly important since most family firms have goals to pass the business on to future generations (Anderson & Reeb, 2003).

The path for family members to make decisions toward achieving long-term success is created under LTO. Using LTO offers a lens to the dominant coalition of the family firm to act upon the long-term strategies and decisions that will benefit future generations. For example, LTO guides family firms toward more patient investments (Zahra et al., 2004), stronger financial performance (Le Breton-Miller & Miller, 2006), and the achievement of non-economic goals (Chrisman, Chua, Pearson, & Barnett, 2012).

Through the lens of RBV, LTO is a valuable, rare, inimitable resource used to guide behaviors to achieve a firm’s competitive advantage. Within the resource orchestration process, LTO provides a key role in mobilizing the vision by using the firm’s resources to achieve firm goals. As such, LTO is a firm’s strategic advantage and is reflected in strategic controls (Zahra et al., 2004) that contribute to firm performance (Sirmon & Hitt, 2003). An LTO strategy provides a key role in mobilizing the vision by using the firm’s resources and “providing a plan or vision for capabilities” (Sirmon et al., 2011, p. 1392). As such, LTO in family firms is a resource that offers a lens for the dominant coalition to mobilize the vision of the firm and react to firm hazards or opportunities. Further, research has suggested that LTO keeps family firms persevering and focused on making firm decisions to achieve long-range performance objectives (Lumpkin & Brigham, 2011).

In family firms, although LTO is a resource that offers a lens to mobilize the vision of the company, the actual decisions to use firm resources that benefit the firm in the long-term versus short-term can be a complicated decision. For example, the adoption of new technology, reaction to sudden leadership changes, or a change in customer demands may require a quick response without enough time to evaluate the long-term implications. Although these decisions are complex, studies have found that LTO is more prevalent in family firms versus non-family firms (Le Breton-Miller and Miller, 2006; Zahra et al., 2004). However, there is still more to learn about LTO because studies are underdeveloped. Researchers want to know the influences and consequences of LTO and how it creates value for family firms. What researchers have found is that family firms recognize that the decisions made from LTO take time to show benefits and payoffs (Lumpkin & Brigham, 2011).

To further develop the LTO construct, Lumpkin and Brigham (2011) and Lumpkin, Brigham, and Moss (2010) proposed a multi-dimensional construct for LTO to further examine the dominant logic for the decisions in family firms that carry firms in a long-term and sustainable manner. Brigham et al. (2014) validated the LTO construct as three dimensions comprised explicitly of futurity, perseverance, and continuity. Lumpkin and Brigham (2011) described futurity in family firms as a firm's belief that "forecasting, planning, and evaluating long-range consequences of current actions have utility" (p. 1152). Futurity in organizations is top management's "shared beliefs about the strategic direction" (Lumpkin & Brigham, 2011, p. 1152). Firms with high futurity consider future events more salient in the long-run. Perseverance describes firms who focus on not compromising or derailing away from long-term objectives (Le Breton-Miller & Miller, 2006). Firms with strong commitment levels and a desire to succeed for the next generation show perseverance (Brockhaus, 2004). These firms may also have patient capital and a strong long-term horizon for investments opportunities (Sirmon & Hitt, 2003; Zellweger, 2007). Continuity is represented by a family firm's desire for transgenerational ownership, thereby keeping important, long-lasting traditions that consider prior and future generations (Lumpkin & Brigham, 2011). As such, futurity, perseverance, and continuity all contribute to an understanding of LTO in family firms.

Through resource orchestration, LTO in family firms mobilizes the vision and plans by orchestrating firm resources to achieve higher firm performance goals. An LTO is higher in family firms versus non-family firms because family members are concerned with attaining the goal, for example, to maintain family influence over the family firm. Also, family firms value goals such as transgenerational wealth, maintaining family harmony and identity with the firm, goodwill in the community, keeping long traditions, and building strong relationships (Gómez-Mejía, Haynes, Núñez-Nickel, Jacobson, & Moyano-Fuentes, 2007). Family members will connect to the firm because they have a higher degree of power and legitimacy that embraces the family dynamics and LTO (Mitchell, Agle, & Wood, 1997; Sharma, 2004).

This study proposed that LTO is a dispositional construct that helps to mobilize the vision and plans of the firm by decisions to allocate resources to achieve positive firm performance. When LTO is present, the behaviors will be reflected in the dominant coalition's decisions to preserve shared values, beliefs, and traditions of the family firm in support of continuity and futurity. An LTO will show in the behaviors that exhibit perseverance and more likely through good investment decisions that increase family firm performance. As such, the behaviors of the dominant coalition will support higher levels of LTO, and when this happens, LTO will increase firm performance. Therefore, this study proposed the following:

H$_1$: The level of LTO is positively associated with family firm performance.

Schumpeter (1934, 1942) was one of the first scholars to highlight the important role of innovation in entrepreneurship. Further, Schumpeter (1934, 1942) described five types of innovation: (a) new good creation, (b) new production method creation, (c) creation of new markets, (d) obtaining new sources of supply, and (e) creation or destruction of a monopoly. Schumpeter (1942) described the economics of entrepreneurship as *creative destruction* in which firms have an opportunity to create wealth in the current market by shifting resources away from competitors or by achieving new firm growth. Thus, innovativeness became a key term and characteristic of entrepreneurship. Innovativeness is a firm's willingness to adopt the development of technology, create new products and services, and improve operations to be more competitive (Lumpkin & Dess, 1996; Slevin & Covin, 1995). According to RBV, managers mobilize valuable, rare, and inimitable resources for a competitive advantage. As such, research has suggested that an investment of firm resources for innovation may be important to higher firm performance (De Massis et al., 2016). Innovativeness in firms helps to mobilize resources toward strategies that help firms adapt to changing customer demands, markets, technology, and competition. Innovativeness requires a willingness to gain information, knowledge of internal process capabilities, and networks (De Massis et al., 2016).

In RBV, the decision to identify and evaluate resources that should be mobilized is a critical management decision; mobilizing resources toward innovation is important to attain a competitive advantage and achieve higher firm performance (Barney, 1991). Firms in competitive markets that do not operate with innovativeness will eventually become obsolete. In family firms, the dominant coalition with an LTO disposition will successfully identify and evaluate the right mix of resource investments to mobilize toward innovation as the firm moves to achieve long-term economic and noneconomic goals. As such, family firms have the perseverance to adapt to changes and prioritize decisions because of family members' wealth connected to firm performance. In this sense, a firm's willingness to perform with innovativeness will result in expending financial resources toward new product development or process improvements. This is supported by research that has suggested innovation is a means to achieve higher firm performance (Duran et al., 2016; Sirmon et al., 2008). Therefore, this study proposed the following:

H_2: The level of innovativeness is positively associated with family firm performance.

Long-Term Orientation and Innovativeness

As a critical resource, LTO is unique to each family firm, and it is useful in the long-term decision making for innovativeness. Innovativeness in firms supports projects that tend to take extended periods to realize; therefore, according to RBV, the dominant coalition with an LTO disposition identifies and evaluates resources for innovation. Innovativeness is necessary for firms in a competitive environment. As identified by Schumpeter (1934), innovation is a key element in the entrepreneurship process in terms of combining existing resources. Diaz-Moriana, Clinton, Craig, and Lumpkin (2016) examined five case studies to explore the relationship between LTO and innovation in family firms; they found that continuity and perseverance are the driving forces of sustainability in family firms. Therefore, since innovativeness is risky for some family firms, an LTO disposition is necessary to identify the right mix of resources and evaluate the long-term implications of innovativeness. Family firms that incorporate LTO to persevere the firm and focus on the future will be more open to investing in innovation efforts to sustain and grow the business. Therefore, this study proposed the following:

H_3: The level of LTO is positively associated with innovativeness in family firms.

Exploring internal and external contingencies. The RBV assumes that all firms have resources and these resources are developed, controllable, and mobilizing. In addition, RBV supports that, when these resources are developed into core competencies, they will attain competitive advantage (Barney, 1991). The RBV assumes that all resources are internal and controllable, but researchers have disagreed (Priem & Butler, 2001). Because of this, this study explored internal governance contingencies since board governance plays an essential role in the oversight of management decisions and has the authority to control firm resources. Concerning external contingencies, RBV does not allow for uncontrollable environmental changes (i.e., external, environmental) that may impact the internal core competencies and the resource mobilization of the firm. External environmental contingencies were chosen because firms must be willing to adapt to changing environments. Because of survival logic, LTO strategies will vary depending on how external environments encounter the family firm. Therefore, this study asserted that the assumption of RBV should consider the resources that are not controllable. Further, this study aimed to show that the relationship between LTO and innovativeness is contingent upon external and internal factors.

Internal governance contingencies. The board of directors plays a critical role in organizations because the board monitors, oversees, and protects the interest of the shareholders against poor management decisions (Corbetta & Salvato, 2004). In family firms, family control over the business is critical for family members to remain influential regarding strategic decisions that lead to the firm's goal attainment. Studies on board governance have focused on the role of the board and family members in family firms. The complex relationships among family members in control can make strategic decisions complicated depending upon the authority given to family members (Chen & Hsu, 2009). Further, Yu, Lumpkin, Sorenson, and Brigham (2012) found that governance plays an important role in family firm outcomes. Thus, this study argues for the moderating effect of board independence and family CEO duality on the relationship between long-term orientation and innovativeness.

Board independence refers to individuals who hold board of director positions and are not part of the management team or do not have any other relationship with the company (Chen & Hsu, 2009). Consequently, allocating resources toward long-term investments such as innovation could affect the relationship between independent directors and innovativeness. One goal of family firms is to control company decisions for optimal results. Researchers have proposed that in family firms, independent board members are ineffective because they do not have the same high level of authority and information as family members (Barney, 1991; Gomez-Mejia et al., 2011). For this reason, opportunities to bring in new, independent board members is viewed as a loss of control over family firm decisions, causing some defiance on the part of family members. Studies have shown that family board members favor family members over shareholders and tend to overlook the value of an independent board member (Gomez-Mejia, Cruz, Berrone, & De Castro, 2011).

According to RBV, managers have the key task of making decisions to properly invest organizational resources, such as new assets, in a way that generates optimal returns for a competitive advantage. For example, the dominant coalition invests financial resources into acquiring new assets for innovative product improvements that increase long-term profitability. The theory of RBV also assumes that the knowledge, information, and human capital are unique resources to the firm. As such, independent board members are not viewed as a resource for monitoring (Gomez-Mejia et al., 2011). Independent board members may not be equipped to act against the owner. In some cases, feeling loyalty toward the owner exists because the owner appointed the independent director into that position. When family members hold the majority of board seats, inside directors participate less regarding board decisions because they feel a lack of power and authority. Therefore, the skills and knowledge held by independent board members may be a lost resource that is overlooked and, thus, may not contribute positively towards innovative efforts.

Further, researchers have suggested that independent board members of family firms may not act as valuable resources with information and make timely decisions or judgments the same way that family members can (Gomez-Mejia et al., 2011). For this reason, I argued that board independence has a negative influence on the relationship between LTO and innovativeness. Therefore, this study proposed the following:

> H_4: Board independence negatively moderates (attenuates) the positive relationship between LTO and innovativeness.

Family CEO duality describes a structure where a family member holds both the CEO and chairman of the board positions, which means that an individual has control over the firm resources and decisions. On the contrary, independent governance structures exist when the CEO does not hold the chairman of the board position (Boyd, 1995). Family CEO duality interaction with LTO may have a significant impact on the innovation efforts of a family firm because strong leadership within the dominant coalition have strong power and legitimacy (Mitchell, Agle, & Wood, 1997; Sharma, 2004).

According to RBV, managers must have the ability to identify and evaluate firm resources for competitive advantage (Barney, 1991). As such, family CEO duality adds to the LTO disposition because that role has the intertemporal perspective to draw from past experiences and altruistic feelings to protect the family business. Additionally, Lumpkin and Brigham (2011) referred to the intertemporal choices of the dominant coalition of family firms that often require persistence and discipline over time. As such, LTO helps the leadership take a holistic view of time in the decision-making process. For example, resources may be used for innovativeness since the family CEO duality will serve as a steward who oversees the financial wealth of the company and shareholders as the company moves to maximize its performance (Davis et al., 1997). The argument for family CEO duality is that it allows for autonomy to "shape and execute" the firm's strategy (Braun & Sharma, 2007, p. 113). Innovativeness efforts are greatly influenced by the duality when family firms with effective LTO intentions rely on a position of family CEO duality. When opportunities arise for innovation, the family CEO with duality may enhance the relationship between LTO and innovativeness because there is control over the decision and orchestration of the resources. Control over the decision and mobilizing of resources is in position when family CEO duality serves as a support for LTO. As such, the right resources are allocated to achieve long-term objectives. Family CEO duality increases the LTO mindset because the dual role is an intricate part of the LTO disposition by providing another lens for LTO to see the long-term benefits of decision-making. Therefore, when LTO is functioning at its peak, family CEO duality will increase the impact of LTO, and that can lead to higher innovativeness efforts. Therefore, this study proposed the following:

H_5: Family CEO duality positively moderates (accentuates) the positive relationship between LTO and innovativeness.

External environment contingencies. Organizations operate and participate in an open system that requires firm responses to the environment (Scott & Davis, 2007). External environments have varying amounts and different types of resources available for firms in the external environment. External environment contingencies impact how firms adjust resources as a strategic response to a changing environment (Sirmon, Hitt, & Ireland, 2007). If firms fail to evaluate resources and capabilities carefully, they could lose opportunities for wealth creation. The RBV assumes that all resources are controllable and mobilizing; however, RBV does not consider external environmental uncertainty and the impact on managers' decision-making (Sirmon et al., 2007). Lumpkin and Brigham (2011) stated that economic conditions impact LTO because family businesses expect to keep the family in the business for generations, leading to careful thoughts on LTO strategies; therefore, this study examined the impact of environmental contingencies on the LTO–innovativeness relationship. This study argues that LTO is a resource that helps the dominant coalition adapt to environment changes as firms move to protect the family's plans. Environmental contingencies, such as environmental munificence and environmental dynamism, may moderate the relationship between LTO and innovativeness. The following sections propose moderation effects on LTO.

Environmental munificence refers to the extent to which the external environment supports the sustained growth of available resources (Dess & Beard, 1984). Thus, the resources within the environments can determine the growth or survival of the firms in that environment (Randolph & Dess, 1984). Munificent environments allow more opportunities for firms to grow and use resources for a competitive advantage (Castrogiovanni, 1991). Thus, more opportunities to strategize and build core capabilities for growth and to attain a competitive advantage exist. On the contrary, in low munificence environments, resources and opportunities for growth are scarce (Dess & Beard, 1984). Firms may be forced to postpone investment in innovativeness activities and focus on short-term strategies to react to the environment. As such, allocating resources toward innovativeness becomes less important when there are few resources in the external environment. Research has suggested that innovativeness in some firms is a priority when firm resources are plentiful, and firms can strategize long-term when operating in a munificent environment (Moss, Payne, & Moore, 2014). As such, this study argues that highly munificent environments may support an LTO mindset and thus increase family firm innovativeness efforts.

The premise of RBV assumes that when resources are added together, this will increase a firm's competitive advantage (Barney, 1991). This study argues that firms with strong LTO may tend to allocate more resources toward innovativeness in a more munificent environment. As such, family firms are more willing to take a risk in new markets and mobilize resources toward innovation projects because environmental munificence offers less market pressure to compete with other companies (Dess & Beard, 1984; Moss et al., 2014). Also, given the conservative nature of family firms and the limited resources of smaller family firms, these firms may be reluctant to exhibit innovativeness (Gomez-Mejia et al., 2007; Moss et al., 2014). Although an abundance of resources exists in munificence environments, firms may decide that innovativeness is not important to sustain LTO. Therefore, since the environment is not hostile, family firms may not feel pressure to answer calls for immediate action to survive or sustain the firm.

However, environmental munificence offers family firms opportunities to build on their strategies without environmental pressures (Moss et al., 2014). In low munificence environments, family firms will change their strategies to react to the restrained resources in the environment (Moss et al., 2014). However, in more munificent environments, family firms have less pressure from competitors and more opportunities for growth. Therefore, family firms may be willing to allocate resources to support LTO, particularly continuity and futurity efforts.

On the contrary, it is more difficult for family firms to build resources and plan strategies in markets with limited resources. However, family firms may become more innovative with processes inside of the firm. Given the family firm's LTO disposition to maintain values and traditions and sustain the family firm for the future, this study argues that environmental munificence will support LTO in more innovativeness efforts. As such, more opportunities and firm resources will be orchestrated towards innovative projects since research has suggested that family firms prefer less risk against losing the family wealth or socioemotional wealth (Gomez-Mejia et al., 2011). Therefore, this study argues that when family firms have an LTO, the impact of environmental munificence will increase the LTO–innovativeness relationship. In this case, environmental munificence will positively influence family firms' innovativeness efforts. Therefore, this study proposed the following:

> H_6: Environmental munificence positively moderates (accentuates) the positive relationship between LTO and innovation.

Environmental dynamism is defined as the rate of the unpredictability of changes in the environment (Dess & Beard, 1984). When the rate of environmental dynamism is fast, management and decision making are more complex. Key leadership frequently assesses and strategizes if and how to change processes to achieve the optimal level of output for the firm. In high environmental dynamism, it is difficult for firms to predict resource allocations. Perseverance, continuity, and futurity may have more relevance to combat environmental changes, as Lumpkin and Brigham (2011) indicated that LTO is impacted by environmental factors. When the rate of environmental dynamism is slow, firms have time to strategize. Therefore, it is easier to assess and predict outcomes.

The RBV assumes that all resources are idiosyncratic of firms, manageable, and contribute to a competitive environment (Barney, 1991). However, when environmental dynamism is rapidly changing, the importance of certain resources may become invaluable and no longer controllable. As such, one would imply that the dominant coalition may feel innovativeness presents new opportunities to dispose of resources and acquire new ones for a competitive advantage. Thus, high environmental dynamism may boost the innovativeness in family firms (Castillas, Moreno, & Barbero, 2011). Research that has shown family firms are more conservative and protective of the firm and family wealth (Gomez-Mejia et al., 2007). However, this study suggests that environmental dynamism may boost LTO to protect the family wealth. Family firms may view unpredictable environmental changes as too risky to react at the same fast changing rate as in a high dynamism environment. Therefore, this study suggests that when environmental dynamism is high, LTO emerges higher by finding solutions for innovativeness. The LTO will increase in high environmental dynamism. The dominant coalition will hold onto valuable resources to protect the family firm and be more innovative in processes. Therefore, environmental dynamism will enhance the relationship between LTO and innovativeness. The LTO disposition in family firms will help the dominant coalition assess which resources are valuable, inimitable, and rare; unpredictability will act in alignment with the LTO disposition by mobilizing resources in high environmental dynamism. As the dominant coalition uses the LTO disposition as a resource to draw from the past and make decisions for the future, environmental dynamism will push firms to persevere through dynamic environments.

This study contends that LTO is a unique resource that helps family firms identify and evaluate resources and adopt innovative behaviors. In this sense, family firms will focus on protecting the family firm during the unpredictable times by taking advantage of new opportunities that emerge in high environmental dynamism to support continuity and the future of the business through innovativeness efforts. When environmental dynamism is rapidly changing, environmental dynamism will shift the LTO toward innovativeness by using resources in other ways to protect the future of the family business. Sharma, Salvato, and Reay (2014) suggested that innovation links to the temporal orientation in the family firms. This would suggest that during environmental dynamism, the temporal orientation of the dominant coalition will shift to LTO as a resource to make long-term decisions with a reflection on the past, present, and future. In family firms, when environmental dynamism increases, LTO is heightened and thus focused on mobilizing resources toward innovativeness efforts, such as entering new markets or adopting new innovative processes. The response to environmental dynamism will increase the family firm's LTO-innovativeness relationship. Therefore, this study proposed the following:

H_7: Environmental dynamism positively moderates (accentuates) the positive relationship between LTO and innovativeness.

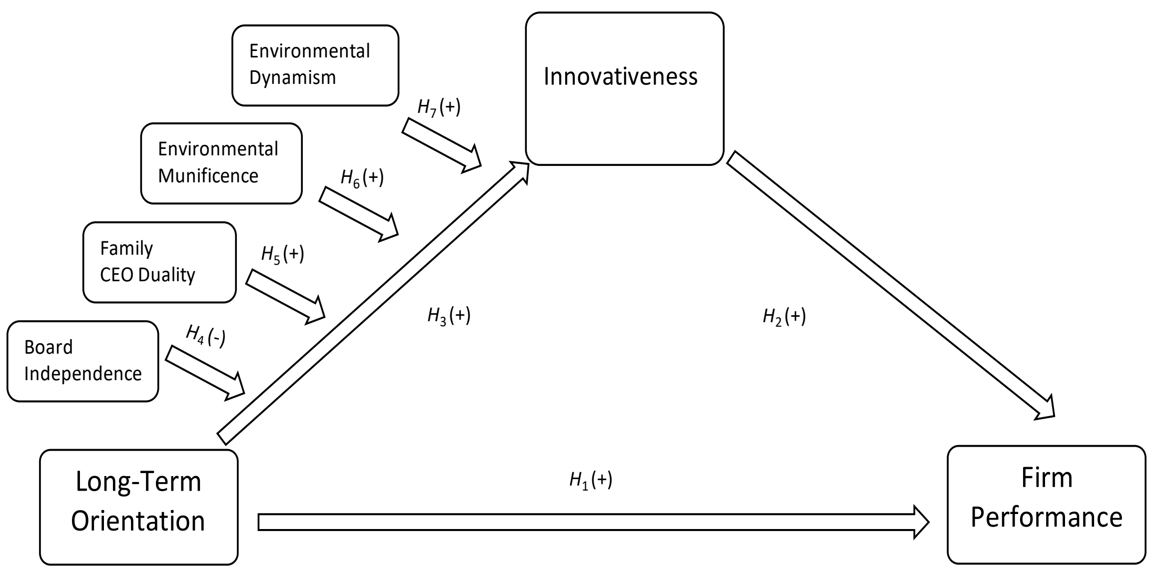

Figure 1. Theoretical framework connecting long-term orientation, innovativeness, and firm performance. (+) = positive relationship and (-) = negative relationship.

Methodology

Sample and Data Collection

The study's nonrandom sample drew from the U.S. public firms listed in the Russell Microcap Index for the years 2013, 2014, and 2015. The Russell Microcap Index represents the smallest 1,000 firms in the U.S. Russell 3000E Index (Russell Index) based on market capitalization. The Russell Index comprises 4,000 of the largest U.S. companies and captures approximately 99% of the U.S. equity market and 100% of the investible market. Of the top 10 investment banks, 97% of the top asset managers use the Russell Index. The Russell Index provided an attractive sample for this study because it comprises smaller publicly traded companies compared to the S&P 500. Smaller publicly traded family firms may have different behaviors than larger publicly traded family firms, particularly when more family members are involved (Anderson & Reeb, 2003). This study examined firm behaviors through shareholder letters and firm proxy statements retrieved from SEC EDGAR, individual firm websites, AnnualReports.com, and Hoover and Mergent Online. Firms that did not have available shareholder letters and proxy statements were not included in the study. Of the firms listed in the Russel Microcap, 1,597 had shareholder letters for years 2013, 2014, and 2015. After accounting for companies that were acquired, merged, and discontinued operations, 1,112 firms remained. Of this amount, 249 qualified as family firm years and 119 were unique firms after accounting for missing proxy statements and data.

Family firm measurement. To qualify as a family firm in this study, 5% stock ownership had to be held by a family member and at least one family member had to hold a board of director position or an executive position in the firm (Anderson & Reeb, 2003). This criterion was determined by examining individual company websites and "About Us" pages, company annual reports, proxy statements, SEC 10-K filings, Blockholders, and BoardEx (a database included in Wharton Research Data Services).

Content analysis of long-term orientation and innovativeness. Content analysis is a qualitative research method that uses a word-count procedure on communication information. The word count is categorized into a theme (Weber, 1990). The advantage of using content analysis is that it provides a comparison of different company documents and reveals the unique differences in communicators through the number of words. Content analysis provides insight into the leadership's thinking and decision-making choices (Short, Payne, Brigham, Lumpkin, & Broberg, 2009). Content analysis offers many benefits, such as access to readily available communication information not easily found. It is also used in the strategic management field (Short & Palmer, 2008). Content analysis was used to validate constructs such as LTO (Brigham et al., 2014), entrepreneurial orientation (Short et al., 2009), and market orientation (Zachary et al., 2011).

In this study, to examine family firms, content analysis was conducted on firm shareholder letters from the years 2013, 2014, and 2015. Shareholder letters are an annual form of communication from the chairman of the board and offer several benefits in examining leadership behaviors. First, obtaining shareholder letters is a nonintrusive approach compared to ad hoc interviews (Short et al., 2009). The shareholder letters were obtained from company websites, the EDGAR database, and the Mergent Online database. Second, they are thoughtful communication documents of top leadership values, shared corporate beliefs, and strategy to shareholders (D'Aveni & MacMillan, 1990). Third, as written communication, shareholder letters avoid the recall bias that can happen during interviews (Barr et al., 1992). Lastly, studies that examine shareholder letters are replicable and more reliable than interviews (Finkelstein & Hambrick, 1996). In this study, CEO shareholder letters were retrieved to conduct content analysis on LTO and innovativeness in family firms through a computer software system known as CATA.

The structure of CATA involves a specific computerized system that conducts word counts of text documents, such as shareholder letters, and provides a quantitative assessment of text content (Zachary et al., 2011). Through the CATA technique, words and phrases were identified to show themes in each firm's document. There are several advantages to using a computer-based technique versus a hand coding process. Using CATA provides more reliable results with fewer errors than hand-coding (Short et al., 2010), and it allows the researcher to process large document files at a higher speed.

The CATA process was run through CAT Scanner software by McKenny, Short, and Newman (2012) to analyze the content of the shareholder letters by counting the number of keywords. An advantage to using CAT Scanner is that it can identify and count single key words, phrases, and word stems such as “new product” (McKenny et al., 2012). The keyword list for LTO was adopted from Brigham, Lumpkin, Payne, and Zachary (2014). The word count dictionary for LTO (continuity, futurity, and perseverance) is listed in Table 1. The keyword list for innovativeness was adopted from the entrepreneurial orientation construct validated using CATA by Short, Broberg, Cogliser, and Brigham (2010). The word count dictionary for innovativeness is listed in Table 8.

Innovativeness is conceptualized as “a firm’s tendency to engage in and support new ideas, novelty, experimentation, and creative processes that may result in new products, services, or technological processes” (Lumpkin & Dess, 1996, p. 142). Innovativeness was operationalized with the listed key words adopted from the entrepreneurial orientation construct validated using CATA by Short, Broberg, Cogliser, and Brigham (2010) in Table 8.

Table 8

Words Used in Content Analysis to Operationalize Innovativeness

EO dimension	Words used in content analysis
Innovativeness	ad lib adroit adroitness bright idea clever cleverness conceive concoct concoction concoctive conjure up creative creativity develop developed dream dream up expert formulation freethinker genesis genius gifted hit upon imagination imaginative improvise ingenious ingenuity innovate innovated innovates innovating innovation innovations innovative innovativeness introduced introducing introduction introductions invent invented invention inventive inventiveness inventor launch launched launching master stroke mastermind metamorphose metamorphosis neoteric neoterism neoterize new capabilities new capability new compounds new content new core areas new course new directions new family new features new generation new generations new idea new ideas new line of business new medicine new medicines new molecular entities new pharmaceuticals new platform new process new processes new product new products new solutions new systems new technique new techniques new technologies new technology new therapies new thinking new tools new treatments new ways new wrinkle new-generation new-product next generation next-generation novation novel novelty patent patented patents process development product development product launch product launches proprietary prototype prototyping push the envelope R&D radical re-engineering reformulated refreshed reinvent re-invent reinvented reinventing reinvention reinvents released renewal renewing research reshape reshaped reshapes reshaping resourceful resourcefulness restyle restyling revolutionary revolutionize revolutionized roll out rolled out see things technologically advanced think up trademark transform transformation transformed transforming visualize

Note. EO = entrepreneurial orientation.

Variables

Dependent variable. Firm performance is conceptualized through an accounting measure, ROA. The ROA measures an organization's efficiency in utilizing resources to generate earnings (Kimmel, Weygandt, & Kieso, 2011). Additionally, it is a good financial measure to assess family firm performance (Anderson & Reeb, 2003). The measure is operationalized as net income scaled by the total assets lagged by one year (Hillier, Martinez, Patel, Pindado, & Requejo, 2018). A complete list of terms with definitions is listed in Table 9.

Table 9

Definition Table

Variable	Definition	Operationalization	Operationalization source
ROA	Return on assets	Net income scaled by total asset	Hillier et al. (2018)
LTO	LTO is the "tendency to prioritize the long-range implications and impact of decisions and actions that come to fruition after an extended time period" (Lumpkin et al., 2010, p. 241).	Operationalized by the three dimensions: perseverance, continuity, and futurity through content analysis word choices	Brigham et al. (2014)
Innovativeness	Defined as "a firm's tendency to engage in and support new ideas, novelty, experimentation, and creative processes that may result in new products, services, or technological processes" (Lumpkin & Dess, 1996, p. 142).	Listed keywords adopted from the entrepreneurial orientation construct validated using CATA	Short et al. (2010)
Firm Age	Number of years since inception	Year business started and the number of years since the inception of the firm	Hoffman et al. (2016)
CEO Age	Number of years since birth	Age of CEO indicated on the proxy statement for the firm year	Martin et al. (2016)
Board Size	Board Size	Number of firm board members	Deutsch et al. (2011)

(Continued)

(Continued)

Variable	Definition	Operationalization	Operationalization source
Family CEO Duality	CEO is also the chairman of the board	Measured as a dummy variable of 1 if the CEO is a family member who also holds the chairman of the board position and 0 if the family CEO does not hold the chairman of the board position.	Proxy statements and company websites
Board Independence	An independent director is defined as someone who is not any of the following: (a) an employee of the company or any of its affiliates, (b) a natural person shareholder who holds 1% or more of the total number of issued shares of the company or ranks in the top 10 in holdings, (c) a director who has a financial or business relationship with the company, or (d) a professional individual who provides commercial, legal, financial, or accounting services or consultation to the company (Chen & Hsu, 2009, p. 353).	The independent director ratio was calculated as the proportion of independent directors on the company's board.	Chen & Hsu (2009, p. 353)

(Continued)

(Continued)

Variable	Definition	Operationalization	Operationalization source
Environmental Munificence	Industries rate of change of demand for the industries' products and services	Adapted industry sectors from 2013, 2014, and 2015 that experienced increases in sales over the three years using published industry sales data and industries that experienced a decline in sales. The firms that belonged to the declining industries were in environmental munificent conditions.	Yasai-Ardekani (1989)
Environmental Dynamism	Rate of unpredictability of changes in the environment	Adapted; the average yearly changes in industry sales volume over the three years 2013, 2014 and 2015	Dess & Beard (1984)
Firm Size	Logarithm of sales revenue to assess financial resource capability to take on long-term projects	Log of annual net sales revenue	Martin et al. (2016); Chrisman & Patel (2012)

Note. LTO = long-term orientation; CATA = Computer-aided text analysis.

Independent variable. The LTO variable highlights the “tendency to prioritize the long-range implications and impact of decisions and actions that come to fruition after an extended period” (Lumpkin et al., 2010, p. 241). Following Lumpkin et al. (2010), LTO in family firms is accessed by identifying the three dimensions of LTO—perseverance, continuity, and futurity—in shareholder letters through content analysis word choices validated by Brigham et al. (2014) as shown in Table 1.

Moderating variables. Board independence of directors is defined as a member of the board who is not any of the following:

> (a) An employee of the company or any of its affiliates, (b) a natural person shareholder who holds 1% or more of the total number of issued shares of the company or ranks in the top 10 in holdings, (c) a director who has a financial or business relationship with the company, or (d) a professional individual who provides commercial, legal, financial, or accounting services or consultation to the company. (Chen & Hsu, 2009, p. 353)

Family CEO duality was measured as a dummy variable of 1 when the family member served as both the CEO and chairman of the board and 0 otherwise (Evert, Sears, Martin, & Payne, 2018). Environmental munificence was calculated by using the growth in sales in an industry by the regression slope of the coefficient divided by the average sales over the three years 2013, 2014 and 2015 (Dess & Beard, 1984; Keats & Hitt, 1988). Environmental munificence was operationalized as the average yearly changes in industry sales volume over the three years 2013, 2014, and 2015.

Environmental dynamism is the rate of the unpredictability of changes in the environment (Dess & Beard, 1984). Environmental dynamism was calculated as the industry instability in total sales volume over the three years 2013, 2014 and 2015, defined as of the standard error of the regression slope's coefficient for an industry average of stability through time (Dess & Beard, 1984; Keats & Hitt, 1988). Published industry data from IBISWorld was used to determine industry sales data.

Controls

Prior research has examined f*irm size*, *firm age*, *family CEO, CEO Tenure, and CEO age* as control variables that impact family firm performance, governance, and CEO risk preferences

(Chrisman & Patel, 2012; Deutsch et al., 2011; Martin et al., 2016). *Firm size* is the logarithm of assets. *Firm size* was measured to assess the financial resources capability needed to take on long-term projects. *Firm age* was measured as the number of years since the inception of the firm (Hoffman, Wulf, & Stubner, 2016). Firm age was controlled for the possibility of entrenchment in family firms (Chrisman & Patel, 2012). *Family CEO* was controlled to assess the influence on innovation efforts, since family CEOs may tend to have less innovation input (Duran et al., 2016). Family CEO was taken from the proxy statements published by the SEC and was coded 1 for family CEO and 0 otherwise. CEO tenure was controlled to assess the level of risk and was measured as the number of years since the appointment (Hou et al., 2017). CEO tenure was collected from corporate proxy statements. CEO age was controlled to account for the CEO's preference for risk and the effect on strategic decisions (Boling et al., 2016; Martin et al., 2016).

The regression equations were written as the following:

ROA = -.062 - .001(*LTO*) + .002(*Innovativeness*) + control variables

Innovativeness = -11.635 - 2.614(*Family CEO Duality*) - 5,620(*Board Independence*) + 7.298(*Environmental Munificence*) + 6.735(*Environmental Dynamism*) + 3.246(*LTO*) + .140(*LTO* x *Family CEO Duality*) + .458(LTO x *Board Independence*) - 2.254(*LTO* x *munificence*) - .776(*LTO* x *Dynamism*) + control variables + u (3)

Analysis. Descriptive statistics and a correlation matrix describing the data are presented in Table 10 and Table 11. As shown in Table 10, *ROA* positively correlated with one independent variable, *LTO*. Table 10 indicates that innovativeness positively correlated with *LTO*.

A hierarchical regression analysis was used to test the seven hypotheses summarized in Table 7 and Table 8. The regression was analyzed in the following sequence. First, the control variables were entered. Next, the main effects were entered. Last, as shown in Table 8, the interaction effects were assessed.

Table 10

Descriptive Statistics and Correlations on Return on Assets

	Mean	*SD*	*1*	*2*	*3*	*4*	*5*	*6*	*7*	*8*
1 ROA	0.002	0.101	1.000							
2 Family CEO	1.627	0.485	0.083	1.000						
3 Firm Age	3.759	0.767	0.161*	-0.031	1.000					
4 CEO Tenure	14.369	11.557	-0.063	0.395*	0.032	1.000				
5 CEO Age	46.129	26.249	-0.076	0.028	-0.028	0.251*	1.000			
6 Firm Size	6.106	1.266	-0.059	-0.018	0.227*	0.048	-0.053	1.000		
7 LTO	12.695	9.112	-0.058	-0.003	-0.051	0.067	0.077	0.101	1.000	
8 Innovativeness	7.390	7.468	0.021*	-0.145*	0.020	0.048	0.175*	0.113*	0.632	1.000

*Note. N = 249, LTO = long-term orientation; numbers 1-8 represent variables; * p* < 0.05.

Table 11

Descriptive Statistics and Correlations on Innovativeness

Variable	Mean	*SD*	*1*	*2*	*3*	*4*	*5*	*6*	*7*	*8*	*9*	*10*	*11*
1 Innovativeness	7.390	7.468	1.000										
2 Family CEO	1.627	0.485	-0.145*	1.000									
3 Firm age	3.759	0.767	0.020	-0.031	1.000								
4 CEO tenure	14.369	11.557	0.048	0.395*	0.032	1.000							
5 CEO age	46.129	26.249	0.175*	0.028	-0.028	0.251*	1.000						
6 Firm size	6.106	1.266	0.113*	-0.018	0.227*	0.048	-0.053	1.000					
7 Family CEO duality	0.341	0.475	-0.038	0.556	-0.044	0.340*	0.331*	0.098	1.000				
8 Independent board	0.632	0.170	0.077	-0.111	0.125*	0.141*	-0.113*	0.270*	-0.152	1.000			
9 Munificence	1.010	0.051	-0.136*	-0.015	0.032	-0.048	-0.014	0.069	-0.055	-0.030	1.000		
10 Dynamism	1.124	0.161	-0.011	-0.039	0.024	-0.080	0.166*	-0.154*	-0.035	0.026	-0.102	1.000	
11 LTO	12.695	9.112	0.632*	-0.003	-0.051	0.067	0.077	0.101	0.014	0.090	-0.073	-0.046	1.000

Note. *N = 249, LTO = long-term orientation; numbers 1-11 represent variables;* $^*p < 0.05$

Results

The results of the hypotheses are listed in Table 12. The effects of the regression analysis presented in Table 13 (Model 3) and Table 14 (Model 7) show the overall models were significant ($p < .001$).

Hypothesis 1, which predicted that the level of LTO is positively associated with firm performance (Table 13), was not supported. Hypothesis 2, which predicted a positive effect of innovativeness and firm performance (Table 13), was positive and significant ($\beta = .002$, $p < .10$). Therefore, H_2 was marginally supported.

Hypothesis 3, which predicted that the level of LTO is positively associated with innovativeness (Table 14), was positive and significant ($\beta = 3.246$, $p < .05$). Therefore, H_3 was supported. Hypothesis 4, which predicted that the moderating effect of board independence would have a negative influence on LTO and innovativeness (Table 14), was not supported. Hypothesis 5, which predicted that the moderating effect of family CEO duality would have a positive effect on the LTO–innovativeness relationship (Table 14), was positive and significant ($\beta = .140$, $p <.10$). Therefore, H_5 was marginally supported.

Table 12

Summary of Hypotheses Test Results

	Hypotheses	Regression coefficient (p value)	Empirical findings
H_1	The level of LTO is positively associated with family firm performance.	$\beta = -.001$, $p > .10$	H_1 was not supported
H_2	Innovativeness is positively associated with family firm performance.	$\beta = .002$, $p < .10$	H_2 was marginally supported
H_3	The level of LTO is positively associated with innovativeness in family firms.	$\beta = 3.246$, $p < .05$	H_3 was supported
H_4	Board independence negatively moderates (attenuates) the positive relationship between LTO and innovativeness.	$\beta = .458$, $p > .10$	H_4 was not supported
H_5	Family CEO duality positively moderates (accentuates) the positive relationship between LTO and innovativeness.	$\beta = .140$, $p < .10$	H_5 was marginally supported.
H_6	Environmental munificence positively moderates (accentuates) the positive relationship between LTO and innovativeness.	$\beta = -2.254$, $p < .05$	H_6 is not supported
H_7	Environmental dynamism positively moderates (accentuates) the positive relationship between LTO and innovativeness.	$\beta = -.776$, $p < .05$	H_7 was not supported.

Note. LTO = long-term orientation.

Hypothesis 6, which predicted that the moderating effect of environmental munificence would have a positive effect on LTO-innovativeness (Table 14), was negative and significant ($\beta = -2.254$, $p < .05$). Therefore, H_6 was not supported. This suggests that environmental munificence will have a negative effect on family firm innovativeness. Hypothesis 7, which predicted that the moderating effect of environmental dynamism would have a positive effect on LTO–innovativeness (Table 14), was negative and significant (β = -.776, $p < .05$). Therefore, H_7 was not supported. Thus, the results showed that fast-changing environments will have a negative effect on the LTO–innovativeness relationship. Further, when family firms operate in highly dynamic environments (highly unpredictable), family firms will exhibit less innovativeness

Table 13

Coefficients of Estimations Predicting Return on Assets (H_1, H_2)

	Model 1		Model 2		Model 3	
Variable	β	*SE*	β	*SE*	β	*SE*
Constant	-0.065	0.047	-0.062	0.048	-0.062	0.048
Family CEO	0.027†	0.014	0.027†	0.014	0.031*	0.014
Firm age	0.025**	0.008	0.024**	0.008	0.024**	0.008
CEO tenure	-0.001	0.001	-0.001	0.001	-0.001	0.001
CEO age	0.000	0.000	0.000	0.000	0.000	0.000
Firm size	-0.008	0.005	-0.007	0.005	-0.008	0.005
LTO (H_1)			0.000	0.001	-0.001	0.001
Innovativeness (H_2)					0.002†	0.001
ΔR^2				0.058		0.011
R^2		0.058		0.058		0.069
Adjusted R^2		0.038		0.035		0.042
F		2.967*		2.496*		2.563†

Note. *N = 249*, †indicates significance at the $p \leq 0.10$. *$p \leq 0.05$; ** $p \leq 0.01$.

Table 14

Coefficients of the Estimations Predicting Innovativeness (H_3, H_4, H_5, H_6, H_7)

	Model 4		Model 5		Model 6		Model 7	
Variable	β	*SE*	β	*SE*	β	*SE*	β	*SE*
Constant	5.037	3.495	26.952*	10.560	14.514*	8.302	-11.635	15.128
Family CEO	-2.698**	1.042	-2.038	1.238	-2.150*	0.966	-2.019*	0.948
Firm Age	-0.099	0.618	-0.091	0.618	0.382	0.484	0.320	0.484
CEO Tenure	0.045	0.045	0.033	0.047	0.021	0.037	0.019	0.036
CEO Age	0.048**	0.018	0.058*	0.020	0.040**	0.016	0.041**	0.015
Firm Size	0.696†	0.376	0.721†	0.399	0.341	0.313	0.452	0.306
Family CEO Duality			-1.034	1.295	-0.585	1.011	-2.614**	1.427
Independent Board			1.447	2.971	-0.481	2.324	-5.620	4.137
Munificence			-21.458*	9.027	-14.344*	7.068	7.298	12.801
Dynamism			-2.072	2.986	-0.542	2.334	6.735	4.092
LTO (H_3)					0.499***	0.040	3.246**	1.152
LTO x *Independent Board* (H_4)							0.458	0.279
LTO x *Family CEO Duality* (H_5)							0.140†	0.081
LTO x *Munificence* (H_6)							-2.254	0.919
LTO x *Dynamism* (H_7)							-0.776	0.304
ΔR^2				0.025		0.356		0.036
R^2		0.071		0.096		0.452		0.487
Adjusted R^2		0.052		0.062		0.429		0.457
F		3.735**		2.647**		19.626***		

Note. *N = 249*, † Indicates significance at the $p \leq 0.10$. $^{*}p \leq 0.05$; $^{**}p \leq 0.01$; $^{***}p \leq 0.001$.

Discussion

This study investigated the relationship between LTO, innovativeness, and firm performance through language in shareholder letters of publicly traded family firms listed on the Russell Microcap Index. Accessing shareholder letters allowed for an examination of LTO for more companies than a survey could achieve by contacting the CEO. Overall, this study found that LTO is not directly linked to firm performance. This study also found that LTO is a resource influenced by internal and external contingencies; as such, this affects the innovativeness–firm performance relationship.

This study attributes these results to the nature of LTO, being a mindset that changes over time based on the family firm disposition. Further, LTO is not based on a calendar year but is a mindset to support the long-range plans of the family firm. Additionally, LTO is resourceful and may help the decision-making process by supporting actions to achieve noneconomic and economic goals in family firms (Lumpkin & Brigham, 2011). Therefore, actions that the dominant coalition takes with an LTO mindset take time to come into fruition. As such, the effects of LTO and impact on firm performance may not happen in one calendar year. The results also showed that innovativeness is important to family firms. Innovativeness influences the mobilization toward new product development or process improvements and thus firm performance. Further, the results supported research that has shown innovation is a strategy to achieve higher firm performance (Duran et al., 2016; Sirmon et al., 2008). The results supported the argument that LTO is a valuable resource used to effectively help make decisions for innovativeness when there are no internal or external contingencies.

Interestingly, governmental and environmental contingencies had mixed results. For example, the effect of board independence on the LTO–innovativeness relationship showed that board independence is not as important as family CEO duality. It seems the presence of independent board members in family firms lacked importance and showed no significant influence on the LTO–innovativeness relationship. These results supported literature on family firm governance that has suggested independent board members are used as tools to fulfill family goals (Gomez-Mejia et al., 2011). Further, family firms with high family ownership have the power to fill board seats with an individual who supports and carries out the family firm's mission.

On the contrary, family CEO duality was slightly important to family firms. A family member's power to control the board of directors while also managing the firm seems to be somewhat important to the family firm's LTO–innovativeness relationship. Since additional testing of the relationship was graphed and showed no noticeable differences, more investigation of the moderating relationship of family CEO duality is needed.

Surprisingly, environmental contingencies weaken the LTO–innovativeness relationship. Further, the findings supported research that family firms are conservative and stay focused on persevering resources to achieve long-range objectives. As such, the negative effect that environmental munificence has on the positive LTO–innovativeness relationship is consistent with family business literature findings that innovativeness may be considered risky for family firms. In some cases, researchers have suggested that family firms have more innovative output than non-family firms (Duran et al., 2016), but studies have not considered the negative influence that environmental munificence has on the positive LTO–innovativeness relationship.

Although it was expected that environmental dynamism would have a positive effect on the LTO–innovativeness relationship, the negative finding supported family business literature that innovativeness may be considered risky for family firms in times when the environment is unpredictable or uncertain. As such, family firms may switch their focus onto making a short-term decision, since there are times when firms need to react to short-term unpredictable market changes (Laverty, 1996). As such, innovativeness is not a priority since it requires allocation of resources that firms are not willing to risk losing. Surprisingly, the results that environmental dynamism has a negative effect on LTO suggest that perhaps family firms would rather hold onto family firm assets to protect the firm wealth rather than allocate resources to innovative projects when the environment is unpredictable.

The findings of this study contribute to family business research in several ways. First, it sheds significant light on the complexities of the LTO–firm performance relationship. The results of this study showed there is no direct relationship between LTO and firm performance when no moderators are considered. Finding no relationship between LTO and firm performance is contrary to researchers who have suggested that firms with long-term perspectives tend to have higher firm performance (Le Breton-Miller & Miller, 2006). However, more research is needed to empirically test the LTO and firm performance relationship and contingencies that influence that relationship.

Second, as predicted, this study showed that LTO could serve as a resourceful antecedent to innovativeness. The positive LTO–innovativeness relationship is important to family firm survival because studies have found that innovativeness links to higher firm performance (Le Breton-Miller & Miller, 2006). As such, to achieve higher innovativeness, it is important that family firms have LTO and a family member as the CEO who is also governing the firm's decisions as the chairman of the board. Further, family CEO duality can provide firms with the power to understand the past and make decisions based on past experiences, while maintaining continuity and futurity.

Third, based on the theoretical reasoning of RBV, this study provides a basis to understand the impact innovativeness can have on the process between LTO and firm performance when governance and environmental factors are considered. By investigating the LTO relationships from RBV and suggesting that LTO is a valuable intangible resource, this study revealed more information about the influence of LTO in family firms. With RBV, the idea is to show how LTO is a family firm's valuable, rare, inimitable resource because the results supported RBV assumptions that two resources can work together to produce positive outcomes. For example, by adopting an LTO and having innovativeness as a resource, firms may have higher performance. Additionally, a family firm's LTO is strengthened when leadership helps enforce and sustain the LTO. Brigham et al. (2014) suggested that the presence of LTO will have a positive influence on many other factors. As such, this study helped to understand further LTO and how governance and environmental factors may or may not impact LTO.

Lastly, RBV assumes that all resources, when added to other resources, will produce positive outcomes or are controllable. In the case of the LTO–innovativeness relationship, the results of this study suggested family firms will react positively toward environmental contingencies and be more innovative. The findings suggested that neither environmental dynamism nor environmental munificence had a positive impact on the LTO–innovativeness relationship. In munificence environments, as more resources were available, family firms were less innovative. While RBV assumes that more resources will produce competitive advantage, the results showed the contrary. LTO as a family firm resource and environmental munificence as a moderator of LTO did not produce more innovativeness. In this case, family firms exhibited less innovativeness in munificent environments. These finding may suggest that family firms are more comfortable to stay in a resource-abundant environment. The safety reduces the uncertainty or crisis of planning for the future. Another plausible explanation would be that family firms are more risk averse as performance is not jeopardized. Due to highly concentrated family wealth, long-term investment in innovativeness is risky and has high uncertainty.

The results showed that in high environmental dynamism, the family did not emphasize innovativeness, as such environmental dynamism weakened the positive LTO–innovativeness relationship. The findings showed that in environmental dynamism where rapid and unpredictable changes in the environment exist, family firms are less likely to innovate. Instead, LTO was negatively influenced by environmental dynamism, which may support literature that family firms avoid risk and prefer operating in conservative environments. Also, the results implied that the dominant coalition integrates the long-range strategies with the short-term priority as a strategy deal with environmental dynamism. Thus, resources are held during the short-term until the environment is more stable and predictable. In the meantime, innovativeness may not be the priority. However, the results of this study indicated generational involvement may be a missing link to strengthen the LTO–innovativeness relationship in highly dynamic environments because past research has found a positive relationship between environmental dynamism and innovativeness when the next generation is involved in the business (Casillas, Moreno, & Barbero, 2011).

The implications for practitioners involve the need to understand the important role that sustaining an LTO mindset can have on innovativeness and firm performance while making decisions to allocate resources during environmental changes. Additionally, practitioners should consider the impact of governance in the contribution they make to allocate resources to innovative projects that uphold the family firm’s long-term strategies and traditions for future generations. One implication for research is the call to better understand the links and relationships that LTO impacts. The LTO mindset is still in the emerging stage, and this study helped to identify the LTO–innovativeness relationship. The implications provided to practitioners through this study are that family firms with LTO have a resource that can be used to implement strategies for innovation and firm performance to support the family business and family members for a generation. As RBV states, managers must be able to identify the inimitable, rare, and valuable resources to maintain a competitive advantage. When the dominant coalition of family members have LTO disposition and make appropriate decisions to adapt resources to react to uncontrollable environments, firms can be innovative.

Limitations and Future Research

This cross-sectional study focused on testing the relationships among LTO, innovativeness, and family business performance with the moderating effects of family CEO duality, board independence, environmental dynamism, and munificence. The Russell Microcap Index was a great resource to examine smaller family firms because research has suggested that smaller family firms tend to have a higher presence of the dominant coalition who govern and manage the family firm’s key decision and operations. As such, the presence of LTO may be more prominent in smaller family firms than larger family firms. Also, the sample size of family firms was relatively small. Future studies of family firms could include non-U.S. family firms and larger family firms to ensure generalization across family firms regarding LTO. A longitudinal design would be beneficial to test causality.

The measure for firm performance was ROA. However, another financial measure of firm performance is to locate shifts in LTO and compare the company stock returns, competitors, or market changes with time series data to investigate other influences of LTO.

Content analysis allowed a larger number of shareholder letters for analysis, but it is a technological process with potential flaws in the coding process. Software packages are improving the processes of ensuring that words captured have the appropriate meaning. Although the reliability of CATA software is higher than manual coding, additional software in the future may provide added reliability to identify mismatching of words with meaning.

Conclusion

Studies on family business LTO are emerging to build a better understanding of the LTO construct. This study revealed more information about LTO and its influences. Particularly, the relationship between LTO and innovativeness was positive and also showed a more positive influence when a family member is a CEO who also holds the chairman of the board position. Perhaps this family member's role as part of the dominant coalition in the firm strengthens the supports of the LTO disposition. Although environmental dynamism and environmental munificence negatively influence LTO, this reveals that family firms would rather not react to environmental changes when the environment is uncertain or resourceful. The analysis presented here implies that the effect of LTO is a valuable resource for family firms for innovativeness in a way that may lead to positive firm performance. I hope that the outcome of this study will provide additional opportunities to study LTO further and encourage other researchers to link LTO with positive firm performance to achieve a competitive advantage and grow family firms in a way to support future generations.

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MBA, Marketing and Entrepreneurship
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EMPLOYMENT

Illinois Institute of Technology- College of Architecture
Chicago, IL
Director of Finance and Administration *2017–Present*
- Oversight of the college's finance and administrative functions.

Director of Finance *2015–2017*
- Oversight of the college's operating, salary, gift, endowment budgets.

Community Service Options, Inc.
Chicago, IL
Comptroller *2008–2015*
- Managed non-profit State funded budget.

Corporate Compliance Officer/Benefits Administrator *2001–2008*

Olive Harvey College
Chicago, IL
Adjunct Professor *2004–2005*

Professional Memberships:
Academy of Management – Entrepreneurship Division
The University of Illinois Alumni Association
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Conference Presentations

Taylor, D. L. (2017, August). *Long-term orientation and family firm performance: The moderating role of socioemotional wealth*. Paper presentation at the Academy of Management conference as part of a round table discussion in Atlanta, GA.

Taylor, D. L., Yu, A., Zheng, D., Hsu, M., Xu, Y., and Lin, S. (2018, August). *Long-term orientation and family firm performance: The contingencies and mediating role of innovation*. Paper presentation at the Academy of Management conference as part of a round table discussion in Chicago, IL.

Zheng, D., Taylor, D. L., Yu, A., and Hsu, M. (2017, November). *Entrepreneurial orientation and market orientation in family business*. Paper presentation at the International Family Enterprise Research Academy (IFERA) conference in Taiwan.