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Experiencing Family Business Creation: Differences Between Founders, Nonfamily Managers, and Founders of Nonfamily Firms

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An experiential perspective for examining family business creation is introduced. As a "lived experience," the family firm generates a cumulative series of interdependent events that takes on properties rooted in affect. The family business is a context that enables unscripted temporal performances by founders. Characteristics of the venture creation experience are examined, and underlying dimensions are proposed and empirically investigated. Building on social capital theory, differences in experiences between founders of family businesses, nonfamily managers, and founders of nonfamily ventures are explored. These differences are argued to have important implications for decision making and ongoing dynamics within the family firm.

Introduction

Surprisingly little is known about the early stages of family firms. A prevalent view is that founders create family ventures, much as a builder constructs a house (Shane & Delmar, 2004). Following plans and blueprints, addressing challenges as they arise, the builder produces largely what he or she had in mind at the outset. This perspective misses much of the reality regarding how ventures are created. A more appropriate metaphor is a painting that emerges based on the individual interacting with, feeling, and agonizing over its creation. Creation of a firm is a lived experience that unfolds in unplanned and unpredictable ways; it emerges as a function of novel and idiosyncratic interactions among the individual, family, business, and environment over time.

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Richer insights into the rather unpredictable ways in which these ventures emerge can be obtained by viewing family business creation as a temporal experience. The founder operates in a largely unscripted environment, processing hundreds of incidents and episodes as they unfold over time (e.g., rejection by a bank, receiving a patent, disaffection of a family member, losing a key customer account or employee). The uncertain and emergent nature of a new family business suggests that formulaic approaches and established scripts are not effective, and that the owners and managers must "make it up as they go along" (Baron, 2008, p. 329).

Approaching the creation of family firms from the inside-out vantage point of the founder's personal experiences can be an important element in advancing our understanding of how they form and develop. For example, how do early-stage experiences influence family business dynamics, or succession within the family? Does the experience impact the founder's willingness to let go? Toward this end, the current research introduces an experiential perspective for capturing the emergent nature of family enterprise creation. Building on social capital theory, unique aspects of the family firm context that might produce a unique experience are explored. We focus on the fabric of the experience itself, or what it is like to be "in the moment" as a family venture takes form. A methodology employing multidimensional scaling is used to capture experiences of entrepreneurs in an affect space. Differences in affective experiences between family and nonfamily managers and between family and nonfamily business founders are investigated. Implications are drawn for theory and practice.

The Family Business Context

Sharma, Chrisman, and Chua (2003) have concluded that one of the more salient yet underresearched issues affecting family firms concern their stages of development. The preoccupation by researchers with succession stages within the family enterprise has overshadowed the need for a richer understanding of the developmental stages through which these firms evolve. That is, the business is developing along some trajectory regardless of which generation is running the firm (Gersick, Davis, Hampton, & Lansberg, 1997). For example, Lee and Tan (2001) identify four distinct developmental stages in their study of Chinese family firms. The current study focuses on the first 4 years of existence, where firms are in what Lee and Tan refer to as the start-up and stability stages. This is a time period where structures are being established but remain relatively informal and flexible, and the business model is being refined to determine what works on a sustainable basis. Management tends to be centralized and hands-on, leadership is directive or autocratic, and there is rapid learning from adversity (Gersick et al.). The founder is the central figure, and creates a somewhat paternalistic work environment (Dyer, 1989).

Sirmon and Hitt (2003) argue that a family's social capital residing in the firm is highest in these earlier stages, leading to stronger commitment and more reluctance to relinquish control. Alternatively, Chua, Chrisman, and Chang (2004) indicate that the relative influence of family may actually increase over time. Gomez-Mejia, Haynes, Nunez-Nichel, Jacobson, and Moyano-Fuentes (2007) demonstrate that risk proclivity in the family firm will be highest during the early stages. Initial growth of these firms tends to follow a nonlinear and discontinuous path (Hamilton, 2004). Novel critical incidents are continually encountered and form the fabric of what becomes the family business experience.

Unique characteristics of the family firm suggest that this experience may be different than that of the founder of a nonfamily firm. Beyond the considerable attention devoted to intergenerational succession, a number of other characteristics distinguish family firms. Included here are governance structures, stakeholders, planning time horizons, capital structures, motives of founders and top managers, risk proclivity, compensation systems, and measures of success (Aronoff & Ward, 2000; Klein & Bell, 2007; Sirmon & Hitt, 2003). Further, family businesses are fertile fields for psychodynamics such as sibling rivalry, marital discord, and identity conflict among family members—where family issues affect business issues, and vice versa (Eddleston & Kellermanns, 2007). These characteristics suggest the founder is assimilating a diverse range of experiences distinguishing the family venture from its nonfamily counterparts.

The experience of the family business founder might also be expected to vary from that of nonfamily managers within the same firm. Nonfamily members play a significant role in family businesses, and their influence tends to grow as the firm evolves (Mitchell, Morse, & Sharma, 2003). They are attracted to the firm for a variety reasons, including the ability to exert greater influence, realize individualized visions and goals, achieve more independence, enjoy more collegiality and entrepreneurial tolerance, and deal with less bureaucracy than they might in a public company (Aronoff & Ward, 2000). While compensation tends to be less in such firms, evidence suggests that emotional and social compensation, as well as psychological ownership, can be relevant incentives for nonfamily managers (Adams, Astrachan, Manners, & Mazzola, 2005). Researchers have also explored why nonfamily managers become disaffected and leave. Discontent will tend to emerge where individuals perceive fewer opportunities for personal development, career opportunities, or personal wealth; are given limited levels of responsibility; and participate only nominally in strategic decision making (Klein & Bell, 2007). Disagreement between nonfamily executives and the owner regarding the need for innovation and growth is not uncommon (Poza, 2004). These issues may be exacerbated depending on how nepotism issues are handled, and when nonfamily managers are caught in the middle of family conflicts or taken advantage of as family members pursue personal interests (Klein & Bell).

Dyer (1989) notes differences in the worldviews and assumptions held by nonfamily managers compared to family business owners. Success of these managers has been tied to their ability to adapt to the culture and norms of family members. Mitchell et al. (2003) argue that they must adopt particular cognitive styles to be successful. This is traceable to the existence of two parallel subsystems—family system and business system—with conflicts between the two leading to practices that appear to challenge rational business processes.

Based on this discussion, the family firm would appear to offer a unique context for exploring the early venture experience. By better understanding what the founder actually experiences as he or she establishes and grows the firm, we can achieve richer insights into founder behavior and the kind of venture that emerges. This discussion also gives us reason to think the founder's experience may differ from that of nonfamily managers in the same firm, and from founders of nonfamily firms. To better understand why such differences should emerge, let us consider the theoretical underpinnings of the experiential perspective.

Theoretical Foundations

An experience is defined as a lived-through event, where the individual is "in the moment." To "experience" is to receive the event into one's consciousness, and can include sensing, unconscious reacting, feeling, reflecting, interpreting, and linking to other experiences (Bruner, 1986). For an individual, experiences are authentic, transparent, immediate, visible, and subjectively interpreted (Desjarlais, 1997). The universal nature of experience has attracted scholars from a number of disciplines. Regardless of discipline, scholars uniformly agree on the complex and idiosyncratic nature of experience as a subject of inquiry (e.g., Throop, 2003).

The study of experiences is rooted in philosophy and the school of thought labeled "pragmatism." Pragmatism argues that something is true or has meaning based on its practical consequences, or if it works satisfactorily in practice (Dewey, 1925). Knowledge derives from active adaptation of people to their real-world environments. The real world is composed of events or occurrences. Engagement with these events becomes the key to finding meaning and learning. Separately, anthropologists try to understand the world as seen by the "experiencing subject" where experiencing is concerned with how reality presents itself to consciousness through thoughts and feelings (Bruner, 1986). They employ performative theory to explain how experiencing finds the individual engaging in, as well as shaping actions—in effect constructing their own reality. For psychologists, the manner in which experiences are processed represents a personal characteristic (Bradley, 2005). Applied to a work context, one's approach to processing experiences can affect their proclivity to succeed at a particular profession (Cantor et al., 1991). Further, building on activity theory, experiencing ongoing states of activity is instrumental in forming self-identity.

The relevant theoretical lens employed in work on experience varies among disciplines and based on context (Throop, 2003). In a family firm context, an especially relevant foundation can be found in social capital theory (Burt, 1992). Social capital represents the ability to attain advantages through membership in identifiable social groups, such as the family unit. Family firms are rooted in the household unit. As Steir (2001) notes, conventional perspectives on the entrepreneur emphasize solo actors or lone wolves, while the family business founder, embedded within the family social structure, is more typically engaged in collective action, leveraging relations within and around the family unit. The household can serve as opportunity platform and incubator. Moreover, particular household configurations can contribute to a more positive or negative experience, as the family itself fosters or hinders the venture (Aldrich & Cliff, 2003).

Sorenson and Bierman (2009) posit that social capital (as opposed to human or financial capital) is a primary factor differentiating family and nonfamily businesses, as it cannot be hired or imported. Social capital is embodied in relations among family members, and is manifested in goodwill within the family and between family and others in the community, mutual support, reciprocal commitment, collaborative community, affective ties, and behavioral guidelines (Danes, Stafford, Haynes, & Amarapurkar, 2009; Sirmon & Hitt, 2003). It is a source of information and access to resources, and can serve to uphold social norms (Olson et al., 2003). As such, the stock of social capital is a factor explaining the tendency to start a family firm, while growth in the stock over time affects survival of the family and sustainability of the firm (Rodriguez, Tuggle, & Hackett, 2009).

The experience of creating a family firm includes not only the way the founder processes such events as the first sale or an inability to meet payroll, but also developments at the firm–family interface (Danes et al., 2009). These developments can encompass family demands, goal conflicts, values and integrity levels, and varying amounts of emotional support from family members. Families can be a source of resiliency and adaptability, store of trust and creativity, and type of stress buffer. They can also act as a source of friction, doubt, escalating conflict, and resource drain resulting in higher stress levels (Sorenson & Bierman, 2009). Not surprisingly, management of this family interface can impact firm performance (Olson et al., 2003).

As we shall see, the launch of a business generates streams of events that, as they are experienced by the founder, ultimately influence the kind of entrepreneur and venture that emerge. Processing of events includes cognitive, affective, and physiological components. However, with a family firm, social capital and its corollary mix of family variables (e.g., resiliency, conflict, etc.) likely impacts this processing and the entrepreneur's ongoing affective state. While it is recognized that family involvement can materially impact venture development (Chua et al., 2004), one possible explanation of this influence is that founders of family firms experience venture creation differently than do nonfamily managers or founders of nonfamily firms. The experience is different because of the impact of family social capital on the processing of events as they occur. Hence, the tendency to experience venture creation as more stressful, lonely, exhilarating, or ambiguous may be influenced by these family variables. Lack of trust or commitment in the family might exacerbate stress experienced when the founder is rejected for a loan, or fails to win a customer contract. Alternatively, shared norms and mutual support within the family could lead the founder to process events in such a way that the experience is less overwhelming, or frightening. Dyer and Dyer (2009) remind us that the business also affects the family, and where such impacts are adverse it would seem plausible that there would be some effect on how the founder interprets events as they unfold in the firm.

Based on social capital theory, then, we would expect the family business founder to experience emergence of the venture in unique ways compared with other entrepreneurs, as the stock of social capital serves to moderate how events are processed and interpreted. Further, given that nonfamily managers are participants in many of the same events and activities as the founder, but cannot draw on the same reservoir of family social capital, they can also be expected to experience these events differently than do the founders.

Understanding Venture Experiences: Temporal Properties

Experiences are temporal. The experience of family business creation entails events encountered by key individuals as the new venture unfolds from concept to venture sustainability or failure. This includes fairly discrete events (e.g., inception of an idea), activities over longer time frames (e.g., search for capital), and events that can entail multiple stages over years (e.g., arrival at a sustainable business model). The act of experiencing is complex, occurring simultaneously at different levels. As a firm is established, each moment can include experiences that are perceptual (e.g., touching, seeing), bodily sensational (e.g., nervousness, appetite loss), imaginative (e.g., regarding one's actions or perceptions), or thought patterns (e.g., thinking "in images") (Csikszentmihalyi, 1990). The entrepreneur processes and encodes these layers in sensorial, affective, or motor ways rich in implicit meaning (Tuan, 1977).

There are moments of experience that represent component parts of an emerging structure of experience. Throop (2003) concludes that this structure derives from a combination of temporal succession, fragmentary disjunction, and meaningful coherence. One's life involves thousands of instances, many of which are not meaningfully different from the homeostatic state—resulting in little attention paid to that moment in time. A fraction of these are considered significant by the individual (Bruner, 1986). An example of such an instance might be the moment the founder of a firm receives a check representing the first large loan from a bank.

When multiple instances over time are related, the resultant accumulated picture can be referred to as a stream of experience (Magnusson, 1981). Using the example of receiving bank funds, the stream in which this instance is embedded might encompass the experience of determining financial needs, searching for financing, numerous rejections, deferring payment of bills, meeting with the banker, and final loan approval. There is a path-dependent quality to the stream, such that each instance interacts with the next in creating the stream. To be meaningful, the events that constitute an experience do not have to be contiguous in time and space. Further, the form of constructed experiences does not depend on then-now causal relations, but on a complex interaction of present with past and past with present—and anticipation of the future (Bradley, 2005). What emerges is family business creation as a rich mosaic of interwoven events that are unevenly processed. Experiencing these events is an immediate, inwardly reflexive, and interpretatively rich process that coheres through time (Desjarlais, 1997).

The founder makes assessments (positive–negative, intense–passive) of the emergent experience as a venture unfolds. The evaluation is dependent upon the memories recalled and included in the stock of experience. In other words, various memories (*instances* and *streams*) are combined into one assessment (*stock*). Each memory may be weighted differently depending on the relative importance assigned to it, or by factors influencing which memories are recalled (Wallach, 1949). At a given moment of recall, then, there is a stock of experience used to define overall feelings about the family business creation experience. The streams within this stock might include the experiences of seeking financing, hiring employees, meeting payroll, entering a new market, and so forth.

Processing Experiences

What happens as a founder experiences venture creation? Each event is unique, with any two individuals experiencing the same event differently. A person becomes part of the experience as it occurs—there is reciprocal interaction between the individual and context. To the individual, there is directionality to an experience, with a center and periphery of attention (Bruner, 1986). He/she is in the moment, a participant in a performance, responding to cues as they occur, and imposing structure on events as they are received into consciousness.

The venture creation experience involves the interplay among affective, cognitive, and physiological responses as events are "lived through." Bidirectional links exist among all three (Barrett, 2006). Consider the founder who realizes a key order is not coming through, only $3,000 remains in the bank, payroll is due, and a major investor is arguing the business model is flawed. This temporal event produces physiological reactions, such as loss of appetite or nervousness, that interact with affective responses, such as frustration and panic, which simultaneously result in cognitive reactions, such as heightened awareness, biases in information processing, and a creative solution for paying employees. Especially important are positive and negative affective outcomes. Forgas (1999, p. 593) explains, "affect is not incidental but an inseparable part of how we see and represent the world around us, the way we select, store and retrieve information, and the way we use stored knowledge structures in performing cognitive tasks." Emotions occur involuntarily in response to novel aspects of an event. Emotional experiencing is linked to prior knowledge, beliefs, and appraisals about an event's causes and consequences. Causal thinking and goal appraisal occur continuously as an emotion unfolds, or retrospectively when recalling emotionally meaningful events (Stein & Levine, 1999). Emotional and cognitive states are also influenced by expectations of approaching situations.

Based on interactions among cognitive, affective, and physiological elements as instances and streams of experience play out, individuals give meaning to and make sense of their context. The recursive process of meaning making involves situated activity dependent on part/whole relationships between the entrepreneur and situation (Barsalou, Simmons, & Barbey, 2003). Firm creation is a sequence of performative and transformative events that are interpreted and cohere through time as an individual attempts to impose meaning. Meaning is derived by translating experiences into how one feels and thinks, while acting as a guide and explanation for the experience. Knowing and doing are interlocked, inseparable, and embedded in the context. Further, the meaning of an action differs based on the point in time from which it is observed (Schutz & Rosenbaum, 1967).

While a key outcome of experiencing is situated learning (Politis, 2005), many behaviors of entrepreneurs are heavily influenced by a range of other experiential outcomes, such as emotional states, moods, instincts, habits, mental fatigue, changes in diet, and social withdrawal. These manifestations of experiencing affect perceptions and decision making, which subsequently determine the course a venture takes (Baron, 2008).

Toward Underlying Dimensionality

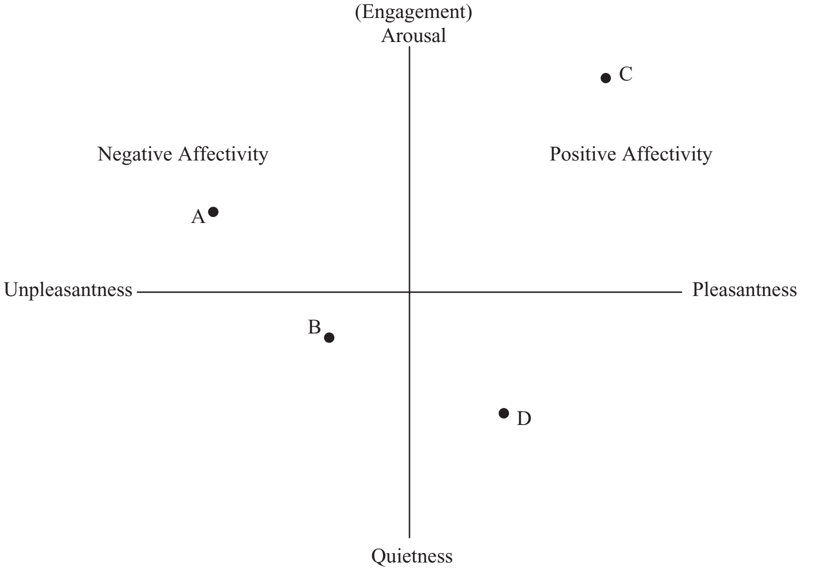
General descriptions of venture creation in the literature represent a beginning point for deciphering the fabric of the family business experience. It has been observed that the experience possesses ambiguous qualities and a lack of control, penalizing those who cannot tolerate such conditions (McClelland, 1986). Schindehutte, Morris, and Allen (2006) describe a multiplicity of obstacles and demands, unclear responsibilities, limited information, and a chronic state of uncertainty regarding outcomes and the future. The relative autonomy found within a venture may also create a sense of loneliness (Boyd & Gumpert, 1983). Buttner (1992) demonstrates that entrepreneurs experience more stress, more health problems, and less ability to relieve work-related tension than managers. Sarasvathy (2004) emphasizes ongoing exposure to newness and novelty. Shane (2008) finds the early stages of venture formation can entail extreme velocity and volatility. And faced with impending failure, Shepherd, Wiklund, and Haynie (2009) describe an experience they label "anticipatory grief."

Characteristics such as these reinforce the affective nature of entrepreneurial experiences. Taken a step further, it may be possible to identify an underlying dimensionality to the venture creation experience. Work on consumer experiences by Mano and Oliver (1993) provides valuable insights. These authors provide extensive evidence that affective experiences can be described in terms of two primary dimensions: pleasantness and arousal. While other dimensions may exist, they tend to be unstable across studies. Pleasantness describes a stimulus or context that is agreeable, enjoyable, comfortable, or pleasing. It is more positive or negative. Arousal is a reflection of a person's relative emotional intensity, fervor, stimulation, or excitement. It regulates consciousness, attention, and information processing. Figure 1 illustrates these two dimensions as an experience space.

Watson and Tellegen (1985) approach the configuration in Figure 1 as a circumplex. A 45-degree rotation of the pleasantness–arousal space produces two independent dimensions, labeled positive and negative affectivity, and engagement is positively correlated with these two axes, positioned at 45 degrees between them. Others (Cantor et al., 1991) have also found that affective valence and engagement level emerge as dominant factors in structuring of experiences. In addition, particular emotions tend to load on the affective

Figure 1

Temporal Dynamics and the Experience Space



Source: Adapted from Mano and Oliver (1993).

valence (e.g., optimistic–pessimistic, stressful–relaxed), and others on the level of engagement (e.g., active–passive, distant–intimate, exciting–boring). Based on Mano and Oliver (1993), there could be an experience of moderately engaged negative affectivity (e.g., feelings of slight distress), such as person A in Figure 1; strongly engaged positive affectivity (e.g., feelings of elation), such as person C; neutral or nondescript affectivity (e.g., boredom), as with person B; or low arousal–low negative affect (e.g., calmness), such as person D. It would also seem plausible that there could be stages to the venture experience, where an individual effectively moves around in the space, reflecting the highs and lows, stressful and less demanding points in time, and slower and faster periods of activity.

The volatility of the entrepreneurial experience and the likelihood of strong positive affect are supported in work on peak experience, peak performance, and flow. Schindehutte et al. (2006) found evidence that entrepreneurs experience episodes of superior functioning, periods that surpass normal levels of intensity, meaningfulness, and richness, and transcendent states of well-being characterized by total focus and absorption.

The Research Study

How do those involved in the early stages of a family business experience myriad events that unfold as a sustainable venture is established? Is it possible to capture the underlying dimensionality of the venture creation experience? Once captured, are there identifiable differences in the experiences of founders versus managers in family businesses, or of founders of family versus nonfamily businesses? To address these questions, a three-stage exploratory study was undertaken.

Consistent with earlier work by Mano and Oliver (1993) and Feldman (1995), affective experiences can be captured by giving subjects a set of semantic differential scales which they use to describe some phenomenon they have lived through (e.g., being a freshman in college, living with cancer). As such, we first needed an inventory of affective terms that describe the venture creation experience. As no such inventory exists, the authors conducted a content analysis to identify words used to describe the entrepreneurial experience appearing in three sources: (1) articles on venture creation appearing in the *Journal of Business Venturing*, *Entrepreneurship Theory and Practice*, and *Small Business Economics* over the past 5 years; (2) six leading entrepreneurship textbooks; and (3) 650 interviews of entrepreneurs conducted by trained MBA students over 5 years. These interviews focused on ventures between 2 and 5 years old, with at least 10 employees, where no employee in the company was related to the interviewee. They employed a structured format to examine the entrepreneur's personal journey as he or she started and grew the business, and lasted an average of 90 minutes. To be retained for use in the second stage, a given descriptor had to appear at least three times. Where terms were clearly overlapping (e.g., motivating and motivational), a single adjective was used. In this manner, a total of 48 descriptors were produced. The final set of descriptors is itemized in Table 1. Such terms as stressful, fulfilling, uncontrollable, ambiguous, and all-consuming suggest a multifaceted experience that is both rich and intense.

Stage II of the research involved surveying a cross-section of family-owned firms. The survey instrument centered on asking respondents to indicate the extent to which each of the 48 descriptors was applicable to their personal experience during the first 3 years of the family business. While acknowledging the limitations in cognitive retrieval with the use of self-reports of emotional experiences, Mano and Oliver (1993) argue this to be an effective and efficient method of assessment. A four-point response scale was employed (1 = very strong part of my experience, 2 = somewhat a part of my experience, 3 = a minor part, 4 = definitely not part of my experience). In addition, respondents indicated the extent to which the overall experience was positive/negative, intense/not intense, and satisfying/dissatisfying on 5-point scales with a neutral mid-point. A pretest was performed using 20 firms not part of the final sample.

Table 1

Descriptors Associated with Entrepreneurship as an Experience

Invigorating	Humiliating	Sense of having to outwork others
Disappointing	No rules to follow	Fun
Powerful	Lonely	Empowering
Exhausting	Adventurous	Burdensome
Panic	Motivating	Chaotic
Sense of inadequacy	Tedious	Ambiguous
Energizing	Passionate	Intimidating
Joy	Overwhelming	Difficult
Complex	All-consuming	Strange
Humbling	Feeling of insignificance	Creative
Challenging	Frightening	Unstable
Demanding	Exciting	Dynamic
Uncertain	Empty	Threatening
Hopeful	Stressful	Feeling free
Alienating	Exhilarating	Terrifying
Self-fulfilling	Novel	Sense of being lost

The survey was sent to a sample of businesses from Dun & Bradstreet's Million Dollar database. Firms that were less than 4 years old, employed more than 50 people, and were nonsubsidiaries were used to construct the initial list. From this list, 1,500 firms were randomly selected as our sample. A large sample was needed because Dun & Bradstreet does not designate family ownership status, and a portion of the sample would not meet eligibility as a family business. A family firm was defined as one where members of a family have legal control and are involved in managing the firm (Mitchell et al., 2003). Respondents were asked to complete the survey if they met this definition.

Another sample constraint was the need to compare the start-up experiences of a dyad comprised of the family owner/CEO and a nonfamily manager. This required two complete responses per firm, and several follow-up contacts were made with firms that had one response. Other efforts were conducted to improve survey response, including a respondent-friendly questionnaire, multiple contacts with recipients, inclusion of a stamped return envelope, and personalized correspondence. One hundred and three firms provided complete dyads of surveys (206 total surveys), and indicated they were family businesses employing a nonfamily manager.

Stage III of the study was designed to investigate affective experiences of founders of nonfamily-owned ventures, or independent entrepreneurs who had created growth-oriented ventures. Using Hoover's database, a mail survey was sent to 700 randomly selected nonsubsidiary New York-based firms that were started 4 years prior to the survey. In this case, only the founder was surveyed. A total of 129 surveys were returned, for a response rate of 18.5%, of which 92 were useable and qualified as nonfamily firm entrepreneurs. No family members shared ownership or control of the business. The instrument employed the same measures as the Stage II study.

Analysis and Results: Family Business Founders and Managers

Exploratory Factor Analysis

Exploratory factor analysis was performed on the 48 affect-related adjectives describing experiences of founders and managers during the first 3 years of venture operation. Bartlett's-test of sphericity and the Kaiser–Meyer–Olkin (KMO) measure of sampling adequacy were computed to assess the appropriateness of the correlation matrix prior to factoring (Dziuban & Shirkey, 1974). Bartlett's-test led to a clear rejection of the hypothesis of independence ($p < .001$), and the KMO measure of sampling adequacy was in the meritorious range (.85), indicating that the matrix is appropriate for principal components analysis.

Criteria for factor selection consisted of eigenvalues >1 and items that loaded >.50 on a factor. In all, 11 factors meeting the above criteria were revealed explaining 63% of the variance. The first four factors were composed of multiple items; the remaining seven factors consisted of single items. Factor loadings for a varimax rotation are displayed in Table 2. The factors labeled as (1) Exciting, (2) Threatening, (3) Exhausting, (4) Complex, (5) Ambiguous, (6) Empty, (7) Passionate, (8) No rules to follow, (9) Hopeful, (10) Tedious, and (11) a sense of having to Outwork others, were extracted in that order.

Thirteen items, "Invigorating," "Energizing," "Joyful," "Revitalizing," "Adventurous," "Exciting," "Motivating," "Exhilarating," "Fun," "Empowering," "Creative," "Dynamic," and "Self-fulfilling" loaded on the first factor (labeled Exciting). Nine items loading on the second factor (Threatening) including "Inadequacy," "Humiliating,"

Table 2

Exploratory Factor Analysis Results (Family Founders and Managers)

	Factors										
Item	Exciting 1	Threatening 2	Exhausting 3	Complex 4	Ambiguous 5	Empty 6	Passionate 7	No Rules 8	Hopeful 9	Tedious 10	Outwork 11
Invigorating	.52	—	—	—	—	—	—	—	—	—	—
Energizing	.72	—	—	—	—	—	—	—	—	—	—
Joyful	.66	—	—	—	—	—	—	—	—	—	—
Revitalizing	.73	—	—	—	—	—	—	—	—	—	—
Adventurous	.61	—	—	—	—	—	—	—	—	—	—
Motivating	.61	—	—	—	—	—	—	—	—	—	—
Exciting	.65	—	—	—	—	—	—	—	—	—	—
Exhilarating	.76	—	—	—	—	—	—	—	—	—	—
Fun	.73	—	—	—	—	—	—	—	—	—	—
Empowering	.70	—	—	—	—	—	—	—	—	—	—
Creative	.51	—	—	—	—	—	—	—	—	—	—
Dynamic	.68	—	—	—	—	—	—	—	—	—	—
Self-fulfilling	.57	—	—	—	—	—	—	—	—	—	—
Inadequacy	—	.55	—	—	—	—	—	—	—	—	—
Humiliating	—	.66	—	—	—	—	—	—	—	—	—
Lonely	—	.69	—	—	—	—	—	—	—	—	—
Insignificance	—	.54	—	—	—	—	—	—	—	—	—
Frightening	—	.57	—	—	—	—	—	—	—	—	—
Alienating	—	.61	—	—	—	—	—	—	—	—	—
Strange	—	.52	—	—	—	—	—	—	—	—	—
Threatening	—	.72	—	—	—	—	—	—	—	—	—

Table 2

Continued

Item	Factors										
	Exciting 1	Threatening 2	Exhausting 3	Complex 4	Ambiguous 5	Empty 6	Passionate 7	No Rules 8	Hopeful 9	Tedious 10	Outwork 11
Being lost	—	.66	—	—	—	—	—	—	—	—	—
Exhausting	—	—	.70	—	—	—	—	—	—	—	—
Demanding	—	—	.63	—	—	—	—	—	—	—	—
Uncertain	—	—	.51	—	—	—	—	—	—	—	—
Overwhelming	—	—	.68	—	—	—	—	—	—	—	—
All-consuming	—	—	.64	—	—	—	—	—	—	—	—
Stressful	—	—	.72	—	—	—	—	—	—	—	—
Burdensome	—	—	.53	—	—	—	—	—	—	—	—
Chaotic	—	—	.67	—	—	—	—	—	—	—	—
Difficult	—	—	.66	—	—	—	—	—	—	—	—
Complex	—	—	—	.67	—	—	—	—	—	—	—
Novel	—	—	—	.62	—	—	—	—	—	—	—
Ambiguous	—	—	—	—	.73	—	—	—	—	—	—
Empty	—	—	—	—	—	.68	—	—	—	—	—
Passionate	—	—	—	—	—	—	.67	—	—	—	—
No rules	—	—	—	—	—	—	—	.84		—	—
Hopeful	—	—	—	—	—	—	—	—	.71	—	—
Tedious	—	—	—	—	—	—	—	—	—	.76	
Outwork others	—	—	—	—	—	—	—	—	—	—	.62
Eigenvalue	6.37	5.90	5.68	1.84	1.80	1.73	1.73	1.55	1.47	1.40	1.36
% of variance explained	13.00	12.04	11.60	3.76	3.68	3.53	3.52	3.16	2.99	2.86	2.78

"Lonely," a feeling of "Insignificance," "Frightening," "Alienating" "Strange," "Threatening," and a "Sense of Being Lost." The following items made up the third factor (Exhausting): "Exhausting" "Demanding," "Uncertain," "Stressful," "Overwhelming," "All-consuming" "Burdensome," "Chaotic," and "Difficult." The fourth factor (Complex) consisted of two items: "Complex" and "Novel." Items for each of these multi-item factors were summed to form composite scales; the remaining scales were labeled according to the item that comprised that factor. Coefficient alpha for each of the composite scales was .90 for Exciting, .83 for Threatening, .86 for Exhausting, and .59 for the Complex.

Multisamples Analysis

Correlations between the 11 affect scales were computed for the family business founder and nonfamily manager samples. A multi-samples analysis was used to simultaneously test for invariance in the set of correlation coefficients taken as a whole (see Kline, 1998). Assuming the correlation matrices for both samples are the same, a good fit indicates invariance. The test result, $\chi^2(110, N = 206) = 216.03$, $p < .001$, was a chi-square statistic large enough to reject the invariance hypothesis. Other fit (goodness-of-fit = .80; root mean square error of approximation = .10) and comparative fit indices (normed fit index = .55; non-normed fit index, comparative fit index, incremental fit index = .70) also indicate a poor fit. Based on this result, the samples were treated separately in the analyses that follow.

Correlation Analysis: Angles Within the MDS

To further investigate variation in affective expression within samples, correlations between affect scales were examined. A large number of significant correlations ($p \geq .05$) emerged. As examples, with the founders, Exciting was positively correlated with Passionate (r = .27) and Hopeful (r = .25), while Threatening was correlated with scales for Exhausting (r = .65), Ambiguous (r = .39), Empty (r = .45), Tedious (r = .38), and having to Outwork others (r = .21). For nonfamily managers, Exciting was positively correlated with the Complex (r = .40), Passionate (r = .68), and Hopeful (r = .24) scales. Similar to the founders sample, Threatening was correlated with measures of Exhausting (r = .68), Ambiguous (r = .38), Empty (r = .41), having to Outwork others (r = .41), and Tedious (r = .35). Unlike the founders sample, Threatening was correlated with a sense of having No rules to follow (r = .42).

Dimensional Analysis

As discussed earlier, affective self-reports frequently array in a circumplex structure around two primary dimensions: valence and arousal (see Figure 1). The valence dimension refers to the hedonic quality or positive–negative aspects, whereas arousal refers to activation or attentive aspects of emotional experience (Feldman, 1995). Watson and Tellegen (1985) propose similar independent dimensions labeled positive and negative affectivity (PA, NA) positioned by a 45° rotation of the valence-arousal dimensions. Essentially, PA and NA are combinations of valence tone and arousal. High PA is a positively valenced state of strong engagement, and low PA is a negatively valenced state of weak engagement. Conversely, high NA is a negatively valenced engaging state, and low NA is a positively valenced disengaging state.

A multidimensional scaling (MDS) of the scale intercorrelations was used to visually approximate patterns of similarities among measures of family business founders' and managers' affective experience. In MDS, the number of dimensions to be included is determined by a stress coefficient indicating the extent of the model's departure from the data. Generally, values $\leq .15$ are considered acceptable and $\leq .01$ as excellent. Kruskal and Wish (1978) conclude it is seldom necessary to add dimensions over the number required to reduce stress below .05. The proportion of variance of the scaled data accounted for by the MDS procedure is represented by R^2 (RSQ), with .60 regarded as the minimum level (see Green, Carmone, & Smith, 1989). Stress coefficients for a two-dimensional solution met acceptable criteria for both samples (founders: Stress = .04, RSQ = .96; managers: Stress = .02, RSQ = .98). Similarity patterns among the affect scales are shown in Figures 2a and b. Scales with higher positive correlations are positioned nearer together, and scales with larger negative correlations farther apart.

Spatial analysis of the figures suggests a circumplex configuration that shows both structural similarity and difference between the samples. To measure the affect domain of the family business experience, a broad set of affect-related adjectives was accumulated for study. No attempt was made to include only high-end adjectives that would limit the range of scale scores, or adjectives that would equally represent each dimension. Rather than fall around the perimeter or cluster near the axes, scales positioned between and along the entire length of each dimension are spread out more or less evenly in regions of the two-dimensional space, thus providing a more complete picture of the full range of emotions associated with the experience.

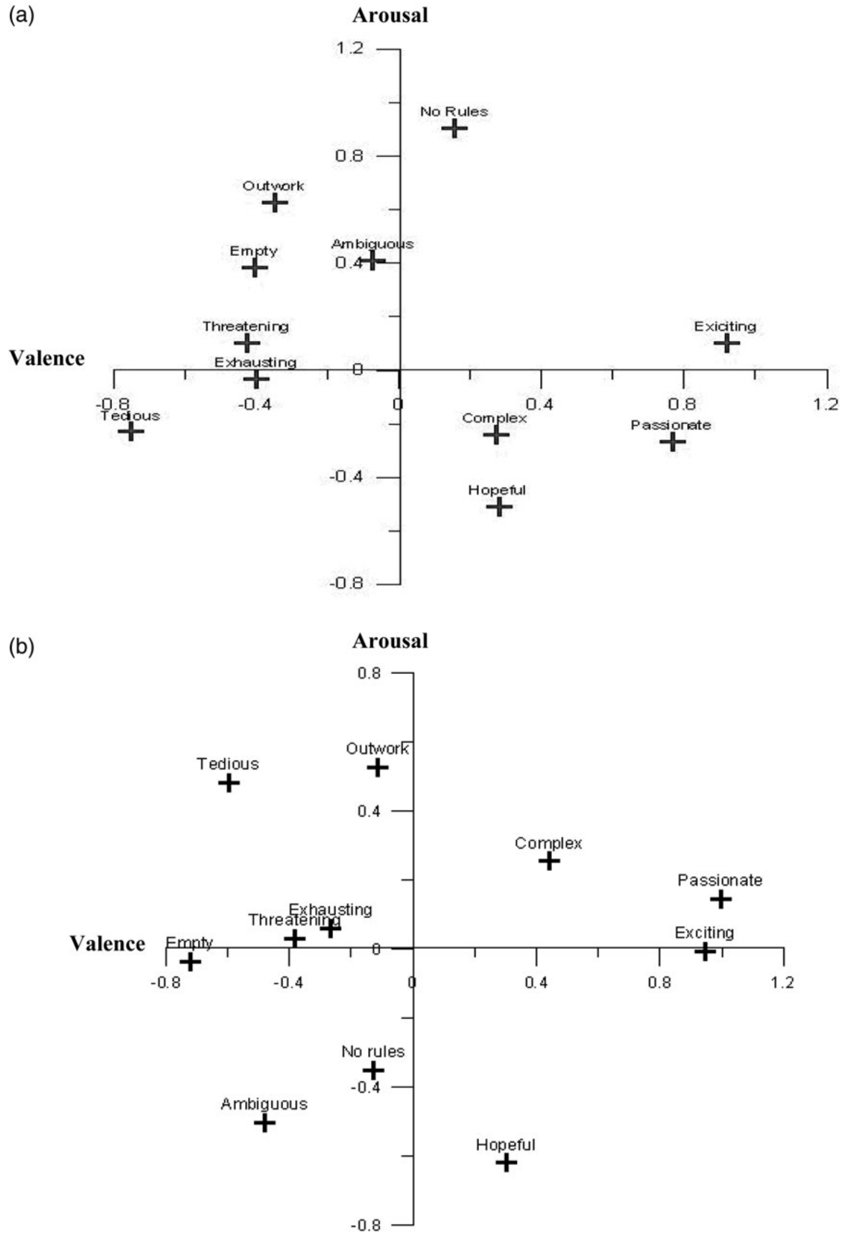
Inspection of the affective structures clearly suggests that dimension 1 on the horizontal axis represents valence. For founders, Tedious is located toward the negative extreme, and Exciting and Passionate are located at the positive extreme, with other states in between. Working outwardly from the mid-point, Ambiguous, having to Outwork others, Exhausting, Empty, and Threatening are negatively valenced, whereas No rules to follow, Hopeful, and Complex emotions are positively valenced states. Although there is some reordering of the scales, the pattern of affect for nonfamily managers is comparable. Passionate and Exciting feelings are closely positioned at the positive extreme, and Empty and Tedious are moderately positioned at its negative end. Hopeful and Complex are moderately positive, while No rules to follow, Outwork others, Exhausting, Threatening, and Ambiguous are negatively valenced states.

Dimension 2 on the vertical axis represents perceived arousal and engagement associated with the experience. Firm founders perceive No rules to follow as very high, and having to Outwork others, Ambiguous, and Empty as moderately high states of arousal. Tedious and Exhausting reflect negative affect but moderate levels of arousal, while Complex and Passionate are positive but also moderate on arousal. In contrast, Hopeful feelings are relatively low in arousal. For nonfamily managers, having to Outwork others is associated with higher arousal. Managers perceive a Tedious state to be negative but more arousing than did founders. Complexity also generated higher arousal among managers. Experiences that were Ambiguous, and those with No rules were relatively low in arousal. Only one emotion placed in the low NA space for managers, an area where more positively valenced states of disengagement are typical.

When we compare founders with the nonfamily managers, some interesting differences emerge. An experience where it feels like there are No rules is more positive and intense for founders, and quite negative and less engaging for managers. The ambiguity that founders associate with more intensity and fairly neutral affect is experienced more negatively and less intensely by managers. Complexity is experienced as positive affect by managers, meaning it is positive and highly engaging, while founders find complexity to

Figure 2

Two-Dimensional MDS Maps for Affect Scales of Family Business Founders and Nonfamily Managers—(a) Family Business Founders; (b) Nonfamily Managers



be less engaging. Tediousness is a more intense or engaging negative aspect of the experience of managers, and emptiness is a more engaging negative aspect of the experience of founders.

Analysis and Results: Nonfamily Founders

Exploratory Factor Analysis

Similar analytic procedures and criteria were used to analyze the emotional experiences of founders of nonfamily businesses over a three-year operational time frame.[1] Prior to factoring, Bartlett's-test ($p < .001$) and a KMO measure in the meritorious range (.80) indicated that the matrix was appropriate for principal components analysis (Dziuban & Shirkey, 1974). An exploratory factor analysis of the 48 affect-related adjectives measured in the same metric revealed 12 factors explaining slightly over 68% of the variance. Of these factors, the first four consisted of multiple items and the remaining eight single items. Factor loadings are presented in Table 3. In order of extraction, the factors were labeled: (1) Exhausting, (2) Exciting, (3) Threatening, (4) Revitalizing, (5) Challenging, (6) Humiliating, (7) Powerful, (8) Demanding, (9) Ambiguous, (10) Hopeful, (11) Tedious, and (12) a sense of having to Outwork others. As before, items for each of the multi-item factors were summed to form composite scales, and the remaining scales were labeled by the single item that loaded $\geq .50$ on that factor. Coefficient alphas (α) for the composite scales ($\alpha = .90$ for Exhausting, .87 for Exciting, .77 for Threatening, and .72 for Revitalizing) indicate acceptable internal consistency (Nunnally & Bernstein, 1994).

Although the order of extraction and magnitude of item loadings differ somewhat, comparison of the first few components shows enough item congruence to justify receiving the same label as used with the family business founders. Eight items (Exhausting, Uncertain, Overwhelming, All-consuming, Stressful, Burdensome, Chaotic, Difficult) load on the Exhausting factor, four items (Inadequate, Threatening, Insignificance, Alienating) on the Threatening factor, and seven items (Energizing, Adventurous, Motivating, Exciting, Exhilarating, Empowering, Self-fulfilling) on the Exciting factor in both studies. Also note that the three items that loaded on the Exciting factor in study I (Invigorating, Joyful, and Revitalizing) form a separate factor. The last three single-item factors extracted in each study (i.e., Hopeful, Tedious, and sense of having to Outwork others) are identical.

Similarity in item composition suggests measurement of these affects is partially invariant across studies (Anderson & Engledow, 1977). Partial invariance in this subset of measures is insufficient for quantitatively comparing correlations across studies, but

1. Assumptions underlying the MDS procedure include comparability of the venture experience and representative samples of entrepreneurs (see Green et al., 1989). In the first data set, samples of family firm owners and managers were matched by venture to ensure their affective experiences were comparable. However, assuming the entrepreneurs' experience is comparable across separate samples of family and nonfamily-firms is questionable (Hair, Anderson, Tatham, & Black, 2005). To test this assumption, a components analysis with varimax rotation was performed on the affect-related adjectives in aggregate. A dummy variable denoting nonfamily founders (compared with family firm founders and managers) was created to assess any effect sample membership might have on the experience. A multivariate regression model was estimated using the scales as simultaneous dependent variables and the dummy variable as a predictor. If the dummy variable is nonsignificant in the model, data from both studies can be pooled and separate analyses are unnecessary. The dummy variable was significantly related to several composite scales (Wilks' $\lambda = .93$, $p < .01$). As a result, the sample of nonfamily entrepreneurs was analyzed separately.

Table 3

Exploratory Factor Analysis Results (Founders of Nonfamily Businesses)

	Factors											
	Exhausting	Exciting	Threatening	Revitalizing	Challenging	Humiliating	Powerful	Demanding	Ambiguous	Hopeful	Tedious	Outwork
Item	1	2	3	4	5	6	7	8	9	10	11	12
Exhausting	.55	—	—	—	—	—	—	—	—	—	—	—
Complex	.50	—	—	—	—	—	—	—	—	—	—	—
Uncertain	.52	—	—	—	—	—	—	—	—	—	—	—
Overwhelming	.72	—	—	—	—	—	—	—	—	—	—	—
All-consuming	.65	—	—	—	—	—	—	—	—	—	—	—
Frightening	.66	—	—	—	—	—	—	—	—	—	—	—
Stressful	.70	—	—	—	—	—	—	—	—	—	—	—
Burdensome	.64	—	—	—	—	—	—	—	—	—	—	—
Chaotic	.75	—	—	—	—	—	—	—	—	—	—	—
Intimidating	.72	—	—	—	—	—	—	—	—	—	—	—
Unstable	.52	—	—	—	—	—	—	—	—	—	—	—
Difficult	.55	—	—	—	—	—	—	—	—	—	—	—
Terrifying	.72	—	—	—	—	—	—	—	—	—	—	—
Energizing	—	.50	—	—	—	—	—	—	—	—	—	—
Adventurous	—	.78	—	—	—	—	—	—	—	—	—	—
Motivating	—	.73	—	—	—	—	—	—	—	—	—	—
Passionate	—	.68	—	—	—	—	—	—	—	—	—	—
Exciting	—	.79	—	—	—	—	—	—	—	—	—	—
Exhilarating	—	.70	—	—	—	—	—	—	—	—	—	—
Novel	—	.51	—	—	—	—	—	—	—	—	—	—
Empowering	—	.64	—	—	—	—	—	—	—	—	—	—
Feeling free	—	.57	—	—	—	—	—	—	—	—	—	—

Table 3

Continued

	Factors											
	Exhausting	Exciting	Threatening	Revitalizing	Challenging	Humiliating	Powerful	Demanding	Ambiguous	Hopeful	Tedious	Outwork
Item	1	2	3	4	5	6	7	8	9	10	11	12
Self-fulfilling	—	.69	—	—	—	—	—	—	—	—	—	—
Inadequacy	—	—	.56	—	—	—	—	—	—	—	—	—
No rules	—	—	.63	—	—	—	—	—	—	—	—	—
Insignificance	—	—	.63	—	—	—	—	—	—	—	—	—
Empty	—	—	.76	—	—	—	—	—	—	—	—	—
Alienating	—	—	.52	—	—	—	—	—	—	—	—	—
Threatening	—	—	.56	—	—	—	—	—	—	—	—	—
Invigorating	—	—	—	.71	—	—	—	—	—	—	—	—
Joyful	—	—	—	.70	—	—	—	—	—	—	—	—
Revitalizing	—	—	—	.65	—	—	—	—	—	—	—	—
Challenging	—	—	—	—	.81	—	—	—	—	—	—	—
Humiliating	—	—	—	—	—	.80	—	—	—	—	—	—
Powerful	—	—	—	—	—	—	.65	—	—	—	—	—
Demanding	—	—	—	—	—	—	—	.74	—	—	—	—
Ambiguous	—	—	—	—	—	—	—	—	.77	—	—	—
Hopeful	—	—	—	—	—	—	—	—	—	.76	—	—
Tedious	—	—	—	—	—	—	—	—	—	—	.76	—
Outwork others	—	—	—	—	—	—	—	—	—	—	—	.60
Eigenvalue	7.49	6.16	3.54	2.45	1.99	1.97	1.76	1.74	1.73	1.69	1.51	1.17
% Variance explained	15.28	12.57	7.22	4.99	4.70	4.20	3.6	3.55	3.53	3.45	3.7	2.39

sufficient for qualitative comparison by means of multidimensional scaling (Steenkamp & Baumgartner, 1998). The first three composites, with similar scale reliabilities, as well as the last three single-item measures, can be compared between founders of family and nonfamily businesses by visually matching their locations in conceptual space. The remaining measures (Challenging, Humiliating, Powerful, Demanding, and Ambiguous) are unique to the study of nonfamily firms.

Correlational Analysis

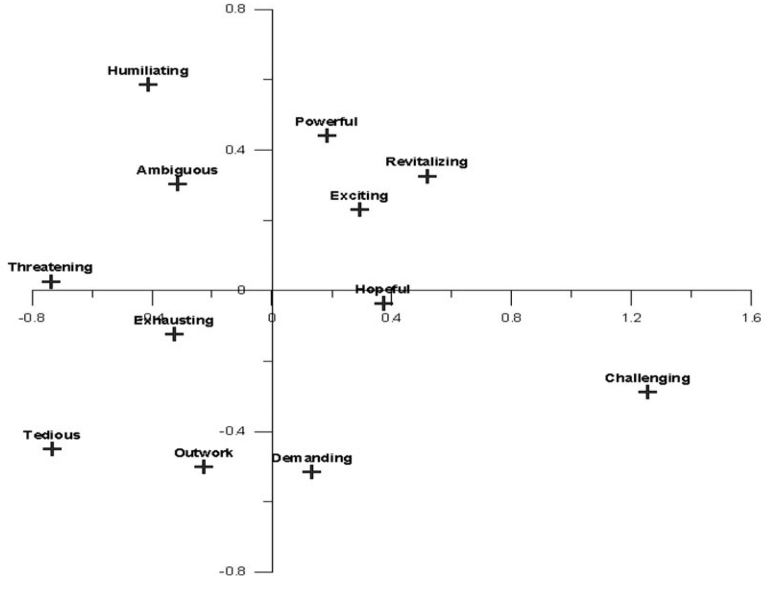
In assessing relationships among affect scales for nonfamily entrepreneurs, the Exhausting scale was positively correlated ($p \geq .05$) with all scales except Revitalizing, and negatively correlated with Challenging (r = −.44). Exciting was correlated with Revitalizing (r = .54), Powerful (r = .51), Demanding (r = .32), and Hopeful (r = .42). Threatening was associated with Humiliating (r = .36), Tedious (r = .27), and Outwork Others (r = .29), but negatively related to Challenging (r = −.41). Revitalizing was correlated with Powerful (r = .33) and Hopeful (r = .40). Positive correlations were found between Demanding and both Hopeful (r = .23) and Outwork (r = .37), and Powerful and Outwork others (r = .30). Challenging and Humiliating were negatively correlated (r = −.25).

Dimensional Analysis

Figure 3 presents an MDS model that illustrates similarity patterns among the affect scales for nonfamily business founders in two-dimensional space (stress = .01, RSQ = .99). Inspection of the solution suggests that Dimension 1 (the horizontal)

Figure 3

Two-Dimensional MDS Map for Affect Scales of Founders of Nonfamily Businesses



corresponds to positive–negative valence with Threatening and Challenging at the negative and positive ends, respectively. A sense of having to Outwork others, Ambiguous, Tedious, Exhausting, and Humiliating are also positioned on the negative side with Demanding, Powerful, Exciting, Hopeful, and Revitalizing emotions on the positive side. On the vertical dimension, we see higher arousal where the experience is Powerful but also where it is Humiliating, and lower arousal where it is perceived to be Demanding and requires one to continually Outwork others, perhaps reflecting a sense of tedium. It is instructive to consider the diagonals, which conform to positive and negative affectivity. Revitalizing, Powerful, and Exciting are engaging emotions located moderately high on the PA dimension with Tedious, having to Outwork others, and Exhausting emotions located on its low end. High NA consists of Humiliating, Ambiguous, and Threatening emotions.

A comparison of family and nonfamily founder experiences suggests strong affective responses to the streams of events occurring in a venture's founding years. Yet meaningful differences emerge if we compare Figures 2a and 3. If one considers the 45-degree diagonals that produce high positive and negative affect spaces, results from nonfamily founders suggest considerable high-engagement positive affect centering on experiences that are Powerful, Revitalizing, and Exciting. Where they found the experience to be one of high engagement but unpleasant, they indicated it was Humiliating, Ambiguous, and Threatening. Alternatively, for family business entrepreneurs, a number of aspects of their experience reflected high-engagement negative effect, including the extent to which it was Ambiguous, Threatening, Empty, and required them to Outwork others. Where it was a more positive and high-engagement experience for this sample, it was characterized in terms of having No rules and being Exciting. The samples of founders also differed in how some factors were perceived. Compared with nonfamily entrepreneurs, family business founders viewed Exciting experiences more positively, and Threatening experiences less negatively. Finding the experience to be Hopeful was more engaging for nonfamily founders, while having to continually Outwork others reflected a less engaging experience. The two groups tended to see the Tedious, Exhausting, and Ambiguous nature of the experience similarly.

Finally, for validity purposes, affect scales were correlated with three external variables: Positivity, Intensity, and Satisfaction associated with the venture experience. Measures of positivity and satisfaction should relate to scales on the positive/negative halves of the valence dimension and intensity to levels of arousal in a meaningful way. A fairly consistent pattern of relations with the positivity and satisfaction measures was common across samples in both studies. Relationships tend to follow the ordering of affects along the valence dimension, and nearly all scales at the extremes are significantly correlated. For example, correlations between overall positivity and affect ranged from .53 ($p < .001$) for Exciting to −.31 ($p < .01$) for the Threatening, Exhausting, and Empty emotions of family members. For nonfamily managers, emotions were correlated with the satisfaction variable, with r's ranging from .61 and .45 (p's < .001) for Exciting and Passionate, to −.20 ($p < .05$) for Threatening. Relationships with positivity and satisfaction, with r's ranging from .31 and .34 (p's < .01) for Revitalizing to −.31 ($p < .01$) and −.13 ($p > .05$) for Threatening, respectively, also demonstrate this tendency in the nonfamily firm sample.

The results for the intensity measure and engagement were mixed. Having No rules to follow marks high arousal for founders, but falls in the lower range for managers. Corresponding correlations with Intensity are .02 ($p > .05$) and .23 ($p < .05$). Even though Powerful and Demanding emotions locate on opposite extremes of the arousal dimension for the nonfamily firm sample, correlations with the intensity variable are positive (r's of .36 and .37, p's < .001). Of the two primary dimensions, self-reported emotion generally reflects valence to a greater extent than arousal (Watson & Tellegen, 1985). Additionally, the reported three-year time frame makes arousal difficult to judge. Entrepreneurs' level of arousal fluctuates over time, and may change systematically depending on stages of venture development. While validity variables such as intensity may correlate with arousal in momentary experiences, they are not as amenable to studying longer-term structures of affect (Larsen & Diener, 1992).

Discussion and Implications

This exploratory work offers initial insights into the early stage family firm as an experience. Support was provided for the rich, affective nature of experiences involved when dealing with peaks and valleys that arise as the firm takes form and becomes sustainable. Kellermanns and Eddleston (2004) observe that emotions can run deep in family firms, and these results trace some of this to the manner in which events are experienced. High mean scores on the descriptive adjectives that respondents were asked to assess serve to reinforce the importance of emotions in describing what it is like to be "in the moment" within an emerging venture.

The findings suggest that it is possible to visually capture the establishment of a business in a circumplex, with a two-dimensional representation best reflecting the data. Consistent with work in psychology, a positive–negative valence dimension and an arousal/engagement dimension emerged. With the valence dimension, factors such as Exciting and Passionate reflected a strongly positive experience, while Exhausting, Threatening, and Tedious were indicative of a negative experience. These findings were consistent across the samples. For the arousal dimension, family business founders were more engaged where experiences were perceived to have No rules to follow and more Ambiguous, and when one had to continually Outwork others. Alternatively, arousal was higher among managers not in the family when the experience was one of having to Outwork others or was more Tedious, while they were less aroused by Ambiguous, Hopeful experiences with No rules. Founders of nonfamily businesses were aroused more by Humiliating, Powerful, Ambiguous, Revitalizing, and Exciting experiences.

The experiences of family business founders somewhat diverge from those of nonfamily managers and founders of nonfamily firms. The multisamples and correlation analyses indicate patterns of variation in affective expression. When reflecting on similar contexts over the same period of time, differences exist for family business founders, particularly with regard to the lack of Rules, Ambiguity, Tediousness, and sense of Complexity (compared with nonfamily managers), and both the sense of having to Outwork others and Hopefulness (compared with founders of nonfamily ventures). In further examining particular items underlying the scales, nonfamily entrepreneurs differed significantly from family business founders in reporting experiences that were more Exhausting, Demanding, All-consuming, Stressful, Terrifying, and Creative.

Also worth noting is the extent to which entrepreneurial experiences produce negative affect, especially in family firms. Two of three factors on which the greatest number of items loaded and that explained the largest percentage of variance reflected a negative valence. The factor labeled "Threatening" captured a sense of being lonely and lost, humiliated, inadequate, and frightened. The "Exhausting" factor reflected the stressful, all-consuming, and difficult nature of the experience. Other manifestations of negative affect included a sense of having to "Outwork" others and feelings of "Ambiguity." While more attention has been devoted by scholars to the impact of positive affect, evidence suggests negative affect can result in more competitive behavior during episodes of social conflict (Baron, 2008), and a lower concern for others combined with a higher concern for self (Rhoades, Arnold, & Clifford, 2001).

Examination of the intensity of affective experiences has historically proven to be more challenging (Larsen & Diener, 1992). Intensity reflects the strength, degree of reality and relevance of an experienced event, and is highest when events are unexpected and result from the individual's own behavior (Ben-Ze'ev, 1996). The early stage venture context appears to be especially conducive to more intense experiences, with Ambiguity and lack of Rules serving to heighten intensity for family entrepreneurs and lessen it for managers. For nonfamily firm founders, intensity is captured in Humiliating, Powerful, Ambiguous, Exciting, and Revitalizing experiences. This finding extends work on peak experiences by Schindehutte et al. (2006).

Additional analysis demonstrated that satisfaction with the family business experience was correlated with 9 of 11 affective factors. In general, satisfaction is heavily influenced by the frequency of positive emotional experiences (Diener & Lucas, 2000). Most notable were positive correlations between satisfaction and the sense that it was an Exciting ($r = .55$, $p < .01$) and Passionate experience ($r = .29$, $p < .01$), and negative correlations between satisfaction and the sense that the experience was Empty ($r = -.27$, $p < .01$), Threatening ($r = -.23$, $p < .01$), and Exhausting ($r = -.21$, $p < .01$). Family entrepreneurs found the experience to be more positive ($t = 1.99$, $p < .05$), intense ($t = 3.38$, $p < .01$), and satisfactory ($t = 2.13$, $p < .05$) than did nonfamily managers. These results are consistent with Shane's (2008) argument that compared with others, the self-employed work harder and earn relatively less, but experience higher job satisfaction.

Existence of general differences between family business founders and the other samples reinforces the contention that another variable may be at work as an individual processes events and streams containing peaks and valleys, uncertainty, ambiguity, stress, or other characteristics innate to the start-up context. Family social capital may play a role in moderating the cognitive, affective, and physiological processing that determines how experiences are interpreted, generate learning, and influence behavior. Yet the impact would appear to be both positive and negative. To the extent that family business founders associated the experience with Emptiness or having to Outwork others, the strong negative affect might reflect family conditions where there is more conflict, personal demands, or lack of support. Yet the strong positive affect associated with experiences where there were No rules might be due to a higher stock of social capital available to the entrepreneur in the form of trust, encouragement, and moral stability, enabling him or her to be invigorated by a more free-form context. The tendency for nonfamily business founders to report experiences that are more Stressful, Exhausting, or Terrifying when individual scale items were examined supports the net positive impact of social capital in the family context.

Based on these initial findings, examining the family business experience from the vantage point of different combinations of positive/negative affect and high/low engagement may be fruitful for explaining ongoing decision-making and organizational outcomes. Baron (2008) argues that the impact of affect on managerial behavior is most likely in uncertain environments and when pursuing entrepreneurial tasks. It may be that particular combinations of arousal and valence are more likely to result in risk-taking or experimentation, while the tendency to create a lifestyle versus growth venture is more associated with other combinations. Chrisman, Steier, and Chua (2008) conclude that differences in the formulation and implementation of strategies in family firms is traceable to differences in those who manage these companies, and in their goals and aspirations. Others have noted that appropriation of social capital directly impacts goals and strategies within family firms (Chang, Memili, Chrisman, Kellermans, & Chua, 2009). It is our contention that this impact is via experiential processing. Ongoing processing can influence how founders think and act, and hence how mental models are interpreted and approached. Processing is further impacted by the dynamic interplay between stocks of social capital and developments within and around the venture. This dynamic interplay makes the founding of a family business a unique experience.

Some of the most emphasized issues in the family business literature, such as family dynamics, succession decisions, and willingness of the founder to eventually let go include an emotional component (Chrisman, Chua, & Kellermanns, 2009). It would seem that experiences that are higher versus lower in intensity and valence would have important implications for these issues. For instance, where the entrepreneur is more strongly engaged with an experience that is negative, this negativity might be expected to spill over to family relationships, result in less succession planning, and find the entrepreneur more willing to let go. While hypothetical, there is evidence that emotionally significant events such as those encountered in the early stages of the venture can be reexperienced and recollected years later, and also influence emotion-inducing action tendencies and behaviors well into the future (Sonnemans & Frijda, 1994).

Individuals might also be expected to differ in their propensities to experience positive affect. Baron (2008) raises this possibility, placing the current findings in a different light. He suggests that such personal variables as optimism, extraversion, and self-efficacy may contribute to the tendency to experience positive affect. In a family business context, this might explain differences between family business entrepreneurs and nonfamily managers in terms of their evaluations of how positive and intense the experience was, and in terms of their mean scores on the dimensions most associated with positive affect.

These findings also provide a platform for future research. It would be useful to move beyond aggregates and capture patterns in experiences of individuals. Here, we have examined experiences as collectively captured across samples of founders and managers. It would also be relevant to examine individual family and nonfamily managers, as well as individual family and nonfamily entrepreneurs, and track them at multiple points using a within-subjects longitudinal design. Such research would be consistent with the fluid and emergent nature of the venture experience. Additionally, it is important to determine how an individual's experience continually shapes decision making, and errors are addressed. Does a positive experience lead to better firm performance, in turn leading to further positive experiences, producing a reinforcing "cognitive loop," as proposed by Isen, Shalker, Clark, and Karp (1978)? Is the reverse true for negative experiences? Are there definable stages in terms of experiencing family firm creation, such that the individual is effectively moving around the experience space? While we have concentrated on the affective component of processing, additional work is needed to ascertain how rational and affective components interact and impact decision outcomes. Another avenue for investigation concerns the dynamic relationship between experience, learning, decision making, and innovativeness.

An experiential perspective suggests a fundamentally different focus in family business research. In early venture stages, the founder is an actor in an unscripted temporal performance where novelty is continually encountered. These experiences take on properties rooted in affect. Relying on experience-based concepts to create meaning, and influenced by family social capital, individuals filter inputs from the world to produce their own unique reality. The perceptions, beliefs, time horizons, goals, and actions of entrepreneurs become rooted in the unique way they experience. Business decisions are outgrowths of the highs and lows, negative and positive affect, and engagement levels woven into the fabric of temporal experiences. Choices transcend rational thinking and become a product of one's sense that the emerging venture context represents an experience of excitement, passion, threat, ambiguity, emptiness, and similar dimensions.

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