



Risk Management in Family Franchises: Analysis of the behaviour differences between founding and heir leaders

Gestión del Riesgo en Franquicias Familiares: Análisis de las diferencias de comportamiento entre líderes fundadores y herederos

María Fernández Muiños^{*}, Luis Vázquez Suárez^a, Ilir Hajdini^b

^a Full Professor. Instituto Multidisciplinar de Empresa (IME). Unidad de Excelencia Gestión Económica para la Sostenibilidad (GECOS). University of Salamanca, Salamanca, Spain, 37007 – lvazquez@usal.es – <https://orcid.org/0000-0002-4884-5294>

^b Assistant Professor of Management, Strategy & Entrepreneurship. School of Business Administration. American University of Sharjah. Sharjah, United Arab Emirates, PO Box 26666 – ihajdini@aus.edu – <https://orcid.org/0000-0002-9521-4372>

^{*} **Corresponding author:** Assistant Professor. Grupo de Investigación en Dirección de Empresas (GIDE). Department of Business Management and Economics. University of León, León, Spain, 24071 – mafem@unileon.es – <https://orcid.org/0000-0002-4815-1962>

ARTICLE INFO

Received 29 August 2025,
Accepted 05 May 2026

Available online 29 July 2026

DOI: 10.5295/cdg.252463mf

JEL: G32, L84

ABSTRACT

This study examines generational differences in risk-taking behaviour in family franchise firms by integrating upper echelons theory and the socioemotional wealth (SEW) perspective. Specifically, it analyses whether founder and successor leaders differ in their propensity to assume risk, and under what individual and governance conditions these differences become more pronounced. Using primary survey data from 215 Spanish family franchise chains, the study measures risk through outlet discontinuation rates over a three-year period (2015–2017). The analyses compare founder and heir leaders across three positions of influence within the franchise system: ownership, management, and board membership. The findings reveal that heir leaders consistently exhibit higher levels of risk-taking than founders across all three governance roles. Furthermore, the results show that these generational differences vary according to leader characteristics and ownership structure. The relationship between heir leadership and higher risk propensity is stronger among younger leaders, male leaders, and both majority and minority shareholders occupying ownership and managerial positions. By contrast, board participation tends to attenuate generational differences in risk orientation, suggesting that collective governance mechanisms constrain individual preferences. Robustness analyses confirm the stability of the findings across alternative specifications and controls. Overall, the study contributes to the franchising and family business literature by demonstrating how generational leadership, socioemotional priorities, and governance roles jointly shape strategic risk behaviour in family-controlled franchise systems.

Keywords: Risk; Generation Leadership; Family firms; Franchise firms.

R E S U M E N

Este estudio analiza las diferencias generacionales en la asunción de riesgos en empresas franquiciadoras familiares mediante la integración de la teoría de los altos directivos (*upper echelons theory*) y la perspectiva de la riqueza socioemocional (SEW). En concreto, se examina si los líderes fundadores y sucesores difieren en su propensión a asumir riesgos y bajo qué condiciones individuales y de gobernanza estas diferencias se intensifican. Utilizando datos primarios obtenidos mediante encuesta a 215 cadenas de franquicias familiares españolas, el estudio mide el riesgo a través de la tasa de discontinuidad de establecimientos durante un período de tres años (2015-2017). Los análisis comparan a fundadores y herederos en tres posiciones de influencia dentro del sistema de franquicia: propiedad, dirección y participación en el consejo de administración. Los resultados muestran que los líderes herederos presentan sistemáticamente mayores niveles de riesgo que los fundadores en los tres roles analizados. Asimismo, las diferencias generacionales varían según las características del líder y la estructura de propiedad. La relación entre liderazgo heredero y mayor propensión al riesgo es más fuerte en líderes jóvenes, hombres y accionistas tanto mayoritarios como minoritarios que ocupan posiciones de propiedad y dirección. Por el contrario, la participación en el consejo de administración atenúa las diferencias generacionales, sugiriendo que los mecanismos de gobernanza colectiva limitan las preferencias individuales. Los análisis de robustez confirman la estabilidad de los resultados. En conjunto, el estudio contribuye a la literatura sobre franquicias y empresa familiar al demostrar cómo el liderazgo generacional, las prioridades socioemocionales y los roles de gobernanza configuran conjuntamente el comportamiento estratégico de riesgo en sistemas de franquicia controlados por familias.

Palabras clave: Riesgo; Liderazgo generacional; Empresas familiares; Franquicias.

1. INTRODUCTION

The study of business risk has long been central to strategic management because it shapes firm growth, survival and performance (Das & Teng, 1998; Hardy *et al.*, 2020; Miller, 1998; Sharfman & Fernando, 2008; Soane *et al.*, 2016). Prior research shows that risk-taking is a strategic outcome rooted in both context (e.g., networks and structural characteristics) and leadership (e.g., managerial cognition and judgment) (Jacobides *et al.*, 2016; Jiang *et al.*, 2015; Mullins *et al.*, 2002). This dual emphasis is especially important in family firms, where decision makers often evaluate risk not only in economic terms but also in socioemotional terms (Fernández Méndez *et al.*, 2021; Gomez-Mejia *et al.*, 2011; Kraus *et al.*, 2016; Lude & Prügl, 2019). The socioemotional wealth (SEW) perspective suggests that risk preferences of family decision makers depend on the extent to which they prioritize family control, identity, reputation, or transgenerational continuity (Gomez-Mejia *et al.*, 2011). Therefore, risk decisions in family firms often involve a “mixed bet” that simultaneously affects financial wealth and socioemotional wealth (Cruz & Justo, 2017).

Even though a growing body of scholars examine risk preferences and strategic choices in family enterprises (Bianco *et al.*, 2013; Fang *et al.*, 2021; Kotlar *et al.*, 2014; Patel & Chrisman, 2014; Peláez-León & Sánchez-Marín, 2021), we know little about risk-taking in family franchise businesses (Chirico *et al.*, 2011). This omission matters because risk in franchising is amplified by the common brand and the potential for reputational spillovers across the entire network. We define a family franchise business as a franchise chain in which a family holds a significant ownership stake, exercises meaningful control over key strategic decisions, and intends to retain ownership and control across generations. Franchising consists of distinctive governance structures with the franchisor coordinating a dispersed plural network through hierarchical control over company-owned outlets, and through contractual monitoring and relational mechanisms over independent franchisees (Baker & Dant, 2008; Bradach, 1997; Hajdini, 2024; Hajdini & Windsperger, 2019). Therefore, in franchising, the effects of perceived risk are amplified by the plural form of governance and a geographically dispersed network operating under a shared brand. Beyond financial objectives, socioemotional considerations of family name or family reputation may intensify brand-protection priorities, while family involvement in decision-making can influence risk orientation and competence across generations and potentially create governance challenges such as blurred decision rights, or intra-family conflict (Chirico *et al.*, 2021).

Accordingly, we examine whether and why founder and successor leaders continue to differ in risk orientation in franchise systems (Chirico *et al.*, 2011). More specifically, we ask: How does leadership generation influence risk-taking in franchise family firms, and under what conditions do these generational effects vary? Drawing on the upper echelons theory, we expect risk taking to differ across first, second and third generation leaders due to their different experiences and cognitive frames as well as managerial discretion and governance constraints. We also complement this view with the SEW perspective, which highlights that generational differences in socioemotional priorities (i.e., reputation, identity, and legacy protection) influence

risk-taking in family franchise businesses. In doing so, we fill the research gap presented by Chirico *et al.*, (2011) on the need to analyze generational succession in family businesses within the franchising context. We also respond to recent research demands suggested by Yeoh & Hooy (2020) on the need to explore the effects of the second and third generation on transgenerational leadership. In addition, we consider three individual factors that may condition leaders' risk orientation, such as: age, gender, and ownership profile (majority vs. minority shareholder). Given that family members' presence in the top management team may interact with CEOs' propensity to take risks (Cruz *et al.*, 2010; Kraiczy *et al.*, 2015), we identify three positions of influence a family leader may hold in the franchise chain: owner, manager, and active member of the board of directors, each of which may affect the chain's risk propensity. We test our hypotheses using three-year primary data on 215 Spanish family franchise firms, which allows us to conduct a behavioral test of founder–successor differences across generational leadership and governance roles.

This study makes two important contributions. First, we extend strategic leadership and strategic management research by showing how leadership generation relates to risk behavior in franchise family business through an upper echelon and the SEW perspective (Cruz & Justo, 2017; Cruz *et al.*, 2010; Kraiczy *et al.*, 2015). Second, we advance franchising and family business research by explaining why founders and successors may differ in risk orientation and by identifying moderators of leaders' age, gender, ownership profile, and position of influence (owner, manager, or board member), which determine when such generational differences in risk-taking are most important (Chirico *et al.*, 2011; Christensen *et al.*, 2020; Kauppila *et al.*, 2018; Yao & Chang, 2017; Yeoh & Hooy, 2020; Yeoh & Hooy, 2022). From a practical standpoint, our findings suggest that family franchise businesses can better manage risk during succession by aligning governance roles and decision rights with the incoming leader's incentives and SEW priorities, and by aligning contractual safeguards and incentives to reduce negative reputational spillovers across the franchise network (Cruz *et al.*, 2010; Kraiczy *et al.*, 2015).

The present work is structured as follows. We first do a review of the literature and state our study hypotheses in Section 2. In Section 3 we present the study methodology and the analysis measures of our variables. We examine the differences in risk propensity in Section 4 where the analyses and results are presented. In section 5 we discuss our findings. Finally, in Section 6 we present our conclusions and expose the contributions of this study, its limitations, and propose future avenues of research.

2. LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

2.1. Risk management and generational leadership in family franchise systems: Upper echelons and the SEW perspectives

Risk management remains a central concern for strategic management researchers because it shapes firm survival and performance (Bromiley *et al.*, 2015; Miller, 1992). In franchising,

the effects of perceived risk are amplified by the plural form of governance and a geographically dispersed network operating under a shared brand (Blair & Lafontaine, 2005; Bradach, 1997). While franchising enables rapid replication of a business model, adverse outcomes can also diffuse across outlets with reputational spillovers. At the same time, monitoring and enforcing franchise guidelines across distant locations can delay timely and accurate corrective action.

Upper echelons theory explains how leaders' experiences and characteristics shape strategic choices through cognitive frames and values (Hambrick & Mason, 1984; Hambrick, 2007). It therefore explains why franchise businesses facing similar environments adopt different governance structures and risk strategies, reflecting top decision makers' values and cognitive differences. In family franchise firms, this heterogeneity may be further amplified because family decision makers often consider strategic choices as a "mixed gamble" involving both financial outcomes and socioemotional wealth (SEW) including family control, identity, reputation, and transgenerational continuity (Cruz & Justo, 2017; Gomez-Mejia *et al.*, 2011). SEW priorities may vary across generations: founders often place greater weight on preserving accumulated socioemotional endowments (e.g., reputation), whereas successors may place relatively greater weight on renewal and continuity through adaptation and change. Therefore, risk-related decisions in family franchise systems are influenced not only by decision makers' cognitive frames and values (Hambrick & Mason, 1984; Hambrick, 2007) or governance and market conditions (Combs *et al.*, 2011; Williamson, 1985), but also by the extent to which family leaders prioritize SEW aspects versus undertaking risky investments in franchise renewal, product or market expansion (Berrone *et al.*, 2012; Gómez-Mejía *et al.*, 2007). In other words, founders pay more attention to preserving the franchise reputation, making them more sensitive to actions that could jeopardize the family legacy or trigger negative network-level spillovers. On the other hand, successor leaders show less attention to the historical endowment and more orientation toward investments in innovations (e.g., modernizing the franchise system), which can increase willingness to pursue strategies with higher risk. Consistent with this combined logic, we expect successors to exhibit higher risk propensity than founders in family franchise firms. Formally,

H1: *Family franchise firms led by heirs exhibit higher levels of risk-taking than those led by founding leaders.*

2.2. Age and leader discretion in intergenerational risk differences

Age reflects a biological and career-stage attribute that upper echelons research links to systematic differences in risk preferences (Hambrick & Mason, 1984; Wiersema & Bantel, 1992). Empirical work suggests that younger executives invest more in R&D and are more likely to enter or exit business lines, which can increase discontinuation risk (Li *et al.*, 2017), whereas older leaders tend to maintain the status quo (Lee & Moon, 2016) and display more conservative behavior (Serfling, 2014). Yeoh and Hooy (2020) further suggest that risk propensity varies with age and highlight the need to distinguish generational lineage effects from age effects.

Upper echelons theory implies that leader age fosters conservatism due to biological decline, fear of losing power, and a preference for financial security (Barker & Mueller, 2002; Hambrick & Mason, 1984). Younger executives, by contrast, tend to innovate and take risks (Bantel & Jackson, 1989; Serfling, 2014). This theory also notes that both age and generation condition strategic choices and thus risk orientation at the chain level.

Psychology and management research add that younger individuals show overconfidence, leading to greater risk-taking (Forbes, 2005; Yim, 2013). Consistent with this logic in franchising contexts, Seo and Sharma (2018) find that successor CEO overconfidence is associated with higher risk-taking in U.S. franchise systems. From a socio-cognitive perspective, generational values also shape perceptions of risk. New leaders, exposed to cultural shifts such as sustainability demands, adopt risky strategies more openly (Bonsu *et al.*, 2020; Schulte & Hallstedt, 2018). Duran *et al.* (2016) confirm this, showing that successor CEOs drive greater innovation output than founders, consistent with a greater propensity to pursue change-oriented initiatives.

From a SEW perspective, age may also influence the extent to which leaders prioritize preservation versus renewal. Older leaders may have greater accumulated socioemotional endowments at stake (e.g., reputation and legacy), reinforcing a preference for protecting the status quo, whereas younger leaders may assign greater value to continuity through adaptation. Importantly, although leader age and generational status are related in family firms, they capture conceptually distinct dimensions. Age reflects a life-cycle characteristic commonly used in upper echelons research to explain variation in managerial risk preferences (Hambrick & Mason, 1984; Wiersema & Bantel, 1992), whereas generational leadership reflects a family-based role shaped by succession dynamics, socialization, and intergenerational differences in SEW priorities (Gómez-Mejía *et al.*, 2007; Handler, 1994; Miller & Miller (2013)). Building on this evidence, and consistent with upper echelons theory and SEW, we expect the difference in risk propensity between founder and heir leaders to be stronger when leaders are younger. Formally, we argue the following:

H2: *The positive association between heir leadership (vs. founder leadership) and risk propensity is stronger for younger leaders than for older leaders.*

2.3. Risk in transgenerational succession: Influence of gender and the ownership profile

Gender

Numerous studies have empirically demonstrated that there are gender differences in risk management (Charness & Gneezy, 2012; Croson & Gneezy, 2009; Falk & Hermle, 2018; Yang *et al.*, 2017). Explanations commonly point to hormonal influences (Cronqvist *et al.*, 2016), perceptual biases (Trumbo, 2002), limited information processing under uncertainty (Schubert, 2006), and gendered socialization and stereotyping (Lepp & Gibson, 2003), which together suggest that men tend to be more risk-seeking than women. Rajdev & Raninga (2016), combining behavioral finance with the psychology and management literature, find that

men display higher confidence and optimism than women, which increases their propensity to make riskier decisions. Consistent with this, evidence from social contexts also shows that men tend to take greater risks than women. Friedl *et al.*, (2020) using a laboratory experiment to analyze gender differences in social risk taking, found that not only culture, but women's risk aversion is largely driven by their stronger aversion to inequality. In the family business context, founder gender has likewise been identified as an important determinant of firms' risk management. Wang *et al.*, (2022) in a study with Chinese public family companies, found that when the founders' wives exert greater influence through greater voting rights, a generalized trend towards the financial risk assumption is observed.

Turning to generational change, some studies indicate that women hold a prominent role in the top management team of the family business when they are part of the second generation of owners, that is, when they are heir leaders (Breton-Miller, Miller, and Steier, 2004; Hewlett, 2002). Based on this assumption, Merono-Cerdan & Lopez-Nicolas (2017) found that the presence of women in the top management team is higher in the second generation of leaders than in the first generation. Furthermore, this study revealed that women preferred to run businesses within the service sector, even though they might have the possibility of accessing all types of industries. This widespread preference for managing businesses that are less prone to risk-taking reveals that the gender of the second generation may also affect risk management in family businesses.

Building on prior evidence that men, on average, exhibit greater risk tolerance than women (Charness & Gneezy, 2012; Croson & Gneezy, 2009; Falk & Hermle, 2018; Yang *et al.*, 2017), we expect gender to effect how generational leadership translates into risk propensity. In family franchise systems, this effect may be reinforced by SEW considerations because reputational spillovers can diffuse across outlets and directly affect the family name. To the extent that female leaders place relatively greater weight on socioemotional goals such as on family harmony and reputational protection, they may be less inclined to pursue high-risk strategies that could jeopardize the brand or intensify intra-family conflict. Accordingly, the generational increase in risk-taking associated with heir leadership should be weaker when the leader is female. We expect that:

H3: *The positive association between heir leadership (vs. founder leadership) and risk propensity is stronger for male leaders than for female leaders.*

2.4. Ownership profile: Majority vs. Minority shareholder

Agency-based perspectives suggest that ownership structure influences risk taking behaviour because they shape incentives and control rights. Within the family context, Aabo *et al.* (2011) suggest that the agency problem is mitigated when the founder controls the property together with the family members. However, risk management in family businesses does not only include economic issues, but also socio-emotional aspects, which affect corporate decisions (Gottardo & Moisello, 2017). From a SEW perspective, ownership concentration shapes the degree of socioemotional "exposure" to strategic outcomes because control

rights heighten the stakes associated with preserving family influence and reputation. Majority family shareholders may therefore experience stronger SEW preservation motives than minority shareholders who may have weaker control-related SEW incentives (or different incentives altogether) leading to reduced risk related decisions.

Empirically, ownership participation has been linked to variation in family leaders' risk behavior (Aabo *et al.*, 2011; Caprio *et al.*, 2011; Jiang *et al.*, 2015). For example, Aabo *et al.* (2011), using survey data and public data from Danish firms, found that family companies owned by the founders tend not only to protect themselves, but also to speculate more widely than other companies. In relation to the founding property, a study with a large sample of family businesses in China (Jiang *et al.*, 2015) found that culture, religion, altruism and when founders were siblings affected risk seeking behaviours. Relatedly, Caprio *et al.* (2011) argue that family leaders are less likely to push their firms toward risk-seeking strategies when family ownership is not at the majority level. Therefore, the effects of the type of owner, namely, majority versus minority shareholders, interact with the risk propensity assumed by the founding leaders and heirs. Based on the previous evidence, we expect that when family ownership is concentrated, heirs are more likely to interpret risk-taking as a means of preserving transgenerational continuity, whereas founders are more likely to interpret the same risks as threats to accumulated socioemotional endowments. Accordingly, ownership profile conditions the strength with which SEW preferences translate into risk decisions. We formulate the following hypothesis:

H4: *The association between heir (vs. founder) leadership and risk-taking is stronger when the family holds a majority ownership stake than when it holds a minority stake.*

3. METHODOLOGY

3.1. Data collection

To carry out this study, data has been collected from the Spanish franchise market, including all sectors of activity. Within this sample spectrum, we focus on family franchise companies. To collect data related to the leadership profile and franchise risk, an online survey was sent to all the leading franchisors who belong to the Spanish Franchise Association ("AEF" according to its Spanish acronym). This directory of franchises is the most important in the country since it brings together all the franchisors that carry out activities in Spain. Furthermore, all of them are committed to complying with the standards of the European Code of Ethics for Franchising. In another line of affairs, the AEF is part of the European Franchise Federation (EFF) which is the main advocate of the franchise industry in Europe. Therefore, all franchisor members associated with the AEF represent the most relevant and comprehensive set of franchise chains in terms of economic and ethical business conduct. During the data collection period, in 2017, the Spanish franchise system had 1,348 brands, of which 82.8% were of national origin and 17.2% of international origin (Spanish Franchise Association, 2018). Currently, the franchise

system is made up of 1,381 national and international brands, which indicates a slight increase in the number of operating entities, despite the current turbulent times (Spanish Franchise Association, 2020). The data collection method used is in line with other research on franchising that has also used national business directories as the main source for the sample selection of franchise systems (see: Meiseberg & Ehrmann, 2012 in the German market; Perrigot *et al.*, 2015 in the French market).

Data were collected through a paper-based questionnaire distributed by postal mail to all 1,381 franchise systems operating in Spain at the time of the study. The survey was accompanied by a cover letter explaining the purpose of the research and the participation procedure. Prior to distribution, the questionnaire was piloted with a small group of franchise professionals and academics to ensure clarity and relevance. Participation was voluntary, and responses were treated with strict confidentiality. A total of 246 usable questionnaires were returned, yielding an overall response rate of 17.8%. Of these, 215 corresponded to family franchise networks and constitute the final sample used in the main analyses.

A firm was classified as a family franchise network when ownership was substantially held by members of the same family and at least one family member was actively involved in management or governance. This definition aligns with prior research emphasizing family ownership and influence over strategic decisions as defining characteristics of family firms (Astrachan *et al.*, 2002; Chrisman *et al.*, 2005; Chua *et al.*, 1999). Beyond a self-identification item, respondents reported the percentage of family ownership, generational ownership and management participation, board involvement, and the number of active family members, allowing us to verify the fulfilment of the family condition.

Respondents were top-leaders of franchise companies (i.e., the general directors, owners and managers of the franchise business in general) who are responsible for setting standards in the franchise network. Of the 215 companies, 135 companies were run by founding leaders, whilst 80 companies were managed by heir leaders (see Appendix A for more a full summary of sample demographics).

3.2. Variables and measures

A. Chain Risk Measure

We measured the risk assumed by franchise chains through their respective outlet discontinuation rates for a three-year period (2015-2017). This indicator has been used in the literature on risk management (Everett & Watson, 1998; Watson & Everett, 1996) and recommended by experts in the franchise arena such as Lafontaine (1992), who points out that this index has an advantage over measures based on the variation of sales in the risk measurement. This is due to the franchisors are generally reluctant to close outlets. The main reason franchisors tend to be risk averse is because they are unwilling to bear the loss of the initial investment involved in setting up and developing the establishment. Thus, a high discontinuation rate will indicate that franchisors assume a greater degree of risk at the chain level.

B. Leader's generation

To analyse this variable, two groups of family leaders were created: founding leaders which included the first generation of leaders who founded the company, and heir leaders, which were composed of second- and third-generation successor leaders (i.e., founders' children and grandchildren).

C. Leader's age

We measured this variable through the age of the leader grouped into two main categories: franchisors leaders in young age (Up to 50 years) and franchisors leaders in mature age (50 years and over).

D. Gender

This study considered two genders of leaders (male and female) identified by the respondents.

E. Leader's shareholder

Using the sample of owners, this study reported on the number of family leaders who were either majority or minority shareholders of the company. Non-shareholder leaders were not included in these analyses, which were 39 cases out of the total sample of 215 family leaders.

In order to offer relevant information on the risk behaviour of founders and heirs based on the above factors, three positions of power that family leaders can hold in franchise chains were considered: ownership, management and board of directors.

4. ANALYSIS AND RESULTS

4.1. The influence of generation leadership in management risk (H1)

To analyse the generation differences on the risk in which franchise chains participate, one-way ANOVA tests were run with a bias corrected accelerated bootstrapping procedure of 5,000 samples. Results from ANOVA show a significant difference between generations for three leadership positions (owner leaders, manager leaders and active leaders on the board of directors). Our analyses reveal that heir leaders show a higher discontinuation rate than founder leaders for each case. We find empirical support for Hypothesis 1 which proposes that: "Heir leaders run their companies to a higher level of risk than founding leaders." This risk rate is higher for the sample of heir leaders who are owners compared to the founding leaders: $F(10.542) = 1$, $p = 0.001$ $h^2 = 0.047$, $M_f = 0.174$ [0.08; 0.27] ($SD = 0.502$); $M_h = 0.581$ [0.35; 0.81] ($SD = 1.173$) (see Table 1). The same happens when we compare the risk rate of heir leaders and founders when both are managers of the franchise chain: $F(12.907) = 1$, $p = 0.000$ $h^2 = 0.57$, $M_f = 0.112$ [0; 0.22] ($SD = 0.349$); $M_h = 0.433$ [0.29; 0.57] ($SD = 0.935$) (see Table 1). Finally, the same finding is supported when we analyse the generational differences for the sample of leaders on the board of directors: $F(5.175) = 1$, $p = 0.024$ $h^2 = 0.024$, $M_f = 0.170$ [0.07; 0.27] ($SD = 0.494$); $M_h = 0.395$ [0.23; 0.56] ($SD = 0.936$) (see Table 1).

Table 1
ANOVA analysis for generation differences in chain risk

GENERATION DIFFERENCES BETWEEN OWNER LEADERS (s = 215)			(Support found for Hypothesis 1)
Discontinuation rate (chain risk)	FOUNDER LEADERS (s = 185) HEIR LEADERS (s = 30)	0.174 [0.08; 0.27] SD = 0.502 0.581 [0.35; 0.81] SD = 1.173	F(10.542)=1, p=0.001 $\eta^2=0.047$
GENERATION DIFFERENCES BETWEEN MANAGER LEADERS (s = 215)			(Support found for Hypothesis 1)
Discontinuation rate (chain risk)	FOUNDER LEADERS (s = 135) HEIR LEADERS (s = 30)	0.112 [0;0.22] SD = 0.349 0.433 [0.29; 0.57] SD = 0.935	F(12.907)=1, p=0.000 $\eta^2=0.57$
GENERATION DIFFERENCES BETWEEN LEADERS IN THE BOARD OF DIRECTORS (s = 214)			(Support found for Hypothesis 1)
Discontinuation rate (chain risk)	FOUNDER LEADERS (s = 155) HEIR LEADERS (s = 59)	0.170 [0.07; 0.27] SD = 0.494 0.395 [0.23; 0.56] SD = 0.936	F(5.175)=1, p=0.024 $\eta^2=0.024$

Note: Bootstrapping BCa 95% confidence intervals are outlined in the brackets.

Source: Own elaboration.

4.2. The influence of leader age in management risk (H2)

When we explore the interaction between the generation and the age of the leader, our analysis reveal findings for each of the leader's samples. First, when we control the age for the sample

of owner leaders, we find differences in risk only in the segment of mature-age leaders. Here, heir leaders age 50 and over have a higher discontinuation rate than founding leaders age 50 and over: F (8.534) = 1, p = 0.004 $\eta^2 = 0.075$, $M_f = 0.175$ [0.06; 0.29] SD = 0.453; $M_h = 0.669$ [0.36; 0.98] (SD = 1.125) (see Table 2).

Table 2
ANOVA analysis for the interplay effect between generation and leader's age (leader's age – constant)

GENERATION DIFFERENCES BETWEEN OWNER LEADERS (S = 215)			Support found for Hypothesis 2
YOUNG LEADERS (Up to 50 years)			
Discontinuation rate (chain risk)	FOUNDER LEADERS (s = 91) HEIR LEADERS (s = 17)	0.173 [0.03; 0.32] SD = 0.550 0.513 [0.18; 0.85] SD = 1.238	F(3.393) = 1, p = 0.068 $\eta^2 = 0.031$
MATURE LEADERS (50 years and over)			
Discontinuation rate (chain risk)	FOUNDER LEADERS (s = 94) HEIR LEADERS (s = 13)	0.175 [0.06; 0.29] SD = 0.453 0.669 [0.36; 0.98] SD = 1.125	F(8.534) = 1, p = 0.004 $\eta^2 = 0.075$

Note: Bootstrapping BCa 95% confidence intervals are outlined in the brackets.

Source: Own elaboration.

Whilst for the segment of founding leaders and heirs under 50 years of age, no significant differences are revealed in the risk index. Interestingly, when we analyse the sample of leader managers, we find that heir leaders have significant differences in the risk rate with respect to founding leaders for both age groups. That is when both of them are mature leaders: F(6.675) = 1,

p = 0.011 $h^2 = 0.059$, $M_f = 0.074$ [-0.10; 0.25] (SD = 0.281); $M_h = 0.418$ [0.22; 0.62] (SD = 0.985) (see Table 3). The same happens when both generation leaders are young: F(6.570) = 1, p = 0.012 $\eta^2 = 0.59$, $M_f = 0.142$ [-0.10; 0.25] (SD = 0.394); $M_h = 0.454$ [0.22; 0.62] (SD = 0.869) (see Table 3).

Table 3
ANOVA analysis for the interplay effect between generation and leader's age (leader's age – constant)

GENERATION DIFFERENCES BETWEEN MANAGERS LEADERS (s = 215)			(Support found for Hypothesis 2)
YOUNG LEADERS (Up to 50 years)			
Discontinuation rate (chain risk)	FOUNDER LEADERS (s = 60) HEIR LEADERS (s = 48)	0.074 [-0.10; 0.25] SD = 0.281 0.418 [0.22; 0.62] SD = 0.985	F(6.675) = 1, p = 0.011 $\eta^2 = 0.059$
MATURE LEADERS (50 years and over)			
Discontinuation rate (chain risk)	FOUNDER LEADERS (s = 75) HEIR LEADERS (s = 32)	0.142 [-0.10; 0.25] SD = 0.394 0.454 [0.22; 0.62] SD = 0.869	F(6.570) = 1, p = 0.012 $\eta^2 = 0.59$

Note: Bootstrapping BCa 95% confidence intervals are outlined in the brackets.

Source: Own elaboration.

Nevertheless, when we compare the differences between generations in the risk assumed by the sample of leaders on the board of directors, we do not find significant differences between the risk assumed by the heir leaders and the founding leaders for

any age group. Sample of mature leaders: $F(2.050) = 1$, $p = 0.155$ $\eta^2 = 0.019$ and sample of young leaders: $F(3.348) = 1$, $p = 0.070$ $\eta^2 = 0.031$ (see Table 4).

Table 4
ANOVA analysis for the interplay effect between generation and leader's age (leader's age – constant)

GENERATION DIFFERENCES BETWEEN LEADERS IN THE BOARD OF DIRECTORS (s = 214)			(Not support found for Hypothesis 2)
YOUNG LEADERS (Up to 50 years)			
Discontinuation rate (chain risk)	FOUNDER LEADERS (s = 77) HEIR LEADERS (s = 31)	0.165 [0.01; 0.32] SD = 0.537 0.379 [0.13; 0.63] SD = 1.009	$F(2.050) = 1$, $p = 0.155$ $\eta^2 = 0.019$
MATURE LEADERS (50 years and over)			
Discontinuation rate (chain risk)	FOUNDER LEADERS (s = 78) HEIR LEADERS (s = 28)	0.175 [0.04; 0.31] SD = 0.450 0.412 [0.19; 0.63] SD = 0.866	$F(3.348) = 1$, $p = 0.070$ $\eta^2 = 0.031$

Note: Bootstrapping BCa 95% confidence intervals are outlined in the brackets.

Source: Own elaboration.

Therefore, our results offer partial support to the second study hypothesis that: "The positive association between heir leadership (vs. founder leadership) and risk propensity is stronger for younger leaders than for older leaders".

4.3. The influence of leader gender in management risk (H3)

Afterwards, we explore the generation differences controlling the gender of the leader and our results show that for all leader-

ship cases, men have a higher discontinuation rate than women. When we analyse the sample of owner leaders, we find that only heirs maintain a higher discontinuation rate than founders, though these differences are only significant for the sub-sample of male leaders: $F(12.297) = 1$, $p = 0.001$ $\eta^2 = 0.073$, $M_f = 0.203$ [0.08; 0.32] (SD = 0.551); $M_h = 0.782$ [0.48; 1.09] (SD = 1.344) (see Table 5).

Table 5
ANOVA analysis for the interplay effect between generation and leader's gender (leader's gender – constant)

GENERATION DIFFERENCES BETWEEN OWNER LEADERS (s = 215)			(Support found for Hypothesis 3)
MALE LEADERS			
Discontinuation rate (chain risk)	FOUNDER LEADERS (s = 137) HEIR LEADERS (s = 21)	0.203 [0.08; 0.32] SD = 0.551 0.782 [0.48; 1.09] SD = 1.344	$F(12.297) = 1$, $p = 0.001$ $\eta^2 = 0.073$
FEMALE LEADERS			
Discontinuation rate (chain risk)	FOUNDER LEADERS (s = 48) HEIR LEADERS (s = 9)	0.092 [0.00; 0.18] SD = 0.313 0.111 [-0.10; 0.32] SD = 0.333	$F(0.028) = 1$, $p = 0.868$ $\eta^2 = 0.001$

Note: Bootstrapping BCa 95% confidence intervals are outlined in the brackets.

Source: Own elaboration.

The same occurs when we repeat the analyses for the sample of managerial leaders, where heir male leaders show a higher discontinuation rate than founder leaders: $F(11.106) = 1$, $p = 0.001$

$\eta^2 = 0.066$, $M_f = 0.133$ [-0.01; 0.27] (SD = 0.383); $M_h = 0.520$ [0.34; 0.70] (SD = 1.040) (see Table 6).

Table 6
ANOVA analysis for the interplay effect between generation and leader's gender (leader's gender – constant)

GENERATION DIFFERENCES BETWEEN MANAGER LEADERS (s = 215)			(Support found for Hypothesis 3)
MALE LEADERS			
Discontinuation rate (chain risk)	FOUNDER LEADERS (s = 98) HEIR LEADERS (s = 60)	0.133 [-0.01; 0.27] SD = 0.383 0.520 [0.34; 0.70] SD = 1.040	F(11.106) = 1, p = 0.001 $\eta^2 = 0.066$
FEMALE LEADERS			
Discontinuation rate (chain risk)	FOUNDER LEADERS (s = 37) HEIR LEADERS (s = 20)	0.054 [-0.05; 0.16] SD = 0.229 0.171 [0.03; 0.31] SD = 0.424	F(1.830) = 1, p = 0.182 $\eta^2 = 0.032$

Note: Bootstrapping BCa 95% confidence intervals are outlined in the brackets.

Source: Own elaboration.

Finally, we also evidence this finding through the sample of active leaders on the board of directors, in which heir male leaders show a greater risk orientation than founder male leaders: $F(4.454) = 1$, $p = 0.036$ $\eta^2 = 0.028$, $M_f = 0.208$ [0.08; 0.34] (SD = 0.549); $M_h = 0.485$ [0.26; 0.71] (SD = 1.077) (see Table 7).

Table 7
ANOVA analysis for the interplay effect between generation and leader's gender (leader's gender – constant)

GENERATION DIFFERENCES BETWEEN LEADERS IN THE BOARD OF DIRECTORS (s = 214)			(Support found for Hypothesis 3)
MALE LEADERS			
Discontinuation rate (chain risk)	FOUNDER LEADERS (s = 117) HEIR LEADERS (s = 41)	0.208 [0.08; 0.34] SD = 0.549 0.485 [0.26; 0.71] SD = 1.077	F(4.454) = 1, p = 0.036 $\eta^2 = 0.028$
FEMALE LEADERS			
Discontinuation rate (chain risk)	FOUNDER LEADERS (s = 38) HEIR LEADERS (s = 18)	0.053 [-0.05; 0.15] SD = 0.226 0.190 [0.04; 0.34] SD = 0.444	F(2.361) = 1, p = 0.130 $\eta^2 = 0.042$

Note: Bootstrapping BCa 95% confidence intervals are outlined in the brackets.

Source: Own elaboration.

Therefore, our findings allow solid evidence of what was proposed by Hypothesis 3 that: "The positive association between heir leadership (vs. founder leadership) and risk propensity is stronger for male leaders than for female leaders."

4.4. The influence of owner type in management risk (H4)

Ultimately, we study the differences in risk that the founding leaders and heirs are willing to incur when both are shareholders of the company. When dividing the sample between majority

and minority shareholders for the three leadership positions, we observe interesting findings. When leaders are owners, both majority and minority shareholders present differences in the risk assumed by generations of leaders. Again, heir leaders have a higher rate of discontinuation than founding leaders: Sample of majority shareholder leaders: $F(10.673) = 1$, $p = 0.002$ $\eta^2 = 0.114$, $M_f = 0.087$ [-0.02; 0.19] (SD = 0.324); $M_h = 0.592$ [0.35; 0.83] (SD = 0.839) and sample of minority shareholder leaders: $F(5.938) = 1$, $p = 0.017$ $\eta^2 = 0.063$, $M_f = 0.105$ [-0.15; 0.36] (SD = 0.333); $M_h = 0.529$ [0.29; 0.76] (SD = 1.083) (see Table 8).

Table 8
ANOVA analysis for the interplay effect between generation and owner type (owner type – constant)

GENERATION DIFFERENCES BETWEEN OWNER LEADERS (s = 176)			(Support found for Hypothesis 4)
MAJORITY SHAREHOLDERS (s = 85)			
Discontinuation rate (chain risk)	FOUNDER LEADERS (s = 77) HEIR LEADERS (s = 8)	0.113 [-.01; 0.21] SD = 0.414 0.655 [0.34; 0.97] SD = 0.714	F(10.673) = 1, p = 0.002 $\eta^2 = 0.114$
MINORITY SHAREHOLDERS (s = 91)			
Discontinuation rate (chain risk)	FOUNDER LEADERS (s = 75) HEIR LEADERS (s = 16)	0.242 [0.05; 0.43] SD = 0.611 0.762 [0.35; 1.17] SD = 1.499	F(5.170) = 1, p = 0.025 $\eta^2 = 0.055$

Note: Bootstrapping BCa 95% confidence intervals are outlined in the brackets. In these analyses, 39 cases corresponding to the sample of non-owner CEO's have been excluded.

Source: Own elaboration.

Similarly, when leaders manage the company, we find that heir leaders outnumber founding leaders for both shareholder profiles, when they are majority shareholders: $F(14.653) = 1$, $p = 0.000$ $\eta^2 = 0.150$, $M_f = 0.087$ $[-0.02; 0.19]$ ($SD = 0.324$);

$M_h = 0.592$ $[0.35; 0.83]$ ($SD = 0.839$) and when they are minority shareholders: $F(5.938) = 1$, $p = 0.017$ $\eta^2 = 0.063$, $M_f = 0.105$ $[-0.15; 0.36]$ ($SD = 0.333$); $M_h = 0.529$ $[0.29; 0.76]$ ($SD = 1.083$) (see Table 9).

Table 9
ANOVA analysis for the interplay effect between generation and owner type (owner type – constant)

GENERATION DIFFERENCES BETWEEN MANAGER LEADERS (s = 176)			(Support found for Hypothesis 4)
MAJORITY SHAREHOLDERS (s = 85)			
Discontinuation rate (chain risk)	FOUNDER LEADERS (s = 72) HEIR LEADERS (s = 13)	0.087 $[-0.02; 0.19]$ $SD = 0.324$ 0.592 $[0.35; 0.83]$ $SD = 0.839$	$F(14.653) = 1$, $p = 0.000$ $\eta^2 = 0.150$
MINORITY SHAREHOLDERS (s = 91)			
Discontinuation rate (chain risk)	FOUNDER LEADERS (s = 42) HEIR LEADERS (s = 49)	0.105 $[-0.15; 0.36]$ $SD = 0.333$ 0.529 $[0.29; 0.76]$ $SD = 1.083$	$F(5.938) = 1$, $p = 0.017$ $\eta^2 = 0.063$

Note: Bootstrapping BCa 95% confidence intervals are outlined in the brackets. In these analyses, 39 cases corresponding to the sample of non-owner CEO's have been excluded.

Source: Own elaboration.

Interestingly, when we segment the sample by active leaders on the board of directors, we find that only the majority shareholders present significant differences in the risk management carried out by the two generations of leaders, in which the

heirs again show a greater aversion to risk than the founders: $F(12.497) = 1$, $p = 0.001$ $\eta^2 = 0.132$, $M_f = 0.089$ $[-0.02; 0.19]$ ($SD = 0.328$); $M_h = 0.549$ $[0.31; 0.79]$ ($SD = 0.822$) (see Table 10).

Table 10
ANOVA analysis for the interplay effect between generation and owner type (owner type – constant)

GENERATION DIFFERENCES BETWEEN IN THE BOARD OF DIRECTORS (s = 175)			(Support found for Hypothesis 4)
MAJORITY SHAREHOLDERS (s = 84)			
Discontinuation rate (chain risk)	FOUNDER LEADERS (s = 70) HEIR LEADERS (s = 14)	0.089 $[-0.02; 0.19]$ $SD = 0.328$ 0.549 $[0.31; 0.79]$ $SD = 0.822$	$F(12.497) = 1$, $p = 0.001$ $\eta^2 = 0.132$
MINORITY SHAREHOLDERS (s = 91)			
Discontinuation rate (chain risk)	FOUNDER LEADERS (s = 58) HEIR LEADERS (s = 33)	0.271 $[0.05; 0.49]$ $SD = 0.659$ 0.442 $[0.15; 0.74]$ $SD = 0.659$	$F(0.855) = 1$, $p = 0.358$ $\eta^2 = 0.010$

Note: Bootstrapping BCa 95% confidence intervals are outlined in the brackets. In these analyses, 39 cases corresponding to the sample of non-owner CEO's have been excluded.

Source: Own elaboration.

These findings offer empirical support for the fourth study hypothesis that that: "The association between heir (vs. founder) leadership and risk-taking is stronger when the family holds a majority ownership stake than when it holds a minority stake."

4.5. Robustness Checks and Additional Analyses

To assess the robustness of the main generational effect, we conducted several additional analyses. First, we estimated OLS regression models, which confirm the positive and statistically significant association between heir leadership and outlet discontinuation rates (Model 1).

Second, to mitigate the potential influence of extreme observations, we winsorized the dependent variable at the 95th percentile. The generational effect remains positive and statistically

significant (Model 2), indicating that the findings are not driven by outliers.

Third, we estimated models including structural firm-level controls (sector, firm age, and network size). As shown in Model 3, the generational effect remains stable and statistically significant ($\beta = .263$, $p < .01$), while none of the structural controls exhibit significant associations with discontinuation rates. This suggests that variations in outlet discontinuation are not primarily explained by firm maturity, size, or sectoral context, but rather by leadership characteristics linked to generational differences.

Bootstrap analyses based on 5,000 resamples (BCa confidence intervals) and non-parametric Mann-Whitney U tests yield consistent results. Thereby, these analyses reinforce the robustness of the generational effect.

Table 11

Robustness Analyses: OLS estimates of chain's discontinuation rate

Variables	Model 1	Model 2	Model 3
Generation	0.27***	0.196***	0.263***
Sector	—	—	0.037
Firm Age	—	—	0.012
Firm Size	—	—	0.045
Observations	215	215	215
Adjusted R ²	0.052	0.043	0.061

Note: Bootstrap 5,000 resamples (BCa) confirm significance. Mann-Whitney U test $p = .005$.

Source: Own elaboration.

5. DISCUSSION

In franchising, the importance of assessing risk-related outcomes is enhanced given its plural form of governance and its geographically dispersed network operating under a common brand, where adverse events and reputational shocks may propagate across outlets. In response, our study examined whether leadership generation influences risk-taking in family franchisors, and under what conditions such generational effects vary. In this attempt, we integrated the assumptions of the upper echelons and the SEW perspective to investigate individual factors that may affect the risk propensity of family leaders who hold a position in the top management team (TMT). Family franchising is a particularly revealing setting for this combined logic because franchisors' strategic actions—implemented through governance structures, monitoring, and coordination routines—translate into network-wide outcomes (Hajdini, 2024; Jell-Ojobor *et al.*, 2025). Our evidence that founders and successors differ in risk-taking, consistent with their tendency to weigh economic payoffs alongside SEW concerns such as reputation and transgenerational continuity (Gomez-Mejia *et al.*, 2011; Cruz & Justo, 2017), underscores that leadership effects in franchising are reflected in observable strategic outcomes, including outlet discontinuity.

Our findings support the view that successor (heir) leaders exhibit higher risk-taking than founders in family franchise firms. However, the strength of this relationship varies systematically depending on individual and governance characteristics. Age appears to condition generational risk patterns in a manner consistent with both upper echelons and SEW reasoning: age is linked to time horizons and tolerance for uncertainty, and it may also correspond to how much accumulated legacy and reputation leaders perceive to be at stake. Gender-based moderation is likewise informative because gender can shape both general risk preferences and the weighting of SEW dimensions such as harmony and reputational protection. Specifically, the generational gap in risk-taking is more pronounced among younger leaders, male leaders, and both majority and minority shareholders when occupying ownership or managerial positions. By contrast, when family leaders act as board members, these differences tend to attenuate, suggesting that collective governance mechanisms constrain individual risk preferences. Our findings are consistent with prior research suggesting that successor leaders tend

to pursue more change-oriented and risk-prone strategies (e.g., Duran *et al.*, 2016; Seo & Sharma, 2018). At the same time, our results extend this literature by demonstrating that these differences are particularly salient in the franchising context, where risk has network-wide implications due to brand interdependence.

Our first study hypothesis, which predicted that heir leaders run their companies at a higher level of risk than founding leaders, was true for all three positions of power in the top management team: owner, manager, and active member of the board of directors. This finding provides empirical support for the main assumption made by the upper echelon theory that suggests that young leaders or those with less experience in the organisation are more risk-oriented than senior leaders or those with a long professional trajectory. Unlike the predecessor leaders, Bigley & Wiersema (2002) considers that the socialization process of the inheriting leaders is unique due to their involvement in decision-making before being appointed leader of the company. It is possible that the influence of past family decisions and the need of group membership lead heirs to making riskier decisions in order to legitimize their authority as a leader. These findings fit in with the suggestion by Sa'aban *et al.*, (2013) about the disposition towards change and openness in the organisational structure of the part of the Y generation or millennial generation. Based on our findings, we suggest that this flexibility to accept changes and take risks may be due to having grown up in a diverse and changing environment, which can influence information processing and complex decision making.

When analyzing the interaction between generation and age among family leaders who hold ownership positions, we find that generational differences in risk propensity emerge only among mature leaders. Consistent with upper echelons theory, we find that when family leaders are younger, founders and heirs do not differ significantly in risk propensity. Franco & Prata (2019) argue that the personal characteristics of the founding leader are associated with a greater tolerance to ambiguity, proactive personality and self-efficacy, which fosters their ability to manage risk in a balanced way. After approximately age 50, however, heir leaders become clearly differentiated from founders. While mature leaders are often expected to display conservative behaviour to preserve the status quo regardless of generational status, our results show that mature heirs exhibit a higher propensity to take risks than mature founders. This finding challenges the common assumption that greater tenure in ownership necessarily increases the desire to preserve the status quo (Bigley & Wiersema, 2002). Instead, it aligns with more recent evidence on the distinction between age and generational effects in risk-taking (Yeoh & Hooy, 2022). Yeoh and Hooy (2022) suggest that age effects may lead individuals to become more conservative as they grow older, whereas generational effects—shaped by external conditions and formative experiences—can stabilize risk orientations across the life course. This is because generational effects are the result of the influence of external factors and individual experiences. According to our results, it makes sense to think that the founding leaders are more aware of the future of the company or value more the effort that it took to build and maintain it over time than the heir leaders, who entered when everything was already up and running. Nevertheless, this gap

in risk management does not become significant until leaders reach 50 years of age. Although the socio-emotional and financial stake made by family leaders is much higher for these kinds of companies than for non-family companies (Gomez-Mejia *et al.*, 2019), our results allow us to observe that mature founders are those who recognise the risk involved in the decision to discontinue the business, as well as the possible loss of family assets. Consequently, they exhibit more cautious behaviour than mature heir leaders. This is in line with the results obtained by Yeoh & Hooy (2020) that suggest that risk taking increases only until reaching an age close to retirement. This finding partially aligns with prior upper echelons research linking age to greater risk aversion (Hambrick & Mason, 1984; Serfling, 2014), while also extending more recent work (Yeoh & Hooy, 2022) by showing that generational effects may persist independently of age in family-controlled franchise systems.

On the other hand, when both family leaders are managers, there are generational differences in both age groups. Young and mature heirs assume a greater level of risk than young and mature founders. That is, the generation determines the risk strategic orientation that the family leader is willing to assume. The social learning view could reveal additional insights as to why mature heirs risk more than founders in the same age range. According to Berkes (2009), social learning allows for solving problems jointly and exchanging experiences. As a result of this adaptive process, the authors argue that: “maturing co-management arrangements become adaptive co-management in time, through successive rounds of learning-by-doing” (p. 1699). Relatedly, it is possible that companies led by founders use different governance models than those employed by the heirs (for governance models, see: hierarchical governance; self-governance and co-governance, by Kooiman, 2003). Since founding leaders start from a background opposite to that of their successors (and this starting point is part of a transition process), each leader’s worldview will vary according to the acquired knowledge and experience. Consequently, it will be possible to observe differences in risk management models depending on the generation that leads the company. This pattern is consistent with prior research highlighting that successor leaders are more likely to adopt adaptive and change-oriented strategies (Duran *et al.*, 2016), while also extending this view by showing that such differences remain robust across managerial roles in franchising contexts.

Interestingly, when leaders are active on the board of directors, no generational differences are observed for any age range. According to Gormley *et al.*, (2013) by adjusting the incentives that affect the risk-taking of managers, the boards reduce the exposure to activities that involve risks. Therefore, when family leaders are in this position of power, there are no significant differences in risk seeking between founders and heirs for any age group. After separately analysing the behaviour of family leaders in the senior management team, we offer partial empirical support for the second hypothesis, since we observe that there are differences in the risk rate both in the group of owner leaders and in that of managers. But such differences do not exist for the active leaders on the board of directors. Hence, our results not only reveal that age and generation affect risk management, but the position of the leader in decision making hierarchical level also determines the risk propensity of the family franchises.

When family leaders are owners, managers or are active on the board of directors, only male leaders present differences in risk management depending on the generation. These findings support our proposition that gender affects the differences in risk propensity between founder and heir leaders. We found that for all three positions on the top management team, male heirs commit companies to a higher level of risk than male founders. While being women, for both founders and heirs, a linear behaviour in aversion to risk is observed. Our results reveal that this happens in all positions of power and for both family generations. This is in line with the bulk of literature that suggests that in general, women tend to be more risk averse than men (Apicella *et al.*, 2008; Faccio *et al.*, 2016; Hibbert *et al.*, 2013; Nofsinger *et al.*, 2018). McGuinness (2018) argues that risk attitudes based on gender produce differences in corporate risk management. Thereby, the strategic orientation of the company will vary depending on whether it is led by a man or a woman. This is in line with the results obtained by Datta *et al.*, (2021) which indicate that companies led by women tend to make safer financial decisions in terms of risk than companies led by men. Explanations from the area of behavioural finance suggest that men are more prone to the risk of profit, while women are more prone to suffer losses (Schubert *et al.*, 1999). According to the risk measure presented by this study, the business discontinuation rate implies both a risk to obtain future profits and to suffer losses of the invested capital, therefore, our findings fit with what is expected from the literature on risk-taking behaviour by male leaders. According to the risk measure presented by this study, the business discontinuation rate implies both a risk to obtain future profits and to suffer losses of the invested capital, therefore, our findings extend the literature on risk-taking behaviour and gender to the franchising family business literature. These results are consistent with extensive evidence on gender differences in risk-taking (Croson & Gneezy, 2009; Faccio *et al.*, 2016), while further contributing to the family business literature by showing how gender interacts with generational leadership to shape risk behaviour in franchising contexts.

When the owner leaders are majority shareholders, the heirs exceed the founders in the risk rate and when they are minority shareholders the same result is observed. Interestingly, this is repeated for the owners who are also managers of the company. Again, we find generational differences between both types of shareholders. This finding is in line with the suggestion by Anderson *et al.*, (2009) regarding the presence of founding leaders or heirs in ownership and corporate opacity. According to these authors, it is possible that generational leaders solve agency problems by acting as controlling shareholders. In turn, this is consistent with what found by Anderson and Reeb (2003) about improving business performance when family leaders are owners and act as managers. Consequently, it is possible to observe risky behaviour in both profiles of owner-shareholders. In the present study, we reveal that the inheriting leader makes a difference by exhibiting again a higher discontinuation rate than the founding leader. Besides, we reveal that founding leaders are more risk averse in both types of ownership, which adds to the evidence presented by Shleifer & Vishny (1986) on risk aversion in general on the part of large shareholders. This finding is also in line with prior studies on ownership structure and risk incen-

tives (Aabo *et al.*, 2011; Caprio *et al.*, 2011), while extending this perspective by highlighting how generational leadership interacts with ownership positions to influence risk-taking in family franchise firms.

Notwithstanding, when in franchising family business, owners are active leaders on the board of directors, only majority shareholders present generational differences in risk, with heirs showing a higher risk rate compared to their predecessors. Although the board of directors is conceived as a control mechanism to alleviate the agency problem (Richardson *et al.*, 2013), the responsibility for implementing policies that involve risk decisions rests in the management sphere (Rae *et al.*, 2008). Therefore, active owner leaders on the board of directors are more likely to hold a more conservative view than owners who are managers. The fact that generational differences appear only under majority ownership aligns with Caprio *et al.* (2011), who argue that firms are less likely to pursue risk when family ownership is insufficient to secure enduring control. In this sense, minority shareholders may have weaker incentives to bear uncertainty or to “spend” risk in ways that could threaten control and socioemotional endowments. In contrast, when leaders are majority shareholders, the heirs present on the board of directors tend to repeat the pattern of assuming risk. Again, heir leaders may exhibit riskier behaviour in response to seeking external approval as agents of authority before the board of directors. However, as our findings reflect, the heirs do not show differences in the assumption of risk in certain situations, in this case, when they are minority shareholders.

Building on our findings, we further clarify several implications for practitioners in family franchise systems. First, succession processes should explicitly account for differences in risk orientation between founders and successors. Our results suggest that heirs—particularly younger and male leaders—tend to exhibit higher risk propensity, which implies that firms should design gradual transition processes and structured decision-making frameworks to mitigate excessive risk-taking. Second, governance mechanisms play a critical role in balancing individual risk preferences. The absence of generational differences at the board level suggests that collective decision-making structures (e.g., boards or advisory committees) can effectively constrain individual biases. Practitioners should therefore strengthen governance bodies during and after succession. Third, ownership structure and leadership roles should be carefully aligned. Given that risk-taking varies depending on whether leaders act as owners, managers, or board members, firms should clearly define decision rights and responsibilities to avoid unintended risk exposure at the network level. Finally, given the presence of gender differences in risk behaviour, fostering diversity in leadership teams may contribute to more balanced and sustainable strategic decisions, particularly in franchise systems where reputational spillovers can affect the entire network.

6. LIMITATIONS AND FUTURE RESEARCH

This study is subject to several limitations, which can serve as promising avenues for future research. First, the study is confined to Spanish franchise chains, which limits generalizability.

Family franchising can vary substantially across countries in terms of legal systems, governance norms, succession traditions, and franchise market maturity. Second, the dependent variable captures risk through chain discontinuation rate, which reflects one manifestation of risk. Future scholars may investigate additional dimensions such as innovation risk, international expansion risk, or reputational risk. Next, while the study includes structural controls, there may still be omitted franchise-specific factors affecting discontinuation risk, such as franchisor support quality and brand name, franchisee recruitment standards, contract design, local market saturation, or digital transformation (Hajdini & Raha, 2018; Hajdini and Windsperger, 2019; Maseda *et al.*, 2025). These could partly influence the reported generation effects. Finally, the fact that the generational effect is attenuated in board settings indicates that not all forms of family involvement translate equally into strategic risk. Future work should therefore continue to differentiate among family roles and levels of influence rather than treating family leadership as a uniform construct (Chirico *et al.*, 2011). In addition, while this study distinguishes between leader age and generational leadership, we acknowledge that we do not observe CEO tenure, which could provide complementary insights into leadership experience. Future research may benefit from jointly examining age, tenure, and generational position to further disentangle their respective effects on risk-taking in family franchise firms. It thus provides a foundation for future studies on family business leadership and risk management at the chain level.

Beyond these limitations, future research should further unpack the underlying mechanisms driving generational differences in risk-taking. In particular, more fine-grained empirical designs could examine how cognitive frames, socioemotional priorities, and decision-making processes evolve across generations and how these mechanisms translate into strategic risk outcomes at the network level. Future studies may also benefit from longitudinal and process-based approaches to better capture how risk orientations develop and change over time, particularly during succession processes. Such designs would allow scholars to move beyond cross-sectional comparisons and provide deeper insights into the dynamics of intergenerational transitions in family franchise systems. More broadly, our data did not allow us to observe SEW dimensions directly. Subsequent studies could incorporate direct measures of SEW priorities—such as family control concerns, legacy preservation, family identity, or transgenerational intentions—to test the underlying mechanisms more explicitly. Finally, given the unique characteristics of franchising as a network-based organizational form, future research could explore how risk-taking behaviours interact with network-level dynamics, such as franchisee–franchisor relationships, coordination mechanisms, and reputational spillovers. This would further advance our understanding of how individual leadership differences scale into system-wide strategic outcomes.

7. CONCLUSION

This study examined how leadership generation shapes risk-taking in family franchise firms, and when these generational differences vary across individual and governance condi-

tions. Drawing on upper echelons theory, we argued that founders and successors differ in risk-related strategic choices because they bring different cognitive frames, time horizons, and levels of discretion to decision making. We complemented this view with SEW theory, which explains why family leaders may evaluate risky actions as mixed gambles that affect both financial outcomes and socioemotional endowments such as reputation, identity, and transgenerational continuity (Cruz & Justo, 2017; Gomez-Mejia *et al.*, 2011). Using primary data from 215 franchise chains, our findings confirm that heirs generally assume higher risk than founders across positions of ownership, management and board membership. We also reveal how age, gender and shareholder type moderate this generation–risk relationship. Younger leaders and male heirs show higher levels of risk-taking than their counterparts, while board members—regardless of generation—tend to adopt more conservative positions, likely due to collective decision-making dynamics. Collectively, the findings underscore that risk management in family franchising is not only a function of market context or governance form, but also of who leads the organization and how socioemotional priorities interact with discretion and constraints across roles.

These results carry important practical implications for founders and family owners of franchise systems. First, succession processes should not be designed solely around generational transfer, but also around the individual risk profiles of successors. Our findings suggest that younger and successor leaders tend to display higher risk propensity; therefore, founders may benefit from gradually involving heirs in strategic decision-making and exposing them to structured governance mechanisms before full leadership transfer. Second, in succession processes, the suitability of the risk profiles of the successors to the characteristics of the firms and their environments must be assessed. Whether a leader with a higher or lower risk propensity is suitable for a company depends on both the company's situation and its environment. A risk-prone leader might be more appropriate, for example, when the company needs to grow to improve its competitiveness or operates in highly competitive or technological markets (Maseda *et al.*, 2025). A less risk-prone, more conservative leader might be suitable when the business is already profitable and the main objective is to protect dividends and optimize internal processes (Markin *et al.*, 2024), or in highly regulated sectors. Third, given the observed gender differences in risk-taking, family franchise firms may benefit from fostering gender-diverse leadership teams, particularly in ownership and managerial roles. The presence of female leaders may contribute to more balanced risk decisions, especially in periods of strategic change or expansion. Fourth, the results highlight the importance of governance structures in moderating excessive risk-taking. Board involvement appears to attenuate generational differences in risk propensity, suggesting that founders should strengthen collective decision-making forums—such as boards or advisory committees—to counterbalance individual risk preferences during and after succession. Therefore, these practices can help family franchise firms align entrepreneurial risk-taking with long-term sustainability. Family franchise firms should approach succession not only as a transfer of authority, but also as a transition in risk orientation. Founders may benefit from gradually socializing successors into network-level decision making,

while using boards, advisory committees, and clearly specified decision rights to prevent excessive risk-taking during and after succession. More broadly, the results suggest that governance design can serve as a balancing mechanism, helping family franchisors preserve entrepreneurial adaptability without undermining long-term network stability.

On the theoretical front we show that risk management in family franchising is shaped not only by market conditions or organizational structure, but also by who leads the chain and how that leader's generational position interacts with governance constraints and socioemotional priorities. This helps explain why family franchise firms facing broadly similar conditions may still pursue markedly different strategic paths. Our first contribution is to strategic leadership research: we extend an upper echelons explanation of risk behaviour to the underexplored context of family franchising and show that generational leadership is associated with meaningful differences in risk outcomes, while governance roles condition the extent to which leader preferences translate into realized risk. Our second contribution is to family business and franchising research: we clarify SEW-based mechanisms—especially reputation and legacy concerns—and demonstrate how these mechanisms operate in a networked brand setting where spillovers magnify the consequences of risk decisions. Together, these contributions help explain heterogeneity in family franchisor behaviour and connect the franchising context to current debates on family versus non-family franchisors and ownership-related outcomes.

7. ACKNOWLEDGEMENTS

The authors would like to express their gratitude for the valuable contributions and recommendations received during the ISO F 2025 (International Society of Franchising) Conference in Cyprus, where this work was presented as an oral communication. Special thanks are extended to the distinguished professors and experts in the field of franchising from various universities, including Prof. Josef Windsperger (University of Vienna), Prof. Manuel González-Díaz (University of Oviedo), Prof. Steven C. Michael (University of Wisconsin-Milwaukee), and Prof. Marko Grünhagen (Eastern Illinois University), whose insightful suggestions greatly enriched this study. We also gratefully acknowledge the financial support of the Erasmus+ programme in 2025 (Univeristy of León), which made possible the collaboration with Prof. Ilir Hajdini at the University of Vienna under the supervision of Prof. Josef Windsperger.

Sources of financing: The authors acknowledge financial support from the Spanish Ministry of Science and Innovation and AEI, MCIN/AEI/10.13039/501100011033, and from the European Union (Grants PID2019-107546GA-I00 and PID2022-136496NB-I00).

Authors acknowledge the use of AI (e.g., ChatGPT/Grammarly) for the purpose of content readability improvement, grammar correction, and language refinement. AI tools have not been used to generate the research ideas, theoretical arguments, data analysis, findings, interpretations, or conclusions. All assisted writing was reviewed and corrected by the authors, who assume full responsibility for the work.

Conflict of Interest: The authors confirm that there are no conflicts of interest associated with this study.

8. AUTHORSHIP

All authors should have contributed substantially to several stages of the research design and conduct process. Conceptualization: María Fernández Muiños; Methodology: María Fernández Muiños & Ilir Hajdini; Formal analysis and investigation: María Fernández Muiños, Ilir Hajdini & Luis Vázquez Suárez; Writing - original draft preparation: María Fernández Muiños & Ilir Hajdini; Writing - review and editing: Luis Vázquez Suárez, Ilir Hajdini, & María Fernández Muiños; Funding acquisition: Luis Vázquez Suárez; Resources: Luis Vázquez Suárez; Supervision: Luis Vázquez Suárez & Ilir Hajdini.

9. REFERENCES

- Aabo, T., Kuhn, J., & Zanotti, G. (2011). Founder family influence and foreign exchange risk management. *International Journal of Managerial Finance*. <https://doi.org/10.1108/17439131111108991>.
- Anderson, R. C., & Reeb, D. M. (2003). Founding-family ownership and firm performance: evidence from the S&P 500. *The Journal of Finance*, 58(3), 1301-1328. <https://doi.org/10.1111/1540-6261.00567>.
- Anderson, R. C., Duru, A., & Reeb, D. M. (2009). Founders, heirs, and corporate opacity in the United States. *Journal of Financial Economics*, 92(2), 205-222. <https://doi.org/10.1016/j.jfineco.2008.04.006>.
- Apicella, C. L., Dreber, A., Campbell, B., Gray, P. B., Hoffman, M., & Little, A. C. (2008). Testosterone and financial risk preferences. *Evolution and Human Behavior*, 29(6), 384-390. <https://doi.org/10.1016/j.evolhumbehav.2008.07.001>.
- Astrachan, J. H., Klein, S. B., & Smyrniotis, K. X. (2002). The F-PEC scale of family influence: A proposal for solving the family business definition problem1. *Family Business Review*, 15(1), 45-58. <https://doi.org/10.1111/j.1741-6248.2002.00045.x>.
- Baker, B. L., & Dant, R. P. (2008). Stable plural forms in franchise systems: An examination of the evolution of ownership redirection research. In *Strategy and governance of networks: Cooperatives, franchising, and strategic alliances* (pp. 87-112). Heidelberg: Physica-Verlag HD.
- Bantel, K. A., & Jackson, S. E. (1989). Top management and innovations in banking: does the composition of the top team make a difference?. *Strategic Management Journal*, 10(S1), 107-124. <https://doi.org/10.1002/smj.4250100709>.
- Barker III, V. L., & Mueller, G. C. (2002). CEO characteristics and firm R&D spending. *Management Science*, 48(6), 782-801. <https://doi.org/10.1287/mnsc.48.6.782.187>.
- Berkes, F. (2009). Evolution of co-management: role of knowledge generation, bridging organizations and social learning. *Journal of environmental management*, 90(5), 1692-1702. <https://doi.org/10.1016/j.jenvman.2008.12.001>.
- Berrone, P., Cruz, C., & Gomez-Mejia, L. R. (2012). Socioemotional wealth in family firms: Theoretical dimensions, assessment approaches, and agenda for future research. *Family Business Review*, 25(3), 258-279. <https://doi.org/10.1177/0894486511435355>.
- Bianco, M., Bontempi, M. E., Golinelli, R., & Parigi, G. (2013). Family firms' investments, uncertainty and opacity. *Small Business Economics*, 40(4), 1035-1058. <https://doi.org/10.1007/s11187-012-9414-3>.
- Bigley, G. A., & Wiersema, M. F. (2002). New CEOs and corporate strategic refocusing: How experience as heir apparent influences the use of power. *Administrative Science Quarterly*, 47(4), 707-727. <https://doi.org/10.2307%2F3094914>.
- Blair, R. D., & Lafontaine, F. (2005). *The economics of franchising*. Cambridge University Press.
- Blake, D. J., & Moschieri, C. (2017). Policy risk, strategic decisions and contagion effects: Firm-specific considerations. *Strategic Management Journal*, 38(3), 732-750. <https://doi.org/10.1002/smj.2509>.
- Bonsu, N. O. (2020). Towards a circular and low-carbon economy: Insights from the transitioning to electric vehicles and net zero economy. *Journal of Cleaner Production*, 256, 120659. [10.1016/j.jclepro.2020.120659](https://doi.org/10.1016/j.jclepro.2020.120659).
- Bradach, J. L. (1997). Using the plural form in the management of restaurant chains. *Administrative Science Quarterly*, 276-303. <https://doi.org/10.2307/2393921>.
- Bromiley, P., McShane, M., Nair, A., & Rustambekov, E. (2015). Enterprise risk management: Review, critique, and research directions. *Long Range Planning*, 48(4), 265-276. <https://doi.org/10.1016/j.lrp.2014.07.005>.
- Brustbauer, J. K., & Peters, M. (2013). Risk perception of family and non-family firm managers. *International Journal of Entrepreneurship and Small Business*, 20(1), 96-116.
- Caprio, L., Croci, E., & Del Giudice, A. (2011). Ownership structure, family control, and acquisition decisions. *Journal of Corporate Finance*, 17(5), 1636-1657. <https://doi.org/10.1016/j.jcorpfin.2011.09.008>.
- Castrogiovanni, G. J., & Justis, R. T. (1998). Franchising configurations and transitions. *Journal of Consumer Marketing*, 15(2), 170-190. <https://doi.org/10.1108/07363769810210377>.
- Charness, G., & Gneezy, U. (2012). Strong evidence for gender differences in risk taking. *Journal of Economic Behavior & Organization*, 83(1), 50-58. <https://doi.org/10.1016/j.jebo.2011.06.007>.
- Chirico, F., Ireland, R. D., & Sirmon, D. G. (2011). Franchising and the family firm: Creating unique sources of advantage through "familiness". *Entrepreneurship Theory and Practice*, 35(3), 483-501. <https://doi.org/10.1111%2Fj.1540-6520.2011.00441.x>.
- Chirico, F., Welsh, D. H. B., Ireland, R. D., & Sieger, P. (2021). Family versus non-family firm franchisors: Behavioural and performance differences. *Journal of Management Studies*, 58(1), 165-200. [doi:10.1111/joms.12567](https://doi.org/10.1111/joms.12567).
- Chrisman, J. J., Chua, J. H., & Sharma, P. (2005). Trends and directions in the development of a strategic management theory of the family firm. *Entrepreneurship Theory and Practice*, 29(5), 555-575. <https://doi.org/10.1111/j.1540-6520.2005.00098.x>.
- Christensen, M., Knudsen, T., Nash, U. W., & Stieglitz, N. (2020). Industry competition and firm conduct: Joint determinants of risk-return relations. *Strategic Management Journal*, 41(12), 2315-2338. <https://doi.org/10.1002/smj.3184>.
- Chua, J. H., Chrisman, J. J., & Sharma, P. (1999). Defining the family business by behavior. *Entrepreneurship Theory and Practice*, 23(4), 19-39. <https://doi.org/10.1177/104225879902300402>.
- Combs, J. G., Ketchen Jr, D. J., & Short, J. C. (2011). Franchising research: Major milestones, new directions, and its future within entrepreneurship. *Entrepreneurship Theory and Practice*, 35(3), 413-425. <https://doi.org/10.1111/j.1540-6520.2011.00443.x>.
- Cronqvist, H., Previtero, A., Siegel, S., & White, R. E. (2016). The fetal origins hypothesis in finance: Prenatal environment, the gender gap, and investor behavior. *The Review of Financial Studies*, 29(3), 739-786. <https://doi.org/10.1093/rfs/hhv065>.
- Croson, R., & Gneezy, U. (2009). Gender differences in preferences. *Journal of Economic Literature*, 47(2), 448-74. DOI: 10.1257/jel.47.2.448.

- Cruz, C. C., Gómez-Mejia, L. R., & Becerra, M. (2010). Perceptions of benevolence and the design of agency contracts: CEO-TMT relationships in family firms. *Academy of Management Journal*, 53(1), 69-89. <https://doi.org/10.5465/amj.2010.48036975>.
- Cruz, C., & Justo, R. (2017). Portfolio entrepreneurship as a mixed gamble: A winning bet for family entrepreneurs in SMEs. *Journal of Small Business Management*, 55(4), 571-593. DOI: 10.1111/jsbm.12341.
- Dang, M., Henry, D., & Hoang, V. A. D. (2017). Target CEO age, ownership decisions, and takeover outcomes. *Research in International Business and Finance*, 42, 769-783. <https://doi.org/10.1016/j.ribaf.2017.07.015>.
- Das, T. K., & Teng, B. S. (1998). Resource and risk management in the strategic alliance making process. *Journal of Management*, 24(1), 21-42. <https://doi.org/10.1177%2F014920639802400103>.
- Datta, S., Doan, T., & Toscano, F. (2021). Top executive gender, board gender diversity, and financing decisions: Evidence from debt structure choice. *Journal of Banking & Finance*, 125, 106070. <https://doi.org/10.1016/j.jbankfin.2021.106070>.
- Duran, P., Kammerlander, N., Van Essen, M., & Zellweger, T. (2016). Doing more with less: Innovation input and output in family firms. *Academy of management Journal*, 59(4), 1224-1264. <https://doi.org/10.5465/amj.2014.0424>.
- Everett, J., & Watson, J. (1998). Small business failure and external risk factors. *Small Business Economics*, 11(4), 371-390. <https://doi.org/10.1023/A:1008065527282>.
- Faccio, M., Marchica, M. T., & Mura, R. (2011). Large shareholder diversification and corporate risk-taking. *The Review of Financial Studies*, 24(11), 3601-3641. <https://doi.org/10.1093/rfs/hhr065>.
- Faccio, M., Marchica, M., & Mura, R. (2016). CEO gender, corporate risk-taking, and the efficiency of capital allocation. *Journal of Corporate Finance*, 39, 193-209. <https://doi.org/10.1016/j.jcorpfin.2016.02.008>.
- Falk, A., & Hermle, J. (2018). Relationship of gender differences in preferences to economic development and gender equality. *Science*, 362(6412). <https://doi.org/10.1126/science.aas9899>.
- Fang, H. C., Memili, E., Chrisman, J. J., & Tang, L. (2021). Narrow-framing and risk preferences in family and non-family firms. *Journal of Management Studies*, 58(1), 201-235. <https://doi.org/10.1111/joms.12671>.
- Fernández Méndez, C., Arrondo García, R., & Pathan, S. (2021). CEO pay and family firm heterogeneity: A behavioral agency model perspective. *BRQ Business Research Quarterly*. <https://doi.org/10.1177/23409444211051754>.
- Forbes, D. P. (2005). Are some entrepreneurs more overconfident than others?. *Journal of business venturing*, 20(5), 623-640. <https://doi.org/10.1016/j.jbusvent.2004.05.001>.
- Franco, M., & Prata, M. (2019). Influence of the individual characteristics and personality traits of the founder on the performance of family SMEs. *European Journal of International Management*, 13(1), 41-68.
- Frederick, S. (2005). Cognitive reflection and decision making. *Journal of Economic perspectives*, 19(4), 25-42. DOI: 10.1257/089533005775196732.
- Friedl, A., Pondorfer, A., & Schmidt, U. (2020). Gender differences in social risk taking. *Journal of Economic Psychology*, 77, 102182. <https://doi.org/10.1016/j.joep.2019.06.005>.
- Godfrey, P. C. (2005). The relationship between corporate philanthropy and shareholder wealth: A risk management perspective. *Academy of Management Review*, 30(4), 777-798.
- Gomez-Mejia, L. R., Cruz, C., Berrone, P., & De Castro, J. (2011). The bind that ties: Socioemotional wealth preservation in family firms. *Academy of Management annals*, 5(1), 653-707. <https://doi.org/10.5465/19416520.2011.593320>.
- Gómez-Mejía, L. R., Haynes, K. T., Núñez-Nickel, M., Jacobson, K. J., & Moyano-Fuentes, J. (2007). Socioemotional wealth and business risks in family-controlled firms: Evidence from Spanish olive oil mills. *Administrative Science Quarterly*, 52(1), 106-137. <https://doi.org/10.2189/asqu.52.1.106>.
- Gomez-Mejia, L. R., Neacsu, I., & Martin, G. (2019). CEO risk-taking and socioemotional wealth: The behavioral agency model, family control, and CEO option wealth. *Journal of Management*, 45(4), 1713-1738. <https://doi.org/10.1177%2F0149206317723711>.
- Gómez-Bezares, F., Przychodzen, W., & Przychodzen, J. (2017). Bridging the gap: How sustainable development can help companies create shareholder value and improve financial performance. *Business Ethics: A European Review*, 26(1), 1-17. <https://doi.org/10.1111/beer.12135>.
- Gormley, T. A., Matsa, D. A., & Milbourn, T. (2013). CEO compensation and corporate risk: Evidence from a natural experiment. *Journal of Accounting and Economics*, 56(2-3), 79-101. <https://doi.org/10.1016/j.jacceco.2013.08.001>.
- Gottardo, P., & Moisello, A. M. (2017). Family firms, risk-taking and financial distress. *Problems and perspectives in management*, 15(2), 168-177.
- Hajdini, I. (2024). Multiple control strategies and franchisor performance: Performance effects of authoritative, contractual, and relational control mechanisms. *Journal of Management and Governance*, 28(3), 875-904. <https://doi.org/10.1007/s10997-023-09685-6>.
- Hajdini, I., & Raha, A. (2018). Determinants of contractual restraints in franchise contracting. *Managerial and Decision Economics*, 39(7), 781-791. <https://doi.org/10.1002/mde.2961>.
- Hajdini, I., & Windsperger, J. (2019). Contractual restraints and performance in franchise networks. *Industrial Marketing Management*, 82, 96-105. <https://doi.org/10.1016/j.indmarman.2019.02.011>.
- Hambrick, D. C. (2007). Upper echelons theory: An update. *Academy of Management Review*, 32(2), 334-343. <https://doi.org/10.5465/amr.2007.24345254>.
- Hambrick, D. C., & Mason, P. A. (1984). Upper echelons: The organization as a reflection of its top managers. *Academy of Management Review*, 9(2), 193-206. <https://doi.org/10.5465/amr.1984.4277628>.
- Handler, W. C. (1994). Succession in family business: A review of the research. *Family Business Review*, 7(2), 133-157. <https://doi.org/10.1111/j.1741-6248.1994.00133.x>.
- Hardy, C., Maguire, S., Power, M., & Tsoukas, H. (2020). Organizing risk: Organization and management theory for the risk society. *Academy of Management Annals*, 14(2), 1032-1066. <https://doi.org/10.5465/annals.2018.0110>.
- Helfat, C. E., & Peteraf, M. A. (2015). Managerial cognitive capabilities and the microfoundations of dynamic capabilities. *Strategic management journal*, 36(6), 831-850. <https://doi.org/10.1002/smj.2247>.
- Hewlett, S. A. (2002). Executive women and the myth of having it all. *Harvard Business Review*, 80(4), 66-73. 11930783.
- Hibbert, A. M., Lawrence, E. R., & Prakash, A. J. (2013). Does knowledge of finance mitigate the gender difference in financial risk-aversion?. *Global Finance Journal*, 24(2), 140-152. <https://doi.org/10.1016/j.gfj.2013.07.002>.
- Hwang, S., & Kim, W. (2016). When heirs become major shareholders: Evidence on pyramiding financed by related-party sales. *Journal of Corporate Finance*, 41, 23-42. <https://doi.org/10.1016/j.jcorpfin.2016.08.013>.
- Jacobides, M. G., MacDuffie, J. P., & Tae, C. J. (2016). Agency, structure, and the dominance of OEMs: Change and stability in the automotive sector. *Strategic Management Journal*, 37(9), 1942-1967. <https://doi.org/10.1002/smj.2426>.
- Jell-Ojober, M., Russwurm, R., & Windsperger, J. (2025). Blockchain Technology and Governance of Franchise Networks. *Managerial*

- and *Decision Economics*, 46(3), 1478-1500. <https://doi.org/10.1002/mde.4443>.
- Jiang, F., Jiang, Z., Kim, K. A., & Zhang, M. (2015). Family-firm risk-taking: does religion matter?. *Journal of Corporate Finance*, 33, 260-278. <https://doi.org/10.1016/j.jcorpfin.2015.01.007>.
- Kahneman D. 2011. *Thinking Fast and Slow*. Farrar, Straus and Giroux: New York
- Kauppi, K., Longoni, A., Caniato, F., & Kuula, M. (2016). Managing country disruption risks and improving operational performance: risk management along integrated supply chains. *International Journal of Production Economics*, 182, 484-495. <https://doi.org/10.1016/j.ijpe.2016.10.006>.
- Kauppila, O. P., Bizzi, L., & Obstfeld, D. (2018). Connecting and creating: Tertius iungens, individual creativity, and strategic decision processes. *Strategic Management Journal*, 39(3), 697-719. <https://doi.org/10.1002/smj.2728>.
- Kooiman, J., 2003. *Governing as Governance*. Sage, London.
- Kotlar, J., De Massis, A., Fang, H., & Frattini, F. (2014). Strategic reference points in family firms. *Small Business Economics*, 43(3), 597-619. DOI 10.1007/s11187-014-9556-6.
- Kraicz, N. D., Hack, A., & Kellermanns, F. W. (2015). What makes a family firm innovative? CEO risk-taking propensity and the organizational context of family firms. *Journal of Product Innovation Management*, 32(3), 334-348. <https://doi.org/10.1111/jpim.12203>.
- Kraus, S., Mensching, H., Calabrò, A., Cheng, C. F., & Filser, M. (2016). Family firm internationalization: A configurational approach. *Journal of Business Research*, 69(11), 5473-5478. <https://doi.org/10.1016/j.jbusres.2016.04.158>.
- Lafontaine, F. (1992). Agency theory and franchising: some empirical results. *The Rand Journal of Economics*, 263-283. <https://doi.org/10.2307/2555988>.
- Le Breton-Miller, I., Miller, D., & Steier, L. P. (2004). Toward an integrative model of effective FOB succession. *Entrepreneurship Theory and Practice*, 28(4), 305-328. <https://doi.org/10.1111/j.1540-6520.2004.00047.x>
- Le Breton-Miller, I., & Miller, D. (2013). Socioemotional wealth across the family firm life cycle: A commentary on "Family Business Survival and the Role of Boards". *Entrepreneurship Theory and Practice*, 37(6), 1391-1397. <https://doi.org/10.1111/etap.12072>.
- Lee, W. S., & Moon, J. (2016). Determinants of CEO strategic risk-taking in the airline industry. *Tourism Management Perspectives*, 18, 111-117. <https://doi.org/10.1016/j.tmp.2016.01.009>.
- Lepp, A., & Gibson, H. (2003). Tourist roles, perceived risk and international tourism. *Annals of tourism research*, 30(3), 606-624. [https://doi.org/10.1016/S0160-7383\(03\)00024-0](https://doi.org/10.1016/S0160-7383(03)00024-0).
- Li, X., Low, A., & Makhija, A. K. (2017). Career concerns and the busy life of the young CEO. *Journal of Corporate Finance*, 47, 88-109. <https://doi.org/10.1016/j.jcorpfin.2017.09.006>.
- Lim, E. N., Lubatkin, M. H., & Wiseman, R. M. (2010). A family firm variant of the behavioral agency theory. *Strategic Entrepreneurship Journal*, 4(3), 197-211. <https://doi.org/10.1002/sej.91>
- Lude, M., & Prügl, R. (2019). Risky decisions and the family firm bias: An experimental study based on prospect theory. *Entrepreneurship Theory and Practice*, 43(2), 386-408. <https://doi.org/10.1177%2F1042258718796078>.
- McGuinness, P. B. (2018). IPO firm performance and its link with board officer gender, family-ties and other demographics. *Journal of Business Ethics*, 152(2), 499-521. <https://doi.org/10.1007/s10551-016-3295-3>.
- Markin, E., Sherlock, C., Swab, R. G., & McLarty, B. D. (2024). Franchise ownership types and noneconomic performance among quick service restaurants: do family operated franchises receive fewer health code violations? *Small Business Economics*, 63(2), 851-869.
- Maseda, A., Iturralde, T., & Arzubiaga, U. (2025). Unpacking the role of entrepreneurial orientation in the digital transformation of family SMEs: The importance of leadership structure and generational involvement. *Technological Forecasting and Social Change*, 219, 124248.
- Meiseberg, B., & Ehrmann, T. (2012). Lost in translation? The prevalence and performance impact of corporate social responsibility in franchising. *Journal of Small Business Management*, 50(4), 566-595. <https://doi.org/10.1111/j.1540-627X.2012.00367.x>.
- Merono-Cerdan, A. L., & Lopez-Nicolas, C. (2017). Women in management: Are family firms somehow special?. *Journal of Management & Organization*, 23(2), 224-240. <https://doi.org/10.1017/jmo.2016.67>.
- Miller, K. D. (1992). A framework for integrated risk management in international business. *Journal of International Business Studies*, 23(2), 311-331. <https://doi.org/10.1057/palgrave.jibs.8490270>.
- Miller, K. D. (1998). Economic exposure and integrated risk management. *Strategic Management Journal*, 19(5), 497-514. [https://doi.org/10.1002/\(SICI\)1097-0266\(199805\)19:5%3C497::AID-SM-J958%3E3.0.CO;2-M](https://doi.org/10.1002/(SICI)1097-0266(199805)19:5%3C497::AID-SM-J958%3E3.0.CO;2-M).
- Mousavi, S., & Gigerenzer, G. (2014). Risk, uncertainty, and heuristics. *Journal of Business Research*, 67(8), 1671-1678. <https://doi.org/10.1016/j.jbusres.2014.02.013>.
- Mullins, J. W., Forlani, D., & Cardozo, R. N. (2002). Seeing differently, acting differently? New venture perceptions and decisions of managers and successful entrepreneurs. *Journal of Research in Marketing and Entrepreneurship*. <https://doi.org/10.1108/14715200280001470>.
- Ni, X. (2020). Does stakeholder orientation matter for earnings management: Evidence from non-shareholder constituency statutes. *Journal of Corporate Finance*, 62, 101606. <https://doi.org/10.1016/j.jcorpfin.2020.101606>.
- Nofsinger, J. R., Patterson, F. M., & Shank, C. A. (2018). *Decision-making, financial risk aversion, and behavioral biases: The role of testosterone and stress*. *Economics & Human Biology*, 29, 1-16. <https://doi.org/10.1016/j.ehb.2018.01.003>
- Patel, P. C., & Chrisman, J. J. (2014). Risk abatement as a strategy for R&D investments in family firms. *Strategic Management Journal*, 35(4), 617-627. <https://doi.org/10.1002/smj.2119>.
- Peláez-León, J. D., & Sánchez-Marín, G. (2021). Socioemotional wealth and human resource policies: effects on family firm performance. *International Journal of Entrepreneurial Behavior & Research*. <https://doi.org/10.1108/IJEBr-05-2021-0404>.
- Perrigot, R., Oxibar, B., & Déjean, F. (2015). Corporate Social Disclosure in the Franchising Sector: Insights from French Franchisors' Websites. *Journal of Small Business Management*, 53(2), 321-339. <https://doi.org/10.1111/jsbm.12074>.
- Rae, K., Subramaniam, N., & Sands, J. (2008). Risk management and ethical environment: Effects on internal audit and accounting control procedures. *Journal of Applied Management Accounting Research*, 6(1), 11.
- Rajdev, A. A., & Raninga, M. A. M. (2016). Gender and heuristic driven biases: A review of literature. *International Journal of Commerce, Business and Management*, 5(3), 35-38.
- Richardson, G., Taylor, G., & Lanis, R. (2013). The impact of board of director oversight characteristics on corporate tax aggressiveness: An empirical analysis. *Journal of Accounting and Public Policy*, 32(3), 68-88. <https://doi.org/10.1016/j.jaccpubpol.2013.02.004>.
- Sa'aban, S., Ismail, N., & Mansor, M. F. (2013). A study on generation y behavior at workplace. In *International Conference on Business Innovation, Entrepreneurship and Engineering* (Vol. 549).
- Schubert, R. (2006). Analyzing and managing risks—on the importance of gender differences in risk attitudes. *Managerial Finance*. <https://doi.org/10.1108/03074350610681925>.
- Schubert, R., Brown, M., Gysler, M., & Brachinger, H. W. (1999). Financial decision-making: are women really more risk-averse?. *American economic review*, 89(2), 381-385. DOI: 10.1257/aer.89.2.381.

- Schulte, J., & Hallstedt, S. I. (2018). Company risk management in light of the sustainability transition. *Sustainability*, 10(11), 4137. <https://doi.org/10.3390/su10114137>.
- Seo, K., & Sharma, A. (2018). CEO overconfidence and the effects of equity-based compensation on strategic risk-taking in the US restaurant industry. *Journal of Hospitality & Tourism Research*, 42(2), 224-259. <https://doi.org/10.1177%2F1096348014561026>.
- Serfling, M. A. (2014). CEO age and the riskiness of corporate policies. *Journal of Corporate Finance*, 25, 251-273. <https://doi.org/10.1016/j.jcorpfin.2013.12.013>.
- Serfling, M. A. (2014). CEO age and the riskiness of corporate policies. *Journal of Corporate Finance*, 25, 251-273. <https://doi.org/10.1016/j.jcorpfin.2013.12.013>.
- Sharfman, M. P., & Fernando, C. S. (2008). Environmental risk management and the cost of capital. *Strategic management journal*, 29(6), 569-592. <https://doi.org/10.1002/smj.678>.
- Shleifer, A., & Vishny, R. W. (1986). Large shareholders and corporate control. *Journal of political economy*, 94(3, Part 1), 461-488.
- Soane, E., Jones, B. C., & Willman, P. (2016). The Risk Position Model: A Multilevel Framework For Managing Organizational Risk. In *Academy of Management Proceedings* (Vol. 2016, No. 1, p. 15622). Briarcliff Manor, NY 10510: Academy of Management. <https://doi.org/10.5465/ambpp.2016.15622abstract>.
- Spanish Franchise Association (2018). Franchising in Spain: National Statistics. Available at: <http://www.franquiciadores.com/wp-content/uploads/2018/04/Franchising-in-Spain-AEF-National-Statistics-2018.pdf>
- Spanish Franchise Association (2020). Franchising in Spain: National Statistics. Available at: <http://www.franquiciadores.com/wp-content/uploads/2020/03/Franchising-in-Spain-2020-1.pdf>
- Thomas, J., & Graves, C. (2005). Internationalization of the family firm: The contribution of an entrepreneurial orientation. *Journal of Business and Entrepreneurship*, 17(2), 91. Retrieved from <https://www.proquest.com/scholarly-journals/internationalization-family-firm-contribution/docview/214229766/se-2?accountid=17252>.
- Trumbo, C. W. (2002). Information processing and risk perception: An adaptation of the heuristic-systematic model. *Journal of communication*, 52(2), 367-382. <https://doi.org/10.1111/j.1460-2466.2002.tb02550.x>.
- Wang, C. M., Xu, B. B., Zhang, S. J., & Chen, Y. Q. (2016). Influence of personality and risk propensity on risk perception of Chinese construction project managers. *International Journal of Project Management*, 34(7), 1294-1304. <https://doi.org/10.1016/j.ijproman.2016.07.004>.
- Wang, Y., Li, H., Ling, L., & Peng, H. (2022). Wives' empowerment and corporate financial risk in Chinese family firms. *Finance Research Letters*, 44, 102061. <https://doi.org/10.1016/j.frl.2021.102061>.
- Watson, J., & Everett, J. E. (1996). Do small businesses have high failure rates? *Journal of Small Business Management*, 34(4), 45. ISSN: 0047-2778.
- Wiersema, M. F., & Bantel, K. A. (1992). Top management team demography and corporate strategic change. *Academy of Management Journal*, 35(1), 91-121. <https://doi.org/10.5465/256474>.
- Williamson, O. E. (1985). The economic institutions of capitalism. Firms, markets, relational contracting. In *Das Summa Summarum des Management: Die 25 wichtigsten Werke für Strategie, Führung und Veränderung* (pp. 61-75). Wiesbaden: Gabler. https://doi.org/10.1007/978-3-8349-9320-5_6.
- Yang, E. C. L., Khoo-Lattimore, C., & Arcodia, C. (2017). A systematic literature review of risk and gender research in tourism. *Tourism Management*, 58, 89-100. <https://doi.org/10.1016/j.tourman.2016.10.011>.
- Yao, F. K., & Chang, S. (2017). Do individual employees' learning goal orientation and civic virtue matter? A micro-foundations perspective on firm absorptive capacity. *Strategic Management Journal*, 38(10), 2041-2060. <https://doi.org/10.1002/smj.2636>.
- Yeoh, S. B., & Hooy, C. W. (2020). CEO age and risk-taking of family business in Malaysia: The inverse S-curve relationship. *Asia Pacific Journal of Management*, 1-21. <https://doi.org/10.1007/s10490-020-09725-x>.
- Yeoh, S. B., & Hooy, C. W. (2022). Generation effects and managerial risk taking. *Journal of Business Research*, 139, 918-934. <https://doi.org/10.1016/j.jbusres.2021.09.063>.
- Yim, S. (2013). The acquisitiveness of youth: CEO age and acquisition behavior. *Journal of financial economics*, 108(1), 250-273. <https://doi.org/10.1016/j.jfineco.2012.11.003>.

APPENDIX. SAMPLE SIZE FREQUENCES

Table A.1
Generation leaders

Generation	Sample	Percent
Founding leaders	135	62.8
Heir leaders	80	37.2
TOTAL	215	100

Source: Own elaboration.

Table A.2
Generation and leader's age

		Leader's age		TOTAL
		Mature leader	Young leader	
GENERATION	Founder Leader	75	60	135
	Heir Leader	32	48	80
TOTAL		107	108	215

Source: Own elaboration.

Table A.3
Generation and gender

		Leader's age		TOTAL
		Male leader	Female leader	
GENERATION	Founder Leader	98	37	135
	Heir Leader	60	20	80
TOTAL		158	57	215

Source: Own elaboration.

Table A.4
Shareholders' leaders

		Leader's shareholder			TOTAL
		Majority shareholder	Minority shareholder	Non-shareholder	
GENERATION	Founder Leader	72	42	21	135
	Heir Leader	13	49	18	80
TOTAL		85	91	39	215

Source: Own elaboration.