Family Entrepreneurship: A Developing Field

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Abstract

In this monograph we focus on family entrepreneurship, a developing field that studies entrepreneurial behaviors of family, family members and family businesses by taking into account the possible interplays among them. We offer a conceptualization together with a review of the literature as well as a research agenda of this field. Our conceptualization of family entrepreneurship makes it possible to disentangle complex relationships that characterize the field while the review of the literature offers some examples of how entrepreneurial behaviors can be affected by the family business context. The proposed research agenda offers some guidelines for future research that should advance our knowledge of family entrepreneurship.

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There is worldwide recognition of the importance of family businesses and their contribution to job creation, gross national product, and wealth generation. Entrepreneurship is also growing rapidly. The Global Entrepreneurship Monitor reports that in 2011 there were 388 million entrepreneurs actively engaged in starting and running new businesses worldwide. In many economies there has been a sharp increase in entrepreneurial rates across all levels of development. The reason can be found in recent challenges in the global economy that have led to the downsizing of large traditional organizations, pushing many individuals to seek new employment opportunities or a new career perspective. Entrepreneurial behaviors are thus of vital importance today, considering both the economic downturn that companies have to deal with and the fact that they can be especially beneficial for firms operating in hostile environmental contexts. Moreover, research into hostile environments suggests...
that a multitude of strategies are used by enterprising families to engage in family entrepreneurship [Nordqvist et al. 2011].

In recent decades, entrepreneurship and family business research fields have been the subject of numerous studies, which have been communicated at conferences and published in scientific journals. Despite the fact that these fields have been studied as two separate domains each with their dedicated research conferences and academic journals, a certain amount of research has been devoted to studying the intersection of the two research fields, in an attempt to generate a new field of family entrepreneurship research [e.g., Fayolle and Begin 2009, Heck et al. 2008, Kraus et al. 2012, Nordqvist and Melin 2010, Poutziouris et al. 2004, Rogoff and Heck 2003, Uhlaner et al. 2012].

Given that many family businesses act entrepreneurially by exploiting new opportunities [Shane and Venkataraman 2000, Stevenson and Jarillo 1990] or by adopting strategies and practices underpinned by entrepreneurial attitudes and behaviors, this topic seems all the more relevant. Similarly, entrepreneurship may be considered as the foundation of the family business [Chua et al. 2004].

Moreover, it cannot be denied that the family influences the economic and social orientations of its members, so, we may join [Rogoff and Heck 2003] in stating that family is “the oxygen that feeds the fire of entrepreneurship”. Additionally, as [Selznick 1984] points out, family business entrepreneurs are unique in that they try to build businesses that are also family institutions.

Significant advances have taken place recently, for example, as [Brigham 2013] notices in a recent review, family forces on entrepreneurship, entrepreneurial orientation, corporate entrepreneurship, innovation, entrepreneurial risk taking, are some of the most explored topics in family business studies. However, several questions remain unresolved [Sorenson et al. 2013] such as whether family firms are more or less entrepreneurial than non-family ones, how family resources affect transgenerational entrepreneurship [Sharma et al. 2013], or the extent to which corporate venturing in family firms can be an effective value creating tool [Hoy 2014]. In their conceptual piece, Randerson et al. [forthcoming a] offer a broad topography of what the
field of family entrepreneurship may look like and base their exploration of family entrepreneurship on the overlapping fields of family, entrepreneurship, and family business; they identify overlapping questions of interest and blind spots that maintaining a rigid separation between these fields engenders. Although this approach gives a broad view and has set a topography of potential areas of interest, it does not constitute a concrete, operationalizable conceptualization of family entrepreneurship.

Recently, the concept of Family Entrepreneurship has started to be developed by different authors. Among them, Fayolle and Begin [2014, 2009] have focused their attention on the family dimension of individual and organisational entrepreneurial behaviors and the entrepreneurial dimension of family businesses. Here, we define family entrepreneurship as the research field that studies entrepreneurial behaviors of family, family members, and family businesses. Building on the previous work in family entrepreneurship our objective is to explore entrepreneurial behaviors by taking into account the possible interplays that can occur among the individual, the family, and the family business, in order to offer a conceptualization of the field as well as a research agenda of this developing field.

By doing so we contribute to the previous literature in three different ways.

First, through the offered conceptualization of family entrepreneurship we make it possible to disentangle complex relationships that characterize the field. This conceptualization is indeed based on the premise that the field can be better analyzed if we take into consideration the presence of different — though often overlapping — actors, namely the family members, the family as a team and the family business. The presented conceptualization should facilitate a better understanding of the entrepreneurial spirit of many families and family firms [Uhlaner et al., 2012] by also showing the importance of considering the simultaneous presence of different actors and levels of analysis [Zellweger et al., 2012].

Second, our review of the literature offers some examples of how entrepreneurial behaviors can be affected by the interplays that can
Figure 1.1: The three loci of entrepreneurial behavior in the field of family entrepreneurship.

occur among these actors and sheds light on the fact that not only family businesses are social systems composed of the controlling family unit, the business entity, and the individual family members [Marchi-sio et al., 2010] but also, that there can be bi or even multi directional relationships among them. Concretely it is our hope that, thanks to this framework and review, both researchers and family business practitioners can have a clearer and more complete view that allow them to better analyze and realize how entrepreneurial behaviors can be affected in the family business context. Third, our proposed research agenda offers some concrete examples of research questions that should advance our knowledge of family entrepreneurship.

In this conceptualization we identify three loci of entrepreneurial behavior: individual, family, family business, and the dynamics among these loci: the nexus individual–family, the nexus family–family business, and the nexus individual–family business. The model we suggest offers a stylized view to position the loci of influence of entrepreneurial behavior and the nexus among them. Thus, in the family business context, as shown in Figure 1.1, the three main loci are the family, the individual and the family business itself.

By doing so we offer a conceptualization that tries to emphasize narrative reasoning aiming to identify broad links and general patterns that should allow us to see the big picture and to develop a research agenda [Delbridge and Fiss, 2013]. We acknowledge that this model’s nexus are bidirectional and that reverse causality may exist (e.g., the family loci may affect individual entrepreneurial behaviors and individual entrepreneurial behaviors may affect the family loci;
the individual loci may affect the family entrepreneurial behaviors and the family entrepreneurial behaviors may in turn affect the individual loci and so on), and more than two loci may even be involved at the same time. In this contribution the main task is to offer a model and examples of relevant relationships to show how the complexity of family entrepreneurship could be disentangled in order to generate interesting research questions. Our intention is not to systematically analyze all the possible relationships. Therefore, our main focus will be on *nexus where a loci affects entrepreneurial behaviors of another loci*, we will focus less on the reverse causality effects even if we acknowledge their presence and importance.

This position is in line with Nordqvist et al. [2013] who reviewed 117 published papers on succession in family firms. The authors show how succession can be seen from an entrepreneurial process perspective where both the entry of new owners and exit of old ones describe the pursuit of new opportunities, and stress how factors at the individual, family, and firm levels *interact*. Another illustration of potential interactions concerns the questions: how are new opportunities identified and assessed by individuals? Do individuals identify and assess them alone, or do they involve other family members? Do they use the family firm’s entrepreneurial network or not [Anderson et al., 2005]?

We recognize that other researchers might offer other models: our hope is to promote discussion and encourage debate in this emerging field.

This monograph is structured as follows. In Section 2, we present a conceptualization of family entrepreneurship: we present the loci of entrepreneurial behaviors (the family, the individual, and the family firm) and position the interactions between these loci, the different nexus between each pair of loci. In Section 3, we study the family — individual nexus, and in particular socialization, support and encouragement, and experimentation. In Section 4, we develop on the nexus individual — family firm. In Section 5, we explore the nexus family — family firm. During the course of this contribution we will come to recognize that not only there is a dearth of theory-testing and empirical research concentrating on the effects of family factors on
entrepreneurial processes [Aldrich and Cliff 2003, Casillas et al., 2011, Memili et al. 2010, Nordqvist et al., 2013], where the family dimensions may be placed at the center stage [Craig and Salvato, 2012, Zellweger et al. 2012]; but there is also a need to show the interconnectedness of entrepreneurship in family firms by considering how entrepreneurial behaviors are hindered or promoted by the three nexus we have identified (i.e., those between the individual, the family, and family business). Our concluding comments underscore the fact that although much is yet to be done, family entrepreneurship could be seen definitely as an emerging field of research which deserves full attention.
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