ENTREPRENEURIAL ORIENTATION ACROSS GENERATIONS IN FAMILY FIRMS: THE ROLE OF OWNER-CENTRIC CULTURE FOR PROACTIVENESS AND AUTONOMY (SUMMARY)

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SUMMARY

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Principal topic

Many family firms have the vision to succeed across generations to come. This means that they need to develop sustainable renewal capabilities including an innovative, aggressive, autonomous, proactive, and risk taking mindset to face future competitive demands, i.e. possess an entrepreneurial orientation (EO) towards their business activities. Combining theoretical frameworks of corporate entrepreneurship and literature on organizational cultures, our purpose is to analyze the role of culture as a family influenced resource for understanding how EO is developed over time in family businesses. We focus on how the development of two EO dimensions – autonomy and proactiveness – are fostered over time and across generations or hampered by the family influenced organizational cultures.

Method

We rely on case research into two medium-sized and multigenerational family firms, conducted within the Global STEP Project on Family Enterprising. In-depth interviews were made with owner and family members active in the business, non-family executives, and board members. Observations, including focus group interviews, were made in half-day long sessions and three annual workshops of two days each. The empirical material was coded and analyzed using established techniques for qualitative research.

Result and implications

We introduce the concept of owner-centric culture to conceptualize strong family business cultures and their impact on EO over time, moving beyond the conventional life-cycle model with founder centric cultures influencing in the early stage of the firm’s life cycle. Owner-centric culture can hamper the entrepreneurial activities of next generation individuals, but support such activities on an organizational level. We further find that proactiveness on the organizational level does not necessarily follow from autonomy on the individual level. To understand the role of autonomy where different generational needs clash, we draw parallels to Schumpeters’ notion of ‘mental freedom’. These findings extend the literature on familiness, which hitherto has not noted that what is a positive or negative family influence on resources may vary with level of analysis. For theory and practice this means that from a cultural perspective there is not a linear transfer of an EO from one generation to another. Rather there is a complex translation and transformation of the assumptions, norms and values in the trans-generational process.

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