

6-10-2006

FAMILY INVOLVEMENT IN FAMILY FIRMS: ANTECEDENTS AND MODERATORS (SUMMARY)

Hung-bin Ding
Loyola College in Maryland, hding@loyola.edu

Phillip Phan
Rensselaer Polytechnic Institute

Recommended Citation

Ding, Hung-bin and Phan, Phillip (2006) "FAMILY INVOLVEMENT IN FAMILY FIRMS: ANTECEDENTS AND MODERATORS (SUMMARY)," *Frontiers of Entrepreneurship Research*: Vol. 26: Iss. 17, Article 4.
Available at: <http://digitalknowledge.babson.edu/fer/vol26/iss17/4>

This Summary is brought to you for free and open access by the Entrepreneurship at Babson at Digital Knowledge at Babson. It has been accepted for inclusion in Frontiers of Entrepreneurship Research by an authorized administrator of Digital Knowledge at Babson. For more information, please contact digitalknowledge@babson.edu.

SUMMARY

FAMILY INVOLVEMENT IN FAMILY FIRMS: ANTECEDENTS AND MODERATORS

*Hung-bin Ding, Loyola College in Maryland
Phillip Phan, Rensselaer Polytechnic Institute*

Principal Topic

Current research in family business suggests a behavioral difference between family and non-family firms. However, it does not explain why family members do not get involved. In this conceptual paper, we argue that family members are motivated by their stakeholder interests and identities to participate in family business activities.

Results and Implications

The labor/managerial participation drives the economic integration of family and business systems. The increased participation of labor or managerial services from family to the business will affect the contribution of resources by those members not directly involved in the business. As a group of stakeholders, families are likely to expect a desirable economic return from the participations. However, as a family grows, the structural complexity of the owner family increases. Also, the stakeholder interests grow diverse. Therefore,

P1. The number of family participants will increase to represent stakeholder interests as the number of owner families increases.

The emotional attachment between family and business increases as the family members' identification to their business grows. A individual's identification to their families motivates him to exert to preserve or enhance family pride. In addition, families are likely to identify to the business when the family firm has positive perceived image. Hence:

P2a. Family members are more likely to get involved with their family enterprise if they believe their participations are improving or maintaining the social status of their family.

P2b. Family members are more likely to get involved with their family enterprise if the latter has a positive organizational image.

Finally, evidence suggests that cohesion, defined as the degree of emotional bonding among family members, and adaptability, defined as a system's ability to respond to hypertension and stress, determine a family system's functioning, which in turn is related to its ability to take actions as a group.

P3. Family functioning will strengthen the relationships in proposition 1 and 2.

This paper contributes to the family business literature in two ways. We offer a theoretical explanation for the variance of family influence. Second, many studies on family and non-family comparison have produced mix results. We believe this is because the family influence is not specified or controlled in the comparative research.

CONTACT: Hung-bin Ding; Loyola College in Maryland, 4501 N. Charles, Street, MD 21210; (T): 0021-410-617-5598; hding@loyola.edu