FAMILY OWNERSHIP, INNOVATION AND OTHER CONTEXT VARIABLES AS DETERMINANTS OF SUSTAINABLE ENTREPRENEURSHIP IN SMES: AN EMPIRICAL RESEARCH STUDY (INTERACTIVE PAPER)

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INTERACTIVE PAPER

FAMILY OWNERSHIP, INNOVATION AND OTHER CONTEXT VARIABLES AS DETERMINANTS OF SUSTAINABLE ENTREPRENEURSHIP IN SMEs: AN EMPIRICAL RESEARCH STUDY

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Principal Topic

This study focuses on the prediction of sustainable entrepreneurship (SE), defined as a behavior that demonstrates a firm’s engagement in environmentally friendly actions. It addresses the following research question: How do aspects of organizational context (company sector, size, ownership structure) and innovativeness influence an SME’s engagement in sustainable entrepreneurship?

We hypothesize that tangible products sector firms have a greater opportunity to engage in SE given the potential for pollution and legal requirements than those in the tangible service and intangible service sectors. Furthermore we propose that larger firms are more likely to adopt SE than smaller firms due to more stable resources available and a larger exposure to the public. Family businesses are expected to engage in SE more often than nonfamily firms due to their focus on nonfinancial objectives, their embeddedness in their local communities, and their willingness to maintain a good image of the family and the firm. Finally we propose that SE may be viewed as a type of innovation and thus likely to covary with adoption of other innovations.

Method

The sample was drawn from a representative longitudinal panel of 2000 Dutch SMEs. The survey took the form of a telephone interview with a key informant (owner or director). Data were collected in 2006 and 2008. Multiple regression analyses are conducted on 382 firms.

Results and Implications

Results suggest that larger firms, firms from tangible products (vs. services) sectors, family-owned firms, and firms with a more innovative orientation are more likely to report SE. Findings regarding size suggest that resources may be important in executing environmentally friendly actions. Sector differences are consistent with the rationale that there must be opportunity to carry out these actions. Family vs. nonfamily ownership suggests the importance of assisting family firms on a societal level. The results regarding the positive relationship between innovation and SE suggest that one of the obstacles to more responsible environmental orientation may relate to a learning curve for adopting change more generally.

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