RETAINING ENTREPRENEURSHIP IN MATURING FAMILY BUSINESSES (SUMMARY)

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RETAINING ENTREPRENEURSHIP IN MATURING FAMILY BUSINESSES

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Principal Topic

The understanding of EO in family firms is limited, and calls have been made for research that examines the connection between entrepreneurship and family firms. The examination of EO in the family business context is not completely new. However, to date, the literature on EO in family firms focuses on: (1) How the family nature of the firm influences the relationship between EO and performance, and (2) the difference in the EO of family firms versus non-family firms. Thus, the question of factors that influence variance in EO among family firms has not received attention. In this paper we posit that in such firm's family influence (familieness) and dynamic capabilities (DC) can hinder or promote the form of entrepreneurship the family firm seeks to pursue.

Methodology

In spring 2012 mail questionnaires were sent to the family firms in The Confederation of Norwegian Enterprise, Forum for Family Businesses and active ownership, and a random sample of 16 707 enterprises from the national enterprise register RavnInfo. In sum 1044 family firm answered the questionnaire. A lot of these firms had incomplete answer to one or more of the questions utilized in the analyses. This gives us a total of 609 family firms for the analyses.

Results and Implications

The primary contribution of this paper is to highlight how DC mediates the role of family influence on EO and the meaning of DC for developing EO in family firms. By testing the relationships between the family influence dimensions and a renewing capability (DC) we show that family firms which have non-family participation (i.e. negative on the power dimension) in for example management, board and/or as shareholders and are young family firms (i.e. negative on the experience dimension) to a greater degree possess or develop DCs than older and more family controlled family firms. Thus, our findings can suggest that family firms wanting to be or stay entrepreneurial over generations have to bring in non-family members in the family business in a way or another to escape possible family inertia. Bringing in external contributors can then influence the renewing capability necessary for developing EO.

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