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EXPLORING CORPORATE VENTURING IN FAMILY FIRMS (SUMMARY)

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SUMMARY

EXPLORING CORPORATE VENTURING IN FAMILY FIRMS

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Principal Topic

The concept of corporate entrepreneurship (CE) has been increasingly applied to family business (FB) studies to better investigate FB continuity and growth. However, no studies have been done on corporate venturing (CV), a specific type of CE, in FB. The purpose of this paper is therefore to investigate CV in the context of FB. To address this purpose, we started our study with the following research question: how do CV activities impact on FB?

Method

We adopted a conceptual framework derived from the literature on FB, according to which the FB social system is comprised of three subsystem components: the controlling family unit, the business entity, and the individual family member (Habbersohn et al. 2003). The main goal of such a social system is not only wealth creation but value creation, a broader concept that includes also non-economic benefits (Chrisman et al. 2003). Given the nature of the research question, we conducted a longitudinal and in-depth case study of CV in three family firms. In order to develop a rich understanding of the phenomenon, multiple methods of data collection have been employed and different sources have been used. We combined inductive and deductive research, iterating several times data interpretation and literature analysis.

Results and Implications

Three main evidences on CV in FB emerged from interpreting our cases informed by the theoretical framework and by the literature review. 1) The cases confirm that the business level is only one of the dimensions affected by CV, together with the individual level and the family level. Moreover, at the individual level, the effects are not only related to the family members, but also to the non-family members. 2) The findings reveal that CV can have also dysfunctional effects on a FB, at each level of analysis. 3) The cases indicate that the overall perceived evaluation of the family members on the CV initiatives is not only limited to the consequences on FB wealth, but is extended to non-economic effects. In other words, it is related to the creation or destruction of value, in its broader meaning. Thus we arrived at a tentative model of CV in FB that underlines how the CV initiatives could be beneficial for a FB in order to increase not only its wealth but also its value. At the same time, the model highlights the potential dysfunctional effects of CV that may hamper the wealth and value creation in FB.

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