HARVEST AND AFTER: ENTREPRENEURIAL RECYCLING IN FAMILY FIRM PORTFOLIOS (SUMMARY)

Naveed Akhter
Jönköping International Business School, Sweden, naveed.akhter@jibs.hj.se

Francesco Chirico
Jönköping International Business School, Sweden

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HARVEST AND AFTER: ENTREPRENEURIAL RECYCLING IN FAMILY FIRM PORTFOLIOS

Naveed Akhter, Jönköping International Business School, Sweden
Francesco Chirico, Jönköping International Business School, Sweden

Principal Topic

Entrepreneurial exit is an integral component of the entrepreneurial process. Yet entrepreneurs often fail to realize the gains from their harvesting activities (Dehlen et al., 2012). This study extends our understanding of entrepreneurial recycling which allows a firm to re-allocate and re-invest the harvested resources (Mason & Harrison, 2006). Although entrepreneurial recycling is viewed as an important element of the post exit process (DeTienne & Chirico, 2013), with few exceptions there is little research present on this phenomenon. This is especially interesting in the case of a special breed of entrepreneurs called portfolio entrepreneurs (DeTienne, 2010; Rosa, 1998) who own multiple businesses simultaneously and undertake multiple exits as compare to entrepreneurs who start and harvest a single venture only (MacMillan, 1986). Theoretical and empirical research suggests that the context of family firms has a profound impact on portfolio entrepreneurship as well as on entrepreneurial recycling strategies (Carter & Ram, 2003).

Method

Given the confines of extant theory, we conducted a multiple-case, inductive study (Yin, 2009) and investigated five portfolio family businesses from Pakistan. Through in-depth field data, we tracked how these firms have recycled their resources after exit to sustain both the family and the business.

Results and Implications

We find that family owners’ engagement in the recycling process is influenced by specific factors that are; a) prior experience and learning, b) founders imprinting and path dependence. Regarding the potentially perceived result of the recycling process, our data reveals three main outputs; motivational, strategic and consequential. First, motivational - what family owners peruse as an objective to achieve. Second, strategic - what family owners see as evolving within the process. Third - consequential, what family owners see as a result of the process.

With these findings, our study offers some important contributions. First, we add new insights into post exit strategies in terms of entrepreneurial recycling. Second, we suggest a view of routes of exit, different than family succession, not as the failure of the family firm but as an intentional strategic decision to free up resources and re-direct them into new entrepreneurial activities. Third, we add to the resource management literature by shedding some light on the process of value creation.

CONTACT: Naveed Akhter; naveed.akhter@jibs.hj.se; (T): +46 (0)36-101816; Jönköping International Business School, Gjuterigatan 5, Jönköping, Sweden 55111.