



Entrepreneurial behavior in family firms: A replication study

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ABSTRACT

This study examines the entrepreneurial behavior of family firms by replicating a study undertaken in 2006 by Kellermanns and Eddleston [Kellermanns, F. W., & Eddleston, K. A. (2006). *Corporate Entrepreneurship in Family Firms: A Family Perspective, Entrepreneurship Theory and Practice, Vol. 30*, pp. 809–830.]. Employing an extended replication-approach by applying a different national sample ($n = 413$) from Austria, the relations between four distinct factors – willingness to change, generational involvement, perceived technological opportunities, and strategic planning – and the entrepreneurial behavior of family firms are examined, with the goal to extend the generalization of the original study's findings. Compared to the original study, the replication's results coincide in most parts. However, regarding the relation between strategic planning efforts and entrepreneurial behavior, the replication provides new insights into the entrepreneurial behavior of family firms by stressing the importance of considering organizational size in family-firm research. Accordingly, strategic planning in small family firms seems to comprise a certain 'entrepreneurial spirit' that directly influences the extent of their entrepreneurial behavior.

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1. Introduction

Although entrepreneurial behavior of established businesses is viewed as a crucial prerequisite for growth and performance in dynamic environments (Barringer & Bluedorn, 1999; Covin & Slevin, 1991; Guth & Ginsberg, 1990), research in this field does not explicitly focus on specific types of businesses, such as family businesses (Hall, Melin, & Nordqvist, 2001; Hausman, 2005; Ibrahim, Angelidis, & Parsa, 2008). Recent literature acts on this shortfall, for example by dedicating a special issue of *Entrepreneurship and Regional Development* (2010) to the topic. Nonetheless, Nordqvist and Melin (2010) state in their introduction to this special issue that there is "much research [...] still needed to better understand the connection between entrepreneurship and family firms" (p. 212), as research lacks particularly the examination of family-specific factors on entrepreneurial behavior in family firms (Aldrich & Cliff, 2003; Chrisman, Chua, & Steier, 2003; Chrisman, Steier, & Chua, 2006; Gudmundson, Tower, & Hartman, 2003; Hausman, 2005; Heck, Hoy, Poutziouris, & Steier, 2008; Kellermanns & Eddleston, 2006; Zellweger & Sieger, 2010).

This paper contributes to filling this gap by examining how certain family-influenced factors impact the entrepreneurial behavior exhibited by family firms. In doing so, a replication

approach is made use of to broaden the generalization of a study undertaken by Franz W. Kellermanns and Kimberly A. Eddleston in 2006 by applying the original scale to an Austrian sample of family businesses. Hence, this replication targets two main objectives: *First*, it aims at the examination of interrelations between the factors (1) willingness to change, (2) generational involvement, (3) perceived technological opportunities, as well as (4) strategic planning, and entrepreneurial behavior in family-owned businesses. These factors are in line with Miller (1983), who notices that entrepreneurial activities resulting in innovations introduced by mature businesses are mainly characterized by risk-taking and pro-activity. In the original study, these characteristics are displayed by the degree to which the business is willing to change and open for new ideas (willingness to change) and its ability to perceive technological opportunities in its environment (perceived technological opportunities). To consider the family aspect in the study, Kellermanns and Eddleston (2006) introduce the involvement of the family (displayed by the number of generations active in management) into their model (generational involvement). The *second* objective of the replication is to expand knowledge in the field of corporate entrepreneurship in family firms by contrasting its findings to those of the original study (Kellermanns & Eddleston, 2006).

A replication approach was chosen since replications play an important role "in order to ensure the integrity of a discipline's empirical results" (Hubbard & Armstrong, 1994, p. 233). This approach is in line with recent research on corporate entrepreneurship, emphasizing the importance of replications in

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different national contexts to overcome the prevalence of U.S.-based samples and allow for broader generalizations (e.g., Frank, Kessler, & Fink, 2010). Replications allow for the extension of empirical results and thus advance knowledge cumulation (i.e. Hubbard, Vetter, & Little, 1998), as new results are directly tied in with existing findings and therefore serve as a means of deepening and broadening a distinct field of research. The original study (Kellermanns & Eddleston, 2006) represents one of the rare exceptions in the research field of corporate entrepreneurship, as it explicitly focuses on entrepreneurial behavior in family firms (for further examples see Sciascia, Chirico, & Mazzola, 2010, or Casillas, Moreno, & Barbero, 2011). Hence, the original study's replication in a European context might provide a substantial extension of the current level of knowledge in the field. Put differently, in line with Eden (2002): "Whether or not [the replication] produces the same findings as an original study, even an exact replication adds to research knowledge" (p. 842). As family businesses are a rather heterogeneous business type (Chrisman, Chua, & Sharma, 2003; Sharma, 2004; Westhead & Howorth, 2007), in this paper a special focus is on the size differences between the two samples of the original study and the replication, as business size might influence the entrepreneurial behavior or its antecedents.

After elaborating on the basic theoretical background to entrepreneurial behavior in family businesses, an overview of the original study (Kellermanns & Eddleston, 2006) is presented. Additionally, the replication study and the extensions conducted are outlined, especially regarding cultural differences between the Austrian sample of the replication and the U.S. sample of the original study. Subsequently, findings are presented and contrasted with those of the original study to finally discuss implications, contributions, and limitations.

2. Entrepreneurial behavior in family businesses

Nordqvist and Melin (2010) point to the fact that, even though a small number of exceptions exists, "the fields of entrepreneurship and family business research have, for a long time, developed separately" (p. 211). In this section, it has to be determined what constitutes a family business and when it can be called an entrepreneurial family business.

Family businesses are considered to be the most common business type worldwide. With a proportion of 80–95% of all businesses that are family-owned, they are the most important contributors to the wealth of countries all over the world (Nordqvist & Melin, 2010). Family businesses are often defined by delimitation to non-family firms, which implies a certain degree of family influence as a constitutive attribute of a family business. This influence might be measured in terms of ownership and the family members' involvement in the business (Sharma, 2004). If another distinct characteristic of family involvement is taken into account, namely the family businesses' long-term orientation (Lumpkin, Brigham, & Moss, 2010), the typical family business can be defined as follows: It is owned by a family, built to survive for more than one generation, with the family revealing high involvement for the business (Chua, Chrisman, & Sharma, 1999; Kellermanns, Eddleston, Barnett, & Pearson, 2008; Rogoff & Heck, 2003). To sharpen this rather broad definition, several authors suggest taking the overlap between family and business systems into consideration (Habbershon & Williams, 1999; Habbershon, Williams, & McMillan, 2003; Pieper & Klein, 2007; Rogoff & Heck, 2003), as "businesses and families are invariably and inextricably interlocking and overlapping elements" (Rogoff and Heck, 2003, p. 560).

Discussing the entrepreneurial potential of family businesses, Nordqvist and Melin (2010) distinguish the entrepreneurial family from the entrepreneurial family business. Whereas the entrepreneurial family plays an important role for single entrepreneurs

starting their business, and research on it is therefore situated in the field of entrepreneurship, the entrepreneurial family business "refers to the family business as a type of organization [. . .], with certain characteristics that can facilitate or constrain entrepreneurial activities, processes and outcomes" (Nordqvist & Melin, 2010, p. 214), which points to the appliance of a corporate entrepreneurship perspective. Corporate entrepreneurship (or entrepreneurial behavior, to introduce the term used widely and interchangeably in this paper) refers to processes in established businesses leading to (1) innovativeness, (2) pro-activeness, and (3) risk taking (Barringer & Bluedorn, 1999; Covin & Slevin, 1991; Dess, Ireland, Zahra, Janney, & Lane, 2003; Hornsby, Naffziger, Kuratko, & Montagno, 1993; Miller, 1983; Stevenson & Jarillo, 1990). Hence, by showing an entrepreneurial orientation (Lumpkin & Dess, 1996), businesses enlarge their ability to gain sustainable competitive advantage (Barney, 1991).

Nonetheless, the level of entrepreneurial behavior in family businesses is discussed ambiguously. On the one hand, family firms are often referred to as being conservative, risk-averse and cautious against innovation (Chrisman, Steier, & Chua, 2006; Dunn, 1996; Kets de Vries, 1993; Naldi, Nordqvist, Sjöberg, & Wiklund, 2007; Nordqvist & Melin, 2010), because of the family paying more attention to sustainability to ensure a reliable income for family members of the following generations. On the other hand, family businesses are said to be important innovators (Kellermanns et al., 2008; Rogoff & Heck, 2003; Zahra, 2005), as they need to enter new markets with innovations to ensure the survivability over generations (Casillas & Moreno, 2010; with reference to Ward, 1987; Zahra, Hayton, & Salvato, 2004). Ambiguity in family business research is even continued regarding the almost irrevocable view that entrepreneurial behavior affects business in a predominantly positive way: According to a longitudinal, multiple case study by Marchisio, Mazzola, Sciascia, Miles, and Astrachan (2010), the involvement of a family in the business does not inevitably result in outperformance and long-term survivability, as it may also reduce and not only enhance resources and competencies of the family business. Regarding positive and negative implications of entrepreneurial activity, Webb, Ketchen, and Ireland (2010) discuss in a recent paper the importance for family firms to balance the exploration of new business domains and the exploitation of current domains (ambidexterity, see as well Frank, Güttel, & Weismeier-Sammer, 2010) in a "strategic entrepreneurship" framework. However, besides being ambiguous, research on entrepreneurial behavior in family businesses is also scarce (Aldrich & Cliff, 2003; Chrisman, Steier, & Chua, 2006; Hoy & Verser, 1994; Kellermanns & Eddleston, 2006).

Recent research makes a first attempt to close this research gap and focuses on different factors impacting entrepreneurial behavior in family businesses. Sciascia, Chirico and Mazzola (2010) examine the relationship between entrepreneurial orientation and performance and assume a moderating effect of family management on it. They note that the number of generations involved in the management of a family business acts as a negative moderator of the relationship between entrepreneurial orientation and performance, whereas the percentage of family members active in the management of the business shows no significant influence. Besides this, in an empirical study on the relationship between entrepreneurial orientation and growth, Casillas and Moreno (2010) note a positive effect of family involvement on the relationships of innovativeness and growth. This supportive character of family involvement on new product development is on the other hand opposed to a negative effect on the risk-taking/growth-relationship. Concerning the risk-taking component in family firms, when it comes to the introduction of new products, these results are in line with those of a study undertaken by Naldi et al. (2007), who note that family businesses take less risk than

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