Institutional influences on entrepreneurial behaviors of business families, family businesses, and family business groups
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Institutional influences on entrepreneurial behaviours in the family entrepreneurship context: towards an integrative framework

This third special issue of the *International Journal of Entrepreneurial Behavior and Research* is dedicated to examining institutional influences on the entrepreneurial behaviours of business families, family businesses, and family business groups. As the study of family entrepreneurship continues to expand and focus moves towards understanding heterogeneity among family firms, understanding the institutional context in which family firms exist - as well as the variation in entrepreneurial behaviours, families, firms and business groups – becomes increasingly important. This special issue builds on the first two special issues in this journal by showcasing these relevant issues.

The first special issue (Volume 10, Issue 1/2) initiates the discussion in this journal. Poutziouris *et al.* (2004), in their introductory commentary, underscore the contradictory forces associated with entrepreneurship in the family business: the survival rate is deteriorating despite such organisations possessing unique resources (e.g., familiness, family social capital). The inaugural special issue includes papers that contribute to knowledge at the interface of family and entrepreneurship, addressing questions related to the interaction between aspirations and business behaviours and outcomes, entrepreneurial processes alongside issues of family firm governance, as well as (entrepreneurial) strategy formation and (family) governance mechanisms.

The second special issue (Volume 16, Issue 5) focusses on risk and family entrepreneurship. In their guest editorial, Seaman *et al.* (2010) note that the variety of family business in economies around the world is rich and that further exploration of the similarities and differences of the contexts in which these family firms operate is needed to further knowledge of how family businesses and business families entrepreneurially engage across a variety of contexts. Specifically, much remains to be understood about how economic systems, legal systems and culture (i.e., institutional context) influence entrepreneurial behaviours of business families, family businesses and family business groups.

To this end, this special issue focusses on examining how institutional forces affect the entrepreneurial behaviours of business families, family businesses and groups of family businesses. The field of family entrepreneurship[1] is a relatively nascent area of study relative to the expanded understanding of the causes and consequences of entrepreneurial behaviours (Bettinelli *et al.*, 2014). In their work on family entrepreneurship, Bettinelli *et al.* (2014) demonstrate theoretically that at least three loci of entrepreneurial behaviours exist in the family entrepreneurship context – individuals, families and family businesses – and that these three loci exert reciprocal influences. Indeed, an individual’s perceptions and subsequent actions are strongly influenced by patterns learned during childhood from their parents and members of their family of origin. Further, families, as constructed social units (i.e. family of origin, family of choice, blended families, etc.), influence their members and are influenced by their members. Finally, the family firm influences the family (e.g. the “enterpriseness” of the firm; see Frank *et al.*, 2019) as well as individuals comprising it (e.g. successor development or new member socialisation). Expanding the scope of research dedicated to outcomes of entrepreneurial behaviours beyond the realm of financial performance, research related to family entrepreneurship seeks to understand the emergence and influences of entrepreneurial behaviours on outcomes such as firm start-up, growth, diversification, CSR and sustainable development, philanthropy, and beyond (Bergamaschi and Randerson, 2016; Randerson *et al.*, 2016).
However, understanding the sources and consequences of entrepreneurial behaviours of the individual, family and family firm become more complex when contextual influences are considered (Randerson, Bettinelli, Fayolle and Anderson, 2015; Welter, 2011; Zahra and Wright, 2011). More specifically, causes and effects manifest differently across communities and countries (Seaman et al., 2016), creating vast complexities in the configuration of institutional forces that affect the entrepreneurial behaviours of individuals, families, family firms and family business groups (Randerson, Bettinelli, Dossena and Fayolle, 2015).

Institutions and family entrepreneurship

Institutions can be defined broadly as “the rules of the game” (North, 1991, p. 98). According to Scott (2001, p. 48), institutions are “social structures that have attained a high degree of resilience [and are] composed of cultural-cognitive, normative, and regulative elements that, together with associated activities and resources, provide stability and meaning to social life”. Regulative elements, based on rational choices and design, refer to those that are “more formalized, more explicit, more easily planned and strategically manipulated” (Scott, 2010, p. 6). Normative elements comprise those that relate to social embeddedness of behaviour; here actors are viewed as social persons who adhere to the guidelines dictated by their own identity. Internalised commitments and perceived expected responses of others to a behaviour are more important than clear rules, aligned incentives and surveillance. Finally, cultural-cognitive elements “provide the bedrock” (Scott, 2010, p. 7) of the first two, as well as being self-reinforcing. The latter are socially constructed symbolic representations that provide vital templates for framing individual perceptions and decisions that can be explicit and more or less superficial but can also pertain to deeply entrenched assumptions. These three elements co-exist, can have varying levels, affect each other and exert independent effects on social order.

Additionally, institutions are often examined as being either formal or informal (North, 1991). Formal institutions refer to formal frameworks of governments, whereas informal institutions refer to more latent, socially constructed influences (Bruton et al., 2010; Javidan et al., 2006; Stephan and Uhlaner, 2010). Informal institutions compensate for voids in formal institutions, and this variation in institutional voids and support (i.e. the institutional context) affects a number of factors. From a family business perspective, for example, structural and relational social capital are affected given the extent to which formal and informal institutions exist (e.g. Daspit and Long, 2014).

Scott (2010) also notes that although institutions exist at different levels, extant research has concentrated on higher levels, leaving lower levels of analysis largely unexamined. This author also highlights that the property approach, consisting in studying the structural forms or variations of a specific institutional form, has attracted much more attention than the process approach, consisting in studying institutional emergence and change (Table I).

Although institutions are noted to affect and be affected by entrepreneurial activity (Welter, 2011; Zahra and Wright, 2011), extant research adopts a dichotomous approach. According to the institutional void perspective (Dacin et al., 2010; Estrin et al., 2013), resource scarce environments are conducive to entrepreneurial behaviours given that individuals behave entrepreneurially to provide services or create infrastructures that the government lacks to provide. Conversely, the institutional support perspective posits that entrepreneurial activity flourishes in countries with more developed governments that support entrepreneurial behaviours (Korosec and Berman, 2006; Zahra and Wright, 2011).

Formal institutions such as national laws and regulations explain differences in the form of family businesses, succession options (Jaskiewicz et al., 2016) and succession processes (Barreda, 2016). The legal system of families leads to different forms of families and to different sets of constraints at the time of succession for a family in business. The definition of the rights and duties among family members leads to take into account the choice or the
absence of a choice in the designation of the successor in terms of ownership. For instance, the Napoleon Civil Code leads to treat all the children successors equally, whereas the Common Law system leaves to the incumbent the entire choice of who will inherit from him/her. These situations have major consequences in terms of governance of the family business, as well as interactions between the formal rules of the game (the law) and the informal rules of the games, for example, family culture. The system of pyramids of holding companies, for instance, is much more developed in civil code countries in order to solve the problem of treating all the children the same at the time of succession. Therefore, a link that appears between the governance of the family of one part is driven by the law and the governance of the company that needs to take into account the consequences on the business of the family law constraints.

Family businesses are often viewed as being in tune with their immediate social environment and being integrated within networks in their local communities (Van Gils et al., 2014; Seaman et al., 2017). This acknowledgement of family business engagement with local communities exists in parallel with a variety of conceptual lenses that can be used in the exploration of such a context: from focussing on temporal and social dynamics of business roles and networks in their locale (Welter, 2011) to examining the belonging and meaning attributed to place (Anderson and Gaddefors, 2016). Recent attempts to explore the context of family business highlight the importance of social structure and social relationships. When the influence of the family is integrated with communities of value-driven and culturally embedded expectations (Vorley, 2007), numerous influences on business activity exist, and numerous effects are noticed at the contextual level as well (Jones and Ram, 2012).

Family business research, by focussing on how the family affects the business while assuming the family involved is a “traditional” nuclear family (Randerson, Bettinelli, Dossena and Fayolle, 2013), is westernised (Ramirez-Pasillas et al., 2017) and vastly oversimplified.
The family is an institution in its own right (Bettinelli et al., 2014) given that it meets the criteria to be considered such given the cognitive, regulative and normative domains (Scott, 2001, 2010) and the institutional pressures it exerts (e.g. DiMaggio and Powell, 1983).

In furtherance of the understanding related to institutional forces and the business family, family business and family business groups, this special issue consists of seven articles. Each of the articles is summarised below, and we encourage readers to refer to the full articles to review the details of each study.

**Articles in this special issue**

*Family dynamics and gender perspective influencing copreneurship practices: a qualitative analysis in the Brazilian context.* Franco and Piceti (2020), in their qualitative study of seven copreneurial couples based in the State of Rio Grande do Sul, chose the context of Brazil to study how the institutional factor culture – high in masculinity according to Hofstede (2001) and ensuing “traditional” family dynamics – influence copreneurial entrepreneurial practices. Indeed, in highly masculine cultures, individuals strongly prefer role differences between genders. There are four main contributions of this study. First, the authors find that the desire to fulfil a dream and previous work experience in the activity or industry of a spouse contributes to the founding of a copreneurial venture. Second, entrepreneurial processes within the venture are influenced by professionalisation (further education or training, continuous improvement of skills) and the separation of tasks within the couple. Third, firm development and couple harmony are mutually reinforcing through relational-based factors such as trust, communication, flexibility and common goals. Finally, the women had professional/entrepreneurial roles outside of the copreneurial venture, which reinforced the perceived competency of the women in the copreneurial venture.

This study confirms that in high masculinity cultures, copreneurial success and spousal harmony depend on clear role differences between the spouses and that despite equivalent educational levels, women needed to external professional role/activity outside of the copreneurial firm in order to be perceived as competent within the copreneurial organisation.

*Keeping it in the family: exploring Igbo ethnic entrepreneurial behaviour in Nigeria.* Iqwe et al. (2020) examine an understudied and fascinating context of the Igbo tribe in Nigeria. The authors leverage the institutional context of Nigeria and its country-level institutional voids to understand how the Igbo context (at the extended family and tribe institutional level) influences the entrepreneurial behaviours of its members. Through their analysis of unstructured interviews of 25 Igbo business owners and 25 Igbo community leaders, they develop a tiered theoretical model that suggests family cohesion, early childhood entrepreneurial learning and informal apprenticeships are antecedents to the development of informal institutional characteristics (individual learning and social learning, family and kindred action, and societal norms). These informal institutional characteristics foster, in turn, the development of entrepreneurial characteristics (e.g. individualism, risk-taking, autonomy and need for achievement), which then support entrepreneurial behaviours, leading to the creation of legitimate new ventures and also to informal, or even illegal, lucrative activities.

In addition to the thick description of the Igbo context, this study offers several unique contributions. It shows that Igbo businesses are organised in a family, kindred and kinship system, and that entrepreneurial learning starts very early at home. An informal tribe-based apprentice system supports further learning and practice of entrepreneurial behaviours as well as occasionally offering access to funding for new ventures. Finally, the construction of (entrepreneurial) identity is gendered, favouring men over women. Families are more inclined to send boys than girls to formally learn about business. In addition, women who move into business are expected, by tradition, to combine domestic and professional duties.
Family as an institution: the influence of institutional forces in transgenerational family businesses. To understand how institutional forces affect entrepreneurship across generations, Monticelli et al. (2020) study family businesses in the second, third and fourth generations. Through their analysis of primary and data, they examine how the institutional domain (cognitive, regulative or normative) and the institutional forces (mimetic, coercive or normative) are expressed and the extent to which they influence entrepreneurial behaviour. For the second generation, day-to-day learning and relationships between parents and children are central. Mimetic or coercive institutional forces facilitate the inclusion of family members in the family business and the adoption of entrepreneurial behaviours: norms and procedures are implicit. This generation recognises the opportunity it has received but struggles with institutionalisation and segmentation between firm and family.

The third generation, preoccupied by both integrating the tacit knowledge transmitted by the previous generation and the transfer of this knowledge to the next generation, searches for a guided experience and formal education. They extend the formalisation of norms, recognise boundaries between firm and family, and respect and consider the limits beyond the family business. Finally, the fourth generation is not only concerned with the legitimacy and success of the firm, but also with the unity of the family and its legitimacy. Members of this generation engage in professionalising the family firm as an option for achieving a better balance in this relationship. Preferring to search for new challenges, they leave the management of the family firm to a few family members and external professionals.

It is particularly interesting to see that these authors show how, at the beginning, the family is the institution that induces entrepreneurial behaviour of the family business, but over generations, it becomes the family firm that affects the family’s behaviours, with the outcome being the transfer of entrepreneurial behaviours across generations.

The effect of institutional transition on entrepreneurial orientation (EO) of family businesses: evidence from India. In their paper, Chakrabarti and Mondal (2020) evaluate the impact of familial factors on EO, investigate how it is likely to change during periods of institution such as pro-market reforms, and whether this differs between stand-alone family businesses and family business groups. They analyse a database of 51,972 observations belonging to 12,250 firms from India across an extended period. The authors position the family as a social institution as driver of EO; this is even more so in contexts like India, which is characterised by institutional voids that include the relative lack of intermediary firms, regulatory systems and contract enforcing mechanisms. In this absence, family provides access to social capital, financial capital and networks of firms for production. The results suggest that family-owned businesses exhibit higher levels of EO than non-family businesses, providing evidence that in contexts of institutional voids, the family does indeed provide a “security net”, allowing the firm to be more innovative, risk-taking and proactive than their non-family counterparts. These authors also find that the relationship between family ownership and the EO of family firms is negatively moderated by pro-market reforms, meaning that non-family firms show higher growth in EO during pro-market reforms. In the context of institutional change, the family, rather than being a security net for the firm, hinders its adaptation to these new measures. Finally, Chakrabarti and Mondal (2020) demonstrate that family business groups show higher levels of EO than stand-alone family businesses during pro-market reforms. Indeed, with their unique network-level resource base the former enable them to maintain a high level of EO despite the impetus to adapt to new institutional (market) rules.

This study offers several contributions. First, in contexts of institutional voids, the family provides necessary social and financial capital. Second, longitudinal evidence suggests that in the beginning, the national context was characterised by institutional voids and the family satisfied the needs, and the family was the predominant institutional force that facilitated entrepreneurship. During the period of institutional change, the family became a force hindering...
entrepreneurship, whereas the family business group became the facilitating force. Opportunities exist for future studies to investigate whether the pro-market reforms, once/if the agents integrate them, become the predominant institutional force facilitating entrepreneurship.

Navigating institutional challenges in Mexico: the role of social capital in entrepreneurial families. The study by Estrada-Robles et al. (2020) focusses on the how informal institutional support dynamics, provided through familial relationships and interactions of entrepreneurs, manifest in the context of a weak (formal) institutional environment. Using interviews of 36 individuals from 14 entrepreneurial families, they find that social capital enables access to different types of resources to overcome or reduce the impact of wider institutional challenges on entrepreneurial family members as they pursue their respective entrepreneurial activities. More specifically, they show how entrepreneurial families share and mobilise financial and nonfinancial resources across firms through support enhanced by a shared vision (cognitive dimension); how strong ties in entrepreneurial families enable immediate access to important external networks and connections (structural dimension); and how entrepreneurial families foster information and knowledge exchange (relational dimension) through strong levels of trust and commitment. These three dimensions are interdependent influencing the creation and mobilisations of resources and capabilities within the entrepreneurial family.

This paper offers several noteworthy contributions. First, the authors go beyond the more traditional approaches to family (e.g. nuclear family, household) to study the entrepreneurial family, which is defined as a collective of individuals within a socially constructed family that operates separate ventures outside of a team structure rather than creating or generating firms together. Entrepreneurial families, in their study, can be nuclear or extended in nature, living in a single or multiple households, but they do have a shared familial context. This creates a pathway for further research seeking to understand alternative forms of family. Second, the authors consider the reciprocal flux among the members of the entrepreneurial family, highlighting the influence of both strong (bonding) and weak (bridging) ties. Finally, conducting this study in Mexico, a collectivist culture (where business and family intertwine) is particularly pertinent to unveil family entrepreneurial dynamics.

Institutional influence and the role of family in poor women’s micropreneurship. Rather than seeing the family as resource for the business or the business as resource for the family, to understand micropreneurship of resource-constrained women in rural Nigeria, Xiong et al. (2020) use the business family as a socio-economic unit of both production and consumption. In other terms, the family is the micro-entrepreneurial unit. With this qualitative study of 15 cases, the authors explore how family relationships influence practices and theorise practice and roles in context. The women studied live in remote areas of Nigeria with no access to the (minimal) formal institutional support offered by the country. These women are subjected to informal institutions: the (extended) family and associated patriarchy, traditions, culture and gender roles, according to which women are expected to generate the income needed for raising their children without having access to property rights, security, education and other resources. Indeed, motivations, resources and outcomes are all family based. The women in their study start their business to satisfy gendered cultural roles imposed by the family. They rely on family resources such as unpaid labour of the children or supplies with delayed payment from their husbands. The women operate their businesses for short-term (“put food on the table every day”), mid-term (pay school fees for the children) and long-term (educate the children so that they can get out of poverty) benefits.

Although these authors focus on the micropreneurship of the women, their data also show how the businesses of the respective husbands are often a source of resources (e.g. produce to sell, feed for their poultry activity, financial resources, etc.). Xiong et al. (2020) argue that the informal institutions (specifically that the husband is head of the household and holds the power to inhibit the woman’s actions) that dictate the rules of these microentrepreneurs...
constrain their entrepreneurship, whereas it can also be seen as facilitating in that it allows for short-term but not longer-term goals. This study offers a reminder of the distinction between income entrepreneurship and growth-oriented entrepreneurship as well as the link to the difference between income vs growth and necessity vs opportunity.

Non-family knowledge during family business succession: a cultural understanding. Wasim et al. (2020) offer an exploratory study of four cases of family businesses operating in the UK to understand how the (national) culture (according to Hofstede’s four initial dimensions) of the business family affects knowledge sharing and knowledge transfer during the succession process. By studying firms operating in the same national institutional environment, but from different ethnic origins, the authors are able to underscore differences among business families, specifically differences related to family (ethnic) culture as informal institution. Wasim et al. (2020) find that although all cases wanted to see themselves as collectivist, who actually belonged to the collective differed. In fact, external stakeholders were more associated with the transfer of knowledge than internal stakeholders. More importantly, it is also noted that (high) power distance facilitates knowledge transfer intra-family, and power distance also supports the acceptance of the successor by non-family employees despite a very short succession process.

The insights of this study expand on understanding of how national culture influences planned succession processes. Indeed, historically and quantitatively, the bulk of the family business succession literature is embedded in western cultures, which are characterised by relatively low power distance. Accordingly, successors are often prepared for succession by experiencing different positions before taking the helm. Learning the company by being involved at various levels allows the successor to acquire knowledge and skills, but more importantly, to also garner the esteem of employees who will later be the foundation of their recognition as legitimate leaders. This contrasts with high power distance cultures in which simply belonging to the owning family is sufficient to establish legitimacy.

Where less is more: institutional voids and business families in Sub-Saharan Africa. In their conceptual piece, Murithi et al. (2020) seek to identify what role business families play in the institutional environment in Sub-Saharan Africa. By focussing on the family, rather than the business, they demonstrate that dynamics are complementary, rather than competing, and this allows to better navigate the wider institutional context. They underscore that this institutionally weak environment is conducive the informal entrepreneurship by organisations, and encourages business families to engage formally and informally in institutional entrepreneurship. The weight and complexity of socio-cultural institutions, at which families are the centre, leads families to rely on networks of social relationships in doing business. In this context, families form a specific institution, allowing business families to navigate the voids of the greater institutional context. These authors offer a conceptual model to visualise the specific familial logic in this context as well as the family as an institution.

The key take-away of this paper consists in its robust theoretical demonstration of the complementary forces of institutions. The force and detail with which they relate the complex and heavily binding socio-cultural institutions and how these relay the voids in the greater political-legal environment is very impactful.

The collective contribution of this special issue
As noted in Table II, the collection of papers featured in this special issue provides an intricate picture of the complex institutional elements and mechanisms in family entrepreneurship. Going beyond the dichotomous approaches embraced by previous research, Table II shows how different institutions complement and compete.

We see, for instance, that national cultures permeate and are complemented by other elements and at other levels (reinforcement according to Scott, 2010). In national cultures of high power distance, in which distinct gender roles are important (e.g. Brazil and Nigeria),
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<td>Brazil</td>
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<td>Field code of conduct</td>
<td>Property: the influence of gender in cultural culture</td>
<td>In order to be perceived as competent within the copreneurial venture, the woman must also exercise a professional role/activity outside of the copreneurial venture</td>
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<td>Iqwe, Newberry, Amoncar, White and Madchie</td>
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<td>Monticelli, Bernadro and Trez</td>
<td>Brazil</td>
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<td>Chakrabati and Mondul</td>
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<td>Practice of entrepreneurial behaviours in the field, moving from one level to another</td>
<td>Property of the meso-level institutions (inducing or hindering entrepreneurship)</td>
<td>During the period of institutional change the family became a force hindering entrepreneurship, whereas the family business group (the network level) became the facilitating force</td>
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<td>Estrada-Rohles, Williams and Vorly</td>
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<td>Entrepreneurial families (micro)</td>
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normative elements of a field relay this assumption of difference (Franco and Piceti, 2020) or cognitive-cultural elements on more micro-levels such as within the family reinforce them (Xiong et al., 2020). In collective cultures (or those self-perceived as such), the assumption of “we vs they” is relayed and reinforced on the family level, influencing, for example, which resources are shared and how (Estrada-Robles et al., 2020), and permeates the family firm to influence the process of legitimacy acquisition by the successor (Wasim et al., 2020).

We also see how institutions at different levels interact, contributing to the literature on institutional voids. Indeed, in national contexts that do not offer support for entrepreneurship, families and communities “step-in” to offer this support to their individual members (Iqwe et al., 2020), to the families (Murithi et al., 2020), sometimes unknowingly (Estrada-Robles et al., 2020). When higher-level institutions (national regulatory elements) seek to offer such support, lower institutions (the family in Estrada-Robles et al., 2020 and the family business group in Chakrabarti and Mondal, 2020) constitute alternative and preferred sources of support for families.

Another contribution of this collection of papers is to shed light upon important differences among families, and more importantly offer a variety of lenses with which these differences can be unveiled. Indeed, although the impetus to include differences among families is definitely not new (Yu et al., 2012) and is becoming more pronounced (e.g. Daspit et al., 2018; Jaskiewicz and Dyer, 2017; Memili and Dibrell, 2019), the papers in this special issue offer, both individually and collectively, theoretical frameworks and empirical findings to support such further research. Iqwe et al. (2020) and Chakrabarti and Mondal (2020) show differences in family composition, the former including both kindred and kinship (here, the tribe) and the latter based on the perception by the group itself, which is socially constructed. Differences relative to the functioning of the family are shown in Xiong et al. (2020), where the authors give a concrete example of how national laws (regulating personal and family matters) impact the roles of different family members (Barrédy, 2016). Iqwe et al. (2020) and Monticelli et al. (2020) relate different ways in which different types of families induce, through different mechanisms, the entrepreneurial behaviours of the members of the family (Iqwe et al., 2020) or that of the family business (Monticelli et al., 2020). Finally, different families have different ways of sharing resources (Estrada-Robles et al., 2020; Xiong et al., 2020), and different perceptions and processes of successor preparation and legitimisation.

Finally, this collection of papers and guest editorial supports investigations in non-western contexts (Ramirez-Pasillas et al., 2017) that focus on family, entrepreneurship and family business. To this end, we look forward to more future studies that continue to investigate how institutional forces vary in their effect on the business family, family business and family business group.

A research agenda

This collection of papers brings empirical evidence of the importance of broadening the scope of research at the intersection of family, family business and entrepreneurship (Randerson, Bettinelli, Dossena and Fayolle, 2015). Indeed, the impetus for, the support of and the outcomes ensuing from entrepreneurship is complex, yet navigating the complexity is essential to advance research. While this special issue offers insights, the studies simultaneously generate new questions and avenues for further investigation.

For instance, other “snapshots” of specific institutional elements (Scott, 2010) will definitely contribute to a contextualised understanding (Welter, 2011; Zahra and Wright, 2011) of family entrepreneurship. Further research focussing on changes in institutions (composition and relative influence) will be useful to nourish debate in the concerned fields (institution theory, family science, entrepreneurship and family business) but more importantly inform policy on the relevance and effectiveness of proposed reforms. Our
specific illustrations of how most extant research holds, unknowingly, fundamental cultural assumptions and preferences (such as masculinity, low power distance and individualism) pave the path for more empirical and theoretical research. Such further research would allow to first, to continue unveiling these assumptions and preferences and second, to build much needed research for those (individuals, firms, economies and policy-makers) that do not embrace the same assumptions and preferences.

Along this line, additional research questions for future consideration include:

\textit{RQ1.} Which transnational institutions affect entrepreneurial behaviours of the family?

\textit{RQ2.} How do transnational institutions affect the constitution and functioning of family entrepreneurship? For example, how might formal or informal pressures to not have (or limit the number of) children influence family composition and subsequent entrepreneurial behaviours of the family?

\textit{RQ3.} What is the relationship between institutional factors that influence the construction of gender, and the ensuing expected roles associated with entrepreneurial behaviours?

\textit{RQ4.} How do institutional contexts (different elements and different levels) affect entrepreneurial behaviours such as family firm start-up, development, growth, innovation, social capital and corporate entrepreneurship?

\textit{RQ5.} What institutional contexts support/hinder the family’s interactions with external business partners and the consequences on the family firm/group?

\textit{RQ6.} How are family logics altered by interactions with external stakeholders that may be necessary to overcome institutional constraints?

\textit{RQ7.} What individual, group, and firm behaviours and outcomes (e.g. employee satisfaction, family harmony, family legacy, succession, innovation, diversification, internationalisation and CSR actions) are affected by institutional contexts and how?

\textit{RQ8.} Do, and how, institutional factors influence the family’s pursuit of family-centred, noneconomic goals and socioemotional wealth?

\textit{RQ9.} How would the use of family as a meso-level institution support the bridging of the institutional literature and practice-oriented literature, paving the way for family entrepreneuring?

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\textbf{Note}

1. Here, the family entrepreneurship context refers to the entrepreneurial behaviours of family businesses, transgenerational family firms, family business groups and business families.
References


Family dynamics and gender perspective influencing copreneurship practices
A qualitative analysis in the Brazilian context

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Abstract

Purpose – The purpose of this paper is to understand the family dynamics factors and gender roles influencing the functioning of copreneurial business practices, to propose a conceptual framework based on these factors/roles.

Design/methodology/approach – For this purpose, a qualitative approach was adopted, through the analysis of seven businesses created by copreneurial couples in an emerging economy – Brazil. Data were obtained from an open interview with each member of the selected couples who are in charge of firm management.

Findings – The empirical evidence obtained shows that the most important factors for successful copreneurial family businesses are professionalization, dividing the couple’s tasks and business management. Trust, communication, flexibility and common goals are other essential relational-based factors for the good functioning of this type of family business and stability in the personal relationship.

Practical implications – It is clear that professionalization and the separation of positions and functions are fundamental for a balance between business management and the couple’s marital life. When couples are in harmony and considering factors such as trust, communication and flexibility (relational-based factors), the firm’s life-cycle and business success become real and more effective.

Originality/value – From the family dynamics factors and gender roles, this study focused on one of the most important and integrated family firm relationships, copreneurial couples. As there is little research on the heterogeneity of family firms runs specifically by copreneurial couples, this study is particularly important and innovative in the context of a developing economy, such as Brazil. Based on empirical evidence, this study was proposed an integrative and holistic framework that shows the functioning of copreneurial businesses practices.

Keywords Business development, Corporate entrepreneurship, Intrapreneurship

Paper type Research paper

Introduction

Currently, the economic business sector is formed above all of small- and medium-sized enterprises (SMEs), with many of them being family concerns. Family firms will have an increasingly important role in countries’ economies, since this firm sector grows quickly (Chrisman et al., 2007; Ramadani and Hoy, 2015). Family firms add to countries’ economic and social well-being (Welsh et al., 2018). In addition, many of these family SMEs are created and managed by couples, and in this study they are called “copreneurial family businesses” (Niemann, 2006) or “copreneurs” (Farrington et al., 2011). Therefore, copreneurship is characterized as a family business, where the couple, whether formally married or simply co-habiting, share management and the responsibility of running a common business (Barnett and Barnett, 1988; Rutherford et al., 2006).

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Globally, evidence suggests that the number of copreneurial businesses or spousal partnerships is on the increase (Farrington et al., 2011; Marshack, 1994; Muske and Fitzgerald, 2006; Rutherford et al., 2006). Copreneurial businesses are considered a subset of family businesses and represent a third of these (Fitzgerald and Muske, 2002; National Federation of Independent Business, 2002). For example, in 2008, the US Census Bureau (2008) conducted the American Community Survey, finding that 49.2 percent of American households are married couple families.

Indeed, this family firm segment plays a fundamental role in the dynamic, social and economic development of emerging economies (Maas and Diederichs, 2007; Muske et al., 2002). While most studies of family firms have traditionally been focused on developed countries, there is little substantive research on private family businesses in emerging economies (Kim and Gao, 2013; Welsh et al., 2018). This study is focused on Brazil, an emerging economy. Moreover, this country may be useful from a cultural perspective, as it is known for its high level of “masculinity” (Hofstede, 2001), a common phenomenon in many developing countries worldwide (Cruz et al., 2012). Women entrepreneurs in these countries frequently find it difficult to acquire a business loan (Ramadani et al., 2015), as Brazil is a patriarchal country.

Women’s participation in entrepreneurship is considerably lower than men in almost all societies (Gupta et al., 2014). The traditional gender roles in Brazil are still strong and the culture is changing rather slowly toward accepting women’s continuation in their careers after marriage (Welsh et al., 2018). Brush et al. (2009) mentioned the shortage of exploratory studies on the role of gender in firm creation and management and on the possible differences between men and women regarding copreneurial businesses.

Copreneurs’ form of management has repercussions on balancing the personal relationship with the professional sphere (Cole and Johnson, 2007), but Danes and Olson (2003) assumed that when couples work together, there may be greater tension and natural conflict between them. However, some researchers have underestimated the critical function of the family in the development of practices, beliefs, values and norms in the case of copreneurial businesses.

One important, yet often ignored aspect of copreneurial family businesses, the smallest family unit, is the family dynamics that actively support this type of business (Hedberg et al., 2012; Ruef, 2010), as well as the use of gender theory (Diaz-Garcia and Brush, 2012; Henry et al., 2015). Usually these copreneurial businesses are based on family relationships (Chua et al., 2004), where female involvement can have an important role. Thus, gaining a better understanding of factors that shape family dynamics and gender perspective is important (Chrisman et al., 2005). To fill this gap, the main research question was formulated:

RQ1. What factors associated with family dynamics and gender roles influence copreneurial family business practices and the stability of the couple’s relationship?

The areas of copreneurs’ business relationships and practices, as well how these partners manage work-family life issues in their personal relationships, inter-relate in important theoretical and practical ways. Marshack (1993, p. 355) even said that the study of copreneurs “offers an opportunity to observe how those couples manage to balance the two domains: of love (personal relationship) and work (professional relationship).”

In addition, given the significant economic power of copreneurial family firms in the world (Dyer et al., 2013) and the lack of studies on the family dynamics of this type of business (O’Regan et al., 2010; Fletcher et al., 2009) and gender theory (Chrisman and Patel, 2012; Diaz-Garcia and Brush, 2012; Jimenez, 2009; Kim and Gao, 2013), principally in the context of developing countries such as Brazil, this study contributes both to developing knowledge in this area and to showing the factors to consider in this type of firm created and managed by couples. The results of the study will provide useful insights into copreneurial businesses from the family dynamics and gender perspective.
The study proposes a family dynamics and gender role research agenda concerning copreneurs’ management of their businesses and factors of their business-family life issues. This research agenda may be of interest to the scholars of married couples/families and organizations, as well as to researchers in other fields (e.g. psychology, sociology and organizational disciplines) in which family and copreneurial businesses have been studied.

**Literature review**

**Copreneurial family businesses**

Copreneurships are a particular type of family business where married couples or couples in a marriage-like relationship share in the ownership, management and responsibility of a single business (Barnett and Barnett, 1988; Rutherford *et al.*, 2006). According to Fletcher (2010), the term “copreneurship” is used to refer to the specific situations of cohabiting couples (whether mixed or single gender) who start a business together. This last author developed a typology of copreneurship using ownership and management structural dimensions.

Copreneurship is an entrepreneurial perspective and a business model with a growing presence in the business world (Barnett and Barnett, 1988). As copreneurial businesses become more common, these types of family businesses are receiving an increasing amount of attention in the small and family business literature (Marshack, 1994; Muske and Fitzgerald, 2006; Poza and Messer, 2001; Rowe and Hong, 2000; Rutherford *et al.*, 2006). Although it emerged in the 1980s, there is still a lack of consistency in the concept of copreneurship and in the different degrees of characterization, which has presented research with a constant challenge (Fitzgerald and Muske, 2002; Machek *et al.*, 2016). Most definitions of copreneurship are based on a business perspective and less on a family dynamics and gender perspective, which produces a vast range where the complexity is also varied (Bartens *et al.*, 2008; Dyer *et al.*, 2013).

The term copreneur was coined by Barnett and Barnett (1988), specifying this as couple who had co-ownership of the commitments and management of a business, i.e., a business undertaking managed by a couple. Rutherford *et al.* (2006) defined copreneurship as entrepreneurial couples that share ownership, commitment and joint responsibility (as a team) in managing a family business.

In addition, associated with the evolving concept of copreneurship is an evolution in women’s role in the labor market. Indeed, a form in which both spouses worked began with the concept of “unpaid work,” mainly at the initial stage where there is a need for a second person to help with administrative tasks. In these cases, there is “forced” integration of the wife regarding her career choices, which are adapted to the needs of the business, often even sacrificing her own career (Blenkinsopp and Owens, 2010). Subsequently, associated with the concept of copreneurship emerges “couple leadership,” to describe the situation where the wife, despite not being formally involved in the business, plays an essential role in the leadership role, principally in copreneurial family businesses (Blenkinsopp and Owens, 2010).

In these circumstances, the spouse’s involvement in a family business is an extension of life as a couple, and this relationship can sometimes have positive effects (Dyer *et al.*, 2013). Family members working together bring a competitive advantage (Dyer *et al.*, 2013), as this is an inimitable resource in relation to another, non-family firm.

A copreneurial dream means that both spouses must share each other’s dream. Both agree mutually to their involvement and act in a single direction for the future of the family business (Barney, 1991; Chrisman *et al.*, 2009; Dyer, 2006; Farrington *et al.*, 2011; Gomez-Mejia *et al.*, 2011; Habbershon and Williams, 1999; Muske and Fitzgerald, 2006; Sirmon and Hitt, 2003). Sharing a dream is sharing a vision (Ring and Van de Ven, 1994). It is a question of the copreneurs’ actions, organizational goals and expectations, with a
common purpose and cooperative behavior. Nevertheless, some of these dreams are individual, which makes them more difficult to fulfill. When there is a spirit of sharing, it is essential to have a balance and psychological well-being between family members and harmony between the family and the family business (Lansberg, 1999).

Moreover on the positive side, the copreneurs can increase the quality of strategic decisions and the commitment to these decisions in relation to the result of the firm and the project idealized (Mustakallio et al., 2002). However, not sharing this type of business/project can produce a feeling of resentment and marital disharmony (Campbell, 2008). Indeed, the relationship between the parties, husband and wife, needs to be shared, both in terms of the professional business and in the relationship as a couple and partners (Charles, 2008).

**Gender theory**

Prior research suggests gender differences in the evaluation of new opportunities (Baker et al., 2003), and that opportunity evaluation may be a critical filter responsible for the different rates of entrepreneurship between men and women (Langowitz and Minniti, 2007). The entrepreneur role is often characterized as being masculine (Ahl, 2006; Lewis, 2006). Entrepreneurship is associated with men around the world and masculinity is strongly embedded in prevailing social constructions of entrepreneurship (Greene et al., 2011).

Although masculine attributes of entrepreneurs are widely held, feminine characteristics can also play a role in entrepreneurship. Over the years, there have been several attempts to offer a positive understanding of feminine aspects in entrepreneurship (James, 2012), starting with an appreciation of the role of female values in managing new ventures (Calas et al., 2009).

The past 60 years have brought about changes in the post-Second World War notions of work and family regarding marital and gender roles. Given the multitude of families and businesses that fall within this population so acutely affected by the interplay between the work and family domains, scholars and professionals from numerous disciplines have investigated issues linking work and family: management/business (Waters and Bardoel, 2006), sociology (Wajcman, 2008), psychology (Allen, 2001), family studies (Dilworth, 2004) and women’s studies (Barnett and Hyde, 2001).

As the work and family domains are intrinsically intertwined in family businesses (Ashforth et al., 2000), these types of businesses in all forms provide an intriguing context in which to study work-family balance from a gender perspective. Gender diversity is regarded as a significant factor that enriches and improves the effectiveness of decision making on family SMEs’ boards (Lim and Envick, 2013). Moreover, Patterson (2011) recognized family entrepreneurship as a gendered process. Studies have highlighted female involvement as a main source of board heterogeneity (Simpson et al., 2010), especially in family firms, as these are considered among the few organizations that offer women real opportunities to reach the highest positions in business (Martinez Jimenez, 2009). In particular, studying married couples who own and operate family businesses together, hereafter termed “copreneurs” (following Barnett and Barnett, 1988), encourages researchers to make contributions to the multidisciplinary fields of work-family life and of family businesses. In this sense, Carradus (2017) understood the role of relational competency in copreneurial business from a gender perspective, and Deacon et al. (2014) studied business leadership in copreneurial businesses.

Research questions are raised about the relationships between gender, roles in the family and roles in the business; assumptions made by family members with regard to gender; and how parents and families socialize their children to think about the family business as well as their future involvement with this segment of business. For example, Helmle et al. found some copreneurs balance work and family by one of the spouses being at the forefront of the business and the other being at the forefront of the family. This may allow some couples to achieve more traditional marriages even though they both work in the same business.
Due to specific idiosyncrasies of women's entrepreneurship (e.g. the different contexts, such as family embeddedness or work-family issues) (Hughes et al., 2012), it is not clear how those gender-neutral findings may apply to firms owned and operated by women entrepreneurs. There is still a paucity of research addressing the heterogeneity of family firms owned and managed specifically by women entrepreneurs (Jimenez, 2009). The increasing involvement of women in copreneurial businesses and the heterogeneity of women entrepreneurs have not been explored to a great extent (Diaz-Garcia and Brush, 2012).

Researchers have shown that support from the family is, overall, positively related to female-owned business performance (Mari et al., 2016; Powell and Eddleston, 2013), while a lack of support can have negative effects (Sharma, 2008). Researchers confirm that copreneurial family business sustainability requires continued family involvement (Westhead and Howorth, 2007), although these studies are gender-neutral and do not focus explicitly on women entrepreneurs.

Factors influencing copreneurship practices

Through a brief literature review, Brush et al. (2009) found that entrepreneurship is almost always approached from a perspective based on economic objectives and rarely on the influence of social parameters such as: family (Cramton, 1993), domestic tasks, culture and context (Shelton, 2006).

Addressing the subject of entrepreneurial intention, Shapero and Sokol (1982) developed a conceptual framework with proposals exploring how the perceptions of desire and viability can influence men and women differently in the firm creation process. These researchers, Fletcher (2010) and Brush et al. (2009), also drew attention to how the start-up creation process can be helped or hindered by family restrictions and domestic resources (double roles) and how social roles can facilitate and/or prevent a female entrepreneurial action compared to one by the opposite sex.

In addition, in the area of copreneurship, Ahl (2006) observed that studies fail to relate satisfactorily interconnections between work and family, because they generally assume the division between work and family and between public and private life. Welter (2011) concluded that copreneurship is highly dependent on the specific context in which it occurs, including the cultural, family and domestic contexts.

To fill these gaps, this study uses family dynamics factors and gender perspective (see Carradus, 2017) as a theoretical framework to investigate factors influencing copreneurship practices. As noted by Kim and Gao (2013), family involvement is a key characteristic differentiating family from non-family firms. In addition, Marshack (1993) emphasized that copreneurial family businesses are fascinating examples of the interaction and interdependence of personal relationship and business partnership, or love and work.

Feminist literature has sought explanations for the gendered division of labor in cross-cultural studies. These studies suggest that while gender roles are not immutable, they do point to the importance of culture and socialization in evolving gender segregation and sex-typing of male and female work (Carradus, 2017). Iannarelli (1992) also concluded that women were less encouraged to join the firm, and thus spent less time there, developing fewer skills than their brothers. Thus, one of the key factors in the copreneurship process is the experience, motivation and the partners’ (couple’s) skills which are shared in the business. Moreover, according to Roha and Blum (1990) and Tompson and Tompson (2000), when couples manage their business together, they use their individual skills, which are often complementary.

In the context of copreneurship, where there is arguably more control over time and space, the dynamics could be different and entrepreneurship might provide the opportunity for more work flexibility (Humbert and Lewis, 2008). According to Harris et al. (2010),
some couples choose to create a business due to the freedom and flexibility that copreneurship can provide. When these couples have children, they find more time for their personal needs and for those of their children, compared to couples who are employees. However, the challenges in running this type of copreneurial family business can be great. There can be risk factors that warrant more specific attention regarding the marriage side rather than business management (Fletcher, 2010).

In addition, dedication to work is also an important factor in copreneurship (Carsrud and Brännback, 2012; Maas and Diederichs, 2007; Muske et al., 2002). Despite the couple’s freedom to look after their children and the freedom provided by this form of management, sometimes the couple end up carrying out at least some business activities at home, reducing even more the time with their spouse or even with the children (Fletcher, 2010).

In copreneurial family businesses, couples can also be seen as managers (Stewart Gross and Gross, 2007; Tompson and Tompson, 2000). Greater affinity as a couple, sharing the family firm and a positive marriage experience can be seen as the factors of copreneurship practices (Fletcher, 2010). Nelton (1986) observed that showing maximum respect for each other and partners complementing each other’s talents and attitudes are factors of copreneurship functioning.

For better functioning, performance and effectiveness of the couple’s duties and responsibilities, as managers, there must be agreement between the parties regarding the carrying out of tasks and leading teams (Keen, 2003). The description of individual tasks and responsibilities must be clear, specific and pre-defined (Hitt et al., 2006). The division of tasks between spouses is necessary, with a defined area for each, with business management and responsibility being controlled by both. Copreneurs, who listen to each other, who respectfully share ideas and opinions and who create positive dynamics, do more than communicate well (Hedberg et al., 2012). Copreneurs showing openness to constructive dialogue have a more productive business team; thus, firm success may rely more on team dynamics than on the individual merits of team members (Hedberg et al., 2012).

In these circumstances, professionalization is an instrument able to differentiate between family and firm interests (Gale, 2000; Moitoza, 1997; Ricca, 2002; Stewart Gross and Gross, 2007). In professional management, decisions are marked by technical, objective and rational criteria, unlike traditional family management where such decisions are also influenced by emotional and affective aspects (Werner, 2004). For a firm to become professional, the first step is not to take on professional administrators who do not belong to the family. What is fundamental is the attitude the family adopts toward professionalization (Ricca, 2002). Professionalising means identifying the best competence for certain functions and this can often be found within the family; so professionalization is possible with internal adaptations (Werner, 2004).

Despite no standardization of the factors involved in copreneurship, some criteria are common according to some authors (e.g. Barnett and Barnett, 1988; Fitzgerald and Muske, 2002), such as both spouses/women being involved in the firm, as the relationship between the couple is strengthened through the entrepreneurial culture and one of the main factors for couples starting up alone is greater control and freedom in their lives. Moreover, Nelton (1986) said that the advantages of becoming copreneurs include better understanding between spouses and greater commitment to the business. Danes and Jang (2013) investigated the formation of a copreneurial identity during new venture creation by investigating the underpinnings of spousal commitment considering business communication quality.

**Research methods**

**Type of study and participants**

Given the main research question defined for this study, a qualitative approach of an exploratory, inductive and interpretative nature was adopted. As stated by Demo (1998) and Yin (2015), qualitative studies focus on interpreting information, constructing a
dialogue/information between the interviewee and the researcher, with the additional assumption of including the researcher in the scenario being studied. The lack of consistency in the definitions of copreneurship has made it difficult to identify copreneur couples in large databases that include numerous types of family businesses (Fitzgerald and Muske, 2002). However, in this study, it was possible to select seven businesses created and/or managed by copreneurs and as key informants the couples involved in these firms. Based on our research objective, the intentionally selected firms (Patton, 1990) are all located in Brazil (developing country), in the State of Rio Grande do Sul. The main criterion in selecting these participants was that the firm had a couple as partners and that they worked in the common business. This being a non-probabilistic sample – of convenience – the selection of couples/copreneurs was made in an arbitrary way according to the interest of the research, easier access to interviewees, and the fact of being less burdensome in terms of time, effort and cost (Coutinho, 2011; Marshall, 1996).

**Information collection and analysis**

Based on Denzin and Lincoln (2000), Hancock and Algozzine (2006) and Yin (2015), data collection was by interviews with open questions, so that respondents were freer to express their view. Interviews have the advantage of being focused on the topic studied, allowing inferences about this (Yin, 2015). In Woodside (2010, p. 6), “thorough understanding of the actors, interactions, feelings and behaviors occurring in a given process over time should be seen as the researcher’s main aim in relation to the depth and comprehension of the study.” Thus, the selection of stories was primarily determined by personal contacts with copreneurs, in order to gain trustworthy information about the real situation of their businesses.

The interviews took place in June and July 2017 on the premises of each organization studied. For this, accompanying scripts were elaborated and each interview lasted 30–45 min on average. Table I presents our findings relating to the seven family firms and couples’ characteristics.

As can be observed, most of these copreneurial family businesses are SMEs in the service sector, with only one being industrial. The couples have been married between 4 and 34 years. Six couples created their own firms after getting married and only one firm existed previously. It is noted that all the couples have children. In addition, most of the couples studied here have attended higher education. As for the age of the couples interviewed, this varies between 30 and 57.

For analysis and treatment of the information, all interviews were transcribed and the answers set against the factors identified in the theory, which was extremely useful during data analysis. It was thus possible to reproduce and reanalyze the collected data. To achieve this purpose were compared the notes systematically to build a database. Afterwards, thematic coding was carried out using Boyatzis’s (1998) guidelines and Braun and Clarke’s (2006) phases of thematic analysis: first familiarizing with the data (transcribing and noting down initial analytic thoughts), then generating initial codes, searching, organizing and refining themes, and finally devising thematic maps (factors). Subsequently, a summary table was formed with the answers of all the couples and the factors identified. The report of the results is generally of a narrative nature and consists of a series of descriptions illustrating the key aspects of each participant (Hancock and Algozzine, 2006).

**Results**

This section will present the empirical evidence about the context experienced by the copreneurs in the seven copreneurial family businesses selected, based on the aim of this study, i.e., to understand the family dynamics factors and gender roles influencing the functioning of copreneurial businesses practices.
<table>
<thead>
<tr>
<th>Couple (firm)</th>
<th>Age of firm (years)</th>
<th>Sector</th>
<th>No. of employees</th>
<th>Gender</th>
<th>Age</th>
<th>Qualifications</th>
<th>Professional experience</th>
<th>Length of marriage</th>
<th>No. of children</th>
<th>Function/Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>M.O (Firm 1)</td>
<td>8</td>
<td>Computer products and technical assistance</td>
<td>2</td>
<td>Female</td>
<td>30</td>
<td>Degree in Industrial Food Chemistry</td>
<td>4</td>
<td>6</td>
<td>1</td>
<td>Customer service</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Male</td>
<td>36</td>
<td>Degree in Law</td>
<td>8</td>
<td></td>
<td></td>
<td>Management and sales</td>
</tr>
<tr>
<td>MN (Firm 2)</td>
<td>29</td>
<td>Production of social and company videos</td>
<td>6</td>
<td>Female</td>
<td>51</td>
<td>Degree in Marketing</td>
<td>29</td>
<td>34</td>
<td>2</td>
<td>Director</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Male</td>
<td>57</td>
<td>Degree in Marketing</td>
<td>29</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MR (Firm 3)</td>
<td>3</td>
<td>Manufacture of toys, rucksacks and slippers</td>
<td>20</td>
<td>Female</td>
<td>48</td>
<td>Master in Education</td>
<td>3</td>
<td>6</td>
<td>3</td>
<td>Director/Manager</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Male</td>
<td>51</td>
<td>Secondary Education</td>
<td>20</td>
<td></td>
<td></td>
<td>Managing partner</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Owner/Manager</td>
</tr>
<tr>
<td>F.A (Firm 4)</td>
<td>4</td>
<td>Providing goods transport</td>
<td>0</td>
<td>Female</td>
<td>37</td>
<td>Degree in Physio-therapy (currently studying)</td>
<td>3</td>
<td>4</td>
<td>1</td>
<td>Head of Finance</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Male</td>
<td>39</td>
<td>Degree in Management</td>
<td>10</td>
<td>10</td>
<td>1</td>
<td>Management</td>
</tr>
<tr>
<td>T.A (Firm 5)</td>
<td>9</td>
<td>Restaurant</td>
<td>26</td>
<td>Male</td>
<td>39</td>
<td>Degree in Industrial Food Chemistry</td>
<td>4</td>
<td>19</td>
<td>1</td>
<td>Administrator</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Female</td>
<td>36</td>
<td>Degree in Management</td>
<td>8</td>
<td></td>
<td></td>
<td>Owner</td>
</tr>
<tr>
<td>KS (Firm 6)</td>
<td>8</td>
<td>Mechanical workshop</td>
<td>2</td>
<td>Male</td>
<td>47</td>
<td>Degree in Social Work</td>
<td>8</td>
<td>11</td>
<td>1</td>
<td>Mechanic</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Female</td>
<td>41</td>
<td>Secondary Education</td>
<td>8</td>
<td></td>
<td></td>
<td>Administrative</td>
</tr>
<tr>
<td>RA (Firm 7)</td>
<td>10</td>
<td>Shop selling computers/ electrical equipment</td>
<td>4</td>
<td>Male</td>
<td>40</td>
<td>Degree in Management</td>
<td>24</td>
<td>11</td>
<td>1</td>
<td>Technician</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Female</td>
<td></td>
<td>Technical Education</td>
<td>8</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

Table I. Characterization of firms and participants
Factors in the functioning of copreneurship practices

From the analysis of the interviewees' answers, and in relation to the literature review, in this study were identified several factors reported as important for copreneurship.

Couples as managers. The position and function of each copreneur (division of work) are very well-defined in the firms studied. There is a main manager designated to fulfill this role, due to having previous experience and so this manager has decision-making power.

Decisions are usually made by the couple. Consequently, corporate leadership is the key factor in organizational management, and has a positive impact on the other factors, such as trust, marital harmony and commitment. As mentioned by the couples interviewed (couples M.N, F.A. and K.S., firms 2, 4 and 6, respectively) “[…] yes, all decisions are made together” and by couple M.R. (firm 3), “[…] both of us always talk to the other.”

Moreover, regarding the decision-making process in the firms studied here, some management activities are in the hands of one of the spouses or another person. In firm 1 (couple M.O), normally the “decision-making is in the hands of the manager, the husband” and in firm 7, “most decisions are divided. When these are financial matters, my wife decides, but in the area of services and purchases it’s me,” says the husband of couple R.A.

In addition, having previous experience was also a factor leading to success of the businesses created by these couples. “My husband already had a company in the branch and as business was going well, we decided to extend it,” says the wife in family business 3; “from the experience my husband already had in the area” (firm 4); “[…] from being active for a long time in this branch arose the idea of being self-employed” (firm 6); “my husband already carried out these functions, but informally, and as it was his dream, I helped him in the company” (firm 7). In firm 5, the idea to create a business arose because “we were invited by the major partner to participate in the firm. Us and another couple. So the business was already created, the company existed […]”. Based on this empirical evidence, the previous experience was essential for copreneurship success.

As for the factor associated with the separation of positions and functions, this is clearly observed positively and objectively in the couples studied. This separation of tasks and posts is made according to each one's skills, or previous experience in carrying out that duty.

Another associated factor is the harmony between the copreneurs due precisely to their clearly defined functions. A married relationship may be essential for continuity of a copreneurial family business, or also, this type of business can contribute to marital harmony. In copreneurship, respect and order between the spouses is ensured, as is marital harmony.

When a couple sets up a business, this can strengthen the marital relationship and be seen as an important factor for both the firm and the relationship. In firm 1, the couple interviewed mention that “the choice of a family business was entirely due to the reliability and pleasure it gives, […] you are always discussing improvements with the one you've chosen to live with”. In firms 3 and 5, the interviewees mention the importance of trust between owners.

According to the empirical evidence obtained, it is also observed that “[…] the couple's business functions are divided between the two according to one's talent” (couple M.N, firm 2). The greater the balance of knowledge, talent and skill in the couple, the higher the performance and benefits for the firm.

Analysis of the responses obtained reveals that in most of the copreneurial businesses, wives tend to carry out financial duties, as found in several couples interviewed. Other wives carry out administrative or commercial functions. According to the husbands' answers, some carry out duties in the commercial area, one in finance and the other in administration. But what is relevant is that in all firms this division of tasks is clear. In fact, copreneurial family firms have offered women real opportunities to reach the highest positions in business (Martinez Jimenez, 2009).
The copreneurs interviewed, although mostly not showing dedication to work as a key factor, say that they end up taking part of the work home, mainly some important decision making or matters that are strategic for the firm. However, the opposite, family matters being taken to the firm to be discussed, is less common, except for extremely urgent matters. Despite one couple being aware this decision in not the most correct one, complete marital harmony ends up being productive, concerning decision making and trust. For couple F.A. (firm 4), “[…] we talk about the firm at home, but calmly” and for couple R.A (firm 7), “[…] financial analyses and promotions are carried out far from any type of interruption, telephone calls, etc. […]” These quotations illustrate that when a couple is involved in a firm, there is a greater impact on the family, and consequently, higher family productivity. As seen in Table I, men and women interviewed have higher education (degree and post-graduate), or are attending a course in higher education. Only some of the copreneurs do not have higher education, but have previous experience in the firm’s sector of activity. The question of professionalization is therefore confirmed in all the copreneurs interviewed.

In addition connected to the personal, firm and employee professionalization shown is marital harmony, trust, commitment and division of labor. These factors are present and shown by the continuity, qualification and growth of the firms studied, as well as expansion, as the couples have other business interests. Indeed, from the evidence obtained, the question of professionalization is seen to be clear and essential. The following quotations illustrate this situation:

- “Professionalization is a way to grow and operate in the market, it’s a reference,” “[…] it’s very important, […] the more professional you are, the better the results and the more you satisfy your customer […]” as stated by couple K.S (firm 6).
- “Our firm aims for the satisfaction of both customers and employees, so professionalism is always achieved through courses in selling, improving the premises and new software” (firm 1).
- “We see professionalization as a way to grow and operate in the market […]” (firm 2).
- “We always seek the best to satisfy our main client, so we look for knowledge in our area of operation” (firm 4).

These accounts lead to the conclusion that for better functioning and greater firm profitability, better qualifications are necessary, or a set of complementary competences and experience on the part of the copreneurs.

Besides the factors mentioned above, this study also highlighted another essential factor of copreneurship functioning, i.e., the fact that the wives perform other functions/activities. As underlined by couple M.N (firm 2), “[…] I don’t work only in this firm, but also in a branch in Porto Alegre.” For one of the members (the wife) of couple M.R (firm 3), “[…] I’m also a teacher in higher education, on the Law course […]”; “[…] I’m a professional beautician,” says the wife in firm 7. Finally in business 5, “[…] I have another commercial business” (couple R.A).

From the statements gathered from the couples interviewed, also identified as factors for copreneurship practices were trust, flexibility, dialogue and communication, mutual objectives, transparency and balance between the family and professional spheres. These factors are illustrated in the following quotations:

- “Harmony in the working environment, reliability, the time we spend together and adapting both our timetables allow a calm atmosphere” (firm 1).
- “[…] I’m always with my husband, […] when it’s necessary to deal with events at the weekend, we’re always together too” (firm 2).
“We have an easy dialogue and the objectives are common [...]” (firms 3 and 4).

“There is transparency, sincerity and decision-making is quick and practical” (firm 5).

“We get on better and decisions are always taken with a view to improving the firm and our personal life” (family business 6).

“[…] A marriage, a union, is certainly the basis for everything […] for anyone, whatever the area they’re in, and nowadays, trust is the basis for everything […] and that only happens if it is really taken seriously, [...] the best way is really to have someone close and wanting to share joys and sadness, [...] just as there are good days and good work, there are days when problems occur” (firm 7).

Connected with this unique and individual characteristic, husband and wife play the role of manager in the firm and are seen as a team, meaning that tasks and activities are performed by both.

**Discussion**

This section discusses the empirical evidence about the context experienced by the copreneurs in the seven copreneurial family businesses selected and located in Brazil (developing country), based on the research question formulated, i.e., to identify the factors associated with family dynamics and gender roles influence copreneurial family business practices and the stability of the couple’s relationship.

The results are presented in terms of these factors/dimensions identified, in which includes the functioning of copreneurship practices. The factors identified were the couples as managers, previous experience, separation of positions and functions, dedication for work, professionalization and other factors such as trust, flexibility, dialogue and communication, mutual objectives, transparency and balance between the family and professional spheres.

In this study, it was thus able to verify that in copreneurship processes here studied the couples are seen as managers. This evidence agrees with the studies by Marshack (2002), Farrington et al. (2011) and Sorenson (2000), who reported that participative leaders are present in most copreneurial firms. This is a leader who shows flexibility in the form of governance with their spouse, while aiming for better results and business growth. In addition, this is a visionary leader, but with a view of corporate leadership between the couple, since common objectives prevail to regulate the behavior of both as managers (Carsrud and Brännback, 2012). Thus, when spouses have a relevant and fundamental voice in firm decisions, the firm is more productive with a greater potential for creative problem solving (Hedberg et al., 2012). In these cases, the separation of jobs and functions (Maas and Diederichs, 2007) is a crucial factor.

Previous experience was also a factor leading to success of the businesses created by these couples. This finding was shared by Marshack (1994), O’Connor et al. (2006), Robin (2007) and Tompson and Tompson (2000), where this combination of the couple’s competences and skills as well as their level of experience results in the organization’s success.

Another associated factor in copreneurship is the harmony between the copreneurs due precisely to their clearly defined functions. This result corroborates confirmation of the clarity and specificity of each spouse’s functions (Gale, 2000; Roha and Blum, 1990; Tompson and Tompson, 2000). On the other hand, the spouses end up being closer as individuals, strengthening the family-work relationship (Maas and Diederichs, 2007; Muske et al., 2002; Othman et al., 2016). Copreneurs having strong family bonds can be a crucial factor for copreneurial family business (Nelton, 1986). For Robin (2007), functions should be attributed according to the strengths of each spouse, and also based on the
individual preference of each. Therefore, feminist literature has sought explanations for the gendered division of labor.

Despite longer working hours in copreneurship relations here studied, efforts will be rewarded by the sustainability, success and longevity of the firm and the business (Fletcher et al., 2009; O'Regan et al., 2010). Nicolas (2011) also reported that shared trust becomes implicit in copreneurs. There are no worries about the alignment of thoughts and objectives, either in the firm or in personal life, bringing balance to management and the couple’s married life (Anderson and Reeb, 2003).

With regard to the professionalization dimension, in this study it was confirmed in all the copreneurs studied. Better qualifications are necessary, or a set of complementary competences and experience on the part of the copreneurs. The couples have the capacity, within their skills and in the different areas of action, for better firm management (Farrington et al., 2011; Hitt et al., 2006). Based on each individual’s competences and talents, firm management is more homogeneous, tending toward better performance when compared with other firms in the market (Aronoff et al., 1997; Gersick, 1997; Lansberg, 1999).

The findings also highlighted another essential factor of copreneurship functioning, i.e., the fact that the wives perform other functions/activities. Vera and Dean (2005) suggested that an important factor in copreneurial businesses is related to work experience acquired outside the firm, as this may give women professionals both self-confidence and credibility.

Finally, teamwork and collaboration in these copreneurial relationships and processes of family business are also extremely important factors for copreneurial family business practices (Gage et al., 2004; Ward, 2016). These types of copreneurial family business practices are understood as being due to the harmony and participation of the copreneurs. There is a cycle of advantages, both for the family and satisfactory and beneficial for the copreneurship context (Ivancevich et al., 2005; Sharma, 2004). Furthermore, it is clear that when copreneural couples are willing to share their professional and personal lives, the consequences are positive and beneficial, in financial, marital and business terms. Sharing work and enjoyment gives the partners greater freedom, and therefore a better situation to manage the firm at times of economic crisis. Moreover, some studies (e.g. Muske and Fitzgerald, 2006) argue that couples who work together can bring a positive effect to both the company and the family, due to the belief they bring harmony to the workplace.

Conclusions

Overview of contributions

From family dynamics factors and gender theory, this study aimed to understand the dimensions/factors influencing the functioning of copreneural family businesses. To this end, a qualitative approach was adopted, through the analysis of seven businesses created by couples/copreneurs in an emerging economy, namely Brazil.

Based on the results obtained, the main factors leading to a copreneural family business are found to be the fulfilment of a dream and one of the spouses’ previous experiences in the sector of activity. Other factors with a direct influence on the copreneurship process are professionalization, the separation of the couple’s tasks and business management. The results also show that the couples studied perceived the following relational-based factors as influencing the success of their business: trust, communication, flexibility and common goals. These are other essential factors of the good functioning of this type of family business and stability in the marital relationship, and can have an impact on management in this type of subset of family business. Besides these factors, identified as a factor influencing copreneurship was the fact of the wives performing other professional functions/activities unrelated to the copreneural business.

A clear division of work is also fundamental in a firm with copreneural management. This factor is crucial for all the other factors also to be positive. Corroborating this
dimension (managing couples), in the division of work, the harmony, freedom of management and clear definition of the role each copreneur plays in their business were important factors.

In the dimension associated with professionalization, there is consideration of its importance for the firm’s improvement and longevity. This analysis confirms it is extremely important for the copreneurs, as managers, to have high qualifications and their own clear, well-defined functions within the business. These should be drawn up according to the experience or talent of each spouse.

Implications for theory
From the theoretical framework, and based on the outcomes, several theoretical implications are presented. This study contributes to advancing knowledge in the areas of entrepreneurship and family business, by showing the factors to consider in this type of firm created and managed by couples (copreneurs). Therefore, our conceptual framework represents the primary contribution of this study.

On the other hand, this study has added to the body of family business research by investigating a particularly limited segment of the literature, namely copreneurship in family businesses. Our study investigated and incorporated relational-based factors into the conceptual framework developed here. These describe the factors influencing the functioning of copreneurial businesses, i.e., relational-based factors are those influencing the interaction between people when they work together as a team and include, among others, fairness, mutual respect and trust, open communication, spousal relationship, family harmony, commitment, and balance between work and home. The findings suggest links between work-family life issues and copreneurial businesses in order to lay the foundation for a research agenda for marital, family and organizational commitment scholars who may be interested in either arena or both. This study also guides future research for both work-family life scholars and copreneurial business researchers from a gender perspective.

Implications for practice
Practical implications for copreneurs and managers of copreneurial family businesses, policy and society are also suggested. It is clear that professionalization and the separation of positions and functions are fundamental for a balance between business management and the couple’s marital life. When couples are in harmony and considering factors such as trust, communication and flexibility, the firm’s life-cycle and business become real and more effective.

The results of our study may also be useful for decision making by copreneurial families in emerging economies (particularly those with strong masculinity features) who currently own and manage a family business or are contemplating bringing their family members into their business. Government policies tailored to promoting copreneurship should take into account that family firms cannot be simplistically viewed as a homogeneous entity.

The role of the family in copreneurial businesses cannot be overstated. Policy decisions on training to encourage positive family involvement and gender roles in business start-up should be encouraged. The results of this study may be useful for decision making by women entrepreneurs in emerging economies (particularly those with strong masculinity features) who currently own and manage a family business or are contemplating bringing their family members into their business.

Limitations and future research suggestions
This study is not without limitations. One of the main limitations may be the small number of couples interviewed, and so the conclusions can only be considered true
for the subject of this study, and cannot be generalized. In addition, our findings are
mainly based on interviews with the copreneurs and on our personal observations
and impressions when visiting the firms, which may result in self-reporting and
auto-evaluation bias. So the explicit subjectivity of entrepreneurial personal stories,
concentrating on the individuals’ narrative, neglects other social actors’ interpretations
and objective validations.

Regarding future research, based on our findings from interviews, observations and
other evidence were concluded that the success of copreneurial businesses could be best
explained by qualitative exploration. Thus, from the empirical evidences is recommended
that researchers should redirect some efforts, considering the vast number of copreneurs,
to studying more factors related to this type of family firm. As our study focuses on
Brazilian copreneurial firms, a comparison with different economic and cultural settings
could be helpful to obtain more general conclusions. As noted by Farrington et al. (2009),
the question of whether culture influences the success of these family businesses would
also be worth pursuing.

As family businesses make up a large percentage of SMEs worldwide, it would be useful
to replicate this study in other countries in an attempt to verify to what extent the factors
influencing the success of copreneurial businesses in Brazil are different from those
affecting these types of businesses elsewhere. Thus, suggested for future research
are quantitative studies, with a representative sample, in order to confirm and compare the
evidence found here.

Despite the limitations identified, this study has added to the theoretical and empirical
body of family business research and has highlighted numerous opportunities for
research teams within the family business context, such as copreneurial couples’
businesses. Finally, this exploratory study sparks further research interest in exploring
the factors of success in copreneurship.

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Keeping it in the family: exploring Igbo ethnic entrepreneurial behaviour in Nigeria

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Abstract
Purpose – The purpose of this paper is to examine the attributes of the Igbos in Eastern Nigeria and the underlying factors influencing their entrepreneurial behaviour. More specifically, the study highlights the links between family, culture, institution and entrepreneurial behaviour in the African context.

Design/methodology/approach – This paper is based on a qualitative research method by interviewing 50 entrepreneurs and community leaders of the Igbo nation. Igbos have been described as “naturally enterprising and ingenious” and can be found throughout Nigeria and West Africa. Understanding the vagaries of ethnic entrepreneurship can arguably only be achieved through research that is undertaken within these socio-historically rich, traditional and cultural contexts.

Findings – Linked to the social learning theory, Igbo families provide an entrepreneurial leadership platform which influences youths through role models, providing mastery experiences and socialisation. The extended family provides a safe environment for risk taking, creativity and innovation. Also, an informal apprenticeship system provides entrepreneurial learning that prepares the younger generation to take to business as a way of life.

Research limitations/implications – The study is based on a relatively small sample size of 50 respondents, which makes it difficult to generalise the findings despite the benefits of the research methods adopted in the study. Also, there are limitations to the extension of the findings to a generalised Igbo population comprising individuals who may, or may not, behave entrepreneurially.

Practical implications – There are significant practical implications, both nationally and internationally, for policy makers that are concerned with developing jobs for the growing population of unemployed youths and inclusive entrepreneurship in Nigeria.

Originality/value – The research has three main contributions. First, it valorises indigenous knowledge of family and institutional entrepreneurial behaviour in an African context. Second, it highlights the importance of the linked institutions of the extended family and the informal apprenticeship system in Igbo culture. Finally, it provides a model and an explanation of how the Igbo culture nurtures and develops transgenerational entrepreneurial behaviour.

Keywords Family firms, Entrepreneurship, Ethnic groups, Institutions, Institutional theory

Introduction
This study explores the links between the Igbo ethnic family, institutions and entrepreneurial behaviour. The institutional theory has long struggled to explain the action and agency inherent in entrepreneurship (Sine and David, 2010). As North (1990) observed, institutions govern individual behaviour and, together with social and cultural elements, determines own behaviour (Anggradwita et al., 2017). Several studies have shown that entrepreneurship is inextricably linked to institutions and family (Aldrich and Cliff, 2003; Williams et al., 2013).
Social learning theories explain human behaviour concerning continuous reciprocal interaction between cognitive, behavioural and environmental influences. Bandura (1977) posits that people learn from one another via observation, imitation and modelling. Anggadwita et al. (2017) note that socio-cultural systems generate an intangible element that may affect a person’s behaviour, relationships, perceptions, ways of life and survival. Several scholars have discussed the influence of family in entrepreneurship in context, yet more work is needed to unpick how family dynamics influence the initial steps in an entrepreneurial process (Alberts et al., 2017). Much of what is known regarding entrepreneurial behaviour is based on Western, not African, values. Hence, a growing number of scholars have repeatedly highlighted the need to study entrepreneurial behaviour from a non-Western conceptualisation of entrepreneurship (Newbery et al., 2017).

By acting entrepreneurially and being among the first to discover new businesses and services, enter new markets, or adopt innovative new technologies, “Igbos” have been described as a “naturally enterprising and ingenious people” (Meagher, 2010). Despite the recognition of Igbo entrepreneurship behaviour from many perspectives, empirical studies remain scarce. Prior entrepreneurship research focuses on the effect of cultural systems at national or African level (Ajekwu, 2017; Ojiaku, 2015, Olakunle et al., 2016), social networks and informal economy (Meagher, 2010) and cluster development (Oyeyinka, 2017; Madiche and Nkamnebe, 2010a). However, these studies do not explain the process of how Igbos nurture and develop transgenerational entrepreneurial behaviour. In order to bridge this gap, this paper adopts a qualitative approach to theorise entrepreneurial behaviour of the Igbos and the elements contributing to their entrepreneurial culture based on interviews with 50 business owners and community leaders. Our paper thus addresses three questions:

RQ1. What are the cultural rules that dictate Igbo entrepreneurship?

RQ2. What are the ethnic entrepreneurship characteristics of the Igbos?

RQ3. What motivates the Igbo’s towards business and self-employment?

By exploring these questions and others, we hope to contribute to knowledge on ethnic and family-based behaviour in the under-theorised setting and institutional uncertainty of Nigeria. First, we add to knowledge on ethnic entrepreneurial behaviour that is not based on Western values and assumptions. Second, we examine how the extended family and local institutions act to shape entrepreneurial behaviour, risk taking, learning and innovation. In doing so, we highlight how familiness (see e.g. Kansikas et al., 2012) enabled Igbo entrepreneurs to overcome the barriers created by Institutional factors and successfully established a dynamic business culture. Research has long highlighted the relevance of context for the family in new venture creation and venture success (Arregle et al., 2015; Chua et al., 2011; Powell and Eddleston, 2013) either by offering access to resources and information or by interfering with work (Zhu et al., 2017). Third, our study theorises Igbo entrepreneurial behavioural context and, in doing so, provides an understanding of how this behaviour is developed and transmitted across generations.

This study is structured as follows: first, the paper discusses the literature and arguments on the relationship between family, institutions and entrepreneurial behaviour, outlining the institutional factors in the Nigerian and Igbo context. Second, it describes an interpretive design that valorises the voice of the indigenous people. Third, based on qualitative research methods, this study examines the relationship between family, institution and entrepreneurship, and applies this logic to developing an Igbo entrepreneurial behavioural framework. Finally, the paper concludes with a discussion, contributions, limitations and implications for future research.
This section is divided into three parts. First, we explore the literature with the aim of offering insights into the current understanding of the influence of institution and culture on entrepreneurial behaviour. Second, we analyse the regulative institutional context in Nigeria. These regulative factors are both barriers to formal business creation and catalysts for Igbo entrepreneurship. Third, we explore Igbo culture and how the family as an informal institution is paramount in shaping entrepreneurial behaviours.

**Institution, culture and entrepreneurship**

The extent and nature of entrepreneurial opportunities and activities differ significantly across nations (Boettke and Coyne, 2009). This has been attributed to institutional, social and cultural differences (Ajekwu, 2017). Institutional context is an important concept for understanding the role of entrepreneurship in economic life. Institutions are the finely woven web of values, norms, perceptions and routines that shape social interactions by creating the behavioural expectations that guide individual behaviour (DiMaggio and Powell, 1991). The literature indicates that institutions are maintained through repeated endorsement by individuals engaging in social interactions which become entrenched when people perform the patterns of behaviour encrypted in them until any other behaviour becomes unthinkable (Seo and Creed, 2002). The term “institutional void” was initially employed to describe contexts lacking institutions such as business regulations, a banking and financial system, legal systems, etc. Institutional voids represent environments in which extant institutions are unavailable or insufficient in guiding actors’ behaviour (Mair et al., 2012). It has been proven that Institutions are influenced by and, in turn, influence, culture, social norms and the rules which govern the conduct of economic activity and social interactions (Scott, 2008).

Bandura’s (1977) social learning theory has often been called a bridge between behaviourist and cognitive learning because it encompasses attention, memory and motivation. Most human behaviour is learned observationally through modelling: from observing others, one forms an idea of how new behaviours are performed, and on later occasions, this coded information serves as a guide for action (Bandura, 1977). The theory states that individuals that are observed are called models. In society, young people are surrounded by many influential models, such as parents within the family, characters on children’s TV, friends within their peer group and teachers at school. According to Bandura’s theory, these models provide examples of behaviour to observe and imitate, e.g. masculine and feminine, pro and anti-social, etc. People are naturally inclined to imitate, explore, take on and internalise ambient social roles, knowledge, skills and practices to the point that they become inherent descriptors of themselves (Kirkley, 2016). In this regard, several authors have attempted to examine ethnic entrepreneurship (Deakins et al., 2003; Jones and Ram, 2014; Ram et al., 2012).

Boettke and Coyne (2009) argue that some cultures support or discourage entrepreneurial spirit. Culture is directly associated with institutions in the sense that culture, like formal institutions as defined by North (1990), governs individual behaviour. The literature on Igbo business history emphasises the importance of family (Brautigam, 2003; Meagher, 2010). LeVine (1966) argues that family plays a major role in the entrepreneurial behaviour of the Igbos, stating that contrary to other motivation theorists, especially McClelland (1961), family influence upon the need for the achievement is intrinsic rather than extrinsic. Singh (2011) provides a summary of intrinsic and extrinsic behaviours as follows: Intrinsic motivation is driven by an interest or enjoyment in the task itself, and exists within the individual rather than relying on any external pressure. Extrinsic motivation comes from outside the individual. Common extrinsic motivations are rewards like money, grades and coercion. Competition is in general extrinsic because it encourages the performer to win.
Several authors have examined the individualism–collectivism cultural dimensions. For example, Gorodnichenko and Roland (2011) emphasise that individualism denotes personal freedom and achievement. Individualist culture, therefore, awards a social status to personal achievements that make an individual stand out in a group. It is believed that people from individualist cultures have a higher need for “self-enhancement” and have a stronger self-serving bias than people from collectivist cultures (Gorodnichenko and Roland, 2011). Collectivism emphasises the embeddedness of individuals in a larger group, underlining conformity and discouraging the pursuit of individual achievements. The communal approach to life has implications for entrepreneurial behaviour. African cultures have been highlighted as emphasising elements of communalism and collectivism (Ajekwu, 2017; Jakiela and Ozier, 2011), where strong and able members of society are required to help the less able members and collective punishments exist to penalise the rich and discourage individual achievements such as wealth accumulation (Jakiela and Ozier, 2011). With an aim to explain the catalysts for Igbo entrepreneurship, we next frame the regulative and institutional context in Nigeria.

Regulative institutional context in Nigeria

Nigeria is one of the largest African economies mainly due to its abundant oil and other natural resources, but corruption and lack of transparency, along with tribal and cultural factors, have prevented this resource-rich country from achieving its full potential. In many developing countries, obstacles in the business environment inhibit intentions to start a business for a majority of the population. These obstacles add to the usual challenges that entrepreneurs face such as the lack of skilled labour, lack of market information, the time it takes to obtain permits, etc. (Igwe, Onjewu and Nwibo, 2018). Indeed, however, some entrepreneurs prevail despite the barriers and challenges. The financial service landscape of Nigeria is one that shows a lack of access to a range of affordable, safe and reliable financial services (Mishra et al., 2014). The formal financial system provides services to about 35 per cent of the economically active population while the remaining 65 per cent are excluded (Central Bank of Nigeria, 2005). Another barrier to entrepreneurship in Nigeria is corruption and inefficient legal and political systems. Some authors maintain that the significant institutional problems that have impeded sustainable development in Nigeria are corruption, which appears embedded in the culture (Faleye, 2013; Keeper, 2012). Aidis et al. (2012) argue that corruption constrains entrepreneurship by deterring entrepreneurs that are unwilling to engage in corrupt practices and by encouraging unproductive forms of entrepreneurship. Regionalism, tribalism, sectionalism and ethnicity are the major problems facing Nigerian political development (Ochulor, 2011).

Nigeria’s infrastructures are inadequate and poorly maintained. The Nigerian power sector’s operational efficiency and cost recovery are among the worst in Africa, supplying about half of what is required, with subsequent social costs of about 3.7 per cent of GDP (World Bank, 2011). In the transport sector, Nigeria’s road networks are in poor condition from a lack of maintenance, and the country has a poor record in air transport safety (World Bank, 2011). In most parts of the country, mobility is severely constrained by a lack of transport infrastructure. These factors result in increased production and transaction costs and reduced business competitiveness. Another significant barrier to entrepreneurship in Nigeria is an inadequate educational system. Nigeria is noted for its poor quality of primary education as well as low levels of tertiary enrolment (Global Entrepreneurship Monitor (GEM), 2015). About 40 per cent of Nigerian children aged 6–11 years (approximately 4.7m children of primary school age) do not attend any primary school, with the Northern region recording the lowest school attendance rate in the country, particularly for girls (UNICEF, 2005). As reported by GEM (2015), the problem in Nigeria is not just poor school completion rates but also a mismatch of skills.
Igbo cultural and family context

Nigeria is composed of more than 250 different ethnic and sub-ethnic groups with different values, beliefs and attitudes. Therefore, attempting to discuss Nigerian entrepreneurial behaviour is problematic. The Igbo is one of the four dominant tribes in Nigeria - the others being Hausa, Fulani and Yoruba - with a population of approximately 32m in South-Eastern Nigeria (CIA World Factbook, 2016). They share a common language, traditions, institutions, family and kindred system, religion and lifestyle. The Igbo have been described as suffering an institutional disadvantage compared to other Nigerian tribes. The history of the Igbo shows that the family unit was tightly knit and was organised upon kinship and lineage systems. The structure and kinship ties in the Igbo family differ little from those found in most other societies (Ikwubuzo, 2012). Igbo societies were patriarchal in nature, and the male gender had the pre-eminence in matters of lineage, authority, and political structures. The family group participated in economic activities together based on family values. Also, the society was based on a religious institution linked to a belief system that revered different deities and gods (Aluko, 2002). Many believed and trusted that these deities would protect them from harm and give them prosperity. However, civilisation has brought changes in the social and cultural values stated above. Despite these changes, the family unit remains very strong in the Igbo culture (see Madichie et al., 2008; Madichie and Nkamnebe, 2010a; Ikwubuzo, 2012). Extended family is created upon marriage. The family structure consists mainly of the father, one or more wives, children, dependants and relatives. The extended family setting is common in Igbo where the father, mother or mothers, children, in-laws, from both sides, friends and other relatives all live together as one household. The extended family structure provides support for each member of the household as some members may not be as wealthy as others, or widowed, or orphaned, etc.

Traditional Igbo society consisted of clusters of individual family units that constitute kindred, with several of these kindred making up an Igbo village or town (Eze, 2015). The Igbo feel marginalised and discriminated since the Civil War (1967–1970) where the “Igbo nation” attempted to proclaim independence from Nigeria as the Republic of Biafra (Korieh, 2016; Olakunle et al., 2016). The war was a key point in Igbo entrepreneurship activity and, as a result, Igbo are the most mobile (see e.g. Madichie et al., 2008, p. 286) among the ethnic groups in Nigeria (Ojukwu, 2009). Igbo are often found in the private sector, specializing in trades across Nigeria (Kilani and Iheanacho, 2016). The Igbo have control of business sectors such as transportation, automotive spare parts, the movie industry (Nollywood), pharmaceuticals, import and export trade (see e.g. Madichie and Nkamnebe, 2010a). Oyelaran-Oyeyinka (2004) state that the Igbo are a culturally homogeneous society and that business tends to be organised along a strong ethnic pattern. The Igbo’s tightly-controlled family connections ensure that members of the extended family oversee essential networks of production and distribution (Meagher, 2010). These rich and turbulent cultural contexts make the Igbo a unique population to study and explore entrepreneurial behaviour.

Methodology

From a methodological perspective, this paper responds to concerns about the use of tools and techniques (Short et al., 2010, p. 7) and validity in assessments of entrepreneurship research (see e.g. Chandler and Lyon, 2001). The study adopts an interpretive design that enables the participant’s perspectives and provides them with a voice to narrate their experiences (Goddard and Melville, 2004; Robson, 2002; Usman, 2010). The approach adopts unstructured interviews to facilitate free-flowing conversations (see e.g. Charmaz, 2014) that promote the voice of the indigenous people and triangulates its findings through conducting a focus group (of five participants) and collecting fieldnotes. Through the focus group, responses from individual interviews were verified and the possible omission of important Igbo cultural elements assumed (see e.g. Igwe, Madichie and Newbery, 2018; Igwe, Newbery...
Sampling and data collection
Respondents comprised 25 business owners and 25 community leaders of Igbo indigenes across five states of Eastern Nigeria (Abia, Anambra, Ebonyi, Enugu and Imo). The business owners were affiliated with family businesses (i.e. firms having the owners and some family members working together to operate the firms). Data were gathered through interviews ranging from one to two hours duration. Community, political leaders and retired public servants were chosen to provide a broad view of the regulatory and social institutional landscape (see Table I). This approach provided an opportunity to explore the opinions of entrepreneurs and non-entrepreneurs within the society. It applied a qualitative approach to identify the factors that the respondents believed were critical for their entrepreneurial journey (see e.g. Edmondson and McManus, 2007). The objective was to identify within and across our respondents the patterns, processes and relationships that appeared connected to their entrepreneurial behaviour. The interview involved the lead researcher residing, observing and interviewing the respondents for about three months (total duration for all the meetings) between 2015 and 2016. As stated earlier, purposive rather than random sampling was used to select the respondents (Garcia and Welter, 2011). In this regard, respondents were selected based on the degree of experience as business owners, age and social status. This was achieved through the excellent knowledge of the target respondents by the lead researcher. Respondents were given the opportunity to give consent by accepting or declining to participate in the interview.

<table>
<thead>
<tr>
<th>Individual characteristics</th>
<th>Number of respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Business owners with more than 20 years’ experience</strong></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>8</td>
</tr>
<tr>
<td>Female</td>
<td>5</td>
</tr>
<tr>
<td><strong>Business owners with 5–10 years’ experience</strong></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>6</td>
</tr>
<tr>
<td>Female</td>
<td>3</td>
</tr>
<tr>
<td><strong>Business owners with less than 5 years’ experience</strong></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>2</td>
</tr>
<tr>
<td>Female</td>
<td>1</td>
</tr>
<tr>
<td><strong>Community leaders</strong></td>
<td></td>
</tr>
<tr>
<td>Traditional chiefs and rulers</td>
<td>5</td>
</tr>
<tr>
<td>Community and town unions leaders</td>
<td>7</td>
</tr>
<tr>
<td>Ex-Parliamentary members</td>
<td>4</td>
</tr>
<tr>
<td>Retired court judges</td>
<td>3</td>
</tr>
<tr>
<td>Retired civil servants</td>
<td>6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>50</td>
</tr>
</tbody>
</table>

Table I. The profile of the respondents
The lead researcher travelled to the respondents’ home, businesses or offices to conduct the interviews depending on the preferences of the respondents. Before the meetings, the date, time and place of the interview were agreed upon. One focus group of five participants was employed as a method of triangulation and as a means of checking data validity (Usman, 2010). Observational data were captured in the form of field notes and thematically analysed to seek patterns of confirmation or disconfirmation of the interview data (see e.g. Usman, 2010). By not relying on a single research approach, the validity and credibility of the research findings are improved (Okolie et al., 2018). Notably, the lead researcher conducting the interviews had excellent knowledge of the Igbos, being an Igbo himself. This is a strength of this research as it enabled the researcher to obtain demographic information and develop the sample frame. Although, it could be argued that this may have led to confirmation bias. However, several authors have argued that proper knowledge of the population concerning the importance of quality sample size outweighs the disadvantages due to bias (Patel et al., 2003). Of course, the size of the data set brings up potential limitations since, despite the benefits of inductive methods, limiting the interviews to 50 might have some implication regarding the generalisability of the data.

Data analysis
The research involved three main stages. First, interviews were conducted in English and Igbo that was transcribed into English by the lead researcher. Translation provides a useful pedagogical tool by which certain aspects of language can be transformed, and it reduces the time on task and output principles, which play a pivotal role in conducting research. Second, the transcriptions were analysed using “thematic analysis” (Guest et al., 2012) to identify dominant and interesting contexts of discussion. Third, the interviews were coded using the qualitative data analysis software NVivo, which helped to identify and explore concepts and categories, trying to find the best fit or most plausible explanation for the relationship under study (Garcia and Welter, 2011). In the first step of data analysis, the data are coded into general themes by assigning a word or phrase to each category. In the second step, axial coding, data are put back together in new ways by making connections between themes. Open coding enables researchers to familiarise themselves with each case as a stand-alone entity and allows unique patterns to emerge before attempting to identify cross-case patterns (Garcia and Welter, 2011, p. 388). Thus, categories are obtained which subsume two or more concepts (e.g. see Jaskiewicz et al., 2015). In the third step, selective coding, a core category is selected with the goal of interpreting them. This process started with a pre-set list of codes derived from prior knowledge of the subject and concepts identified during the review of the literature, specifically led by Scott’s (2008) institutional taxonomy of cultural, normative behaviour and regulative institutions. Dominant quotes are used below to punctuate the discussion and role identifies individual respondents.

Discussion of findings
Three major themes are evident from the evaluation of interview data (from primary and secondary codes) are informal institution, entrepreneurial characteristics and entrepreneurial culture/behaviour. Figure 1 summarises our analysis by showing how we progressed from primary to secondary codes, and from secondary codes to aggregate (relational) dimensions in our theoretical model (Figure 2).

Institutional disadvantage
The first step in our analysis involved identifying factors influencing entrepreneurial behaviour starting with institutional theory. Our method provided respondents with the opportunity to narrate their experiences that are related to institutional disadvantage and to
illustrate the institutional theory discourse on Igbo entrepreneurial behaviour (in line with Mair et al., 2012). This informs the belief that Igbos take to businesses in response to marginalisation and discrimination they face in Nigeria. The respondents highlight that the Igbo suffer an institutional and labour force disadvantage. Arguably, Igbos build on these voids to develop and grow their business (sometimes informal and illegal enterprises), through family and kindred network. In the face of discrimination in the Nigerian political structure and high unemployment prevalent in the country, Igbos take into business as a
means of creating jobs for their children and future generations and as a weapon to develop economic power:

It is difficult for the Igbos as they are discriminated against in the Nigerian political structure, in the civil service, army, police, regional development, etc. As a race, we must fight back and protect ourselves. The weapon to fight back is to develop economic power, and that is why business has become part of our lives both for survival and for the prosperity of present and future generations. (Ex-Parliamentarian)

At the individual, family and society level, Igbos appear to have a positive attitude towards entrepreneurship and see business as a “way of life”. At the individual and societal level, the Igbos believe in business as a lifestyle, which dates back to pre-colonial and slave trade era (with the Igbos of Arochukwu, the first to engage in the slave trade). Indeed, the culture within the tribe and the strong ties that this engenders is seen as critical in building tribal resilience that may substitute for the institutional barriers.

**Familiness and family cohesion**

Above all, familiness and family cohesion have been central to Igbo entrepreneurial success. In part, this ethnic institutional response takes place within the context of the informal economy. Informal trade and businesses are common among the Igbos. In this context, we associate the informal sector with all legal and illegal business activities that are unregistered with government and are untaxed. In many locations, the clusters of Igbo businesses depend upon informal enterprises and informal jobs that include not only survival activities but also stable enterprises and dynamic growing businesses. Whilst informal business does not always connote illegality, a high risk taking amongst Igbos sees them engage (sometimes) in illegal businesses such as drug trafficking, illegal imports, manufacturing and imports of fake products as well involvement in money laundering and 419 (which refers to the section of the Nigerian Criminal Code dealing with fraud, the charges and penalties for offenders):

I do not fear failure or risk in business. If I fail at one thing, I try another or try many times. To be rich, I must be fearless. I am not afraid to undertake any business – legal or illegal. In the past that I failed in my business, the family was there to support me to start all over. Uncertainty is part of life; we follow where the money is. For us, business comes before pleasure. (Experienced Male Entrepreneur)

**Individual motivation**

At the personal level, entrepreneurial motivation comes from many sources such as the positive attitude the Igbo society has towards entrepreneurship, rivalry and competition among peers and families and motivation to attain personal achievement:

The beauty of our entrepreneurship is that we see results. It marks us apart from other tribes. We excel in business. The viable option is to find a niche, a need and fill that through creating a business and wealth. (Ex-Parliamentarian)

![Figure 2. Theoretical model of the informal Institution influencing Igbo’s Entrepreneurial behaviour](image-url)
During the interviews, many shared some of the unique characteristics which they attributed to the Igbo entrepreneurial culture and entrepreneurial characteristics. Igbos are regarded as having an extremely individualistic culture, where members are self-reliant and autonomous and have other features such as risking taking, less fear of failure, need for achievement, etc.:

Igbos tend to live individually and hustle individually. Everyone wants to be great and powerful. No one wants to have a king, but everyone wants to be king. Our families provide the support to achieve this greatness. Everyone wants to be independent and wealthy. This is possible through finding business opportunities and exploiting them. (Retired Judge)

However, Igbo autonomy is not based on individual exploits alone, but centred around family units – catering and providing for members – and this explains why Igbo businesses tend to be arranged along a robust ethnic patterns and clusters (see e.g. Madichie and Nkamnebe, 2010a; Oyelaran-Oyeyinka, 2004) similar to other locations in Nigeria such as Idumota market in Lagos, Ariaria International Market, the largest market in West Africa (Munro, 1995), Onitsha Main Market and Nnewi Spare parts market (Brautigam, 1997; Madichie et al., 2008). Indeed, this study finds individual characteristics of the Igbos manifested itself in a high desire for entrepreneurial enactment:

The Igbo spirit is a business minded and an exploiting spirit. The Igbo spirit is an opportunist spirit, a hard-working spirit, a competitive spirit and a confident spirit. The soul is republican and individualistic at the same time. (Traditional Chief)

Entrepreneurial and social learning
We found a unique social learning process that influences the Igbo entrepreneurial spirit. Entrepreneurial learning develops through individual awareness of entrepreneurial behaviours of family. The traditional role of families (parents and elders) focuses heavily on investment in human capital and socialisation. They engage in nurturing children and young people to learn the business, teaching them the need for hard work and determination. In doing so, families inculcate the spirit of enterprise into their children. Linked to Bandura’s (1977) social learning theory, the family unit and Kindred system provide the foundation for young people. It also offers informal business training and education to prepare the youth to take to business as a way of life and a career choice:

Our culture emphasises on investment in human capital and socialisation. We nurture our children and the young ones and prepare them for the future uncertainty. Our family is our strength. We develop and support others to form a foundation which we can rely upon if things go wrong in future in our career or business. (Experienced Male Entrepreneur)

Linked to institutional disadvantage, the Igbo regard investing in children and young family members as the best form of human capital for the future. Given that the Igbos experience discrimination, they build on a network of families or kindred to develop their future prosperity and transgenerational succession. The data provide more information related to the business culture and behavioural tendencies of the Igbo that make them see business as a way of life that is passed on from one generation to another. The literature provides common extrinsic motivations such as money and grades, competition, etc., that lead individuals to take to businesses (Singh, 2011). In the case of the Igbos, the family provides the foundation for business learning and influence:

Our culture teaches hard work and determination to do something, to find a new way, create opportunities, show resilience and find new ways to survive in a difficult situation. Business comes first before pleasure. We are very committed to our businesses. Commitment comes in how we devote time to businesses, build and grow it and train young ones to learn and become members of the business family. (Experienced Male Entrepreneur)
Theory suggests that environmental influences that occur when one is young remain imprinted in adulthood (Jaskiewicz et al., 2015). Thus, families have a unique position in the Igbo society to imprint beliefs and behaviours onto their children and on next generation. To promote and encourage active minds among young people, families provide mutual support for their children and extended family members. Arguably, Igbos leverage on strong family connections to develop inherent characteristics such as risk taking, autonomy and migratory tendencies:

Business starts early in our life from home. We learn and grow in business. We put all our youthful energy into creating wealth for old age and our children and next generations. Our families assist us at a young age to learn the trade and develop the business network that enables us to succeed. (Traditional Chief)

Society and social roles

Another major factor that influences the entrepreneurial behaviour of the Igbos is the social role played by the Igbo community. In part, the Igbo society recognises successful and wealthy individuals and in turn accords social status to personal achievement. During the interview, respondents believed that this is partly the most responsible factor for the risk-taking characteristics, illegal and informal businesses that takes place in Igbo entrepreneurship. Beyond the taken-for-granted institutions of Igbo society, social expectations are driven by what is perceived as appropriate behaviour. Hence, norms direct whether entrepreneurship is seen as a valid career choice. This appears to be different than the norm in other Nigerian tribes:

The society recognises individuals who are successful and wealthy. This drives entrepreneurship in Igbo more than other tribes do. If you go to the North, West or South-South, Igbos have the highest business investment outside the indigenes of those regions. We not only know how to do business but also how to be successful. (Ex-Parliamentarian)

Also, the Igbo tradition encourages individual achievement more than any other Nigerian tribe. To achieve social expectations, the Igbos embark upon migratory behaviour to the cities and abroad. As highlighted by many studies, the Igbos are the most migratory among the 250 ethnic groups in Nigeria (Ojukwu, 2009). It was revealed that the social norm in Igbo communities encourages their sons to travel and exploit opportunities. As noted by one of the respondents “when they return successful, they receive recognition and chieftaincy titles, and this encourages others to follow in their footsteps” (Community and Town Union Leader). In contrast, not everyone sees the good or positive side of the business-oriented culture. Some attribute the changes that have taken place in the Igbo society such as lawlessness, lack of social orders, lack of social values, corruption and weak traditions to too much emphasis on wealth accumulation that is driven by the business culture that appears more prominent in the younger generation. This is responsible for the involvement of youths (sometimes) in illegal businesses such as drug trafficking, illegal imports, fake manufacturing and imports of fake products as well involvement money laundering:

One of the downsides of the business culture of Igbos is its negative effect on our social values. So much importance is attached to the richness that young people do not respect the elders any more rather respect is given according to how wealthy you are. Our community values are gradually being destroyed as people think with the money they can do anything and go free. Money rather institution rules and the society suffers from the lack of social values and principles. (Retired Civil Servant)

While the argument goes on regarding the positive and negative impact of the business norm in the values of the Igbo society, it remains indisputable that business has brought positive changes in the economic and social development of the Igbos. The family and Kindred system play a vital role as providers of informal training, education and apprentice system. Most human behaviour is learned observationally through modelling according to
Bandura (1977). Among the Igbo, learning culture develops from the home, in the family business or by going to learn the trade at a young age. In many enterprises, workers or apprentices are related to each other or the owner. The need for achievement is high among the Igbo, and the family is the foundation for the acquisition of the knowledge and relevant skills that are required to engage in business. In relation to the institutional theory and the elements (recorded as secondary codes in Figure 1), we found evidence that entrepreneurial behaviour develops from informal institution that facilitates the behavioural outcome and culture among the Igbo as represented in the model (Figure 2).

Strategic education and investment

Strategic education and investment, as highlighted in Figure 1, includes those activities and resources for entrepreneurship among the Igbo enacted through the informal apprenticeship schemes, investing in human capital and business start-ups, encouragement of young people to put their youthful energy to learn the trade, develop business and social network or migrate. Across the interviews, the two main features that were highlighted as the main factors responsible for the Igbo entrepreneurial culture were family values, virtues and apprenticeship schemes. The views of an experienced entrepreneur are as follows:

As a young boy at the age of 14 years, I started learning the trade through serving my uncle's senior apprentices, washing clothes, cleaning and going for errands. The first two years in the shop was observing and serving the senior boys. After that, they started introducing me to the small aspects of the businesses and the tricks. I learnt the trade for seven years before running a new shop for my uncle for three years and started my own business with financial assistance from my uncle at the age of 24 years. (Experienced Entrepreneur)

This informal apprenticeship system is prevalent at the family and extended family level. According to our participants, the informal apprenticeship system is critical in putting the Igbo at the forefront of significant businesses and sectors in the Nigerian manufacturing, transportation, imports and exports. The Igbo Trade Apprenticeship System provides an entrepreneurial network support system and is an informal and unstructured training programme, scheduled for an agreed period, where a young person acquires desirable entrepreneurial skills. They are supported with start-up capital at the end of the training. To illustrate the entrepreneurial journey that young ones undertake, we captured a typical experience from a business owner in his 60s who trades on motor spare parts as follows:

When I finished primary school, my parents wanted me to go into business. At 15 years, I was sent to one of my Uncles who was a successful businessperson to learn and serve his business for six years. The agreement was that my uncle would assist me to set-up my own business after the apprenticeship. On completion of the scheme, my uncle set me up in the same business, and in the last ten years, I have trained other young family members or in-laws. We maintain tight family and kinship ties to protect our business interest. (Experienced Entrepreneur)

Network and strategic resources

Another type of narrative that comprised entrepreneurial behaviour concerned the leverage of extended families, kindred and social networks. Contrary to the notion of ethnic entrepreneurship that ethnic businesses exist based on inter-family and racial groups cooperation (Gomez, 2005), the Igbo deal with other Igbo members through competition rather than cooperation. They do not wish to open a gap in the market for others who are not a family member, Kindred or part of their social network to exploit. The pattern network reveals that cooperation exists within kindred and business trust and secrets of businesses are kept in the family or within the Kindred system. The kindred system has been useful in providing living expenses during apprenticeship, long-term social support, mentoring, access to business channels, markets, networks and information. Related to this kindred structure are gender roles...
Outside the local networks, Igbos have been successful in leveraging national and international networks and partnerships that have spread through regions such as Taiwan, China, South Korea, USA, Germany and South Africa. Making connections across many areas of the world developed from the wealthy Igbo diaspora (being one of the most migrated ethnic group in Nigeria). As indicated by responses, Igbo business secrets tend to remain within the family and succession in the family is always encouraged, which is contrary to the notion of intra-ethnic co-operation. Theory suggests a homogenous culture increase level of trust and lowers transaction costs between ethnic tribes (Kilani and Iheanacho, 2016), but this is not the case with the Igbos. The Igbos are more likely to trust non-Igbos, and there is more competition between Igbo indigenes than with other tribes. This social behaviour (which resembles Chinese business families) partly explains why many Igbos organise their business in a family or Kindred structure:

There is nothing such as my Igbo brother in my business. I am more likely to trust ‘Hausa’ tribal person than an Igbo man. The Hausa’s will give you their words and keep it. This is not the case with the Igbos from my experience doing business for 25 years. Most of my business network are non-Igbos. (Experienced Entrepreneur)

Gendered roles
Igbo tradition embraces gender stereotypes such as specific personality characteristics, specific gendered tasks, specific image or showing maternal instincts. Male gender has the pre-eminence in matters of lineage, authority and political structures. This defines what men can do and cannot, and establishes women’s status position. Traditionally, families are more inclined to send their boys to learn businesses than the females. However, female members of the family are more likely to be educated as the boys start businesses as early as 15 years old – as apprentices (see Madichie et al., 2008). Also, “families prepare the boys to inherit the family wealth and to protect the family in the event of a threat to the family” (Community and Town Union Leader). However, there appear to be signs of change regarding the gender divide that exists in traditional Igbo family units. The society is changing from the more traditional approaches towards Western ideologies and beliefs. Some female respondents described the changes taking place in the Igbo society as follows:

Things has started to change regarding boy’s factor in the modern Igbo family. The roles of women in the Igbo family structure has always been more domestic. Nowadays, there are more Igbo females in important positions in the business, public service, civil service, politics, police, army, etc. The gender divide is slowly reducing. (Experienced Female Entrepreneur)

Women who move into business are expected by tradition to combine domestic roles with business or employment duties (Igwe, Madichie and Newbery, 2018; Igwe, Newbery and Icha-Ituma, 2018; Igwe, Onjewu and Nwibo, 2018). The outcome is that fewer women take up entrepreneurship, and for those who go into business, they struggle to grow the operation. It is believed that this is one of the cultural factors that discourage women who want or are willing to engage in entrepreneurship (Igwe, Madichie and Newbery, 2018; Igwe, Newbery and Icha-Ituma, 2018; Igwe, Onjewu and Nwibo, 2018). To illustrate the challenges that women face, we captured a typical experience from a woman business owner in her 50s who works as caterer and event organiser:

I started my business 18 years ago as a young married woman. It was very challenging as I was expected by tradition to fulfil my family roles of cooking, looking after my children, etc. My husband family was not supportive and put pressure on my husband to stop me from the business. I was lucky I had the support of my husband, but I still have to balance business with family roles. (Experienced Female Entrepreneur)
Generally, the categories emerging from the data capture how gender is constructed. The theory proposes that gendered identities change over time and result from a dynamic process (Pullen and Simpson, 2009). Also, taken-for-granted in Igbo culture is the role of women, and the respondents explained the difference between women’s traditional roles of taking care of the family (including making money to put food on the table) and behaving entrepreneurially (more like a male Igbo).

Conclusions and implications
This study explored indigenous Igbo knowledge of the antecedents of entrepreneurial behaviour, the importance of the linked institutions of the extended family and the informal apprenticeship system on Igbo entrepreneurial culture, and sought an understanding of how the Igboos nurture and develop transgenerational entrepreneurial behaviour. The review of the literature shows the lack of theory describing how Igboos develop entrepreneurial behaviour and manage to nurture entrepreneurial spirits across generations. The research provides an African-centric account of indigenous Igbo entrepreneurs as they articulate their practice in a context-rich manner. Our study further explains that Igbo entrepreneurial culture develops from the linked institutions of the extended family and the informal apprenticeship system (as revealed in Figures 1 and 2). Narratives of family social learning show how children and young people are motivated and encouraged to take up entrepreneurship early on in their development. These narratives explain perceived indigenous characteristics of the Igboos which include risk taking and a thirst for autonomy from institutional constraints. We described how parents, elders and older members of the extended family and Kindred imprint entrepreneurial behaviour through family cohesion, early childhood learning and children involvement in family business. We also show that, through an informal apprenticeship system, young people are encouraged to learn the “rules-of-the-game” where the payoff is often the provision of informal start-up capital to start their own business. These findings show how these institutional resources have enabled the Igbo to build on local, national and international networks to develop business clusters which are to be found in many parts of Nigeria and West Africa. Our study has implications for future studies on ethnic and family entrepreneurship in the African context, with a need to develop an African-centric theory of ethnic entrepreneurship.

Implications for research and theory
This study presented opportunities to develop the entrepreneurship theory and practice from a non-Western perspective. Regarding implications for research on African entrepreneurship, more research on ethnic entrepreneurship behaviour is needed. Nigerian is made up of more than six major ethnic regions, so it is imperative to know about the other significant tribes and comparative study will present a unique opportunity to theorise other ethnic entrepreneurial behaviours. Such an opportunity will provide insight into how different contextual factors such as institutions, culture and family influence entrepreneurial behaviour, social status and values based on the discourse of ethnic context. One of the contributions that our findings present is that Igbo businesses are organised based on family, Kindred and Kinship system. Research into other ethnic tribes without such strategic resources will make a valuable contribution to knowledge on institutional disadvantage. Another input of our findings is that Igbo entrepreneurship education begins at home, where young people are thought the tricks and processes of business, followed by an informal apprenticeship system. Again, similar research into other ethnic groups will contribute knowledge on social learning in different ethnic contexts.

Another potential research implication of note is related to our findings that revealed specific ways of identity constructing which go hand-in-hand with gendered practices, through which the Igboos accomplish business ownership and social status, drawing upon
complex traditional methods that favour men over women. This opens future research
opportunities to explore entrepreneurship among disadvantaged groups to promote inclusive
entrepreneurship (see e.g. Organisation for Economic Co-operation and Development, 2016,
2017). Such studies will offer new insights into how entrepreneurship provides practical
solutions to ethnic groups faced with discrimination and marginalisation. In doing so, it will
guide those interested in promoting ethnic entrepreneurship. Finally, this study was based on
interviews with business owners and community leaders in five South-Eastern Nigerian
states. The narrative approach used here may be prone to hindsight bias: respondents may
have presented their stories because individuals need to compose, make sense of and
communicate meaning (García and Welter, 2011). More so, as Gartner (2007, p. 619) stated,
“the narrative approach recognises that a story is never the whole story since any story is
embedded in a context”. Hence, future research that explores Igbos and non-Igbo ethnic
groups in Nigeria may seek to confirm the critical findings of this study. Indeed, Madichie
et al. (2008, p. 288) argued that “The Nnewi-Igbo cluster is characterised by strong family and
ethnic ties which are as much embedded in geography as to historical and cultural roots”.
Furthermore, and citing Davidsson and Wiklund (1995, p. 2), Madichie et al. (2008, p. 286)
concluded that “cultural variation is a powerful determinant of regional or national variation
in the ‘supply’ of entrepreneurship”. These authors go on to point out that “[…] the trifling
research effort on culture and entrepreneurship – especially in the context of sub-Sahara
Africa (SSA), which has one of the world’s most diverse cultures, could be argued to be among
the worst [thus prompting] numerous calls […] for more intensified research activities in this
direction. Perhaps, more urgent is the research in determining the extent cultural orientation
of individual entrepreneurs drives their entrepreneurial propensity […]” (Madichie et al., 2008,
p. 286). Generally, this study has developed the contribution of Jaskiewicz et al. (2015), as well
as reflected upon additional resources from Madichie et al. (2008) and Madichie and Nkamnebe
(2010a, b) addressing the “Cultural determinants of entrepreneurial emergence in a typical
sub-Sahara African context”, highlighting a business cluster in a large Igbo city – i.e. “51
Iweka Road (Onitsha, Nigeria)” – and the “[…] study of women ‘petty’ traders in Eastern
Nigeria”, respectively.

Implications for policy and practice
Based on the findings, our study contributes to the understanding of how different contextual
factors such as institutions, culture and family influence ethnic entrepreneurial behaviour. Two
main contributions emerge from this study. First, the use of qualitative methods enabled
development of a theoretical framework on Igbo ethnic entrepreneurial behaviour. Second, the
influence of kindred and informal apprenticeship system as key determinants in the Igbo
entrepreneurial behaviour is unravelled. From an entrepreneurship perspective, there are many
benefits associated with the Kindred system. These include access to resources such as start-up
capital and in covering living expenses during apprenticeship, long-term social support,
mentoring, access to business channels, markets, networks and information. Through the
informal apprenticeship system, Igbo perspicacious families invest in their children, guessing
that there might be a source of prosperity in future. The entrepreneurship success Igbos has
achieved through an informal apprenticeship system has significant practical implication for the
government and policy interventions, given the high rate of unemployment in Nigeria.

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Further reading


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Abstract

Purpose – The purpose of this paper is to analyze entrepreneurship in the context of the second, third and fourth generations of family businesses, considering the family as an institution and mapping the reasons and influences to institutional forces across generations.

Design/methodology/approach – Three focus groups conducted for the study revealed that each generation has dealt differently with issues related to institutional forces, such as legitimacy, business professionalization and succession.

Findings – The perpetuation and transmission of entrepreneurial behavior has been greatly influenced by the family and this is especially clear when it is seen as an institution that unites and binds its members, while guiding or restricting the choices available to these agents through limits imposed on them. The family exerts a strong institutional influence across generations, both defining boundaries and creating opportunities for its members. Regardless of the generation of family business, the family founders and their successors’ responses are modeled by institutional forces.

Research limitations/implications – The main limitation is concentration of focus on a specific context, Brazilian family businesses. Therefore, the results are limited to this case. With regard to the methodological approach, the authors employed cross-sectional data collection, making it difficult or even impossible to make a historical analysis of the facts that are limited to the present perceptions of the interviewees. It should also be considered, from the institutional perspective, that the authors only analyze the family as an institution, leaving out of the context other institutions and institutional dimensions such as the political and industrial, for example.

Practical implications – This study helps to explain entrepreneurship in the context of the second, third, and fourth generation of family businesses, considering family as an institution, mapping the motivations and influences of institutional forces across generations. The relevance of family as an institution as drivers of family businesses, as demonstrated in this study, can contribute to decision making and succession of family businesses. Equally, the results can contribute to avoidance of the possible pitfalls of transgenerational changes and facilitate better management of problems such as legitimacy caused by a lack of norms and procedures or transfer of tacit knowledge.

Social implications – There have been few attempts to understand the dynamics of the family business as an institution that also consider transgenerational changes. Rather, family business has been analyzed separately from institutions. Institutions are rarely taken into account in studies of family businesses. Consequently, a perspective that aims to understand the relationship between family businesses and institutions, taking account of transgenerational influences should further theory. Transgenerational family businesses are an appropriate object of study in this context, because of the institutional changes they undergo due to the influence of institutional forces over time.

Originality/value – This study shows the relevance of understanding how these issues are dealt with in different generations of a family institution. Aspects related to entrepreneurship in the context of family businesses have been attracting attention from researchers interested in family businesses and scholars of institutional entrepreneurship.

Keywords Institutional theory, Family firms, Entrepreneurship, Institutions

Paper type Research paper
Introduction

Family businesses and entrepreneurship are a prominent topic (Evert et al., 2016). There is growing recognition that family businesses are heterogeneous (Naldi et al., 2007) and merit more refined examination (Evert et al., 2016). For this study, a family business is a “business governed or managed with the intention to shape and pursue the vision of the business held by a dominant coalition controlled by members of the same family or a small number of families in a manner that is potentially sustainable across generations of the family or families” (Chua et al., 1999, p. 25).

Research into entrepreneurship has focused on recognizing opportunities and acquiring resources for creation of new business ventures (Hoskisson et al., 2011). Entrepreneurs can identify opportunities, mobilize resources, organize systems, and implement strategies to exploit opportunities (Dwairi and Akour, 2014). Entrepreneurship is characterized as the capacity to identify innovative opportunities under conditions of uncertainty, taking on the risks involved. Persistence and vision of the future are integral to the entrepreneurial process (Hisrich and Peters, 2002) and both of these qualities are directly related to the continuity of family businesses, since they must constantly identify opportunities and take risks in situations of uncertainty, where persistence and vision of the future play major roles in the transition across generations. Interestingly, in addition to these characteristics, there are other factors, such as genetics, the influence of the entrepreneurial parents, the family leader’s tenure and, most importantly, transgenerational succession that help to differentiate the successful family businesses from the unsuccessful (Jaskiewicz et al., 2015).

Understanding the evolution of entrepreneurship in the transgenerational context of family businesses is relevant and necessary, because entrepreneurship can be optimized by development of an entrepreneurial culture (Cruz et al., 2012). Not everyone is born an entrepreneur, but entrepreneurial characteristics can be developed throughout one’s professional career, preparing him/her to take on risks and face the challenges of a new venture (Huybrechts et al., 2013; Kellermanns et al., 2008; Michael-Tsabari et al., 2014; Short et al., 2009; Weismeier-Sammer, 2011). The process of transgenerational continuity is one of the most difficult obstacles to stability and growth of family businesses (Ramadani et al., 2015). It is therefore important to explore the evolution of entrepreneurship across generations, because this is a form of contextualization of the phenomenon, explaining how situational features influence the outcomes (Bamberger, 2008). Entrepreneurship across generations has been studied previously, but without taking into account the influence of institutional forces and, consequently, the dynamics that may constrain or improve wealth creation and perpetuation of family businesses.

The family offers a context in which transgenerational entrepreneurship can be seen from a broader perspective, analyzing more than simple accumulation of wealth (Leaptrott, 2005). Family businesses provide an opportunity to extend research into entrepreneurial behavior, legitimacy, business professionalization and succession planning, for example. To date, research into family businesses has discussed the founders’ characteristics (Miller et al., 2011) and the roles of gender in management of family businesses (Jennings and McDougald, 2007). However, the family has not been explored as an institution in its own right, although it meets the criteria for institutions, particularly in the cognitive, regulative, and normative domains (Scott, 2001) and institutional forces (DiMaggio and Powell, 1983). In any case, family firms remain negatively portrayed and poorly understood (Miller and Le Breton-Miller, 2005), particularly in emerging economies (Miller et al., 2009). Therefore, this study approaches the subject by focusing on the family as an institution itself. This approach is distinct from most studies of family businesses and entrepreneurship, which focus either on the level of the firm or on the individual entrepreneur (Zellweger et al., 2011).
The following research question was defined to explore the family as an institution across generations:

**RQ1.** How do institutional forces affect entrepreneurship across different generations, considering the family as an institution?

Thus, this study aims to analyze how institutional forces affect entrepreneurship in the second, third, and fourth generations of family businesses, considering family as an institution. The family is seen as an institution that unites its members with a common bond, whilst also guiding or restricting these agents' choices by imposing limits on them. This common bond can be based on blood ties or created through the law by adoption or marriage, for example. Irrespective of the type of family membership tie, what is important is the perception of a family as an institution because there are “cognitive, normative and regulative structures and activities that provide stability and meaning to social behavior” (Scott, 1995, p. 33).

This paper focuses on the second, third and fourth generations of family businesses, because, to illustrate the challenge involved in perpetuating entrepreneurship, only 33 percent of family businesses reach the second generation and these percentages reduce progressively through the third and fourth generations, at 13 and 5 percent, respectively (Davis, 2014). Since family businesses must solve the problem of how to foster entrepreneurial behavior across generations to maintain managerial activity by family members of succeeding generations, this paper will identify similarities and differences and even the characteristics of the second, third, and fourth generations of family businesses, with special regard to the institutional forces involved.

This paper contributes to a view that diverges from the traditional research perspective, based on analysis of entrepreneurship in family businesses, considering family as an analysis unit for institutional purposes. It shows how institutional domains are manifest across each generation of a number of family businesses in an emerging economy, while describing a rich scenario from the sociological perspective of neo-institutional theory. Thus, this study’s aims are to reveal the processes of institutional pressure, rather than its results in the family (Suddaby, 2010). With regard to this point, there is a notable lack of institutional literature that focuses on the responses to diverse institutional pressures (Berrone et al., 2010). However, it is relevant to study the concept of family as an institution (Randerson et al., 2016) since it involves legal, social, and societal influences across several cultures and time periods (Bettinelli et al., 2014). In this sense, Neo-institutional theory can offer explanations for similarities and differences in family businesses (Leippe, 2005).

In fact, this study differs from previous research, because it looks beyond the family businesses as an institution in a transgenerational context. In an attempt to fill these research gaps, while considering the role family as an institution, the paper attempts to explain which institutional forces affect entrepreneurship across generations and how this occurs.

The paper starts by addressing the theoretical assumptions underlying the concept of entrepreneurship in the context of family businesses across generations and institutions. It then describes methodological aspects, outlining the research approach and providing details about the focus group method used. Later, while outlining the research framework, the paper presents the influences of institutional forces across generations and the motivations behind them. Finally, the paper ends with conclusions, and a discussion of practical implications, suggestions for a new research agenda, and limitations.

**Entrepreneurship in the context of family businesses**

The topic of entrepreneurship has always been strongly related to family businesses. Their origins are linked to the entrepreneurial activities of a founder who was successful in
his/her entrepreneurship, and they can be handed down from generation to generation. In these terms, founders shape the family and the business goals, affecting achievement of goal through their leadership and centrality as founders (Williams Jr et al., 2018). Traditionally, interest in entrepreneurship pervades many aspects of family businesses. It ranges from the entrepreneurial behavior of the individual entrepreneur and its economic and social relevance (Pistrui et al., 1997) to the role of the family as a protagonist fostering this culture and the entrepreneurial behavior of business families (Michael-Tsabari et al., 2014).

Entrepreneurship in family businesses is supported by an extensive family based network. These organizations are characterized by the search for safety and economic and financial independence and the family unit’s need for accomplishment, status and prestige (Pistrui et al., 2001; Pistrui et al., 1997). Family support is also a relevant resource, as it contributes to how the family’s members make entrepreneurial decisions. In other words, it is safe to say that this support and preparation for the entrepreneurs to engage in entrepreneurship is directly related to the entrepreneurial activities in which they engage, along with their respective risk-taking. This support includes a behavioral element, in the shape of the family’s commitment to and belief in the entrepreneur, and a physical element, in the shape of work that directly (by helping in the entrepreneurial project) or indirectly (by reducing the risk that must be taken on) furthers the development of the entrepreneurship (Chang et al., 2009).

When entrepreneurship is observed across generations of family businesses, the focus of activity changes from the level of the firm to the level of the family, and the analysis enables a deeper comprehension of the capacity of family businesses in creating value across generations (Zellweger et al., 2012). Regardless of this change of view, all entrepreneurial activities are directed to the discovery or creation of opportunities that generate returns (Douhan and Henrekson, 2010). Moreover, the entrepreneurial process considers the succession as relevant not only with respect to entry of new owners (mainly family members), but equally to exit of previous owners (mainly family members) of the business (Nordqvist et al., 2013).

In family businesses, the influence of organizational culture is not on the final results (i.e. financial performance), but on other processes (e.g. entrepreneurship and change) (Adiguna, 2015). In the context of the intergenerational interaction, organizational culture plays an important role in the success or failure of a family firm’s succession (Miller et al., 2003). Family businesses contain intergenerational interaction in which the founders and their successors are continuously in the process of producing and reproducing culture. Furthermore, a family business is a form of economic institution that operates under its own cultural complexity (Adiguna, 2015). From the family business perspective, the characteristics of organizational culture may vary according to the level of family involvement in the business (Merino et al., 2015). Taking into account that interests, behaviors, incentives, and goals are different from family to non-family businesses (Chrisman et al., 2012; Chua et al., 2012), the adoption of a specific cultural configuration will also vary according to the level of family involvement in the business (Chrisman et al., 2002).

The organizational culture and the entrepreneurial process specifically are radical elements of change in the context of family businesses and there are cultural patterns that can preserve the traditional form of doing business or instigate changes in the firm, while strengthening entrepreneurship within the family business. One positive characteristic that contributes to recognition of a family business as entrepreneurial is possession of an open and explicit culture for development of learning capacity as part of the organization’s continuous growth. Besides being recognized for their entrepreneurship, such firms will be prepared for future uncertainties and will be faster in adapting to the recurring changes of the so-called new economy (Hall et al., 2001; Pistrui et al., 2001).
By contrast, the entrepreneurial culture is transmitted through a long and continuous process of interactions across generations, when searching for and identifying opportunities. Literature about the entrepreneurial culture of family businesses highlights the relevance of the founder and of the current generation in charge of the formation of this culture. This culture is based on the search and discovery of opportunities leading to the creation and acquisition of new ventures by business families as the generations succeed each other (Cruz et al., 2012). In these terms, tacit knowledge is the catalyst promoting a more suitable succession because it exploits specific business networks combined with successful business activities (Royer et al., 2008), optimizing the family as institution. The intergenerational succession consists of a process of socialization based on explicit and tacit knowledge combined with entrepreneurial capabilities providing family members with access to knowledge (Nordqvist et al., 2013).

Founders’ facility for attracting family resources can often cause some confusion when understanding boundaries between the family and the firm, while consequently generating complex family relationships (Davis and Harveston, 2000). Once the family business is consolidated over time, the behavior of the founder may become more conservative and resistant to change (Shepherd and Zahra, 2003). Thus, there is an unquestionable need for the founder to shape the organizational family culture, since concentration of power in the founder’s hands can intensify this conservatism and suffocate entrepreneurship for the generations to come (Zahra, 2005).

Transgenerational entrepreneurial behavior may not ensure the perpetuity of family businesses since the level of entrepreneurship is not an essential need for the long-term success of a family business. Nevertheless, it is noteworthy that the involvement of family members in the business can cause conflicts because of paternalistic assistance provided to some members, regardless of the results they produce for the family business. In the same way, many family businesses’ successions are poorly planned and implemented (De Massis et al., 2008). The difficulty of accomplishing succession in family businesses is one of the reasons that it is important to investigate how firms respond to institutions and vice versa (Jaskiewicz et al., 2015), with regard to the influence of institutional forces across generations.

**Entrepreneurship and the family as an institution**

Family businesses are present in the institutional field through entrepreneurship. The institutional field is a set of organizations that define an area of life through structured networks and a set of institutions (Lawrence and Phillips, 2004). These institutions are characterized by defining behaviors that become the standard and are reproduced and repeated due to social, taken-for-granted norms (Greenwood and Suddaby, 2006). They are understood as sets of “regulative, normative, and cultural-cognitive elements that, together with associated activities and resources, provide stability and meaning to social life” (Scott, 2001, p. 48). Thus, institutions carry the legacies of the political, economic, and socio-historic forces that connect them, comprising institutional arrangements that are evidence that “history matters” (March and Olsen, 1989; Schreyögg and Sydow, 2011). This study focuses on the broadest level, considering the family as an institution and its relations to family members to consolidate the family business, providing opportunities or constraining behaviors.

Institutions impose restrictions, defining legal, moral and cultural boundaries, that legitimize (or do not legitimize) activities and support the actors that execute them (Hodgson, 2006; Scott, 2001). However, they also provide resources for these same actors to act in relation to social structures. The institution is “the natural product of social pressures and needs - an adaptive and receptive organism” (Selznick, 1957, p. 5). The more robust the rules are, the greater their impact on society, whereas the more fragile they are, the greater
their flexibility and, consequently, the smaller their influence is on changing the social structures (Hollingsworth, 2000). To put things in context, formal and informal institutions influence entrepreneurship (Ahmad and Hoffmann, 2008; North, 1990) and developed and emerging economies are significantly different in terms of both types of institution (Stewart et al., 2008). Therefore, a venture is more likely to thrive in institutional contexts with strong institutions based on predictability, for example, regardless of laws and non-arbitrary government (Estrin et al., 2013).

Within this framework, Scott (2001) divides the institutional environment into three domains: cognitive, regulative, and normative. The cognitive domain is based on the premise of inaccessibility of knowledge, leading the individual to adopt patterns of behavior similar to the rest of the organizational field, while imbuing the agent with trust and legitimacy in their behavior in situations of uncertainty, and aiming to minimize the risk of making the wrong choice (DiMaggio and Powell, 1983). It is based on the individuals and organizations as socially built realities and with aims varying according to the institutional environment of which they are a part. The regulative domain consists of the rules to which the agents are subject to, whether government, social, commercial, organizational or cultural norms. The normative domain refers to the factors that comprehend culture, such as values, norms, customs, and beliefs. They generate patterns of expected behavior for the actors in the organizational field (Bruton et al., 2010).

Family businesses, just like other non-family firms, exist in ambiguous environments (Fligstein, 1997). Given that family firms are the dominant organizational form (Holt et al., 2018), it is relevant to attempt to understand the interactions between family businesses and their institutional contexts. Family businesses differ from non-family businesses, because family businesses take into account the goals, norms, and values of family (Ward, 1987). Family businesses are closely associated with other institutions because they depend on them for resources and legitimacy (Kraatz and Block, 2008; Suchman, 1995), developing particular governance structures, processes, and policies (Jaskiewicz et al., 2015). Furthermore, the family can be considered as an institution because it is a “system of established and embedded social rules that structure social interactions” (Hodgson, 2006, p. 18). Institutions give meaning to social life, constraining and enabling behaviors (Hodgson, 2006). In this sense, a family provides opportunities or imposes restrictions on its members, enabling choices and actions based on norms of behavior and social conventions.

These choices and actions can be more or less emotional according to the formation and uniformity of the family and its members in terms of attributes such as knowledge, experiences, attitudes, aspirations, abilities, all of which can influence assessment of opportunities (Shepherd et al., 2015). The greater the family unity, the more positive family businesses interactions will be and the more business opportunities it will be able to exploit (Poza et al., 2004), consolidating the relevance of the family as an institution in which family members contribute to a more positive and reflective family and organizational culture. Thus, the family is empowered as an institution because its members share the same rules and norms, reflected through their beliefs and attitudes. In turn, the rules and norms differ because they enforce tasks on individuals. Rules are based on explicit agreement provided by an authority (such as the founder) and imply sanctions based on normative content. Norms involve approval and disapproval, which are dependent on intentions and expectations (Hodgson, 2006). Consequently, once it is recognized that the family itself is an institution, these mechanisms are clearly drivers of institutional influences on the family.

A key theme in neo-institutional theory, then, is that an organization is influenced by tangible and intangible sources of institutional forces. These institutional pressures may have origin in a number of different institutional forces: mimetic, coercive, or normative. Mimetic forces encourage imitation of successful structures and arrangements to deal with uncertainty in the environment. Coercive forces are imposed by political impositions, legal
standards and environmental regulations, for example. Normative forces originate from the influence of professional sectors and are the result of cognitive construction and consolidation that involves a set of standards and working methods that are shared by the members of an occupation and which can be formal or informal (DiMaggio and Powell, 1983). Institutions are considered restrictive, but also inclusive, although to a lesser degree. They enable and restrict actors' behavior in an organizational field (Tracey and Phillips, 2011). Institutions impose control, boundaries, and norms on the individual and on organizations, but some organizations, particularly those that achieve cross-temporal consistency, are able to emerge “as institutions in their own right” (Kraatz and Block, 2008), which is the case of successful transgenerational family firms. In contrast, those that do not conform to the impositions of institutions are not legitimate and, consequently, are excluded from the game, because they are not willing to play it according to the rules of the house. However, institutions also generate legitimacy and offer opportunities, access to resources, and greater economic returns (Bruton et al., 2010).

Method
In order to achieve the objectives proposed, an exploratory study was conducted using the focus group technique. This technique consists of interviews conducted by a moderator, in a natural, non-structured way, with a small group of people qualified to talk about a certain subject. It aims to take a deep, multidimensional, non-dichotomous, focused, and sequential view of the topic, while trying to understand what the people have to say about it and why (Krueger, 1994; Morgan and Krueger, 1998). This technique was chosen, because it enables discovery of the complexity of actors' views and their involvement in their stories, revealing similarities and differences, agreements and contradictions.

The main objective was to discuss the relationships between the family, its members, and the family business. In order to elicit discussion of the influence of institutional forces on entrepreneurship across different generations, considering the family as an institution, flashcards were prepared with keywords chosen based on the study objective and the literature. These flashcards were submitted to critical appreciation in a research group. This research group consists of a multidisciplinary group of academics and practitioners with different areas of expertise, such as entrepreneurship, family business, international business, strategic management and networks. The flashcards bore words related to entrepreneurship, family businesses, and generations, such as founder, governance, succession, growth, family and experience.

In the first stage, after setting the objectives, planning and management of the focus group and recruitment of the team and the participants were defined. The group participants should have substantial knowledge of the topics being discussed and they should be from the same socioeconomic and cultural levels, so that their comments would not be inhibited. The snowball technique was therefore used to recruit the participants. Family business consultants and researchers, members of the Family Business Network, and graduate and post-graduate students from a Management of Family Businesses module in Brazil were contacted and asked to suggest heirs of family businesses who met the following profile:

1. member of a business family;
2. part of the second, third, or fourth generation; and
3. working in the family business or in their own business for at least three years.

In the second stage, a series of moderating, analyzing and reporting measures were undertaken. A pre-test focus group was conducted, but since no significant changes were made, the data collected in that group were included in the overall results (Krueger, 1994). A brief background questionnaire was used to collect demographic data from the participants (Gaskill, 2001).
Based on these criteria, three focus groups were held in a university research center, each comprising members of just one of the three different generations, that is, members of the second, third, or fourth generation. It is important to highlight that all participants were in the same age group and all belonged to the same political, economic, and social context. Furthermore, before the focus group proper was conducted, an informal conversation was initiated as an “ice-breaking” technique, so that the discussion flowed more freely, with less influence of the moderator. Along the same lines, the closeness and similarities of the focus group participants helped to develop a good level of mutual trust.

The characteristics of the focus group participants are listed in Table I.

<table>
<thead>
<tr>
<th>Age of the heirs</th>
<th>23–26 years old</th>
<th>21–28 years old</th>
<th>24–35 years old</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age of the firm</td>
<td>20–31 years</td>
<td>34–66 years</td>
<td>55–83 years</td>
</tr>
<tr>
<td>How long the heirs have worked in the firm</td>
<td>5–8 years</td>
<td>0–5 years</td>
<td>0–17 years</td>
</tr>
<tr>
<td>Role</td>
<td>Financial and general managers</td>
<td>Financial managers</td>
<td>Innovation and general managers</td>
</tr>
<tr>
<td>Industries in which firms do business (according to the Global Industry Classification Standard)</td>
<td>General merchandise store, paper packaging, construction and engineering, packaged food and meats</td>
<td>Department stores, specialty stores, steel and food</td>
<td>Food, apparel, home furnishing, retail, and car dealer</td>
</tr>
<tr>
<td>Education</td>
<td>Undergraduate degrees and post-graduate diplomas</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Research data

Table I. Demographic data of the participants of the focus group
Secondary data from the participants’ family businesses were also collected to complement and contrast with information from interviews, plus bibliographical material such as websites, annuals, magazines, books, and focus group recordings. Before the focus groups were held, the participants from family businesses brought material about their companies to supplement the primary data. This information and generated relevant insights, which were drawn on when writing the flashcards used in the focus group. A wide range of research data, including interviews, file data, survey data, ethnographic, and observations were used for the study. As the research proceeds, interviews often become primary research data, enabling cross-case patterns to be sought and similarities and differences between narratives to be identified (Eisenhardt, 1989).

For data analysis, the content analysis technique was used to infer knowledge through the generation or not of quantitative indicators (Bardin, 1977). The analysis of qualitative data followed four steps: data reduction; data presentation; data analysis; and conclusions and checking. The first step of the analysis aimed to choose, eliminate, and organize the data according to the research design and the categories established. Data were analyzed by paragraph with the goal of identifying elements that could contribute to the discussion about entrepreneurship across the generations. Therefore, the data analysis was performed by preparing summaries of interview recordings and the printed and digital materials. These materials resulted in Verbatim Transcriptions that not only attempt to capture the meanings and perceptions of the recorded interviews and focus group discussions, but also the context in which these were created (Poland, 1995).

The second step was to establish the relations between the codes and the sources. The relations between the nodes (categories) were established, and the Verbatim Data originated from sources were analyzed. These relationships were established by allocating each part of the interview (references inside sources) to the analysis categories that had been previously defined, which in turn created the nodes analyzed using NVivo version 11.0. At this stage, the categories were cross-referenced to utterances and summaries from the focus groups (Gioia et al., 2013) and the relevance of the institutional domains as codes was identified (Table II).

In the following step, the representations generated enabled us to understand the analysis. The nodes were transformed into primary codes and classified according to the literature (Gioia et al., 2013), considering the cognitive, regulative, and normative domains. The purpose was to address different aspects of the phenomena that could be summarized and built up to provide a research map. Thus, not only the institutional domain (cognitive, regulative or normative) but also the institutional forces (mimetic, coercitive or normative) were described and, most importantly, the direction of the influence of these institutional forces (facilitation or hindrance).

<table>
<thead>
<tr>
<th>Nodes</th>
<th>Number of references for encoding</th>
<th>Number of encoded items</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opportunity for family members</td>
<td>88</td>
<td>33</td>
</tr>
<tr>
<td>Development of norms and procedures</td>
<td>74</td>
<td>20</td>
</tr>
<tr>
<td>Confusions between resources</td>
<td>76</td>
<td>32</td>
</tr>
<tr>
<td>Family members are also proud of the business</td>
<td>25</td>
<td>15</td>
</tr>
<tr>
<td>Transferring tacit knowledge across generations</td>
<td>78</td>
<td>24</td>
</tr>
<tr>
<td>Support of consultants and external advisors</td>
<td>120</td>
<td>27</td>
</tr>
<tr>
<td>The boundaries between family and firm are recognized</td>
<td>163</td>
<td>33</td>
</tr>
<tr>
<td>Professionalization of family business</td>
<td>113</td>
<td>31</td>
</tr>
<tr>
<td>Difficulty professionalizing the firm</td>
<td>101</td>
<td>30</td>
</tr>
</tbody>
</table>

**Table II.** Subcategories of the research

*Source:* The authors (2018)
Finally, the phenomena observed were explained and contrasted with propositions (Miles and Huberman, 1994). The data were continuously compared to what can be found in theory (Strauss and Corbin, 1990) in order to identify where the findings provide opportunities to further the discussion of entrepreneurship in the context of the second, third, and fourth generations of family businesses. Again, a multidisciplinary research group consisting of academics and practitioners reviewed the results and made suggestions on how to approach the role of the family as an institution and how to dealing with family members and other stakeholders. This process led us to rename some codes and exclude others. For example, tacit knowledge and professionalization of family businesses were found to be of considerable importance to entrepreneurship across generations of family businesses.

The next section presents the analysis of the research results.

Discussion

Family represents a defining element of any firm (Chua, Chrisman and Sharma, 1999), influencing not just the behavior of their members, but also of many other stakeholders and the decision-making process in the family business (Zellweger et al., 2012). When analyzing entrepreneurship in the context of different generations of family businesses, considering family as an institution, the family is responsible for guiding or restricting the agents’ choices by imposing limits on them. Consequently, similarities and discrepancies are revealed in the relationship between entrepreneurship and the institutional domains because there are institutional forces that facilitate or hinder entrepreneurship across generations of family businesses. Table III summarizes our analysis, showing a progression from primary codes (summaries of quotations) to secondary codes (institutional domains, institutional forces and their effects). This analysis enabled us to identify institutional forces that facilitate or hinder transgenerational entrepreneurism in the family, considered as an institution across generations.

First, no institutional field is born in a vacuum, because actors try to overcome the limitations of existing fields through new concepts and interaction patterns, by bringing with them the discourse of other areas (Lawrence and Phillips, 2004). In this study, every historical, cultural, and social evolution of the family brings with it an institutional field. Each generation tries to introduce new ideas or perpetuate the same concepts, following the institutional limits that, in this case, are provided by the family. While pre-existing institutions limit the range of potential activities and relationships open to the actors, they can also foster new combinations and practices, depending on the strength and the structure of the relationships between the family members (Bettinelli et al., 2014).

Regarding the cognitive domain and the generations of family businesses, members of the second generation already start working in the firm with a vision that is different from that of the 1st generation. There are also remarks stating that their objective is to organize the firm not only for their own generation, but also for the third generation, which has not yet been born. The business is not only a way to make money, but an extension of the family and its reputation in the community, as well as a way to support the children, and the career aspirations of other members of the family (Miller and Le Breton-Miller, 2005). In the second generation, adoption of similar behaviors, aiming to deal with uncertainty and to imbue agents with legitimacy (Suchman, 1995), occurs in several ways, but both generations improved their attitudes in the companies. In one of the cases, it was reported that a member of the 1st generation, the founder, changed his behavior when his daughter entered the firm, becoming more participatory and she learned about the business from him. However, the opposite also happens, as exemplified by one of the participants who reported that he has become more responsible and worries about professionalizing the processes, but his father is too resistant and does not want to change. In his own words: “there are no meetings, only arguments.” In other cases, the relationships were described as more balanced, with
My parents (founders) never took holidays. “My brother and I (second-generation heirs), we hold all the aces.” How many people would like to have the opportunity that we have? We just need to make the necessary changes.

If the firm has problems, it’s because the family has problems. The firm bears the family’s name (the participant says this with an emotional voice). The founder is like an eternal person. Dad (the founder) is sentimental. When he dies, he feels like the family will fall apart.

The greatest challenge is to make dad (the founder) understand that I (third-generation heir) do not want to make the end of year speech; I do not want to be a leader.

They are starting to implement it (governance), but there are not any clear rules yet. There are certain guidelines, but they’re implicit (e.g. spouses cannot work for the firm). This is very important, because otherwise management would become arbitrary.

Dad (the founder) is extremely active and very open, but he has great difficulty with, and little interest in, the management side. He is profligate and he mixes up the firm’s accounts with personal accounts. He’s unable to disassociate the family from the firm. Dad’s an entrepreneur and he looks for new opportunities.

He (second-generation heir) sees the firm as the pride of the family. But relatives see it as a way of exploiting the family (disgust in the speaker’s voice).

Dad (the founder) always worked his hardest for the firm, but he would not have done that if he had not had a successor and at a certain point he started to “clip their wings” (fourth-generation heirs).

Irrespective of how the legacy is shared out or succession is decided, family unity must be maintained and the business must be sustained.

The workers ask you (third-generation heir) things as though you know, because if you were dad (the founder) you would know, but you do not have all the answers yet.

Dad’s (the founder) idea is still to centralize on the men in the family, excluding the women from the company, even if the son (fourth-generation heir) thinks differently.

<table>
<thead>
<tr>
<th>English translations of primary data in Portuguese, originally transcribed and analyzed in verbatim</th>
<th>Secondary codes</th>
<th>Primary codes</th>
<th>Institutional domains</th>
<th>Institutional forces</th>
<th>Influence of institutional forces</th>
</tr>
</thead>
<tbody>
<tr>
<td>My parents (founders) never took holidays. “My brother and I (second-generation heirs), we hold all the aces.” How many people would like to have the opportunity that we have? We just need to make the necessary changes.</td>
<td>Opportunity for family members based on legitimacy provided by the founder</td>
<td>Cognitive</td>
<td>Mimetic</td>
<td>Facilitation</td>
<td></td>
</tr>
<tr>
<td>If the firm has problems, it’s because the family has problems. The firm bears the family’s name (the participant says this with an emotional voice). The founder is like an eternal person. Dad (the founder) is sentimental. When he dies, he feels like the family will fall apart. The greatest challenge is to make dad (the founder) understand that I (third-generation heir) do not want to make the end of year speech; I do not want to be a leader.</td>
<td>Development of norms and procedures based on experience of the family business</td>
<td>Regulative</td>
<td>Mimetic</td>
<td>Hindrance</td>
<td></td>
</tr>
<tr>
<td>They are starting to implement it (governance), but there are not any clear rules yet. There are certain guidelines, but they’re implicit (e.g. spouses cannot work for the firm). This is very important, because otherwise management would become arbitrary.</td>
<td>Family and firm are mixed, generating confusions between resources, but family members are also proud of the business</td>
<td>Normative</td>
<td>Coercive and normative</td>
<td>Hindrance</td>
<td></td>
</tr>
<tr>
<td>Dad (the founder) is extremely active and very open, but he has great difficulty with, and little interest in, the management side. He is profligate and he mixes up the firm’s accounts with personal accounts. He’s unable to disassociate the family from the firm. Dad’s an entrepreneur and he looks for new opportunities. He (second-generation heir) sees the firm as the pride of the family. But relatives see it as a way of exploiting the family (disgust in the speaker’s voice). Dad (the founder) always worked his hardest for the firm, but he would not have done that if he had not had a successor and at a certain point he started to “clip their wings” (fourth-generation heirs). Irrespective of how the legacy is shared out or succession is decided, family unity must be maintained and the business must be sustained.</td>
<td>Challenge in imbuing and transferring tacit knowledge across generations</td>
<td>Cognitive</td>
<td>Normative</td>
<td>Hindrance</td>
<td></td>
</tr>
</tbody>
</table>

(continued)
and tries to gradually change the father's view
The first generation learned by doing, by trial and error; the second generation
learned from the first, but in the same way. The third generation has accumulated
experience and learned within a controlled system until they had decision-making
power. In the fourth generation it is even better, because they can learn, study,
and go through all the same processes as the previous generations until they
can take decisions
They did not work anywhere but the firm (fourth-generation heir) and think that
the lack of this experience is a limitation. Since they have sought academic learning
they think they can discuss things with dad (third generation) who has the
empirical knowledge, but does not value academic learning, and offer an important
perspective
Even when our uncle stopped working there, he was still paid the same as dad. There
is a reluctance to change the firm's policies or to hire a consultancy
It is very important to have consultants involved in these discussions (about
governance, professionalization, business standards and procedures)
We hired a well-known consultant to separate the firm's functions
The chair at the head of the table is the only one that has arms. It belongs to dad (the
founder) and, sometimes, my brother (second-generation heir) sits on it. Dad shouts at
him to get off it
Succession from the second to the third generation took place in the firm without
conflicts, but there is no longer the same family unity (there is a tone of melancholy in
the speaker's voice). I expect that in the fourth generation this process will be better.
Dad (third generation) is already no longer involved in the day-to-day finances/
operations, only in the firm's strategy
The firm conducts strategic planning, and part of that is related to succession
The director goes to all of the meetings and encourages her (third-generation heir) to
participate in the firm

| Table III. |
|---|---|---|
| English translations of primary data in Portuguese, originally transcribed and
analyzed in verbatim | Secondary codes | Influence of
institutional
forces |
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(continued)
Secondary codes

English translations of primary data in Portuguese, originally transcribed and analyzed in verbatim

Primary codes

Institutional domains

Institutional forces

Influence of institutional forces

If I resign (second-generation heir) he (the founder) will have a heart attack
Professionlize management through the fourth generation getting academic qualifications, bringing in professionals from the market, aiming to create some spare time, think of strategies, in the future, or how to start new ventures
Nowadays, academic qualifications are a must for all managers. All of our uncles had dropped out of university and had to go back to study again
The second generation comes into the firm without the same vision as the first generation, but with the objective of organizing it for the third generation. They also need to adapt and change methods and technologies to keep up with the competition, aiming to keep a healthy financial turnover
He merged the firm (a construction company) with a horse stable about 10 years ago to diversify the business and gave it to his brother to manage. But it just makes losses
One of the uncles was a bigamist (he had three wives) and he always needed more money. The firm always has to advance him money, because he always asks for his salary in advance
My salary is based on my brother's, and vice versa (second-generation heirs). If I work well, both salaries increase; if he works badly, both salaries go down (there is a hint of injustice in his voice)
They also refused to let a (male) cousin work for the firm. And another cousin's husband. In the past he wanted to be a football player (a hint of condemnation in the voice). Dad (the founder) relinquished the right to receive rent from the cousin's husband rather than letting him work at the firm, because once he was in it would have been hard to get him out again
There is an agreement that no more relatives will be employed in the firm

Table III.

<table>
<thead>
<tr>
<th>Influence of institutional forces</th>
<th>Normative</th>
<th>Coercive</th>
<th>Regulative</th>
</tr>
</thead>
<tbody>
<tr>
<td>Difficulty professionalizing the firm</td>
<td>Persistence</td>
<td>Pressure</td>
<td>Influence</td>
</tr>
<tr>
<td>because family members remain in high-level</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>management positions in the family business</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
contributions to the development of one or the other generation, regarding both the management processes and the attitude.

In the third generation, the issue of cognitive domain transcends the day-by-day learning and the relationship between parents and children. The search for a guided experience and formal education are the needs of this generation. Antagonism occurs when, with practice and inexperience, mistakes occur, along with concerns about how other family members and the employees will interpret them. In this generation, family members who choose to work in the firm are very self-demanding. The fourth generation suffers from the absence of contact with the founder. Thus, in this generation, regardless of the division of assets and succession, their main concern is to maintain the family unit. All understand that they must organize the structure and prepare the systems family, business and society, so that there are as few conflicts as possible for the next generation. Family businesses are supported by an extensive family based network. These organizations are characterized by the search for safety and economic and financial independence and the need for accomplishment, status, and prestige of the family unit (Pistrui et al., 1997, 2001). In a traditional family business, the main expectations are directed at the careers, remuneration, and security of family members, while preserving the firm for the future generations (Miller et al., 2010).

Firms adopt mimetic behavior as a form to reduce uncertainty, copying other firms that are considered to be employing best practices (DiMaggio and Powell, 1983). While there is a lack of cognitive diversity due to endogenous formation of a family business by the family’s members, the founder acts as a pillar of the family business, modeling the culture and values of both the family members and the family business. The founder’s centrality may alter outcomes and commitment to goals (Williams Jr et al., 2018) It was therefore observed that legitimacy is a relevant driver for facilitating succession between family members. The role of the founder reduces uncertainty and anxiety and improves the development of other family members’ entrepreneurial behavior.

Based on these relationships, the following proposition is ventured:

P1. Legitimacy provided by the founder of the family business helps intergenerational succession, dealing with uncertainty of the environment and endogenous training of family members in entrepreneurial business practices.

Regarding the regulative domain, the institutionalization of norms across generations encompasses more complex dimensions, but the individuals’ perception of their needs increases, which contributes to the process. The existence of well-established goals and the roles of the family members are related to effectiveness of succession (Williams Jr et al., 2018). In the second generation, concerns are mainly related to financial issues. It is necessary to define the family members’ remuneration and to distinguish between salary, dividends, and allowance. Therefore, the second generation struggles to determine these parameters, and the first generation struggles to understand that these are different elements. This difficulty is exemplified in similar remarks made by some of the participants, such as, “my father says that ‘money has no label on it, it’s all the same’” (so, there is no problem if I mix the firm’s accounts with the personal accounts). In the third and fourth generation, the need for regulation starts to refer to issues related to the criteria of entrance and departure from the firm, spouse participation, purchase and sale of assets, policy for training of family members in entrepreneurial business practices, etc. At this point, both third and fourth generation members reported the relevance of and need for neutral agents (consultants) to mediate discussions and agreements. Defining the roles in the institutions does not simply operate as a restricting factor, but also serves as a resource that facilitates entrepreneurship and promotes changes (Reay et al., 2006).

The regulative domain imposes boundaries on the policy and behavior of the family business and its members (Leaptrust, 2005). This process occurs through professionalization.
of the family businesses. In these terms, governance structures help to define the ownership decisions of family businesses, developing norms and procedures. Consequently, the regulative domain provides clear guidance to family members through rules, controls, rewards, and sanctions, modeling these family businesses as institutions and preserving transgenerational wealth. The prevailing structures provide incentives and constraints for individual actions (Hodgson, 2006), influencing the family members’ behavior in the family as institution.

Considering these descriptions, the following proposition proceeds:

P2. Transgenerational wealth depends on professionalization of the family business as a formal institution.

The normative domain of institutions refers to factors essential for the continuity of family businesses. These factors comprehend the culture, including values, norms, customs and beliefs (Scott, 2001). The second generation is still unable to distinguish between their normative domain and the firm’s, because they comprise the same elements and consequently many conflicts are generated, mainly because of the managerial differences between the 1st and second generation and the view that each element has of the family business. According to one of the participants, “I work in the family business, am proud of it, and do my utmost; however, some relatives exploit the family business.”

Over time, the distinction between the firm’s and the family's boundaries start to be built. In the third or fourth generation, the feeling of responsibility with the family business or that there is exploitation of the family business is minimized and little by little the members realize that they can, and must, have their own identity. Moreover, it is important to comment that, even in the third generation, there is still a deeply rooted culture, based on tacit, traditional knowledge. Thus, the entrepreneurial behavior among generations, mainly transferred by tacit knowledge, would not so easiness to be assimilated by successors from ascendants.

Despite the contradictions due to the relation “firm and family,” concern with the values of the founders being maintained is present across all generations. The founders are entrepreneurs and they feel proud of having achieved the growth of their businesses, creating an identity and values that are transmitted across generations (Miller et al., 2011).

The normative domain arises from values and norms originated in an organization as responses to the environment. Family members tend to share values and norms, exerting pressures on other family members to conform to normative standards (Leaptrott, 2005). However, normative influences do not apply in the same way to all members (Scott, 2001) of the family businesses. In this sense, tacit knowledge exerts a relevant role as carrier of culture and values between family members who are closer and more united, in families considered as an institution. Consequently, groups differentiated by knowing and understanding the business and not knowing or understanding the business are a source of potential conflicts between family members (Poza et al., 2004).

The following proposition is therefore ventured:

P3. Families considered as institutions by their members potentialize the transgenerational culture and values of family businesses through tacit knowledge transferred between family members.

Table IV presents the main points that show the similarities and differences between generations, classified by institutional domains.

Neo-institutional theory offers insights to explain the phenomenon of institutions separately as family and business, forming a new institution, the family business (Leaptrott, 2005). Considering the codification of summaries of utterances, institutional domains, and the influence of institutional forces across the generations in family businesses, it is clear that the study of family businesses can make important theoretical contributions to the (neo) institutional theory.
In this sense, it is notable that the legitimacy provided by the founder of the family business helps intergenerational succession. Gradually, over the generations, different activities (e.g., formalization of processes and norms, governance structure, tacit knowledge transfer between family members) take on relevant roles in promoting the transgenerational culture, values and wealth of family businesses.

However, the formation of a family as an institution by its members is a necessary stage in continuity of the family business activities across generations. It must be taken into account that history and sequencing matter (Schreyögg and Sydow, 2011) and so path dependence considers the events sequence and their outcomes as resulting from the actors and the organizational field (March and Olsen, 1989). In these terms, there is a challenge for the founder to retain critical tacit knowledge (Nordqvist et al., 2013) or to transfer it between family members to perpetuate the business. This is a cumulative process and, from an institutional perspective is dependent on the opportunities and boundaries created by the family.

Furthermore, neo-institutional perspective is also relevant to the recursive relationship that exists between the family business’ interests and the opportunities it can provide for family members and the boundaries it sets for them (Figure 1).

**Conclusion**

In this paper, the institutional domains relevant to the second, third and fourth generations of family businesses have been described based on the results of an analysis of entrepreneurship in the context of these generations and considering family as a main institution. Furthermore, regarding the family as an institution, this study has identified

<table>
<thead>
<tr>
<th>Generations</th>
<th>Domains</th>
<th>Cognitive</th>
<th>Regulative</th>
<th>Normative</th>
</tr>
</thead>
<tbody>
<tr>
<td>Second generation</td>
<td>Recognition that successors enjoy an opportunity legitimated by the founder</td>
<td>Norms and procedures are implicit, based on the experience of the founder and the successors</td>
<td>Firm and family are perceived as the same element, and they are proud of its existence</td>
<td></td>
</tr>
<tr>
<td>Third generation</td>
<td>Challenge in imbuing the 1st successors (2nd Generation) with tacit knowledge, at the same time that these transfer tacit knowledge to their successors (third generation)</td>
<td>Formalization of norms and procedures, with some already at more advanced stages with the support of consultants and external advisors</td>
<td>The boundaries between firm and family are recognized, and the limits beyond the family business start to be respected and considered by the members</td>
<td></td>
</tr>
<tr>
<td>Fourth generation</td>
<td>Concern over the legitimacy provided not only for the firm, but also for the family, in order to avoid conflicts and empower the chances for the business to continue</td>
<td>Professionalization of the managers, processes and relations between family and firm, and hiring of external advisers, but with CEOs from the family</td>
<td>Successors search for new challenges, leaving the management of the family business for a few members of the family and external professionals</td>
<td></td>
</tr>
</tbody>
</table>

**Source:** Research data

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**Table IV. Generations and institutional domains**

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**Figure 1. Opportunities and boundaries to each family business**
which institutional forces affect entrepreneurship across different generations of family businesses and how they do so. Entrepreneurial individuals act heterogeneous form (Shepherd et al., 2015). The results of this study show that each generation has dealt differently with issues such as legitimacy, business professionalization, succession planning and entrepreneurial behavior.

The second generation recognizes the opportunity it has received but struggles with institutionalization and segmentation between firm and family. The third generation deals with a greater challenge to transfer knowledge across generations than faced by the previous generation, at the same time that it extends formalization of norms and creation of boundaries between firm and family. Finally, the fourth generation is not only concerned with the firm, but with the unity of the family, while using professionalization of the firm and external managers as an option for achieving a better balance in this relationship. In any case, the progression of entrepreneurial behavior has been greatly influenced by the family (Bettinelli et al., 2014), mainly when it acts as an institution that unites and bind its members, guiding or restricting the agents’ choices by imposing limits on them. Thus, the family develops common values and culture that influence the entrepreneurial behavior of its members.

The level of governance adopted by firms is a distinctive factor in dealing with challenges. In second generation family businesses, governance is non-existent. Strategy and company succession occur deliberately, mainly in response to needs and opportunities. The third generation has the first stages of corporate governance, whether through external consultants or through embryonic governance structures, such as administrative, family, and financial boards. By the fourth generation, family members are concerned about the transition of power to non-family executives and, finally, with flotations through initial public offerings. Moreover, there is a positive relationship between a generation’s involvement in the business and entrepreneurial behavior. However, in the second generation, some family members who do not have executive roles in the family business, contribute nothing or even have a negative impact. Another consequence is conflicts related to involvement of family members with the business, caused by paternalistic assistance given to some members, regardless of the results they generate.

The transgenerational outcomes go beyond genetic factors when different generations influence entrepreneurial behavior in family businesses (Jaskiewicz et al., 2015). In the context of family businesses, perpetuity is related to transgenerational change, which in a way conditions how successful the next generation is going to be compared to the success of the previous generation. The risk lies in “bringing, but also limiting,” the concept of perpetuity to the family’s ability to retain ownership and control of the enterprise. In this sense, researchers have tried to explain how family businesses influence different kinds of institutions. At the same time, the literature has recognized family as one of main institutions that influence business and organizations (Holt et al., 2018). Considering this, it is no longer enough to understand the family as an institution in isolation, but it is necessary to consider the transgenerational roles, because the institutional forces undergo changes over time.

A family has a strong institutional influence across generations, while defining boundaries and creating opportunities for the family members. Institutions define, constrain, and mold the activities of individuals, with self-reinforcement and self-perpetuation of behaviors. Nevertheless, institutions do not act separately from the group of individuals involved, because there is coexistence based on their interactions (Hodgson, 2006). In the same way, families coevolve with their family members, sharing patterns of thought and action. Miller et al. (2011) believe that the institution of the family does not shape the behavior of most entrepreneurial founders, because they are influenced by several institutions on different levels. Similarly, irrespective of the generation of the
family business, the founders and their successors generate institutional responses based on socioemotional motives. These results are in line with a study by Berrone et al. (2010), who analyzed whether the CEO is a family member or acts as chairman of the board when it comes to institutional responses.

Practical implications and recommendations for future research
This study helps to explain entrepreneurship in the context of the second, third and fourth generation of family businesses, considering family as an institution, mapping what institutional forces affect entrepreneurship across generations and how they do so. The relevance of family as an institution as drivers of family businesses, as demonstrated in this study, can contribute to decision making and succession of family businesses. Equally, the results can contribute to avoidance of the possible pitfalls of transgenerational institutional influences and facilitate better management of problems such as legitimacy caused by a lack of norms and procedures or transfer of tacit knowledge.

There have been few attempts to understand the dynamics of the family business as an institution that also consider transgenerational institutional influences. Rather, family business has been analyzed separately from institutions. Institutions are rarely taken into account in studies of family businesses. Consequently, a perspective that aims to understand the relationship between family businesses and institutions, taking account of transgenerational institutional influences should further theory. Transgenerational family businesses are an appropriate object of study in this context, because of the institutional influences they undergo due to the effects of institutional forces over time.

It is important to emphasize that, in order to understand entrepreneurship in the context of family businesses, the dimensions that comprise a family business (environment, individual, business, family, and propriety) must be studied and understood individually. The family firm results from all of them. Thus, the study of entrepreneurship in the context of family businesses is cumulative. Therefore, other perspectives on neo-institutional theory, such as path dependence, could be useful to explain the context of family businesses. In this sense, an interesting opportunity to explore is to understand the socioemotional motivations that influence the transgenerational responses of family businesses, with regard to the institutional forces in this context. In any case, neo-institutional theory has open new and rich avenues for potential research on entrepreneurship (Bruton et al., 2010).

Research limitations
Despite its relevant contributions this study has its limitations. The main limitation is concentration of focus on a specific context, Brazilian family businesses. Therefore, the results are limited to this case. With regard to the methodological approach, cross-sectional data collection was employed, making it difficult or even impossible to make a historical analysis of the facts that are limited to the present perceptions of the interviewees. It should also be considered, from the institutional perspective, that only the family was analyzed as an institution, leaving out of our context other institutions and institutional dimensions such as the political and industrial, for example.

References


Further reading


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The effect of institutional transition on entrepreneurial orientation of family businesses

Evidence from India

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Indian Institute of Management Visakhapatnam, Visakhapatnam, India, and
Arindam Mondal
Strategic Management Area, Xavier School of Management, Jamshedpur, India

Abstract

Purpose – The purpose of this paper is to ascertain the impact of family ownership on the entrepreneurial orientation (EO) of firms in an emerging market and the contingencies under which it is likely to be affected.

Design/methodology/approach – The paper adopted a panel data multiple regression using ordinary least square methodology on a sample of 51,972 observations belonging to 12,250 firms from India.

Findings – The study finds that family businesses have higher EO than non-family firms. However, it is likely to be affected during institutional transition due to environmental uncertainty. Furthermore, during institutional transition, there will be differences in the EO of family business groups and stand-alone family firms due to the former’s ubiquitous network-level resource advantages.

Research limitations/implications – This paper contributes to the literature on family business by reconciling the positive and negative views on the effect of family ownership on EO by arguing that the risk-taking behavior of family firms is contingent on the environmental conditions and the resource position of the firm.

Practical implications – This study will enable managers and other stakeholders to predict the entrepreneurial attitude of family-owned firms during environmentally stable as well as turbulent times.

Social implications – This study highlights the implication of institutional transition through reforms on a vital part of the economy. Policy makers have to be sensitive to repercussions on family business due to environmental turbulence.

Originality/value – This is one of the first papers that investigate the influence of institutional transition and the resource position of Indian family firms on their EO.

Keywords Emerging economy, Entrepreneurial orientation, Family firms, Pro-market reforms

Paper type Research paper

Introduction

Entrepreneurial orientation (EO) is the set of organizational processes, methods and styles that firms use to act entrepreneurially (Miller, 1983; Randerson, 2016). EO among family firms has been a topic of interest within family business as well as entrepreneurship literature (Bettinelli et al., 2017; Covin and Lumpkin, 2011; Cruz and Nordqvist, 2012; Liu, 2014; Lumpkin et al., 2010; Naldi et al., 2007; Patel and Chrisman, 2014; Schepers et al., 2014; Sciascia et al., 2013; Short et al., 2009; Wales, 2016; Zellweger and Sierer, 2012; Zellweger et al., 2012). One stream of research argues that a family firm’s risk aversion (Naldi et al., 2007), lack of requisite skills within family and reluctance to share control with non-family members (Chrisman et al., 2015; Gomez-Mejia et al., 2007; Mishra and McCoaughey, 1999) make them less entrepreneurial. The other stream of research argues that higher levels of discretion, low bureaucracy, long-term orientation, patient capital, altruism and alignment of interest among owners and managers make family firms more entrepreneurial (Carney, 2005; Chrisman et al., 2015; Schulze et al., 2001; Sirmon and Hitt, 2003). What has been largely overlooked in this line of literature is the effect of institutions that create and/or regulate “the rules of the game (here business transactions)” (North, 1990, p. 3). This paper intends to fill this gap by examining how institutional transformation may facilitate
or constrain the EO of family firms, especially in a large and important emerging economy, India, that is quite different from that of developed economies and going through an institutional evolution. Taking such an institutional perspective from a relatively unexplored yet unique institutional context, India, offers the potential to gain noteworthy insight into the contextual influences affecting the family firm entrepreneurial behavior (Randerson et al., 2015) and enriching the family business literature.

Family businesses are a prominent organizational form in nearly every country and have vast effects on national employment, gross national product and wealth creation. In India as well, the majority of businesses are in the dominant control of the families. As per estimates by Fan et al. (2011), anywhere from 35 to 66 percent of listed companies in southeast Asia are controlled by families, and they together account for almost 80 percent of the country’s gross domestic production. India has a long history of family and community-based firms (Chittoor and Aulakh, 2015). The strong overlap between the family and business systems in India often shapes firms’ strategic choices. Moreover, India’s socioeconomic and cultural diversity is reflected in the heterogeneity of family firms and their entrepreneurial behaviors. Given such importance of family firms in an emerging market such as India, this paper investigates various aspects of familiness on the EO of firms. Additionally, India serves as an excellent context for a study of such a nature as it is a classic example of an emerging market undergoing an institutional transition (Zattoni et al., 2009). Since 1991, India has been undergoing a series of pro-market reforms, which have helped to slowly reshape the market imperfections. It has transitioned from a resource-scarce environment to an environment where the state supports competition and entrepreneurship. Hence, the Indian context serves as an ideal arena to study the impact of institutional transition on the business strategies of family businesses.

Accordingly, this paper not only evaluates the impact of familial factors on EO but it also investigates how it is likely to change, during the periods of institutional transition. The main argument proffered by the paper is that family firms are entrepreneurial in nature; however, they are circumspect during the periods of environmental uncertainty. During a resource-scarce environment, family firms exhibit higher EO because they want to overcome the institutional voids (Dacin et al., 2010; Estrin et al., 2013) and, also because they can do so due to the support provided by the family as a social institution (Aldrich and Cliff, 2003; Bettinelli et al., 2014; Eijdenberg et al., 2018). As the institutions undergo a transition through the pro-market reforms, there is a general increase in the efficiency and competitiveness of the economy (Khanna and Palepu, 2000a). Although it is argued from the institutional support perspective that entrepreneurial activity is likely to increase with the development of the institutional framework (Korosec and Berman, 2006; Zahra and Wright, 2011), this paper argues that family firms are often at a potential disadvantage as it disrupts an established way of conducting business. These “businesses of yesterday” lack the systems and sophistication to adapt to the new institutional environment, and thus may find difficulty in protecting their market share from new-age competitors (Ayyagari et al., 2015). Subsequently, however, this paper argues that given this institutional transition, family business groups (FBGs) would fare better than the stand-alone family firms due to the formers’ ubiquitous network-level resource advantages. Thus, our argument provides a dynamic explanation of how institutional changes affect the EO among family businesses. Empirical analysis on a database of 51,972 observations belonging to 12,250 firms from India, within an 11-year period from 2006 to 2016, provides support for our arguments.

This paper makes several contributions to the existing literature. First, this paper contributes to the literature on family business by reconciling the positive and negative views on the effect of family ownership on EO (Naldi et al., 2007; Salvato, 2004; Short et al., 2009; Zahra et al., 2004) by arguing that the risk-taking behavior of family firms is contingent on the environmental conditions and the resource position of the firm. In this
manner, this study has gone beyond existing studies that often focus exclusively on the differences at the cognitive level as a source of heterogeneity. Second, by advancing a secondary measure for EO of firms, this study also answers the call for embracing complementary measurement approaches (Wales, 2016) to the well-established psychometric approach (Covin and Slevin, 1989). The advantage of this secondary measure is that it provides insight into the firm’s behavior and how it has actually allocated its resources. Finally, this study addresses the recent call for more research to explore the role of heterogeneity among family firms in under-represented regions, such as Asia (Sharma and Chua, 2013; Wright et al., 2014). Previous studies have remarked on the absence of EO studies from India, e.g. “a particularly glaring finding is the lack of EO research in Brazil, India and Russia” (Wales, Gupta and Mousa, 2013, p. 364). Consequently, the emerging market context of India with its high prevalence of family firms adds to the importance of the study as it factors in institutional transition to develop more fine-grained theories of family business.

Theory and hypotheses

**Family business and EO**

Family ownership plays a vital role in incubating entrepreneurs (for a detailed review see Bettinelli et al., 2014, 2017). In the words of Rogoff and Heck (2003), “family is the oxygen that feeds the fire of entrepreneurship” (p. 559). The authors argue that family provides oxygen in the form of financial resources, human resources, education, economic conditions as well as social networks that together enable a new venture to thrive. Vetting this view, Astrachan et al. (2003) have shown, using multi-country data, that family business are a key source of funding for new start-ups and hence are indirectly responsible for employment generation and economic and technological progress in a country.

The higher levels of entrepreneurial activity in family firms are likely to be exhibited through higher EO in these firms. EO is looked upon as a strategic posture that involves a propensity to be innovative, proactive and open to risk (Covin and Slevin, 1991). However, existing research on EO in family firms is divided. On the one hand, it is suggested that family firms would be risk averse, hence less likely to engage in entrepreneurial activities, to secure the financial and social well-being of future generations (Naldi et al., 2007; Short et al., 2009). On the other hand, it is also suggested that family firms have a long-term orientation with a particular focus on wealth creation, which helps to foster innovation and entrepreneurship in these organizations (Salvato, 2004; Zahra et al., 2004). This study aligns itself with the later view that family businesses drive entrepreneurial activity in an economy and hence are likely to exhibit higher levels of EO.

Discarding the static linear argument, Zachary et al. (2017) argued that EO in family firms is dynamic and changes with environmental conditions. During stable environments it increases linearly, and it also creates a positive feedback loop. However, during an environmental jolt (like a financial crisis), the EO is likely to decrease in a discontinuous fashion as the family tries to protect its socio-emotional wealth. Consequently, in complex and dynamic environments, family businesses may come across as circumspect, making them look as “businesses of yesterday” – too stagnant or performing poorly (Chandler, 1990; Morck et al., 2005). Conversely, non-family firms might have an advantage in such dynamic environments due to their emphasis on efficiency and profit maximization as opposed to family interests like the maintenance of family control and socio-emotional wealth (Gomez-Mejia et al., 2010; Verbeke and Kano, 2012). This paper adds to this literature by investigating the impact of institutional transition on the EO of family-owned businesses.

Another strand of research has concentrated on unearthing the consequences of heterogeneity among family firms on EO. Studies have investigated family firm-specific variables such as knowledge diversity in top management teams (TMT) (Sciascia et al., 2013);
governance arrangement (Le Breton-Miller et al., 2015); CEO tenure (Boling et al., 2016); social context and identity (Miller and Le Breton-Miller, 2011); and generational involvement (Cruz and Nordqvist, 2012). Since most of these studies have used a psychometric approach (Covin and Slevin, 1989) to study EO, they have largely focused on TMT characteristics to provide insights on the diversity in entrepreneurial behavior among family firms. This paper adds to this literature on family business heterogeneity and its impact on EO by focusing on FBGs apart from family ownership of business in an emerging market context.

Family as a social institution driving EO

There are several reasons to believe that family would be the driving force behind entrepreneurial activities. First, the family as a social institution significantly influences the opportunity recognition, venture creation decision, as well as the resource mobilization process of individuals (Aldrich and Cliff, 2003; Bettinelli et al., 2014). For instance, an individual’s idiosyncratic prior knowledge obtained from grooming within a business family environment (Aldrich and Cliff, 2003) strongly influences the process of opportunity recognition (Shane and Venkataraman, 2000). This is even more true in a context such as India which is characterized by “institutional voids” – the relative lack of intermediary firms, regulatory systems and contract-enforcing mechanisms (Ashwin et al., 2015). Khanna and Palepu (1997) argued that these voids may hamper economic exchange in the capital, labor and product markets of emerging economies. In the absence of such institutions that facilitate economic activity (Tracey and Phillips, 2011), existing studies (Panini, 1988) have shown that the social network of the family, which is based on the primordial loyalties of caste, kinship and linguistics, has facilitated industrial growth in a country like India. It not only provides the family business with a trustworthy and loyal network of managers, entrepreneurs, politicians and bureaucrats who could keep secrets but also provides access to capital, and a network of firms where production could be outsourced (Panini, 1996). Thus, family acts as a “social safety net” by providing access to capital and labor and is hence a key institutional enabler for entrepreneurship (Eijdenberg et al., 2018).

Second, following the social embeddedness perspective, it is argued that individuals do not decide to start a business in a vacuum (Larson and Starr, 1993). Rather they consult and are influenced by a significant social institutions in their environment – the family (Aldrich and Cliff, 2003; Bettinelli et al., 2014). This is because family represents a critical and often used resource for start-ups (Chrisman et al., 2002; Eijdenberg et al., 2018). Hence, actors embedded in the family are likely to be predisposed to family values and concerns (Le Breton-Miller and Miller, 2009). Moreover, entrepreneurs are more likely to have access and benefit from the social network of the family including their reputation, community ties and relationships with existing customers and vendors of the family business (Deshpande and Sharma, 2013; Iyer et al., 2013; Panini, 1977). Thus, family business owners are able to forge close social connections to make up for the institutional voids (Le Breton-Miller and Miller, 2009). Such close enduring associations with a wide variety of external stakeholders who supply the company with critical resources may strengthen the business, afford its stability and stretch its capabilities (Adler and Kwon, 2002; Nahapiet and Ghoshal, 1998). In addition, it helps family firms to overcome talent scarcities in the tight labor markets of emerging economies (Khanna and Palepu, 2000b). It is the employees, after all, who must keep the business spry and creative and secure the financial health of the organization.

Consequently, family firms are best suited to take advantage of the new opportunities opening up in the market (Salvato, 2004; Zahra et al., 2004) due to their unique resource base consisting of human capital, social capital, patient capital, survivability capital and governance structure (Sirmon and Hitt, 2003). Finally, it is also argued that the long tenure of leaders in family businesses encourages a culture of risk taking as well as a long-term
view on business (Walsh and Seward, 1990; Zellweger, 2007). Thus, the family often becomes the driver of entrepreneurial activity and growth (Zellweger et al., 2012). Accordingly, the following hypothesis is proposed:

\[ H1. \] Family-owned businesses will exhibit higher levels of EO as compared to non-family businesses.

The moderating role of institutional transformation

In contrast to the above arguments, a significant number of scholars (Gomez-Mejia et al., 2007; Lumpkin et al., 2010; Naldi et al., 2007) argue that family businesses are inherently risk averse, reluctant to innovate and slow to change. There have been very limited attempts thus far to reconcile the contradictory views and findings of these two camps. This paper argues that the risk appetite of family firms can be better observed in the face of institutional transition, as it places these firms at a potential disadvantage compared to other firms.

Pro-market reforms ensures such an institutional transition, which also acts as a disruptive environmental shock for many firms (Kim et al., 2010; Peng and Heath, 1996). It reduces the barriers to entry by opening up the domestic markets through deregulation and liberalization (Saikia, 1997; Williamson, 1990). It provides opportunities to both domestic and foreign firms to enter into new product markets, through technical and/or financial collaborations (Kale and Anand, 2006; Majumdar, 2008). It also increases access to foreign technology by making import of capital and intermediate goods cheaper (Siggel and Agrawal, 2009). Pro-market reforms also represent an uncertain environment for executives and firms alike, due to global economic integration. It leads to the faster transmission of economic jolts worldwide (Cetorelli and Goldberg, 2011). The de-licensing and partial rollback of direct state participation in selected markets through privatization also help to open up markets previously closed to the private sector (Ramamurti, 2000). Moreover, pro-market reforms initiate a series of institutional changes which removes relative-price distortions and reduces state intervention (Rodrik, 1996). This represents a sudden reversal in policies after decades of adherence to an import-substitution policy regime (Kneufer, 1974). The change in laws and regulations along with the improvement in the functioning of product, labor and capital markets helps to increase competition in the economy and thereby results in lower sustainability of superior profits (Chari and David, 2012). Thus, an increase in competition and the simultaneous explosion in new opportunities due to pro-market reforms helps to increase dynamism and complexity in the task environment (Boyd and Gove, 2006; Dess and Beard, 1984). In sum, this policy reversal disrupts an established order of conducting business.

The pro-market reforms usher in institutional changes coupled with an uncertain environment. There is not only an increase in competition but due to changes in laws and regulations, the old established ways of doing business are also unsettled. The systematic changes brought to the political and regulatory systems of a country improve its market functioning, enable the creation of new firms and industries and also attract greater FDI participation (Dau, 2013). Moreover, as the economy gets integrated with the global economy, ripples of economic shocks anywhere in the world are felt at the local level. Home markets increasingly become a sub-battlefield for global competition due to such institutional reforms and free-trade policies (Dau, 2013; Peng, 2003). These conditions are sufficient to send firms into organizational decline. In the face of stiff foreign competition, the very survival of the firm may be at stake. Under these circumstances, it is more likely that family firms would be more circumspect and severely moderate their entrepreneurial activities due to their long-term orientation. The long-term orientation of family firms (Gomez-Mejia et al., 2007; James, 1999; Miller and Le Breton-Miller, 2005) is attributed to the behavior of family firms when they are conservative (Sharma et al., 1997), adverse to change.
and risk averse (Boling et al., 2016; Eddleston et al., 2012; Konig et al., 2013). Family businesses are said to be conservative in their decision-making process as they are more focused on sustaining the family legacy and passing on the business to the next generation (Ward, 1987, 2004). Hence, to tide over the environmental uncertainty brought about by the institutional transition, family firms are expected to be risk averse and conservative in their strategic choices. Accordingly, the following hypothesis is proposed:

H2. Pro-market reforms will negatively moderate the relationship between family ownership and EO of family businesses such that with increase in reforms, family-owned businesses will exhibit lower growth in EO as compared to non-family businesses.

Role of resource heterogeneity among family businesses

Entrepreneurial opportunities emerge when different agents have heterogeneous resources as well as dissimilar insights into those resources, such that they use them to take advantage of the un-exploited opportunities (Alvarez and Busenitz, 2003; Casson, 1982; Kirzner, 1979). Accordingly, this paper argues that heterogeneity in EO among family firms can be attributed to heterogeneity in their resource base.

One of the important types of family businesses in emerging markets like India are the FBGs. They are a unique category of family firms that are also affiliated with a group of firms tied together by a common ownership network. They are known by different names in different countries (e.g. chaebol in South Korea; Grupos in Latin America) (Khanna and Rivkin, 2001; Khanna and Yafeh, 2007; La Porta et al., 1999). The control and coordination in FBG affiliated firms is undertaken through a complex web of multiple and reciprocated equity, debt and commercial ties (Carney et al., 2011; Lincoln and Gerlach, 2004) that not only give rise to a unique corporate governance context, but also a unique set of resources and capabilities.

Most FBG firms use quasi-internal capital markets for growth (Khanna and Rivkin, 2001), and consequently, there is an absence of pressures to maximize profits. It allows them to invest in patient capital and take a long-term view of corporate success (Le Breton-Miller and Miller, 2006; Lincoln and Gerlach, 2004; Lumpkin et al., 2010). Thus, unhindered by the monitoring of external financial institutions, executives in these organizations can identify risk, find new opportunities and provide seed capital for the same (Lincoln and Gerlach, 2004). Contextual differences such as differences in communities and geographical location can also have a profound effect on the entrepreneurial behavior of FBG firms (Chrisman et al., 2002). For instance, Vissa (2011) used the Indian context to show that entrepreneurs network and proactively form ties based on similarities in social aspects (similarity in language, caste and occupation) as well as task complementarities. In a similar vein, Lamb (1955) documented the rise of Indian business communities from the pre-independence era, while Damodaran (2008) highlighted the rise of new business communities in the post-independence period. Both the authors witnessed the geographical concentration of the business communities and the use of internal capital and labor markets to propagate the business.

Considering the unique network-level resource base of FBG firms, they are better positioned to take advantage of the new opportunities provided by pro-market reforms. Bereft of the fear of failure due to their deep resource pool, it is likely that they would continue to exhibit risk-taking behavior even in the presence of an external environmental stimulus such as pro-market reforms. The availability of adequate resources to secure the survival of the firm facilitates the FBG firms to take advantage of the entrepreneurial opportunities provided by pro-market reforms. Accordingly, the following hypothesis is proposed:

H3. Pro-market reforms will positively moderate the EO of FBGs such that with increase in reforms, FBGs will exhibit higher growth in EO as compared to stand-alone family-owned businesses.
Methods

Data

India is an ideal setting in which to study the impact of family firms on EO because it has a rich and varied history of family businesses. Moreover, India is an important emerging economy that has undergone significant liberalization measures since the early 1990s that facilitated the noteworthy inflow of foreign MNCs. Such a competitive global business environment has stimulated entrepreneurial activity among domestic firms (Ayyagari et al., 2015). Hence, the authors expect a greater variation in the entrepreneurial behavior of Indian family-owned as well as FBG firms.

Data for this study was obtained from the CapEx and Prowess databases of Centre for Monitoring of Indian Economy. These databases have frequently been used by other researchers studying Indian firms (Chittoor et al., 2015; Gubbi et al., 2010; Kumar et al., 2012). The authors began with the population of all firms for which data were available for the period of 11 years from 2006 to 2016. Data pertaining to government, departmental bodies, as well as statutory and regulatory bodies were removed. Further, firms whose total income was less than Rs50m within the 11-year period of the study was also dropped (Berger and Ofek, 1995). To avoid measurement complications, firms from the financial services industry were also excluded, because they follow different accounting standards. The number of firms at this stage was 21,395. Thereafter, firms that did not have data available for calculating any one of the components of our dependent variable, EO, were dropped which further reduced this sample to 12,250 firms. The industry classification was done based on the National Industrial Classification (NIC) codes[1]. In the final sample, 16 percent of the observations come from wholesale trade followed by 6 percent from the manufacturers of basic metals, nearly 5 percent from chemicals and textiles, respectively, and the rest from other types of manufacturing and services.

Variables and measures

Entrepreneurial orientation. The main dependent variable of this study is EO. Previous studies (Kellermanns and Eddleston, 2006) have measured EO through the opinion of executives. However, studies have called for an alternate measurement approach using secondary data (Wales, 2016) that can complement the established psychometric approach advanced by Covin and Slevin (1989). Accordingly, EO was operationalized through a secondary measure that uses archival data denoting prior resource allocations as the indicators of the entrepreneurial posture of the firm (Lyon et al., 2000). A firm’s EO is a joint function of its innovation, proactive and risk-taking behavior (Miller, 1983; Miller and Le Breton-Miller, 2011; Randerson, 2016). Accordingly, a composite index of EO was created by operationalizing these three variables following the example of Miller and Le Breton-Miller (2011). Innovation was measured using research and development (R&D) intensity as a proxy, i.e. the percentage of annual R&D expenses to sales, following the precedent set by previous studies (Li et al., 2010; Miller and Le Breton-Miller, 2011). It has been used as a global measure of input to innovation management in a number of previous studies (Adams et al., 2006; Deeds, 2001; Greve, 2003; Parthasarthy and Hammond, 2002). Proactiveness was measured through the ratio of the expenditure on new projects undertaken by the firm to sales, following the precedent set by previous studies (Li et al., 2010; Miller and Le Breton-Miller, 2011). Risk taking was measured using the capital intensity of the firm or the ratio of capital employed to sales (Miller and Bromiley, 1990). Firms using large amounts of capital run the risk of obsolescence as well as high variance in profits, if demand fluctuates, since their fixed costs are high compared to their variable costs.

Family business. Family business, the main independent variable in the study, is a dummy variable that is coded as 1 if the ratio of equity held by Indian promoters (individual
family owners as well as corporate promoters) exceeds 20 percent. Family owners in India often control firms through intercompany cross-holdings and holding companies. Hence, corporate promoters are included while measuring this variable in line with existing studies (Ashwin et al., 2015; Singla et al., 2014).

Furthermore, while conducting the sub-sample analysis using only the family firms to understand the effects of FBGs, the family firms were further dummy coded as belonging to FBG (1, else 0) if it belonged to a business group as defined by Prowess database. Thus, firms that are both family owned as well as part of a business group are coded as belonging to FBGs. The classification provided by Prowess database has been used in previous studies (Chacar and Vissa, 2005; Chari and Banalieva, 2015; Khanna and Palepu, 2000b).

Pro-market reforms. The main moderating variable of interest in this study is pro-market reforms. It is measured using five items of the Economic Freedom Index by Heritage Foundation following the procedures used by Meyer et al. (2009). These five items most closely reflect the efficiency of markets: business freedom, trade freedom, property rights, investment freedom and financial freedom. Overall, this index provides information about a broad notion of institutions, focusing on the freedom of individuals and firms in a country to pursue their business activities. It has been used extensively, usually in its aggregate form, and has been found to be related positively to FDI inflows (Bengoa and Sanchez-Robles, 2003), economic growth (Berggren and Jordahl, 2005), social welfare (Stroup, 2007) as well as firm performance (Cuervo-Cazurra and Dau, 2009).

Control variables. EO may be influenced by a variety of factors, and hence a comprehensive list of controls for all possible confounds was used. Firm age was measured as the natural logarithm of the age of the firm since its inception up to a particular year. Firm size was measured as the natural logarithm of the sales of the firm. The existing marketing capability of the firm was controlled using marketing intensity, which was operationalized as the percentage of total annual marketing expenses to sales. The study also controlled for leverage (measured through debt to equity ratio of the firm) as the capital structure has a substantial effect on the risk-taking ability of a firm. Similarly, liquidity or the short-term ability of the firm to generate cash was measured through quick ratio or current assets less inventories by current liabilities. The GDP growth rate is also likely to point out business cycles as well as socio-political shocks, which can have an impact on corporate risk taking. A 0/1 dummy variable was created and coded as 1 if the firm was listed and coded 0 otherwise. A firm was deemed publicly listed or not based on whether the firm was listed on the largest domestic stock exchange in India, namely the Bombay Stock Exchange. The study also controlled for past performance through the return on assets for the previous year. Finally, to control for industry-specific effects industry dummies were incorporated, each representing an industry classification at the two-digit NIC level of the firm.

Methodology
Panel data have several advantages over cross-sectional or time series data including more degrees of freedom, which improves the efficiency of econometric analysis. It has greater ability to capture complex phenomenon and dynamic relationships. It reduces measurement errors and omitted variable bias (Hsiao, 2007; Wooldridge, 2002). Hence, the authors conducted a retrospective, observational study using multiple ordinary least square regressions on the unbalanced panel data using Equation (1), where \(i, t, a\) and \(l\) represent firms, years and different controls, respectively. After that, a sub-sample analysis of only family firms was conducted using Equation (2), where \(i, t\) and \(l\) represent firms, years and different controls, respectively. The value of the coefficient \(\beta_{11}\) in Equation (1) captures the main effect of family business on EO. Meanwhile, the value of the coefficient \(\beta_{31}\) in Equation (1) captures the conditional effect of pro-market reforms and family business on EO. Similarly, the value of the coefficient \(\beta_{32}\) in Equation (2) captures the conditional effect of pro-market reforms and
FBG on EO (Baron and Kenny, 1986):

\[
EO_t = \alpha_1 + \beta_{11} \times \text{Family business}_t + \beta_{21} \times \text{Promarket reforms}_{t-1} \\
+ \beta_{31} \times \text{Family business}_t \times \text{Promarket reforms}_{t-1} + \beta_{41} \times \text{Controls}_{t-1}
+ \mu_t + \lambda_t + v_{it},
\]

(1)

EO\(_t = \alpha_2 + \beta_{12} \times \text{FBG}_t + \beta_{22} \times \text{Promarket reforms}_{t-1} \\
+ \beta_{32} \times \text{FBG}_t \times \text{Promarket reforms}_{t-1} + \beta_{42} \times \text{Controls}_{t-1} + \mu_t + \lambda_t + v_{it}.
\]

(2)

The independent variable, moderator and controls were all lagged by one year to ensure that the direction of causality is from family firm and institutional reform variables to EO and not the reverse (Ashwin et al., 2015). The variables were subjected to strictly monotonic transformations wherever required to ensure normality and homoscedasticity (constant variance) of residuals (Cohen et al., 2003). The regressors were also winsorized at the 1st and 99th percentiles wherever necessary to minimize the potential impact of outliers (Chari and Banalieva, 2015; Kennedy et al., 1992; Srivastava et al., 2009). Robust standard errors were used to control for both heteroskedasticity and serial autocorrelation (Cameron and Trivedi, 2009). All the continuous variables were centered and standardized to prevent multicollinearity problems present in models with interaction terms (Aiken and West, 1991). Furthermore, as part of the regression diagnostics, the variance inflation factor (VIF) was checked for the presence of variables with VIF values greater than 10. The highest VIF value in each model is reported in Table II.

Results

Table I reports the descriptive statistics for the variables of interest. We find that the average firm is approximately 20 years old, while the average age of family-owned firms is 28 years and FBG firms is 35 years; the average firm has a return on assets of almost 21 percent; the average firm spends nearly 4 percent of its sales revenue on marketing; and 20 percent of the firms are listed on the stock exchange. Table II reports the results of the main effect of the family business as well as the conditional effect of pro-market reforms on EO. The models are arranged incrementally, with the main baseline specification followed by the model with interaction variables added. The various fit parameters, such as the overall \(R^2\) value, show that the model increasingly fits the data better.

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<th>Variables</th>
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<td>2. Family business(^b)</td>
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<td>3. Pro-market reforms</td>
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<td>4. Firm age(^a)</td>
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<td>5. Firm size(^a)</td>
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<td>6. Marketing intensity</td>
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<td>0.08*</td>
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<tr>
<td>7. Leverage</td>
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<td>0.00</td>
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<td>8. Liquidity</td>
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<td>0.02*</td>
<td>-0.02*</td>
<td>-0.07*</td>
<td>-0.33*</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9. GDP growth rate</td>
<td>-0.00</td>
<td>0.01</td>
<td>-0.07*</td>
<td>-0.00</td>
<td>-0.04*</td>
<td>0.01*</td>
<td>-0.01*</td>
<td>0.02*</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>10. Listed(^b)</td>
<td>0.03*</td>
<td>0.79*</td>
<td>0.05*</td>
<td>0.34*</td>
<td>0.20*</td>
<td>0.06*</td>
<td>-0.12*</td>
<td>0.05*</td>
<td>-0.00</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>11. Past performance</td>
<td>-0.12*</td>
<td>-0.06*</td>
<td>-0.01</td>
<td>-0.09*</td>
<td>0.09*</td>
<td>-0.05*</td>
<td>-0.23*</td>
<td>0.22*</td>
<td>-0.01</td>
<td>-0.04*</td>
<td>1</td>
</tr>
<tr>
<td>Mean</td>
<td>0.00</td>
<td>0.24</td>
<td>45.23</td>
<td>19.83</td>
<td>6.18</td>
<td>0.04</td>
<td>1.74</td>
<td>1.50</td>
<td>7.38</td>
<td>0.21</td>
<td>0.21</td>
</tr>
<tr>
<td>SD</td>
<td>1.00</td>
<td>0.43</td>
<td>1.87</td>
<td>17.52</td>
<td>2.19</td>
<td>0.06</td>
<td>4.11</td>
<td>3.43</td>
<td>1.75</td>
<td>0.41</td>
<td>1.64</td>
</tr>
</tbody>
</table>

Table I.
Descriptive statistics and correlations

Notes: \(n = 51,972\). Reported means and standard deviations are before standardization. \(^a\)Logarithm; \(^b\)dummy variables. *\(p < 0.05\)
<table>
<thead>
<tr>
<th>Variables</th>
<th>Model 1</th>
<th>Model 2</th>
<th>Model 3</th>
<th>Model 4</th>
<th>Model 5</th>
<th>Model 6</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Entrepreneurial orientation</td>
<td>Entrepreneurial orientation</td>
<td>Entrepreneurial orientation</td>
<td>Entrepreneurial orientation</td>
<td>Entrepreneurial orientation</td>
<td>Entrepreneurial orientation</td>
</tr>
<tr>
<td>Firm age</td>
<td>0.067*** (0.008)</td>
<td>0.032*** (0.008)</td>
<td>0.032*** (0.008)</td>
<td>0.084*** (0.014)</td>
<td>0.026**** (0.013)</td>
<td>0.026**** (0.013)</td>
</tr>
<tr>
<td>Firm size</td>
<td>−0.206*** (0.010)</td>
<td>−0.245*** (0.010)</td>
<td>−0.246*** (0.010)</td>
<td>−0.226*** (0.019)</td>
<td>−0.278*** (0.020)</td>
<td>−0.278*** (0.020)</td>
</tr>
<tr>
<td>Marketing intensity</td>
<td>−0.005 (0.005)</td>
<td>−0.003 (0.005)</td>
<td>−0.003 (0.005)</td>
<td>−0.016 (0.010)</td>
<td>−0.014 (0.010)</td>
<td>−0.014 (0.010)</td>
</tr>
<tr>
<td>Leverage</td>
<td>−0.023*** (0.006)</td>
<td>−0.016** (0.006)</td>
<td>−0.016** (0.006)</td>
<td>−0.034*** (0.010)</td>
<td>−0.025* (0.010)</td>
<td>−0.023* (0.010)</td>
</tr>
<tr>
<td>Liquidity</td>
<td>0.050*** (0.007)</td>
<td>0.051*** (0.007)</td>
<td>0.051*** (0.007)</td>
<td>0.051*** (0.013)</td>
<td>0.053*** (0.013)</td>
<td>0.053*** (0.013)</td>
</tr>
<tr>
<td>GDP growth rate</td>
<td>−0.014*** (0.002)</td>
<td>−0.017*** (0.002)</td>
<td>−0.017*** (0.002)</td>
<td>−0.014*** (0.003)</td>
<td>−0.019*** (0.003)</td>
<td>−0.019*** (0.003)</td>
</tr>
<tr>
<td>Listed</td>
<td>0.151*** (0.014)</td>
<td>0.093*** (0.018)</td>
<td>0.097*** (0.018)</td>
<td>0.115*** (0.020)</td>
<td>0.105*** (0.020)</td>
<td>0.109*** (0.020)</td>
</tr>
<tr>
<td>Past performance</td>
<td>−0.057*** (0.004)</td>
<td>−0.046*** (0.004)</td>
<td>−0.046*** (0.004)</td>
<td>−0.038*** (0.007)</td>
<td>−0.027*** (0.007)</td>
<td>−0.027*** (0.007)</td>
</tr>
<tr>
<td>Family business</td>
<td>0.143*** (0.021)</td>
<td>0.141*** (0.021)</td>
<td>0.141*** (0.021)</td>
<td>0.070*** (0.004)</td>
<td>0.077*** (0.005)</td>
<td>0.077*** (0.005)</td>
</tr>
<tr>
<td>Pro-market reforms</td>
<td>0.070*** (0.004)</td>
<td>0.077*** (0.005)</td>
<td>0.077*** (0.005)</td>
<td>0.073*** (0.006)</td>
<td>0.061*** (0.007)</td>
<td>0.061*** (0.007)</td>
</tr>
<tr>
<td>Family business group</td>
<td>0.157*** (0.033)</td>
<td>0.150*** (0.033)</td>
<td>0.150*** (0.033)</td>
<td>0.157*** (0.033)</td>
<td>0.150*** (0.033)</td>
<td>0.150*** (0.033)</td>
</tr>
<tr>
<td>Family business × Pro-market reforms</td>
<td>−0.014* (0.007)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pro-market reforms</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Constant</td>
<td>−0.171*** (0.010)</td>
<td>−0.198*** (0.010)</td>
<td>−0.200*** (0.010)</td>
<td>−0.033 (0.028)</td>
<td>−0.096*** (0.028)</td>
<td>−0.096*** (0.028)</td>
</tr>
<tr>
<td>( \chi^2 ) (overall)</td>
<td>2,452.379***</td>
<td>2,758.918***</td>
<td>2,764.660***</td>
<td>554.122***</td>
<td>640.775***</td>
<td>641.966***</td>
</tr>
<tr>
<td>( R^2 ) (overall)</td>
<td>0.161</td>
<td>0.167</td>
<td>0.167</td>
<td>0.115</td>
<td>0.134</td>
<td>0.134</td>
</tr>
<tr>
<td>No. of observations</td>
<td>51,972</td>
<td>51,972</td>
<td>51,972</td>
<td>17,916</td>
<td>17,916</td>
<td>17,916</td>
</tr>
<tr>
<td>Highest VIF</td>
<td>1.32</td>
<td>3.63</td>
<td>3.63</td>
<td>3.65</td>
<td>1.57</td>
<td>1.57</td>
</tr>
</tbody>
</table>

**Notes:** This table reports the results of random effects panel regression with cluster robust standard errors in parenthesis. Standardized regression coefficients are reported. All models include industry dummies at two-digit NICs, which are suppressed for parsimony. Models 1–3 represent the full sample, while Models 4–6 represent the sub-sample consisting of only the family businesses.* \( p < 0.05; ** p < 0.01; *** p < 0.001; **** p < 0.1 \)

Table II. Panel regression of EO on family business and pro-market reforms
As per H1, family firms, on average, are expected to show a greater inclination for EO. Model 2 of Table II shows that, in predicting EO, the coefficient of the family business is positive and statistically significant (i.e. Family business, $\beta = 0.143; p < 0.001$). Thus, $H1$ is supported. In other words, family firms tend to have a higher EO as compared to non-family firms.

As per $H2$, family firms are likely to show a lower growth in EO with the advent of pro-market reforms. Model 2 of Table II shows that, in predicting EO, apart from family business, the coefficient of pro-market reforms is also positive and statistically significant (i.e. Pro-market reforms, $\beta = 0.07; p < 0.001$). Additionally, Model 3 of Table II shows that, in predicting EO, the coefficient of the interaction term of family business and pro-market reforms is negative and statistically significant (i.e. Family business $\times$ Pro-market reforms, $\beta = -0.014; p < 0.05$). Thus, $H2$ is also supported. In other words, pro-market reforms weaken the positive impact of family business on EO as compared to non-family firms.

As per $H3$, within family businesses, those associated with FBGs are likely to show higher growth in EO with the advent of pro-market reforms as compared to stand-alone family firms. To test this hypothesis, a sub-sample analysis of family firms that compared the behavior of FBG firms with stand-alone family firms was conducted. Model 5 of Table II shows that, in predicting EO, the coefficient of FBG is positive and statistically significant (i.e. FBG, $\beta = 0.157; p < 0.001$) and the coefficient of pro-market reforms is also positive and statistically significant (i.e. Pro-market reforms, $\beta = 0.073; p < 0.001$). Additionally, Model 6 of Table II shows that, in predicting EO, the coefficient of the interaction term of FBG and pro-market reforms is positive and statistically significant (i.e. FBG $\times$ Pro-market reforms, $\beta = 0.034; p < 0.01$). Thus, $H3$ is also supported. In other words, pro-market reforms enhance the positive impact of FBG membership on EO as compared to stand-alone family firms.

Thus far this paper has established three key empirical results. First, family firms on average are more entrepreneurial. Second, they are risk averse when they face an environmental shock. Finally, given adequate resources, they continue to be entrepreneurial. Figures 1 and 2 graphically depict the interactions between pro-market reforms and family business as well as FBG, based on the full model. These figures further corroborate the above results.

**Discussion**

EO is an important aspect of generic growth through internal resources practised by family firms and is often seen as a precursor to corporate entrepreneurship (Harms, 2013). Families that want to stay in business for generations do not have a choice but to encourage entrepreneurship (Davis and Roberts, 2014). Due to the hypercompetitive business
environment and rapid technological shifts, it has become imperative to identify fresh ways to satisfy consumer needs. Thus, it is widely acknowledged that “entrepreneurship serves as the ‘means’ to the family business’ ‘end’ of long-term survival, sustainability, growth, and renewal” (Goel and Jones, 2016, p. 94). However, given the heterogeneity in the entrepreneurial behavior of family firms (Le Breton-Miller et al., 2015), this study looks at some factors that either encourage or inhibit EO in family firms.

This paper finds that, in the Indian context, family firms overall are more entrepreneurial as compared to non-family firms. As such, this study aligns itself with the opinion proposed by scholars that have argued that families are a great source of entrepreneurial activity (Discua Cruz et al., 2013; Miller et al., 2008; Schjoedt et al., 2013). In an emerging market context, the non-availability of financial credit due to underdeveloped or poorly functioning financial institutions is a major institutional void that inhibits entrepreneurship (Chakrabarty, 2009). Businesses owned and managed by a family overcome this institutional void, through entrepreneurial activity (Dacin et al., 2010; Estrin et al., 2013) with the help of their social networks (Eijdenberg et al., 2018) as well as their internal markets (Khanna and Palepu, 2000a). These social networks exert normative and coercive isomorphic pressures that further encourage entrepreneurial behavior. For instance, one of the recent trends observed in India is that scions of business families have opted to start their venture rather than join the family business to prove their leadership credentials (Mandavia, 2016). Accordingly, it is not surprising to observe very high EO levels in family businesses overall in India. Although this study confirms the positive attitudes toward entrepreneurship in family businesses (Bettinelli et al., 2017), future studies have to look at the firm-level outcomes of this entrepreneurial attitude.

The study also finds that with the advent of pro-market reforms, family firms have exhibited conservative behavior related to EO, as compared to non-family firms. In line with previous studies (Zachary et al., 2017), this result highlights the long-term orientation and risk-averse nature of family businesses in the face of environmental uncertainty. The existing debate in literature has been whether family firms are entrepreneurial or risk averse (Le Breton-Miller et al., 2015). This study, however, highlights that the EO of family firms is contingent on environmental conditions. In the face of institutional transition, as the market supporting institutional framework in the country improves, with the availability of better factor markets, the necessity of the internal capital and labor markets provided by the family firms is reduced. Although this new institutional support is likely to increase overall entrepreneurial activity (Korosec and Berman, 2006; Zahra and Wright, 2011), it places the family businesses at a potential disadvantage. The family businesses have to adapt and adjust to new actors and forgo their established way of conducting business (Murdock and Varnes, 2018).
It is perhaps paradoxical that the very aspects of familial connections that caused them to be more entrepreneurial in their strategic decision making eventually hold them back when the business climate goes through a transformative change. An emerging market, such as India, often lacks some of the institutions that are vital for the development of economic activity along with the associated set of rewards and sanctions to enforce their rules, norms and belief systems (Tracey and Phillips, 2011). In such an environment, family entrepreneurs not only build businesses but family institutions that compensate for the lack of institutions in the external environment (Bettinelli et al., 2014). Family as a social institution becomes a driving force in the entrepreneurial activity of firms in such a context (Aldrich and Cliff, 2003; Eijdenberg et al., 2018). However, during times of environmental transition, these same rules, norms and belief systems that once encouraged entrepreneurial activity now work toward preventing deinstitutionalization resisting institutional change (Dacin et al., 2002; Oliver, 1992). This study attempts to reconcile the divergent views of EO in family firms by postulating that the entrepreneurial attitude of family firms may vary under different institutional environments. It also highlights that EO is not static and changes with time and is subject to environmental disruptions (Zachary et al., 2017). These results have implications for policy makers as it points toward a trade-off between increasing competitiveness through foreign direct investment in the economy and encouraging entrepreneurship among domestic firms.

To search for heterogeneity in the risk-averse behavior of family firms, this study further conducted a sub-sample analysis. The study focused on a particular kind of family firm commonly found in emerging markets like India – the FBG. The results indicate that FBG firms have higher EO levels as compared to stand-alone family firms even in the face of environmental uncertainty. This behavior is attributed to their better and unique network-level resource position. The higher EO levels in FBG firms can be observed through their regular venture capital investments (Mandavia and Chanchani, 2015). This paper contributes to the growing literature on EO in family firm (Covin and Lumpkin, 2011; Cruz and Nordqvist, 2012; Liu, 2014; Lumpkin et al., 2010; Naldi et al., 2007; Patel and Chrisman, 2014; Schepers et al., 2014; Sciascia et al., 2013; Short et al., 2009; Wales, 2016; Zellweger and Sieger, 2012; Zellweger et al., 2012) by focusing on resource heterogeneity. By highlighting the difference in the entrepreneurial attitude of different family firms, even during a period of institutional transition, this study will help policy makers to provide targeted policy sops to ensure that the entrepreneurial climate in the economy is sustained. This study also emphasizes the need for appropriate training and education to be imparted to the stand-alone family firms so that they are able to withstand the environmental turbulence.

Finally, by advancing a secondary measure for EO of firms, this study also answers the call for embracing complementary measurement approaches (Wales, 2016) to the well-established psychometric approach (Covin and Slevin, 1989). Following the reconceptualization of EO, Anderson et al. (2015) asserted that secondary indicators might be used as a proxy for the entrepreneurial behavior of firms. This paper thus add to the growing list of studies that use secondary proxy measures (Miller and Le Breton-Miller, 2011), thereby answering the call for new EO indicators (George and Marino, 2011; Miller, 2011). The advantage of this secondary measure is that it provides insight into the firm’s behavior and how it has actually allocated its resources.

The following limitations of the study should be noted while interpreting the results. First, this study employs a sample of Indian firms only, and hence, the authors cannot rule out the possibility of country-specific nature of the findings. More empirical studies to test our models in other emerging economies with multi-country samples and using more fine-grained measures would contribute to the generalizability of our findings. Second, this paper has anchored its arguments in the institutional theory and the resource-based theory to tease out the heterogeneity in EO of family firms. Future researchers can adopt other theoretical lenses such as agency theory and behavioral agency theory and investigate the
governance dimensions of family heterogeneity and their possible effect on entrepreneurial strategies. Third, by using a secondary measure of EO, this paper has been able to increase the objectivity of the measure, but the authors are unable to directly measure the entrepreneurial intentions and opinions of owners and managers. Future research can be extended to take these into account. Fourth, while this paper defines family firms in line with prior research (Chrisman and Patel, 2012; Patel and Chrisman, 2014), future research should explore the effects of a family’s intention for transgenerational control (Chrisman et al., 2010; Zellweger et al., 2012).

Despite these limitations, our study has important implications for practice. Managers in family-owned firms might expect their firm to exhibit greater entrepreneurial spirit under stable environmental conditions, due to several familial advantages discussed earlier. However, managers working in family firms during an institutional transition phase should expect a misalignment between their firm’s capabilities and the requirements of the institutional environment. In such circumstances, advantages might go to those firms that are quickly able to adapt to the “new rules of the game.” Since family firms appear to be at a disadvantage relative to non-family firms under institutional reforms, family firms need to be especially strategic in their responses to pro-market reforms. Future research should identify strategies that can be utilized to best adapt to such transitional phases. Similarly, from the policy perspective, this study highlights the implication of institutional transition through reforms on a vital part of the economy. Since family businesses form the backbone of the entrepreneurial investments in the economy, policy makers have to be sensitive to repercussions on this category of firms. Special targeted policy packages in the form of credit facility, R&D tie-ups with incoming multinationals can be made such that these firms are better able to withstand the environmental turbulence.

Conclusion
Using a novel data set from an emerging market, this study investigates the impact of family ownership on EO. It also investigates contingencies when they are likely to be risk averse, thus accounting for both the heterogeneity in the behavior of family firms as well the dichotomy of positive and negative views of family ownership on EO. For family entrepreneurs, the paper suggests the importance of quickly adapting to the new institutional environment, while for policy makers it highlights the effect of reforms on a vital part of the economy. The institutional contexts for business families and family firms in some of the emerging economies like India have been undergoing significant changes, triggering an unprecedented abundance of new opportunities. This emerging phenomenon offers great opportunities for family firms’ entrepreneurship research, and our study is an early attempt to capitalize on the same. The authors hope that this effort will inspire more research on family firms’ entrepreneurial behavior leveraging the contextual peculiarities of emerging economies like India to enrich family business theory and practice.

Note

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Navigating institutional challenges in Mexico
The role of social capital in entrepreneurial families

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Tim Vorley
Centre for Regional Economic and Enterprise Development, University of Sheffield, Sheffield, UK

Abstract
Purpose – Focusing on the family as the central unit of analysis, the purpose of this paper is to examine how entrepreneurial families, with more than one owner/entrepreneur, utilise social capital in a challenging institutional environment.
Design/methodology/approach – The empirical focus of this paper is the institutional context of Mexico and how it impacts on entrepreneurial families and their access to social capital. The authors employ an in-depth qualitative approach to understand entrepreneurs’ perspective as being part of an entrepreneurial family. A total of 36 semi-structured interviews were conducted with multiple respondents of each entrepreneurial family.
Findings – This study shows that social capital allows members in the entrepreneurial family to access a wider pool of resources to utilise to benefit their ventures, while also helping them to operate in a challenging institutional environment. It also illustrates how social capital is used to overcome institutional asymmetries.
Originality/value – This paper contributes to research by examining the links between institutions and entrepreneurial families through a focus on social capital. It provides a nuanced understanding of how the entrepreneurial family serves as an intermediary through which social capital gives family members access to resources and capabilities to enable their pursuit of entrepreneurial endeavours and overcome the institutional challenges they face in Mexico.
Keywords Social capital, Institutions, Entrepreneurial families
Paper type Research paper

Introduction
The role of the family in economic development manifests itself in different ways. The institutional context determines the significance of the role that family as an economic unit plays (Estrin and Prevezer, 2011; Steier, 2009a). Just as individual entrepreneurs shape and are shaped by the institutional environment (Ahlstrom and Bruton, 2002; Williams, Vorley and Williams, 2017), so too are family businesses (Reay and Hinings, 2009; Gedajlovic et al., 2012). In the family entrepreneurship literature, there is a need to better understand how the family setting mediates the institutional context and entrepreneurial activity of the family business (Lumpkin et al., 2011). As such, this paper emphasises the importance of the institutional context in which family firms are embedded (Randerson et al., 2015; Evert et al., 2016).

It is widely understood that entrepreneurial activity is enabled or constrained by the formal institutions (i.e. statutes, laws and policies) and informal institutions within an economy (i.e. norms, values and codes of conduct) (Reay et al., 2015; Williams and Vorley, 2015; Valdez and Richardson, 2013). Institutional studies of entrepreneurship typically focus on the organisation at the macro-scale (i.e. the nationally) and practice at the micro-scale (i.e. the individual) (Acs et al., 2008). Consequently, the influence of institutions at the meso-scale or intermediary arrangements, such as the family, is still under researched.
Previous studies have highlighted the importance of engaging in institutional theory to gain greater understanding of family and family firms (Miller et al., 2009; Reay and Hinings, 2009; Reay et al., 2015), yet the study of entrepreneurial families has been overlooked. Recent calls highlight the need to focus on families owning more than one business (Steier et al., 2015) and to focus on the entrepreneurial processes behind their members (Michael-Tsabari et al., 2014). Studies of entrepreneurship and institutions typically focus on the individual (Acs et al., 2008) and as such the influence of institutions on family activities remains under-researched.

Our focus on entrepreneurial families differs from other research which examines family entrepreneurial teams, where family members come together to develop portfolios of businesses and where many new firms are started by teams (Discua Cruz et al., 2013). In our analysis, individuals within a family operate separate ventures outside of a team structure and do not create or generate firms together. Rather they come together to benefit from their individual ventures by sharing social capital from a wider pool of experience. As such, we develop Nordqvist and Melin’s (2010) suggestion that entrepreneurial families can refer to a collective of individuals, rather than teams.

This paper focuses on how individual family members leverage the collective social capital of the entrepreneurial family to further their own entrepreneurial interests and navigate the weak and challenging institutional environment in Mexico. Akin to De Castro et al. (2014), the paper uses the term “navigate” to describe how entrepreneurs between the enabling and constraining effects of their institutional environment can utilise social capital to assist them in this navigation. Nordstrom and Steier (2015) state social capital has largely been overlooked within the field of family business, an oversight this paper addresses in our analysis of entrepreneurial families. More specifically, the research examines how the members of the entrepreneurial family act as a collective unit, by making resources and networks available to other family members (Nahapiet and Ghoshal, 1998). Akin to Salvato and Aldrich (2012), by focusing on “family-specific issues”, the paper explores how family members leverage resources to overcome institutional challenges encountered through their entrepreneurial activities.

The majority of research in the entrepreneurship, institutions and family business field has focused on developed economies, albeit with some notable exceptions (Discua Cruz et al., 2013; Khanna and Rivkin, 2001; Mair and Marti, 2009; Miller et al., 2009). Contextualising entrepreneurship means highlighting the importance of diversity and nuances to unexplored contexts of societies in developing economies (Ramirez-Pasillas et al., 2017). To date, however, there has been little research about how either family businesses or entrepreneurial families operate in a developing economy where the institutional environment is weak. In addressing calls for further research on understanding institutional mechanisms in developing economies (Bruton et al., 2010), this paper sheds light on how the “entrepreneurial family” serves as an important organisational form in Mexico to support the entrepreneurial activities of its members.

In doing so, this paper makes three main contributions. First, the paper contributes to the literature on social capital in the family business context by focusing on the family unit beyond the structural and household perspective. This provides new insights about how the entrepreneurial family, as an organisational form, enables family members to overcome the challenge of a weak and challenging institutional environment. Second, the paper shows how family members, by accessing the social capital of the wider entrepreneurial family, are able to leverage the benefits in pursuing their entrepreneurial activities compared to individual entrepreneurs. In this way, the paper demonstrates how the collective social capital of the entrepreneurial family provides family members with the resources and capabilities important for navigating institutional challenges. This is possible by combining the three dimensions of social capital.
(cognitive, structural and relational) which enable entrepreneurial family members to leverage familial resources to the advantage of individual family members.

Third, the paper contributes to the under-researched empirical context of Mexico. The country’s specific institutional challenges, such as changes in policy, weak formal institutions, dependence on public sector, corruption and insecurity, reflect a distinctive environment for entrepreneurs to operate their firms. These echoes with challenges that have been identified before in the country such as corruption, public insecurity and crime (Gonzalez et al., 2005). However, they have not been addressed specifically from the entrepreneur perspective. The empirical focus in a developing economy shows the importance of understanding how the social capital of the entrepreneurial family can serve as an enabler to increase the congruence of institutions. The setting also responded calls to contextualise family entrepreneurship (Randerson et al., 2015). Studying different under-researched contexts remains important in entrepreneurship (Khoury et al., 2015). The focus on Mexico, which has a Latin American culture that is considered more collective than Anglo-American cultures that dominate entrepreneurship (Discua Cruz et al., 2013), contributes to furthering understanding of context.

The remainder of the paper is structured as follows. The first section situates concepts of family business and entrepreneurial families in the context of academic debates on institutions and social capital. The second section presents the empirical focus, outlining the institutional environment of Mexico and setting out the methodological approach in studying these entrepreneurial families. The third section analyses the findings, focusing on the role of social capital in entrepreneurial families and how it is leveraged to overcome the weak and challenging institutional environment in Mexico. Finally, the paper concludes by reflection of the key findings and highlights wider implications of entrepreneurial families in sustaining a competitive advantage in their entrepreneurial activities and overcoming institutional constraints.

Literature review

Previous research on family firms has tended to focus on differentiating them from non-family firms and finding relevant distinctive characteristics (Sharma, 2004). The attention has shifted from studying family members owning and working in one business to families that own and/or manage more than one business (Steier et al., 2015); and at the same time come to focus on how the relationships between family members aid the entrepreneurial process as opposed to the management of family businesses (Michael-Tsabari et al., 2014). Habbershon and Pistrui (2002) consider families with more than one firm “enterprising families” where they have the intention to grow transgenerational wealth, while Steier et al. (2015) refer to families owning more than one business as “business families”. In coining the term “entrepreneurial family”, Nordqvist and Melin (2010) move beyond attributional characteristics by focusing on interactions of family members. As a social structure, the entrepreneurial family can enable or constrain entrepreneurial activity. Based on this distinction, this research employs entrepreneurial family as unit of analysis by following this definition, families where more than one family member is an entrepreneur interacting with other entrepreneurial members of the same family. The interactions and support dynamics among members through social capital in their institutional environment are aimed to be studied.

When the unit of analysis is the family, generally the nuclear family or the household is taken as the perspective to examine family-related issues in family entrepreneurship research (Carter et al., 2017; Alsos et al., 2014; Steier, 2009b; Danes et al., 2009). This leaves significant gaps, particularly in terms of understanding how the family is socially constructed, and families within developing markets where the family goes beyond the nuclear family. As such, this study adopts a transactional view of family, beyond the
structural view of biological and or legal ties (Koerner and Fitzpatrick, 2002). Entrepreneurial families in this research can be nuclear or extended in nature, living in a single or multiple households, although have a shared familial context which Evert et al. (2016) find to be of growing interest. The entrepreneurial activities of family members may be an individual and/or collective endeavour, but are culturally situated within the entrepreneurial family as they are the wider entrepreneurial environment. Since entrepreneurial activity is shaped by the institutional context (Lumpkin et al., 2011; Steier, 2009b; Wright et al., 2014), the question of how family firms are able to sustain a competitive advantage raised by Mani and Lakhal (2015) is particularly pertinent in the context of the entrepreneurial family.

The institutional context of the entrepreneurial family
Developing economies face a range of economic development challenges (West et al., 2008). Understanding the institutions which shape economic activity is an important step in fostering higher levels of productive entrepreneurship. Just as individuals and organisations are influenced by the institutional environment (Ahlstrom and Bruton, 2002; Tonoyan et al., 2010), so too are family units (Reay and Hinings, 2009; Gedajlovic et al., 2012). As such, the family as a unit of analysis deserves more attention (Discua Cruz et al., 2012).

Entrepreneurial families must navigate institutional arrangements as they launch and grow businesses; however, the ways that families serve to mediate and mitigate the effects of the institutional environment is currently under-researched. Indeed, while individuals are often the unit of analysis in entrepreneurship research, entrepreneurs do not live “in abstracto”, they live as a son/daughter of their family (Mises, 1949). Consequently, the family can enable and constrain the pursuit of entrepreneurial activity and influence how family members navigate the wider institutional environment. In a family context, pro-entrepreneurial attitudes and outlook can serve to support the pursuit of entrepreneurial activity of other family members (Nordqvist and Melin, 2010). As a tight-knit group the family can influence the founding strategies and structures of new ventures, by sharing resources and experience of the start-up process (Aldrich and Cliff, 2003; Adler and Kwon, 2002). Within families non-economic goals may be prevalent, with family-centred behaviour influencing entrepreneurial activity (Chrisman et al., 2014). While families may also discourage entrepreneurial activity by exerting excessive family cohesion, this inhibits personal goals from family members (Nordqvist et al., 2011).

Formal institutions are defined as the rules and regulations which are written down and enacted to define the economic and legal frameworks of societies (Tonoyan et al., 2010). Informal institutions, by contrast, are defined by the traditions, customs, societal norms, culture and unwritten codes of conduct (Baumol, 1990; North, 1990). Research on institutions demonstrates that formal and informal institutions interact in two key ways, with informal institutions either complementing or substituting for formal institutions (North, 1990; Tonoyan et al., 2010; Estrin and Prevezer, 2011). Informal institutions are complementary if they create and strengthen the formal institutions, thereby overcoming weaknesses in informal institutions. The net effect, therefore, is to enhance the effectiveness of institutional arrangements (Baumol, 1990; North, 1990). Where informal institutions substitute for formal institutions, individual incentives are structured in such a way that they are incompatible with or subvert and detract from formal institutions (Estrin and Prevezer, 2011). Where the formal institutions are weak or not enforced, as is the case in developing economies, this can create uncertain conditions that are not conducive to entrepreneurial activity (Nordqvist et al., 2011).

Extant research suggests that weak formal institutions in developing economies create uncertainty and increase operational and transaction costs on firms, increase bureaucratic burdens on entrepreneurs and increase uncertainty (Puffer et al., 2010). Entrepreneurs in
such settings can often be faced with incoherent and frequently changing formal institutions (Manolova and Yan, 2002; Aidis et al., 2008). Instead, entrepreneurs often turn to informal institutions to compensate for the failure of formal institutions. Understanding informal institutions, therefore, is increasingly important to entrepreneurship in terms of how entrepreneurs act as well as how societies accept entrepreneurs. Consequently, informal institutions are widely acknowledged as critical in explaining different levels of entrepreneurial activity across countries (Davidsson, 1995; Frederking, 2004).

As Williams and Vorley (2015) note, institutional arrangements are characterised by asymmetries. Such asymmetries prevail where formal and informal institutional are not aligned, and can serve to detract from and disincentivise productive entrepreneurial activity. This phenomena exists in all institutional environments but is commonplace in developing economies such as Mexico. This asymmetry has typically been considered to be a question of formal institutions, and of governments in particular, while informal institutions have tended to be less well researched and understood. This paper focuses on the informal institutional support dynamics provided through familial relationships and interactions of entrepreneurs to leverage the social capital of the entrepreneurial family to pursue entrepreneurial activity in the context of the (formal) institutional environment. More specifically, it is this dynamic that forms the focus of this paper, examining how the entrepreneurial family supports and assists family members in navigating the (formal) institutional environment and in pursuing their own entrepreneurial endeavours. In developing countries, where institutional asymmetries can limit access to economic, social and technological resources (Khanna and Rivkin, 2001), the “social capital” of entrepreneurial families can represent a particularly important intermediary and resource.

Entrepreneurial families and social capital

The entrepreneurial family represents an important institutional intermediary and source of resource, particularly in terms of the collective social capital of family members. Social capital here focuses on the relationships between individuals or organisations, and it is “the sum of the actual and potential resources embedded within, available through, and derived from the network of relationships possessed by an individual or social unit” (Nahapiet and Ghoshal, 1998, p. 243). Sorenson and Bierman (2009) suggest that family relationships, derived from social capital, can attract family human and financial capital to the business. Nahapiet and Ghoshal (1998) emphasise two characteristics of social capital: it is inherent in the relationships among actors, owned collectively and no actor is capable of having individual rights of social capital; and it makes possible the achievement of an end that would be either impossible or achieved at an extra cost by actors. Consequently, social capital in entrepreneurial families is jointly owned by all the members employed towards the pursuit of entrepreneurial activities. While social capital has been linked to economic performance (Westlund and Bolton, 2003; Williams et al., 2018), Staber (2007) suggests that the situational context in which social capital evolves remains under-researched. In advancing the understanding of how entrepreneurial family members both benefit from and mobilise collective social capital, the paper unpacks the nature of social capital in the situational context of the entrepreneurial family.

Recent research has come to emphasise the importance of social capital in fostering entrepreneurship (Williams, Huggins and Thompson, 2017). Yet little is known about how social capital in entrepreneurial families in terms of how family members access and leverage it in pursuing their entrepreneurial activities, and specifically in navigating the institutional environment. The leverage of social capital is particularly useful to families by identifying the structural, cognitive and relational dimensions (Nahapiet and Ghoshal, 1998) of resources and capabilities (Pearson et al., 2008). Here the structural dimension refers to the interactions, patterns and strength of ties in the family; the cognitive dimension considers
shared vision, purpose and meaning, normally as a result of the shared history in families, while the relational dimension refers to the collective trust, norms, obligations and identity (Nahapiet and Ghoshal, 1998).

In the case of entrepreneurial families, the social capital exists as a result of the strong ties and relationships between family members (Granovetter, 1973). There are often considered to be two forms of social capital: “bonding capital” is the relationships within a close/heterogeneous group, while “bridging capital” is the relationships between close/heterogeneous groups (Putnam, 1995; Adler and Kwon, 2002). Studies in family business have tended to focus on the internal social capital within the family (Arregle et al., 2013; Sirmon and Hitt, 2003; Pearson et al., 2008). The entrepreneurial family provides an ideal setting to extend the study of social capital relating to the entrepreneurial activities of the family. More specifically, the paper focuses on the two-way flow of social capital contributed by entrepreneurial family (different entrepreneurs) to their various entrepreneurial activities, and the use of resources acquired from different firms that serve to other entrepreneurs in the family. This interdependence comprises “familiness” (Habbershon and Williams, 1999), the influence family exerts on business, and “enterpriseness”, the effects of business in family (Frank et al., 2010). As such, as a pool of resources built in relationships, social capital is appropriate to look at the dynamics and support within entrepreneurial families (Nahapiet and Ghoshal, 1998).

**Research methodology**

**Empirical focus**
The empirical focus of this paper is the institutional environment in Mexico and its impact on entrepreneurial families. Mexico is an upper middle-income country with a population of approximately 124m people in 2014 (GEM, 2014). Most firms in the country are small- and medium-sized enterprises (SMEs), and they have great importance in the Mexican economy as they constitute 99.8 per cent of all businesses, most of them being family owned (Instituto Nacional de Estadistica y Geografia, 2012). In Mexico, family firms are owned by either one or a group of families, or by following generations of the family (Aguiló and Aguiló, 2012). According to Gupta and Levenburg (2010), it is common to have family and business intertwined in Latin American countries, such as in Mexico. In fact, the separation of both entities becomes more complex in such a collectivist culture. Despite their importance, the totality of information about family businesses in Mexico refers to large firms; for medium, small and micro-enterprises, there is neither an official agency that registers the firms as family businesses nor a census that defines them as family or non-family (Trevinyo-Rodríguez and Bontis, 2007). The World Economic Forum (2015) ranks Mexico as 109th out of 140 countries in terms of institutions. The country is living in a time of political, fiscal and economic changes, and there have been important structural reforms adopted over the past years (Presidencia de la República Mexico, 2015); however, the proper functioning of institutions yet has a long way to go. Business owners must navigate these challenges; sometimes unaware of new regulations and procedures they are required to comply with.

**Research design**
This research aims to examine how entrepreneurial families utilise social capital in a changing institutional environment. As such, the paper employs an in-depth qualitative approach to understand the entrepreneurs’ perspective as being part of an entrepreneurial family. Qualitative research has the ability to explore new depths in entrepreneurship that are in constant change and shaped by the experiences and behaviours of entrepreneurs (Neergaard and Ulhøi, 2007). In the family business field, there are still several underdeveloped areas better answered with in-depth studies (Chrisman et al., 2009).
Through qualitative research, the interactions between family and business, often hidden, can be discovered to provide significant insights (Reay, 2014). This approach is appropriate for researching entrepreneurial families as the dynamics and interplay within and outside the family context can provide rich insights. The paper draws on interviews as means to gather our empirical data since they represent an appropriate method to address our focus on a "how" research question (Reay and Zhang, 2014; Reay, 2014). As this type of family remains relatively unexplored (Nordqvist and Melin, 2010), qualitative research allows the examination of the experiences lived by entrepreneurs within the family to analyse their interactions in regard to social capital. To examine this, the research adopted an interpretive and inductive approach allowing the interplay between our empirical findings and theory through an iterative analysis (Hall et al., 2005; Suddaby, 2006). While the empirical study is not intended to create generalisability, the perceptions of the entrepreneurs provide in-depth reflections of the institutional environment.

Data collection and data analysis
Using the definition of entrepreneurial families outlined above, contacts from the Enterprise Incubator in Toluca were employed as an initial step to make the first contact with entrepreneurial families. Through this first stage, eight entrepreneurial families were contacted and invited to take part in the research; further to this, because entrepreneurial families are hard to locate in the sense that there is no single database for them, snowball or chain sampling was employed as sampling instrument to help mitigate this limitation. The use of snowball sampling technique is consistent with that of past family business studies which have been limited by the unavailability of a database on family firms (e.g. Farrington et al., 2012; Bettinelli, 2011; Lambrecht and Lievens, 2008). Once entrepreneurial families were identified, they were invited to participate in the research study, and in total 14 families were selected as being suitable for the study as they fulfilled our entrepreneurial family definition. According to Creswell (2013), in qualitative studies a general guideline for sample size is not only about the study of a few individuals but also to gather extensive detail about them. The research ultimately examined 14 entrepreneurial families which fit our definition and interviewed 36 individuals. The number of entrepreneurs within the families ranged from two to five members within the same family. As the research progressed, taking each entrepreneurial family at a time, a saturation level was reached, demonstrated by interviewees who expressed recurring responses; hence, sufficient high-quality data had been collected (Reay, 2014). All respondents’ businesses were based in Toluca. Table I provides an overview of the participants regarding the number of entrepreneurs in the family, size of firms, age of business and diversity in firm sectors. Interviews were conducted from February to May 2015 and lasted an hour on average. All interviews were conducted in Spanish, the first language of the interviewees and the interviewer, and then translated into English for analysis.

While much existing research in the field has normally depicted a single respondent, in-depth semi-structured interviews were conducted with multiple respondents of each entrepreneurial family. All interviews were conducted in person following an interview guideline; this guideline was iteratively modified throughout the data collection process. The nature of semi-structured interviews allowed the emergence of relevant topics not in the interview guideline but mentioned by respondents and further explored in the study (Reay and Zhang, 2014). The common structure of the interview guideline followed questions regarding: general background of the entrepreneur’s firm and interactions with other members and firms; institutional challenges and current situation in Mexico; and social interactions between entrepreneurs in relation to institutional challenges (see “Interview guideline” below). Multiple respondents were fundamental in this research to gain more insight about the experiences and perspectives lived within an entrepreneurial family.
contributed to better understanding regarding family interactions of the entrepreneurs and to mitigate flawed memory limitation.

Interview guideline:

(1) General background information about the firm the interviewee owns/manages (history of the firm, sector, size, life-cycle, successions if any):
   - Background of the different firms that other entrepreneurs in the family own.

<table>
<thead>
<tr>
<th>Respondent</th>
<th>Family Relationship</th>
<th>Business type</th>
<th>Size of business (Number of employees)</th>
<th>Age of business</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Daughter</td>
<td>Shoe manufacturing</td>
<td>1–10</td>
<td>1–5 years</td>
</tr>
<tr>
<td>2</td>
<td>Father</td>
<td>Construction (Non-residential for government)</td>
<td>11–50</td>
<td>10+ years</td>
</tr>
<tr>
<td>3</td>
<td>Daughter</td>
<td>Beauty services</td>
<td>1–10</td>
<td>1–5 years</td>
</tr>
<tr>
<td>4</td>
<td>Mother</td>
<td>Construction (Residential)</td>
<td>11–50</td>
<td>10+ years</td>
</tr>
<tr>
<td>5</td>
<td>Daughter</td>
<td>Textiles</td>
<td>Self-employed</td>
<td>1–5 years</td>
</tr>
<tr>
<td>6</td>
<td>Sibling</td>
<td>Construction (Non-residential for government)</td>
<td>11–50</td>
<td>10+ years</td>
</tr>
<tr>
<td>7</td>
<td>Sibling</td>
<td>Marketing services</td>
<td>1–10</td>
<td>10+ years</td>
</tr>
<tr>
<td>8</td>
<td>Father</td>
<td>Pharmaceutical</td>
<td>11–50</td>
<td>10+ years</td>
</tr>
<tr>
<td>9</td>
<td>Daughter</td>
<td>Media</td>
<td>1–10</td>
<td>1–5 years</td>
</tr>
<tr>
<td>10</td>
<td>Son</td>
<td>Construction (Non-residential for government)</td>
<td>1–10</td>
<td>1–5 years</td>
</tr>
<tr>
<td>11</td>
<td>Mother</td>
<td>Informal</td>
<td>Self-employed</td>
<td>6–10 years</td>
</tr>
<tr>
<td>12</td>
<td>Father</td>
<td>Construction materials (Paints)</td>
<td>11–50</td>
<td>10+ years</td>
</tr>
<tr>
<td>13</td>
<td>Son</td>
<td>Construction materials (Sealers)</td>
<td>11–50</td>
<td>10+ years</td>
</tr>
<tr>
<td>14</td>
<td>Son</td>
<td>Construction materials (Sheetrock)</td>
<td>1–10</td>
<td>10+ years</td>
</tr>
<tr>
<td>15</td>
<td>Father</td>
<td>Construction (Residential)</td>
<td>11–50</td>
<td>1–5 years</td>
</tr>
<tr>
<td>16</td>
<td>Mother</td>
<td>Financial services</td>
<td>1–10</td>
<td>Less than a year</td>
</tr>
<tr>
<td>17</td>
<td>Sibling (to father)</td>
<td>Construction equipment rental</td>
<td>1–10</td>
<td>Less than a year</td>
</tr>
<tr>
<td>18</td>
<td>Daughter</td>
<td>Informal</td>
<td>1–10</td>
<td>1–5 years</td>
</tr>
<tr>
<td>19</td>
<td>Father</td>
<td>Automobile services</td>
<td>51–250</td>
<td>10+ years</td>
</tr>
<tr>
<td>20</td>
<td>Son</td>
<td>Petrol services and distribution</td>
<td>1–10</td>
<td>1–5 years</td>
</tr>
<tr>
<td>21</td>
<td>Father</td>
<td>Legal services</td>
<td>11–50</td>
<td>10+ years</td>
</tr>
<tr>
<td>22</td>
<td>Daughter</td>
<td>Education</td>
<td>11–50</td>
<td>10+ years</td>
</tr>
<tr>
<td>23</td>
<td>Sibling</td>
<td>Automobile parts retailing (Ford)</td>
<td>1–10</td>
<td>10+ years</td>
</tr>
<tr>
<td>24</td>
<td>Sibling</td>
<td>Automobile parts retailing (Chrysler)</td>
<td>1–10</td>
<td>1–5 years</td>
</tr>
<tr>
<td>25</td>
<td>Father</td>
<td>Graphic design services and merchandising</td>
<td>1–10</td>
<td>10+ years</td>
</tr>
<tr>
<td>26</td>
<td>Son</td>
<td>General retailing</td>
<td>1–10</td>
<td>1–5 years</td>
</tr>
<tr>
<td>27</td>
<td>Sibling</td>
<td>Residual waste recycling (Plastic with transformation processes)</td>
<td>11–50</td>
<td>1–5 years</td>
</tr>
<tr>
<td>28</td>
<td>Sibling</td>
<td>Residual waste recycling (Plastic)</td>
<td>11–50</td>
<td>6–10 years</td>
</tr>
<tr>
<td>29</td>
<td>Sibling</td>
<td>Food services</td>
<td>1–10</td>
<td>10+ years</td>
</tr>
<tr>
<td>30</td>
<td>Sibling</td>
<td>Education</td>
<td>11–50</td>
<td>1–5 years</td>
</tr>
<tr>
<td>31</td>
<td>Father</td>
<td>Petrol services and distribution</td>
<td>51–250</td>
<td>10+ years</td>
</tr>
<tr>
<td>32</td>
<td>Son</td>
<td>Real state</td>
<td>1–10</td>
<td>1–5 years</td>
</tr>
<tr>
<td>33</td>
<td>Sibling</td>
<td>Education</td>
<td>51–250</td>
<td>10+ years</td>
</tr>
<tr>
<td>34</td>
<td>Sibling</td>
<td>Baking industry</td>
<td>11–50</td>
<td>10+ years</td>
</tr>
<tr>
<td>35</td>
<td>Father</td>
<td>Petrol services</td>
<td>11–50</td>
<td>10+ years</td>
</tr>
<tr>
<td>36</td>
<td>Son</td>
<td>Venue rental and event organisation</td>
<td>1–10</td>
<td>1–5 years</td>
</tr>
</tbody>
</table>

Table I. Profile of participants

Institutional challenges in Mexico
(2) Institutional challenges and situation of Mexico:
- Can you reflect on the current situation of Mexico in relation to managing your firm?
- Would you reflect on the challenges you have faced with your firm and what were the impacts?
- How have you dealt with them?

(3) Entrepreneur interactions to respond to institutional challenges:
- Have other entrepreneurs in the family been part of dealing with the challenges you face or have faced? How have they participated?
- How would you describe the relationships and interactions between family entrepreneurs? And how they affect the way you deal with challenges in Mexico?
- What is the impact you see of that on your firm?
- Are there any specific interactions that you think are unique in your family because of the existence of different entrepreneurs in the family?

The inductive nature of the study aimed to discover themes and patterns. In line with Bryman (2012), the reliability of the coding was consistent and structured to avoid coder bias. First, the data were analysed by creating individual entrepreneurial family summaries, analysing and comparing interview transcripts along with notes gathered after each interview. Transcripts, summaries and notes were used employing an open-coding process undertaken independently by the authors (Creswell, 2013) to understand family resources and capabilities employed, and the dimensions of social capital families were drawn upon. The detail of structure and order of data is illustrated in Figure 1. The open coding process supported the interpretative approach of the study and continuous iteration throughout the process (Hall et al., 2005). As such, this coding scheme was conducted by the authors, comparing results and identifying any discrepancies between the coders so that they could be revisited and agreed upon. This comparative method ensured inter-coder reliability and involved continually identifying emergent themes against the interview data and employed analytic induction to identify the nature of a relationship and develop the narrative (Silverman, 2000). The remainder of the paper examines the dimensions of social capital within entrepreneurial families and their interaction with the institutional environment.

Analysis and findings
The remainder of the paper seeks to unpack how and why entrepreneurial family members seek to leverage the social capital of the wider family, and how this can serve to mediate the impact of the institutional environment. The findings draw on the interviews, with quotes providing insight and giving voice to the study. As Figure 2(a) demonstrates, the individual entrepreneur is typically subject to the institutional environment; however, as Figure 2(b) shows where the entrepreneur is part of an entrepreneurial family this can serve to mediate the impact of the institutional environment. Entrepreneurial family members benefit from the social capital of the wider family employing emotional, financial and practical resources; this support can help overcome the perils of weak and challenging institutional environment.
Illustrative quotes from Interviews with Entrepreneurial Families

- "My business requires a lot of investment, I could pay with credit card so I asked my family for loans." (INT26/FAM9)
- "As long as we stick together as a family, nothing wrong will happen." (INT16/FAM5)
- "It feels nice to know that you share your life with your family, that we have the same values because we were raised in that way, I feel like that with my brother." (INT13/FAM4)
- "It is a normal thing to see each of us running a business. We live with that, it is not rare." (INT5/FAM1)
- "It was actually my mum who spotted the idea for the business I own and the one who encouraged me to pursue it." (INT10/FAM3)
- "Since we were little we would be around my mum or dad's (construction) projects." (INT5/FAM1)
- "I have thought of other businesses mainly looking for my offspring, looking after my children, for them not to start from zero from scratch." (INT15/FAM5)
- "We were encouraged by our parents to be our own boss and open our business." (INT3/FAM1)
- "With my sister we make a good team. She kept my father's business and I am independent, we share customers and suppliers sometimes." (INT23/FAM8)
- "Telling clients who my dad was helped me with my business." (INT29/FAM11)
- "At a family dinner we can discuss things about our businesses. My dad or my mum asks us how things are going with the business, either the one I run with my sister or my own." (INT1/FAM1)
- "In a way we work independently but together at the same time." (INT24/FAM8)
- "We never stop learning from each other, he has more experience than I do." (INT9/FAM3)
- "Support is an incentive but also a responsibility." (INT22/FAM6)
- "If I advise my children with their businesses it is because I don't want them to live all sorts of troubles you have when operating a business. It is through a process of learning or through your own experience. I want to show them how to protect themselves." (INT3/FAM1)
- "Support is an incentive but also a responsibility." (INT22/FAM6)
- "You can help your kids, so they don't start from scratch but are up to them to fight, suffer, fail and get up. They have to respond if you support them." (INT31/FAM12)
- "All that we have (businesses) is the result of trust, because in the end everything is for the family, we have to take care of what gives us so much." (INT12/FAM3)
- "[...] my brother and father have lent me some money from the family business for my construction firm." (INT10/FAM3)
- "I have my own (informal) projects but I am always helping the other (formal) businesses in the family." (INT10/FAM3)
- "Through my business, I "lend" my brother administrative services to manage his business. We are not partners, I just help him because he has never been registered in that department. And help him by taking my company name out there with his clients." (INT1/FAM1)
- "[...] my son was reluctant to leave his public job (insecure) but I offered him more money. He started working for me in one of the branches, then we saw the opportunity to create a complementary business." (INT12/FAM4)
- "[...] (because of insecurity) I was isolated in my office without having contact with the customers, my dad said I needed to be in touch with my clients (as he does with his business)." (INT13/FAM4)
- "[...] things change in the country and we don't know how much longer the family business will last, that is why I continue to help in other types of businesses as they go." (INT1/FAM1)

Entrepreneurial Family resources/capabilities

- **Finance resources and support**
- **Non-financial resources and support**

Means of accessing and leveraging resources/capabilities

- **Shared vision**
- **Shared code and language**
- **Network ties**
- **Interactions**
- **Trust**
- **Norms**
- **Obligations**

Key dimensions of social capital

- **Cognitive dimension**
- **Structural dimension**
- **Relational dimension**

Institutional challenges in Mexico
This in turn reduces the risk and exposure associated with entrepreneurial activity, which if effective serve to foster more productive entrepreneurship of family members.

As noted above, the institutional environment in Mexico is subject to a number of challenges, which are part of the significant political, fiscal and economic reforms that Mexico has experienced in recent years. The interpretive analysis of the empirical data in this study identified five key institutional challenges. The key institutional challenges are: changes in policy, where business owners have started to deal with this situation experiencing the need to comply with new regulations and procedures they are unaware of; weak formal institutions, where laws and judicial systems are not upheld; dependence on the public sector, whereby public money underwrites many businesses; corruption, which detracts from and undermines economically productive entrepreneurship; and security, whereby the risk of doing business is perceived to be higher. In navigating, if not overcoming, these institutional challenges, the entrepreneurs interviewed identified four primary resources or capabilities that they sought to employ or leverage, such as financial resources, non-financial resources (i.e. assets), information and knowledge, and networks and connections. The resources and capabilities of each individual entrepreneur are limited, and constrain their ability to pursue entrepreneurial activities and respond to institutional challenges. However, as shown in Figure 3, where individual entrepreneurs are able to

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**Figure 2.**

The institutional environment of the individual entrepreneur vs the individual entrepreneur in the entrepreneurial family

**Notes:** (a) The entrepreneur and the institutional environment; (b) the entrepreneur, entrepreneurial family and the institutional environment

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**Figure 3.**

Resources and capabilities of individual entrepreneurs vs resources and capabilities accessed via the social capital of the entrepreneurial family
access and leverage the social capital of the entrepreneurial family to access and share additional resources and capabilities as suggested by Adler and Kwon (2002).

The cognitive, structural and relational dimensions of social capital in the entrepreneurial family create enduring relationships (Nahapiet and Ghoshal, 1998) and enable the accessibility and sharing of resources and capabilities. These three key dimensions were used in order to set out the findings of the study and to show the importance of social capital to entrepreneurial families.

Cognitive dimension: how entrepreneurial families share and mobilise financial and non-financial resources across firms

The shared vision and shared identity in the entrepreneurial family facilitates access to financial resources, flowing both ways: from the family to business (bonds); and from the business to the family (bridges) for entrepreneurs to utilise. For example, at the venture creation phase the norm is that family allows access to financial resources for entrepreneurs in different ways. Another reason to ask for financial resources is consequence of the weak institutional environment. In specific economic sectors, entrepreneurs have trouble with liquidity predominantly if their main client is the government. To overcome this dependence where the relationship between businesses and public administration is high (Gonzalez et al., 2005), they go to family members to ask for loans instead of going to a bank and obtain a credit. Members in these families give loans without any interest rate or if they impose an interest it is much lower than borrowing from a bank. In line with this, some second-generation respondents obtained the capital to open their businesses from their family instead of asking for external loans or credits. Conversely, another illustration of the investment dynamic between family members relates to the existing insecurity in the country; one respondent stated that she and her mother decided to invest in another family business rather than keep it in the bank because they could be victims of card fraud if they get their card cloned, for example. Entrepreneurs within the family discuss about the best practices to keep their money secure, possibilities include investing in other family businesses to gain a profit afterwards or investing in real estate properties to maintain family wealth. On this, a participant stated: “I am selling a house to my son, I told him the money you could pay to the bank you can give it to me without interest […] He skips a month sometimes, but he always pays me back even when we haven’t signed a contract, he couldn’t do that with the bank” (INT11/FAM4). It is common in Mexico to have these informal agreements originating from the shared language and codes in the family supported by trust. This highlights that shared vision and purpose to maintain family wealth, which is common in Latin American countries such as Mexico, enables family members to act together in the decisions they make (Mani and Lakhal, 2015). The difference in the entrepreneurial family is that the existence of multiple businesses creates more possibilities on how to maintain survival and continuity of the firms by sharing financial resources. The cognitive dimension also aids sharing and mobilising non-financial resources such as assets, achieving higher family goals. Insecurity in Mexico also manifests in other ways, another family entrepreneur has experienced four criminal assaults in his business. As a consequence, he is now investing in a security company in order to offer their services to businesses. This shows that family entrepreneurs engage in other ventures and then become portfolio entrepreneurs not only as a result of business opportunities but also because of the institutional environment, evidencing how new entrepreneurial processes emerge (Khoury and Prasad, 2016), in this case creating a new firm acting as self-protection.

There are other circumstances when the directionality of resources occurs from the business to the family, available to other entrepreneurs. The characteristics of weak formal financial institutions and the ready-made network of support in the family make this dynamic more common. Entrepreneurs in the family invest their business profits in other
firms because they conceive it is an unsafe practice to keep the money in the bank and that the return of investment in the bank is much lower than to have it "working" in another business in the family, while other entrepreneurs struggle with money matters in their businesses. An illustration of this being a respondent who stated "I can gain more investing in my father's project than if we had that money saved in the bank, moreover I trust him more because it is my father" (IN3/FAM1), this is complemented by her statement about the lack of trust in banks in Mexico "we also decided to invest with my father because it is safer, we could be victims of fraud if our card gets cloned for example" (IN3/FAM1). It is a win–win situation for both family members; on one hand, the entrepreneur investing her money gaining profit, while the other entrepreneur solves his liquidity problem because his business is highly dependent on the public sector. This is a clear example of how family and business bridges overlap in the entrepreneurial family. It also reinforces the family as an entrepreneurial family and their shared identity; resources developed through the outcomes of entrepreneurial activity are brought back to the general family pool of resources. The alignment of values is more evident when members act collectively, which is associated with Latin American contexts such as Mexico (Discua Cruz et al., 2013), as an interviewee stated: "We know that we are going in the same boat, we go hand by hand to the same place. We don't have to say it; it is how it is [...] Even when the government put bumps on the road we are on the same track" (INT14/FAM4). With this mutual understanding, the entrepreneurial family gives function to the institutional environment where formal institutions are weak with a lack of access to finance and lack of trust in banks. The entrepreneurial family through the cognitive dimension of social capital performs to compensate for the institutional context with the possibilities multiple entrepreneurs bring to other members, while benefiting several firms in the family. Selling to the government in Mexico also forces family entrepreneurs to find ways to get more contracts, an example of this is registering two companies engaged in the same economic sector. Entrepreneurs manage two different enterprises as one; the distinction between the two is only made for certain government procedures and tax compliance processes. Or on the contrary, same business registration serves as the name for two different economic activities. This is, one entrepreneur “lending” his company name for his sibling so he can operate and legally invoice customers for his services.

Structural dimension: how strong ties in entrepreneurial families enable access to external networks and connections

The structural dimension of social capital was showed in the entrepreneurial family by high interactions and relations, frequent communication and the use of internal networks to access external networks. The process of accessing and leveraging social capital normally occurred with interactions in the informal setting of the family, as one interviewee stated "there is a dynamic in my family, we arrive home every night and over dinner discuss business matters that require discussing" (INT1/FAM1). The social capital of entrepreneurial families demonstrates examples of bonding capital. Because of the weak institutional environment in Mexico, informal activity is possible in certain occasions where entrepreneurs in the family help other members to sell their products in their formal businesses. That is the case in this family, "my mum has always been a housewife but she is the most entrepreneurial of all in the family [...] she has always sold something (informally)" (INT9/FAM3). This shows that perceptions of informality in the country are positive and even socially accepted as being entrepreneurial. The family is an important component to networks to informal entrepreneurs, giving access to commercial opportunity, for example. "My husband lets me sometimes have my things displayed in his business" (INT11/FAM3). This contrasts with past statements that family is not a necessary component of the informal entrepreneurs network (Webb et al., 2013). The emphasis in entrepreneurial
families in Mexico is that informal entrepreneurs not only leverage home-based resources but also business-based resources from other firms in the family. In emerging economies, informal businesses navigate along the enabling and constraining forces of the institutional environment (De Castro et al., 2014). In the majority of the cases, informality in the entrepreneurial family happens when the financial sustenance in the family comes from the main family business or other entrepreneurial ventures within the family. This dynamic of informality in Mexico contrasts with previous research on the positive relationship between low quality of institutions and unproductive entrepreneurship mainly motivated by necessity (Amorós, 2009). Another consideration of informality is that, from the responses, it can be interpreted that there is no embarrassment in mentioning that some members of the family contribute to the shadow economy, the perception is that members have a very entrepreneurial attitude towards finding ways to obtain more income. In entrepreneurial families, in some way, informal economic activity complements the formal; however, this contrasts with past research in which informal activity is considered shameful for the ones who practice them, especially women (Kantor, 2009). In a study in Mexico, Argentina and Brazil, entrepreneurs decide to operate informally to be able to manage their own resources to survive and because they value more the salary they can get without considering benefits and pension (Maloney, 2004). In entrepreneurial families, the reasons behind informality fall more into lifestyle entrepreneurship for housewives like in cases FAM1, FAM3 and FAM5 giving more value to family than wealth creation. Or in case FAM8 that both entrepreneurs make products to sell informally in their respective formal businesses, there is a clear dynamic of the interrelation between formality and informality. These findings provide a new perspective into informality when looking at the entrepreneurial family.

With business and politics highly intertwined in the country, the use of connections or influences is a common practice and is another institutional challenge to overcome by leveraging social capital: “in Mexico friendships and connections to government matter a lot, otherwise you don’t have work, it is a very important factor in our country” (INT7/FAM2). Members in entrepreneurial families employ internal networks to access external ones, for example in the government, for the benefit of the different firms in the family, proving that networks can become powerful tools in Mexico (West et al., 2008). In an entrepreneurial family the son had to face challenges more rapidly than his father as he was only starting his trading and distribution business, selling mainly to the government. His father’s advice helped him gain contacts of suppliers which in turn had also worked for the government before and had knowledge on the special characteristics of products requested by government agencies; this bridging capital proved to be useful to the son with his new company. Also one interviewee explained that his father’s network was leveraged to get a connection to government when seeking a contract.

Within entrepreneurial families, the benefit of these influences is passed between members. This was the case of a family, a participant illustrates “Like my father had the opportunity in his time for me to continue with this business after having a friend in the government; now I want my daughter to continue with my business with the help of this other friend” (INT21/FAM7). A combination of a strong bond between father and daughter, with succession plans already in place for her, and the bridge between the father with external government connections was valuable for the daughter to be able to continue with the business. In similar fashion, these bridges are useful for other members in the family for the creation of businesses that could not be possible without connections. As it can be noted, business and politics are highly intertwined and the use of connections or influences is a common practice. Within entrepreneurial families, the benefit of these influences is passed from generation to generation nurturing the inefficiencies in the institutional environment (Gupta and Levenburg, 2010).
Because of the nature of some businesses, connections to government give entrepreneurs the opportunity and exclusivity to have the licence to operate their companies. These businesses have a direct relationship with the government because they offer services/products from public companies or they offer services related to legal activities that citizens need to comply with. In Mexico, only through an appointment from the government through connections a person can be designated to have a business of this nature. Normally, more established entrepreneurs with their businesses are able to provide more resources from outside the family, bridging networks developed in their business to serve other entrepreneurs in the family. An example of this, "my son now has his own enterprise because we took an opportunity from the government as a concession to open this kind of company that offers government services" (INT19/FAM6). This shows the bridging advantage of entrepreneurial families as opposed to stand-alone entrepreneurs because members in the family offer support to others by providing other members with a wider pool of resources to use in their new or existing businesses. Internal linkages and interactions through the structural dimension foster cohesiveness and collective action (Adler and Kwon, 2002) as in entrepreneurial families these linkages not only enable collaboration but also bridges between internal networks to gain external contacts. This is particularly helpful in Mexico where appointing people for government positions or business advantage is a common practice (Gonzalez et al., 2005).

Contrasting past research in family business (Salvato and Melin, 2008; Sirmon and Hitt, 2003), the entrepreneurial family allows the examination of both bonding and bridging social capital because the focus does not rely on one single firm.

Relational dimension: how entrepreneurial families foster information and knowledge exchange
In many respects the social capital of entrepreneurial families is premised on the relational dimension that includes trust and an appreciation of family members about each other’s individual entrepreneurial endeavours and the challenges they collectively face as an entrepreneurial family. As one participant illustrates “from my brother I get huge amounts of support, there is nothing written on paper, is informal because we trust each other”. (INT7/FAM2). Moreover, where the businesses do cooperate, one interviewee explains, “[…] a lot of advantages from the support in the family. Because we trust each other and all these [businesses in the family] are for the benefit of all of us” (INT10/FAM3). This in itself helps provide stability and reduce dependence on the state, which perpetuates the practice of productive entrepreneurial activity. Trust in environments such as Mexico is particularly important given the changing nature of institutions as it provides entrepreneurial families greater levels of stability when navigating such complexities.

Along with trust, Winter (2000) highlights the importance of reciprocity in accessing and leveraging social capital within families. A number of interviewees highlighted the importance of reciprocal support among the members in the entrepreneurial families; the son takes over the branches of the family business, when his own firm is not having enough contracts because of its dependence on the public sector, while the father resolves the need for someone “trustworthy” to manage the branches and expand the family business. Junior generation expanding the family firm is a consequence of the norms and obligations in the family, namely members helping in the family business since childhood (Danes et al., 2009). Knowledge obtained from early involvement in the family firm can be made available for the benefit of that business (Sorenson and Bierman, 2009).

In times of uncertainty like when policies change, entrepreneurial families share information within the family, members asking for advice or sharing experiences on how they have dealt with the reforms in their own businesses. Among the new processes targeting SMEs is the fiscal reform aimed to regulate business activities, promote job formality and increase tax collection. Frequently, important decisions related to changing reforms are discussed within the family. In this sense, entrepreneurs in the family have to
deal together with the regulatory and bureaucratic burdens of the country. As one participant illustrated: “My daughter reneged on all the paperwork and bureaucracy to get her business in operation, I had to step in with my little or much enterprising knowledge, I tried to guide her” (INT2/FAM1). Family members share information about how they have dealt with certain issues, transferring knowledge on how to cope with institutional barriers for their businesses. This highlights the diffusion and exploitation of information and knowledge in the family, beyond the creation stage of the business (Nahapiet and Ghoshal, 1998). The natural process of sharing of information is useful for other entrepreneurs across the family who experience reforms with more knowledge. This differs from individual entrepreneurs whose family members might lack understanding of business operation and policies, providing blind encouragement in many cases causing wasted resources and capabilities for the entrepreneur (Arregle et al., 2013).

To overcome the struggle in obtaining some permits, it is all about how the entrepreneur presents the information to the government, playing with formal institutions to the extent they can be conducive of entrepreneurial activity. An example of a participant opening her business with an incorrect permit, while not fully matching her business, she opted for that permit to legally operate because it was easier to obtain and because her parents both entrepreneurs advised her. She stated “It is like this in Mexico, I know people who do not comply with all the permits needed” (INT3/FAM1).

A key manifestation of the institutional challenge is corruption. Mexico is among the most corrupt countries in the world, ranking as 103 of 175 countries in the Corruption Perceptions Index (Transparency International, 2014). Several respondents stated that instability in formal institutions created space for corruption to exist. A participant stated: “It is a problem in this country to get construction licenses, we started a project together with my wife from our personal savings and resources from the family, but it took us a year to get these licenses to start building” (INT2/FAM1). In such circumstances, it is common practice in the country to ask for favours to known powerful connections, and then show gratitude in the form of gifts or compensations to speed up processes or gain contracts. An example of this “When you go to see officials you realise everyone comes with gifts. Mexican business is like that. Then what do we do? We also arrive with gifts so officials don’t skip our turn” (INT3/FAM12). This supports the notion that the possibility to be involved in corruption is higher depending on the entrepreneurial perception that other individuals are engaged in corrupt transactions; hence, informal institutions supporting corruption among entrepreneurs (Tonoyan et al., 2010). This shows how corruption in Mexico is widespread among different actors in economy, being relevant to entrepreneurs as those who work in the public sector (Gonzalez et al., 2005). The relational dimension in the entrepreneurial family through norms and obligations provides opportunities for the junior generation mainly to obtain enterprising knowledge in early years with the family business or obtain knowledge to deal with the institutional challenges such as corruption. Building on past views, this knowledge can not only be applied in the existing family business (Sorenson and Bierman, 2009) but also in the creation and management of new firms. Trust enables members to be open to share information to help each other and transfer knowledge across firms in the family to cope with institutional challenges together. This is particularly important in countries such as Mexico where family serves a as cushion in hard times (Fukuyama, 2002).

Discussion
Where family members benefit from the dimensions of social capital within the entrepreneurial family, the effect is to increase the congruence of institutions (see Figure 4). This is achieved by giving entrepreneurs access to resources and capabilities that enable them to pursue their entrepreneurial endeavours and overcome the institutional challenges
they face. In this way, the entrepreneurial family can help mitigate the challenges of a changing institutional environment and contribute to economic and social development. This shows the complexity lived by the entrepreneurial family as organisation in the institutional context where they operate, contributing to understanding how organisations cope with conflicting institutional pressures (Greenwood et al., 2010).

Drawing on social capital provides them with advantages over individual entrepreneurs, who have traditionally been the focus of analysis in institutional theory. Access to social capital strengthens the competitive advantage of the ventures within the entrepreneurial family, as it provides ease of access to a wide pool of social capital including both bonding and bridging varieties. Furthermore, it provides entrepreneurial families with access to further resources and capabilities, including financial resources, information and knowledge, and networks and connections. The findings highlight how entrepreneurial families are making use of their social capital to access resources and support from other family members who are also entrepreneurs and part of the same family. The evidence highlights previous debates considering both that either family ties can provide “blind encouragement” for business (Arregle et al., 2013) or that family members outside the firm can give valuable business advice (Anderson et al., 2005). It also moves from past notions of the entrepreneurial family such as the one from Nordqvist and Melin (2010) where an entrepreneurial family is defined as a social structure “that can both drive and constrain entrepreneurial activities” (p. 214). In fact, the entrepreneurial families studied in this paper show that trust and openness, reinforced by their social capital, are determinants for the support that members have in relation to their firms.

As the paper shows, individual entrepreneurs face constraints in accessing resources, whereas entrepreneurial families have a ready-made pool of resources to overcome institutional challenges which stems from “entrepreneurs knowing other entrepreneurs” (Estrin et al., 2013) with the advantages that come with being family and the strong social capital they share. Contrasting with prior research (Nahapiet and Ghoshal, 1998; Arregle et al., 2013), the research demonstrates that the entrepreneurial family accesses social capital which provides its members with diverse resources and capabilities which are advantageous within and outside the family circle. Discua Cruz et al. (2013) explore the membership of family members in the entrepreneurial team, and the individual ventures of members were considered outside the team. In contrast, in this study members who create individual ventures in entrepreneurial families can also be part and benefit from the strong internal social capital in the family. When looking at the whole entrepreneurial family it is found that the structural, cognitive and relational dimensions of social capital also affect individual ventures, in fact affecting them positively by receiving support from other members.

In challenging institutional environments such resource endowments become more important as families circumvent traditional formal institutional rules by accessing resources through family members. The paper finds that entrepreneurial families utilise their social capital as access to further financial capital rather than seeking external finance. In such cases, the informal institutional norms and values in entrepreneurial families act to complement the formal institutional rules in place, showing the strength of informal
institutions. This contrasts with recent research in less developed economies where informal institutions are inhibited and the opportunities to leverage social capital are limited (Khoury and Prasad, 2016). While institutional asymmetries are evident, over time change is possible as norms and values inform the development and improvement of formal institutional arrangements.

As Eddleston et al. (2010) suggest, trust is an integral dynamic within families and is the reason why entrepreneurial families are able to effectively access and leverage social capital. Trust and reciprocity among members in the family is crucial to share resources and collaborate with each other across the multiple businesses (Alsos et al., 2014), which is regarded as important in overcoming institutional challenges. As opposed to research on individual perspectives of entrepreneurial activity in which policy changes create predictable costs on businesses that entrepreneurs should consider (Estrin et al., 2013), the entrepreneurial family acts to reduce the effects of an unstable environment where the government is not actively guiding entrepreneurs; as a result, entrepreneurs in the family guide each other.

**Conclusion**

The aim of this paper is to examine how entrepreneurial families, defined as those with more than one entrepreneur, share and mobilise resources through social capital in order to navigate institutional challenges and develop entrepreneurial ventures. While the role of institutions in family entrepreneurship has begun to be addressed (Reay et al., 2015), there is currently no research which examines how the social capital endowment of entrepreneurial families differs from other individuals and groups and the advantages of this in navigating institutional challenges. The entrepreneurial family provides a different setting and focus compared to family firms where "family members can be expected to interact more on a daily basis within the firm context" (Arregle et al., 2013, p. 24), or members within the household where not everyone has entrepreneurial knowledge (Alsos et al., 2014; Rodriguez et al., 2009). In contrast, members in the entrepreneurial family benefit from each other's experiences and interactions with their different firms, even when members do not share a household. The benefit they get from those interactions reflects in multiple firms rather than a focal firm or a focal individual. The entrepreneurial family focuses on family ties between entrepreneurs who can provide more relevant support to navigate institutional challenges than traditional family members. The three dimensions were analysed separately in the Findings section but they are interdependent influencing the creation, utilisation and mobilisation of resources and capabilities within the entrepreneurial family. The different utilisation of resources and capabilities allows a more nuanced understanding of the family-related issues in family business and entrepreneurship research (Salvato and Aldrich, 2012).

Given that studies of family businesses should offer contributions in the form of new units of analysis and mediating variables (Reay and Whetten, 2011), the paper advances the focus of entrepreneurial families and how they relates to the institutional environment. In this respect, the paper draws out how the entrepreneurial activities of individual entrepreneurial family members are mediated by the entrepreneurial family in the context of the institutional environment. In this way that can lessen institutional challenges where shared resources can be accessed to overcome the challenges inherent to Mexico as weak institutional environment.

This paper contributes to knowledge in family entrepreneurship and institutional theory by focusing on the entrepreneurial family. It shows how social capital enables access to different types of resources to overcome or reduce the impact of wider institutional challenges on entrepreneurial family members as they pursue their respective entrepreneurial activities. The advantages to entrepreneurial families in relation to their social capital in their institutional context are the following. First, members offer each other
valuable and diverse support enhanced by their shared vision (cognitive dimension) to access and mobilise financial and non-financial resources; second, the immediateness of support through interactions (structural dimension) to access external networks and connections; and third the strong level of trust and commitment among its members (relational dimension) makes exchange of information and knowledge easier in the family to be applied in the multiple firms. This shows that in entrepreneurial families strong ties can also be of great value as compared to weak ties in individual entrepreneurs or traditional families (Granovetter, 1973). Because of the variety of resources in entrepreneurial families with multiple firms, not restricted to the family circle, the support is more relevant and diverse for the use of other stand-alone entrepreneurs.

While this research was conducted in Mexico, important lessons can be taken for contexts characterised by weak or unstable institutional environments. It is a common factor that where institutions are less developed, as in in developing economies, there will be a higher level of family involvement in business activities in comparison to economies with stable institutions (Steier, 2009a). Positioning entrepreneurial families in an institutional environment helped to contextualise entrepreneurship (Ramirez-Pasillas et al., 2017), family business (Reay et al., 2015) and family entrepreneurship (Randerson et al., 2015). By focusing on a developing economy such as Mexico, this research enabled to “un-westernise” research (Ramirez-Pasillas et al., 2017); for example, when looking at the informal economic aspect of some entrepreneurial families where informal activity complements the formal. By understanding the nature and scope of family business better, policies can be introduced to promote links between and also within the family, by using role models and examples of good practice to demonstrate to others how entrepreneurship can succeed. Strengthening business support associations can also help networking, enabling social capital to be shared among individual entrepreneurs and entrepreneurial families, and in consequence improve and thicken institutions.

Finally, it is important to acknowledge that the research has limitations. The empirical focus of this paper is the entrepreneurial family in the capital city of the state of Mexico and involved a relatively small number of in-depth interviews with entrepreneurs in the family. The study also used snowball sampling which makes it difficult to generalise our findings to a wider population. As such, the responses of participants cannot be considered representative of all family entrepreneurs in Mexico. However, the value of our research lies in providing new insights regarding entrepreneurship within families. A further limitation is that interviews were conducted within a relatively short timeframe, and it would be valuable to apply longitudinal case study research to examine how the social and other forms of capital develop over time within entrepreneurial families. It would be worthwhile to investigate the effect of institutional change in other developing economies that can often act collectively in their family setting and conducting comparisons between countries with similarities and differences in institutional frameworks will provide a rich avenue for future research. It would also be worthwhile to examine how institutional change impacts on different countries, undertaking comparisons between developing and developed economies by focusing on the role that entrepreneurial families play in the adoption of a rapid institutional change.

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Institutional challenges in Mexico


Further reading


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Abstract

Purpose – The purpose of this paper is to develop an understanding of how the institutions of family and culture play out in shaping family business practices. This study focusses on family business led by poor entrepreneurial women in a context of extreme poverty.

Design/methodology/approach – The methods included participant observation, focus groups and interviews in two poor villages in South-East Nigeria. Thematic analysis was used to develop insight about how the institutions of family and culture shape family business practices.

Findings – The analysis demonstrated that the family, with associated responsibilities and norms, is a powerful institution that determines women’s role and business behaviours. Poor entrepreneurial women depend on the family to run their business, but also use the business to sustain the family. They make use of their limited resources (e.g. time, money, skills) to meet families’ basic needs and pay for necessities such as children’s education. These are family priorities, rather than maximising profits.

Research limitations/implications – The study was limited to rural Africa, in particular to a small sample of rural women entrepreneurs in South-East Nigeria, and as such, the findings are not necessarily generalisable, but may be at a conceptual level.

Practical implications – The study has highlighted the need to tailor micro-enterprise development programmes that facilitate change, add values to entrepreneurial activities and support women to fulfil their roles and ease institutional pressures affecting rural women economic activities. In short, such programmes need to account for cultural institutions.

Social implications – This study presents insights of the influence of institutions (family and culture) in business led by rural Nigerian women.

Originality/value – This research fills a gap in the family business literature by offering conceptual insights about how the institutional obligations of family mean that micro-enterprising should be conceptualised as an entity, rather than a family in business or the family business.

Keywords Family business, Poverty, Micro-entrepreneurship, Institutions (culture and family)

Paper type Research paper

Introduction

This study responds to the call for this special issue by building on Seaman et al.’s (2017) point that resource scarce environments are conducive to entrepreneurial behaviours and that families behave entrepreneurially to provide services that the government fails to provide. The context for this study, rural Nigeria, is extremely resource poor, and our respondents, female microentrepreneurs, respond entrepreneurially to survive. Our study argues and demonstrates how informal institutions, family and culture embedded in family relationships, shape how family-centred micro businesses respond. Although the literature on enterprise in poverty is limited, a key point has been the role of institutions (McMullen, 2010). As Bruton et al. (2013, p. 685) explain, “entrepreneurs in settings of poverty not only confront dramatic institutional voids, but also lack any appreciable resources and face severe penalties for failure including not being able to appropriately support one’s family in terms of the basic needs”. Accordingly, our objective is to develop a better understanding of how the institution of family plays out in shaping family business practices.
This paper contributes to the family business literature by using this extreme case as an opportunity to examine how family, and the role played by family as an institution, works out. Unlike much of the base of the pyramid literature, our study offers a bottom-up view. Although this context is different from most western family business environments, our paper offers some general conceptual insights into income generating entrepreneurship. Moreover, in the poorer parts of the developing world, the respondents are very typical of micropreneurs. As Alvarez and Barney (2014, p. 162) note, “while each one of these businesses is small and nonscalable, the totality of these businesses in a community is large”. Accordingly, this paper offers a modest contribution of understanding how the institutional obligations of family mean that micro-enterprising should be conceptualised as an entity, rather than as a family in business or as the family in business. This is because consumption and production are so intertwined as to be conceptually indivisible. Our findings have important implications for how best to support enterprise in the conditions of poverty and as a solution for escaping poverty.

It could be argued that what this study examines is simply necessity entrepreneurship. Smallbone and Welter (2006) explain how the Global Entrepreneurship Monitor (GEM) consortium has distinguished between “opportunity” and “necessity” entrepreneurship, with necessity entrepreneurship tending to dominate in developing countries. Certainly, as Anderson and Lent (2017) point out, the extremely poor have few real choices, so necessity prevails. Bögenhold (1987) first distinguished between entrepreneurship motivated by economic needs and entrepreneurship that is driven by a desire for self-realisation. Reynolds et al. (2002) developed this original formulation, making conceptual distinctions between “opportunity-based” and “necessity-based” entrepreneurship as contextual motivations. Arguably, this dichotomy “explains” the extent of entrepreneurship in underdeveloped regions. However, Smallbone and Welter (2006) argue that concepts of “necessity” and “opportunity” entrepreneurship are overly simplistic, especially in the context of weak institutions. The use of such terminology may lead to overly negative conclusions about the contribution of entrepreneurs. Indeed, this dichotomy echoes an enterprise discourse (Dodd and Anderson, 2001), a neo-liberal perspective that normatively attributes values to particular forms of entrepreneurship, asserting individualism that may be inappropriate in different contexts. This discourse prioritises economic outcomes, but neglects the socially contextualised (Watson, 2013) and socially realised (Gadde for and Anderson, 2017) benefits from entrepreneurship (Berglund, 2015).

Williams and Williams (2014) are also critical of the explanatory power of the simplistic duality. The problem seems to be around assumptions about marginality; those socially marginalised will operate marginal businesses. Of course, in many cases, this is true; not least in that survival, rather than growth, drives the business. However, such causes and effects are important, but neither deterministic; nor are they sufficient for understanding how micro businesses operate. Indeed, for these poor, marginalised respondents, “opportunity” lies in the possibility of using micro-business to meet needs. Furthermore, Anderson et al. (2013) point out how such businesses are dismissed as simply not entrepreneurial, but Gurtoo and Williams (2009) argue that this is based on assumption, not evidence. Moreover, where ingenuity takes precedence over innovation, and when survival has priority over growth, being enterprising takes on a different meaning. Indeed, micropreneurship could be conceptualised as a different form of entrepreneurship (Bögenhold and Fachinger, 2007). It seems that this study must take heed of Smallbone and Welter’s (2006) injunction to contextualise motivation and outcomes. Moreover, a less pejorative dichotomy, such as income vs growth directed, would be less likely to dismiss the relative importance of micropreneuring. Micro-enterprising may be a poor cousin of western growth-orientated enterprise, but it fulfils a critical and necessary role.
Institutions and institutional voids

In socio-cultural views of entrepreneurship, context is often explored in terms of institutions (Boettke and Coyne, 2009; Weller, 2011). Harbi and Anderson (2010) showed, following Baumol’s classic paper, that institutions shape entrepreneurship. Baumol (1990) argued that entrepreneurial individuals channel their efforts according to the quality of prevailing economic, political, and legal institutions. As North (1990) put it, institutions are the rules (formal and informal) of the game. Formal institutions are generally related to property rights protection regimes; with rules of law, political and economic freedoms and corruption as the most cited constituents. Informal institutions are the implicit codified attitudes embedded in society and work by providing cues for shaping individual behaviour. Nooteboom (2002, p. 34) thus defined institutions as “things that constrain, enable and guide behavior”.

However, Mair and Marti (2009) observe how in developing countries, institutional arrangements are either absent or weak. Mair et al. (2012) describe how the poor are often situated in institutional voids. Chakrabarty (2009) defines institutional voids as the lack of institutional facilities, norms and regulations needed for a well-functioning economy. Indeed, Mair et al. (2012) argue that institutional voids are the reason why poor women are excluded from market participation. Chakrabarty also suggests that institutional voids, in association with national cultures, may lead to more family firms as an organisational form. Although Chakrabarty is not interested in explaining why this arises, Mair et al. (2012, p. 822) offer an explanation, “accentuating the situated and intermediate nature of institutional voids, our paper develops a view of voids that originates in the presence of plural, often contending, institutional arrangements”. In other words, in the absence or weak presence of formal institution, informal institutions arise to take on the role. As Mair and Marti (2009) suggest, these contexts are already rich in other institutional arrangements. The formal institutional void is filled by informal institutions, amongst which the family is paramount. Carney (2005) suggests that many sociologists view family firms as a backward, pre-modern institution, but also points out their capacity as substitutes for numerous institutional voids.

Aldrich and Cliff (2003) explain, how a hundred years ago, “business” meant “family business”, but sociohistorical changes of the past century have led us to think of the two institutions as disconnected systems, needlessly fragmenting the study of family and business. Certainly, as Schwartz (1987) explains, the modern American family has changed as an institution, so that individual rather than group welfare is the basis for action. Laslett (1973) attributes these changes to the increasing separation of work and family in the modern US society. Although sociologists traditionally see family as an institution (Silverblatt, 2004), their nature may have changed in modern western societies (Collins et al., 2016). However, in less developed regions, especially with institutional voids, it seems likely that the informal institution of family will frame the roles and responsibilities of family members. It sets out the “rules of the game”.

Family as a socialised business unit

Many poor women in traditional rural settings operate micro family businesses; however, such businesses are often dismissed as marginal or residual. Contrary to this view, McDade and Spring (2005) explain how small and micro enterprises dominate in contexts of poverty; although often informal, they represent 98 per cent of all African businesses. About 30 years of donor support has failed to realise the ambition of growing these micro firms into larger scale employers. In sub Saharan Africa, over a trillion US$ has been provided in aid over the last 50 years (Lupton, 2011), yet poverty persists. This helps explain why female microentrepreneurs continue to play a significant welfare role (Ajani, 2012). African women entrepreneurs are the primary providers of immediate domestic needs. Indeed, recent studies highlight how women’s enterprises account for a large proportion of total rural
employment and rural income (Mbah and Igbokwe, 2015). Thus, rather than being marginal, rural micro businesses play a critical central role, although the context itself may be viewed as marginal. Such family micro businesses may offer a means of managing in poverty. Consequently, it is important to build an informed appreciation of the nature and practices of micropreneuring in which family is central.

This study contributes to what Whatmore et al. (2017) describe as the rediscovery of the social and economic significance of small scale production. This rediscovery recognises that, rather than some residual pre-industrial form, a historical residual curiosity, family micro-enterprising fulfils a critical role. Yet, Whatmore et al. (2017) also point out the problems of theorising such practices using concepts developed for use in developed regions.

The traditional family business literature, for example, places family almost in opposition to the function of businesses (Anderson et al., 2005; Whiteside and Brown, 1991), or as overlapping systems (Randerson et al., 2015). Even the more sophisticated literature discusses interaction between the loci of family and business (Bettinelli et al., 2014). Habbershon et al. (2003) suggest the literature often discounted, ignored or isolated family factors from the business, whilst Collins et al. (2016) propose that the very concept of family business blurs the separation of markets and home. Indeed, Olson et al. (2003) contentiously propose that in this literature, “family” is often labelled as the emotional arena, and business is labelled as the rational arena. Economically, the family unit is seen as either a unit of consumption or a unit of production. Socially, the family is a unit for social reproduction, families “socialise” common values (Seaman et al., 2017). This study takes a broader view; arguing that in the micro family businesses of our study, the centrality of family is likely to be important for understanding practices. The idiosyncratic firm-level bundle of resources and capabilities resulting from interactions is referred to as the “familiness” of the firm (Habbershon and Williams, 1999). Yet, familiness also represents a bundle of obligations and responsibilities (Daspit and Long, 2014), especially where poverty prevails (Anderson and Obeng, 2017). Western literature typically presents the relationship of familiness as two overlapping spheres, where familiness can be represented by the degree of overlap (Stafford et al., 1999). The overlapping circles indicated in Figure 1(a) depict interactions between the family and business (Bettinelli and Randerson, 2015). Within this framework, family businesses focus on trade-offs to manage the static overlap between family and business, rather than a process of seeing the whole interrelationship as an entity (Habbershon et al., 2003).

The paper argues that the family and business, in our context of rural poverty – a hostile environment (Bettinelli et al., 2014), could be seen as a single socio-economic entity, where family and business are a holistic unit (Figure 1(b)). The family business literature often presents the family as a resource, or the business as a resource for the family (Alsos et al., 2014). However, in poor rural Nigeria where there are many families but very limited resources,

![Figure 1](image-url)
this calls for a different conceptual framework: making a living; meeting families’ basic needs is the objective in familiness; and not to maximise profits or to solve optimisation problem as presented traditional family business literature. The poor have very limited resources, yet emotional endurance, family ties and physical energy “make it happen” (Sarasvathy, 2004).

Institutions in practice: family and culture

In this theoretical framework, family is treated as an institutionalised artefact and subject to the norms and values of this institution. Institutions are categorised as formal with written rules (such as constitutions, laws) and informal constraints (such as conventions and codes of conduct; Williamson, 2000). Family is the first order of social organisation and a primary unit for understanding livelihoods in poverty and vulnerability. The practices of familiness of micro-enterprising in poor rural Nigeria are set within, and are practiced as (Anderson and Ronteau, 2017) socially embeddedness institutions – the top level in Williamson’s (2000) hierarchy of institutions. Social embeddedness (McKeever et al., 2014) applies informal institutions such as norms, cultural factors, customs and traditions (Pacheco et al., 2010). These institutions become fixed and change only slowly over time (DiMaggio and Powell, 1983; Khavul et al., 2013).

Institutionally, patriarchal rural societies determine the division of labour by gender, with women typically receiving little assistance from their spouse (Amine and Staub, 2009). Furthermore, good employment opportunities are limited by these same social institutions; yet institutions socially construct the appropriateness of “women’s work”. Rural Nigerian women as “good wives” are expected to bear and look after children, but also provide their livelihoods. In many rural families, women provide food, clothing and education. This discourse burdens women with heavy social responsibilities and family obligations (Ahl, 2006). Social institutions, such as family, thus form the social arrangements in which women conform to culture and tradition.

In responding to institutional pressure, practical realities force rural women entrepreneurs to focus on the short-term goal of “putting food on the table today”. However, their actions may show cultural and traditional interdependency in conforming to female and family role expectations. Rural woman microentrepreneurs are remote from formal institutions, so that informal institutions of family likely prevail. Family and cultural values bring certain resources to the familiness, including some money for starting businesses, unpaid labour, and yet influence what they do. The family, incorporating responsibilities, patriarchy, culture and norms, is an informal institution argued to determine women’s role and shape their entrepreneurial practices (Ram and Holliday, 1993).

When entrepreneurship is embedded in different social roles (Peredo and Anderson, 2006) and practices differs from business “ideals” (Cahn, 2008), the socialised goals and outcomes may also differ (Anderson and Gaddefors, 2016). These may challenge commonly held assumptions. For example, contrary to the views of many microfinance providers, the poorest and most vulnerable woman microentrepreneurs are frightened of borrowing through microfinance (Ukanwa et al., 2017). Loan repayment is perceived as too risky, perhaps leading to irreversible losses locking their victims in perpetual poverty (Christiaensen and Subbarao, 2005).

In summary, our review indicates that institutions, especially family, may play a considerable role in shaping microentrepreneurship. Moreover, the literature has alerted us that theory developed for more affluent circumstances may offer limited explanations for what occurs when poverty prevails. Thus theoretically informed, the following section describes our approach to the research questions.

Methods

The research objective is to understand how poor families and the women responsible for family entrepreneurially respond to resource scarcity and institutional obligations.
As Ssendi and Anderson (2009) explain, poverty creates vulnerability and precarious livelihoods. The simplest approach was to ask micropreneurs living in a very deprived region of Nigeria. One author knew the region well and had useful local contacts. A women’s group leader introduced her to some micropreneurs at their weekly meeting. This led to willing respondents and introductions to others. In formal terms, this was a purposeful sample (Tiainen and Koivunen, 2006) and used snowballing techniques (Dodd et al., 2013).

Participant observation is also conducted to establish background and to contextualise our emergent categories and findings. This involved attending meetings and visiting local markets, observing and carefully listening.

Data were collected in two villages in South-East Nigeria; one in Abia state and the other in Ebonyi. Both places are characterised as poor (Chukwu, 2012; Ifenkwe and Kalu, 2012) and poverty was very evident. Ifenkwe and Kalu (2012) found that 68 per cent of rural women in Abia State live below the poverty line. Chukwu (2012), examining rural poverty in Ebonyi, found some 90 per cent population in the area live below the abject poverty level[1]. “The entire rural population […] were unable to receive enough daily calories, proteins, vitamins and minerals essentially required to sustain a healthy and vigorous life” (Chukwu, 2012, p. 60).

Two focus groups were held with seven and eight people, respectively, followed by ten, one-hour-long interviews in Igbo and English. The focus group discussions informed the questions used for the individual interviews and considerable data were generated. Clearly, this was an important issue for the respondents and they were keen to describe their lives. All sessions were audio-taped, transcribed verbatim and translated into English. The research design, sampling, type of data collected and analysis, post-positivistic (Karatas-Ozkan et al., 2014), were about exploring how family relationships influenced practices. This study was not testing theory, but trying to theorise practice and roles in contexts.

The analysis began by familiarising ourselves with the data, reading transcriptions several times to establish meanings. The analysis followed Braun and Clarke’s (2006) six phases of thematic analysis in which codes are developed from examining the data. The coded data were grouped into the emerging “themes”, patterns and structures. Our findings were based upon thematic analysis which facilitated identification, analysis and reporting of patterns within data (Braun and Clarke, 2006). Our objective was to understand how rural women perceived and enacted entrepreneurship and our unit for analysis was the respondents’ narratives and experiences. Table I describes our respondents’ background and entrepreneurial activities. As Jack et al. (2008) argue, conclusions reached from these methods are not generalisable to a wider population, but may be generalised at a conceptual level.

As explained earlier, a large volume of raw data were collected and a priority was to sort it into useful thematic categories. In effect, questions of the data were asked: questions that were informed by our literature review. The first of these questions was asking about their business and family and this produced a helpful descriptive account. The second question involved deeper analysis, asking how family, and as our study later identified, familiness shaped what they do. The analysis continued by offering a narrative account of themes. Our thematic analysis attempts to see patterns of similarity that could be conceptually linked to form explanations. The analysis, using the constant comparative techniques, involves a recursive sense making of the data (Jack et al., 2015). Iterations between data and data, data and theory are essentially trial and error, a craft rather than science and very dependent on the researcher’s skills (Pratt, 2009). Our data were described as theoretically saturated in this study, which means that the information-rich data from the interviews offer sufficient depth and breadth to establish an explanation. Saturation occurs in the emerging propositions such that further iteration will be unlikely
to provide significant incremental learning of new aspects of the framework (Eisenhardt, 1989). The test for saturation thus lies in the analysis that our explanatory account satisfactorily explains what our paper sought to explain. This does not mean all possibilities are exhausted. There may be the "black swan" problem, that there is something not seen or that there may be other examples that are simply not known. However, all methods necessarily make trade-offs. If our explanation (theory) provides sufficient convincing explanation, the nature of thesis and antithesis in our research ontology indicates that this is sufficient until a better account is found. Importantly, key to “satisfactory” is how well the explanation is convincing.
Data and thematic analysis

Poor women, where family is the micro entrepreneurial unit

Our respondents all operate very small scale businesses. Because of scarce resources and the constraints they experience (e.g. no employment possibilities), these poor rural women have few options. They had to take up micro entrepreneurial activities to meet their and their families’ basic needs, as illustrated in Table II. One respondent, Ngozi explained, “I started this petty trade business so that I will be able to provide for my family, pay my children’s school fees and meet their day-to-day needs. I have to work every blessed day just to put food on the table”. The respondents have large families (see Table I), but limited opportunities and resources to cater for them. Nnenna has eight children and had this to say, “My family’s income is from my business. It is our only option for survival”. Our respondents tell a compelling story of micropreneuring as necessity in the absence of choice. In the context of poor rural Africa, family based micro-entrepreneurship is a way of life (Sen, 1997), where effectuation makes use of what they have (Sarasvathy and Dew, 2005), to generate income for survival, because there are no alternatives.

Table II indicated that no respondents owned land for cultivation; they have few assets, but all face pressing family consumption needs. So, necessity formed the opportunity of, and for, their micropreneuring. The necessity was not just their survival, but that of the family.

Questions were asked about whether they separate business money and family uses. Table III shows that they all mixed business finances and family funds. One respondent, Ezinne, stated that, “I don’t separate family use from business income at all. I put them together”. Conversely, four respondents explained that they kept business and family money separate sometimes, but “I use business money on family matters like for children’s maintenance” (Chinyere). Similarly, Ebere told us, “If a family member falls ill, I have to work every blessed day just to put food on the table. When I close from my business I resume another work at home. I go to the stream to fetch water as there is no pipe borne water in my village, break firewood that I use in cooking, cook and carry out other domestic work as well as prepare for tomorrow’s business” (Ngozi)

“Micropreneuring to “put food on the table”, “paying school fees”, “make ends meet” and “survival”
Basic equipment; an effectual approach begin with the means at hand

Interview raw data

This tells us

“| I have to work every blessed day just to put food on the table. When I close from my business I resume another work at home. I go to the stream to fetch water as there is no pipe borne water in my village, break firewood that I use in cooking, cook and carry out other domestic work as well as prepare for tomorrow’s business” (Ngozi) |
| My family source of income is from my business. Without the little profit that I make which I used for feeding and paying school fees will not be realised and that means we will starve to death and my children will not be able to go to school” (Nnenna) |
| “I have little or no rest from farm and domestic work as well as my business just to make ends meet by all means. The upkeep that I received from my husband is never enough” (Nwakiaego) |
| “The family income is majorly from my business and little from my husband. The income is not sufficient at all. We manage to use it to keep soul and body together trusting God to send us help” (Ezinne) |
| “I don’t really have equipment other than the shop, shelves, tables and the goods” (Chinyere) |
| “All I have is my stall, tables and pan that I used to put the food stuff on” (Ngozi) |
| “My (canteen) business is not booming like before as people hardly eat three times a day. I worry about where the next meal will come from. I have to do most of the running around to ensure the family is alive and well” (Ogonna) |

Table II.
The nature of necessity

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the money comes from my business; but if I don’t sell, I use part of the loan from microfinance to cater for it.” Family consumption and financial flows of businesses are intertwined. The division between family and micro-business is blurred, or simply does not exist.

The data also show family dependency in the production of micro businesses. Family members, usually their children, work in the micro-business without pay. Adaeze told us,
I manage it (the business) myself with the help of my children who assist me in the shop after school”. Ogonna runs a canteen business and explains that, “my first two children (girls) are helping me in the business while waiting to be married. The other children help after school or when they are on school holidays”. The production of micro-business is household based and relies on the family members. The family unit fulfils all the tasks required to operate the businesses.

Table III explains how our respondents use the very limited resources available to hand (effectuation) and family ties to work their businesses. The sources of their modest start-up capital were from family savings and represent support from family. Nwakaego said that, “Money wasn’t enough to start, but I started the business with a few goods. My husband sometimes supplies me with his farm produce on credit and I pay him later” Credit arrangements within the family enable both starting and continuity of businesses. Nkechi runs a poultry business. She explained to us how the supply of poultry feed by her husband and credit arrangement within the family works in her family business, “My husband is into poultry business but another section – poultry feed, which is producing feeds for other poultry farmers. The poultry feeds are very expensive and if you did not feed with the right kind of feeds, you will not get good yield. I usually get supply from my husband and pay him later when I don’t have money and that has been helping me a lot”. Similarly, Kelechi, a palm oil dealer, told us, “I get my supply from my husband on credit. He processes the palm fruit and extracts the oil and I sell to other women who are into retail business” Thus, family provides labour, start-up money, supply of goods and credit; as a result, family is central in the practices of these women-led micro businesses. Family interactions engage the resources and capabilities that are derived from the involvement and responsibilities (Moul and Anderson, 2005) of family members (Arregle et al., 2007) and represent a deeply embedded resource, social capital, in these micro businesses. Social capital embedded in family relationships has a strong influence on the flow collective actions of family members; and importantly related to norms, values and cooperation that exist in the familiness (Pearson et al., 2008).

Respondents report how they lack knowledge and information. There is no TV or media in the village. World affair pass by unnoticed and they do not know the market well enough to sell their products effectively. Family is the hub that provides information and that is very well focussed on the specific needs of the entrepreneur and the business (Anderson et al., 2005). Ngozi told us, “Information is poorly disseminated in this village. I receive and share information through local source such as my family members […] we share useful information both spiritual and business and encourage one another on how to survive in the midst of nothing through prayer and hard work”. However, such information may not be adequately diverse in nature. There is little access to heterogeneous information (and other resources), acting as a bridge across social and economic structural holes (Anderson et al., 2005).

The resources our respondents have are mainly provided within the family; however, not much is available beyond the entrepreneur’s own scope. They make use of their basic skills and the willingness to work hard to make the most of what they have. They are all hard working and on average spend over nine hours per day on businesses. Adaeez reported, “I hardly have any rest from family responsibilities, business and extended family members. I was asked to reduce my stress but it is not possible as I have to work hard – running my business and family. I am doing this business so as to cater for my children and further their education better than mine, at least up to secondary school”. Our data show that respondents depend on family to run the business, but also use the business to sustain the family. Family for them is the consumption unit, as well as the production unit. Therefore, family and business in the context of poor rural Africa are one socio-economic entity, not as placed opposite to each other or as an overlapping system.
Thus far the study has shown the centrality of family and how familiness determines practice. But these are largely practical considerations, so analysis now turns to consider family as an institution. These female-led micro enterprises are located many miles from local government headquarters, large market, banks or microfinance services; thus, formal institutions, i.e. government functions including policies and support are not within their reach. Ezinne commented, “The local government headquarter is far away from my village. There is no bank in my village and beside I don’t have sufficient money to bank”.

Chika added, “I’ve heard about microfinance, situated at the local Headquarter, I don’t believe they are genuine”. Formal institutional arrangements are absent and fail to provide any support. In Table IV, our respondents explained how they cannot rely on the formal system. Nwakaego told us, “The government neglects the poor. We lack most of the opportunities people in the city have”. The absence of formal institutions does not imply an institutional vacuum; nonetheless, markets require specific institutions and rules in order to function (Mair and Marti, 2009; North, 1990). Table IV demonstrates how formal institution (e.g. banks and government support) are outside the reach of our respondents. However, our respondents depend upon informal institutions, i.e. family and associated patriarchy, culture and norms. Family substitutes for the formal institutional voids.

The respondents all conform to the family and female role expectations in their culture and tradition. Favour explained, “It is my responsibility to look after my children and care for them. I have to also run my business where I generate the income to support them”. Nkechi made the important point, “this business fulfils my role as a mother – providing for my family food, clothes and other basic needs; a wife – being supportive to my husband in paying the children’s school fees and other family matters; and as a daughter to my parents that I support and good sister to my family members”. The respondents strive to be both businesswomen

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<th>Interview raw data</th>
<th>The implication on poor women’s micropreneurship</th>
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<tbody>
<tr>
<td>“The local government headquarter far away from my village” (Adaeze)</td>
<td>Government support, banks, credit are out of their reach</td>
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<td>“The government neglect the poor. We lack most of the opportunities people in the city have” (Nwakaego)</td>
<td>Poor information</td>
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<tr>
<td>“Life in the village is very hard with little or no help from the Government” (Favour)</td>
<td>Cannot rely on formal institution</td>
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<td>“I have heard about MF Bank situated at the local Headquarter, I don’t believe they are genuine” (Chika)</td>
<td>Lack of market participation</td>
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<td>“There is little or no electricity supply, no library and equipment such as TV is not within the reach of the poor. We hardly hear information. They (local government, banks, microfinance) are far away from the poor especially illiterate women in the village” (Ngozi)</td>
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<td>“The bank does not come to our village to inform villager nor to the market where we do our businesses […] during an outbreak of bird flu and other chicken diseases as my birds could contact it and that will mean I will make huge loss […] I wish microfinance has Insurance services like their counterpart in the city” (Nkechi)</td>
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<td>“There is no bank in my village. Besides I do not want the bank to dupe my money and, it is those that went to school that bank is meant for as illiterate like me cannot manage with all the paper work that may be required” (Mary)</td>
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<td>“Microfinance is for the rich as their requirement is not what the poor can afford. I cannot read or write well, have no financial skills, family commitment plus I have no land to use as a surety; and the ability to repay the loan when the market is bad” (Obioma)</td>
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<td>“Poor infrastructure like market” (Oluchi)</td>
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and what one of our respondents described as “a good wife”. At the same time of running micro businesses, they complete household chores and traditional family responsibilities as wives and mothers, performing their household duties as family obligations.

In patriarchal rural Africa, women are often excluded from property rights, security, education and resources. Mary said, “I don’t have asset such as land to use as surety, I did not go to school and so I cannot read or write”. They are restricted in mobility. As Adaeze told us, “My role as a mother and a breadwinner hinders me from travelling often for business”. They had to cope with a variety of difficulties caused by formal institutional voids and cultural restrictions in this patriarchal rural society by turning inwards to family and increase their family embeddedness (Jack and Anderson, 2002). Table V explains how

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<tr>
<td>“Without my business, I will not be able to carry out my role as a wife, mother and daughter as culture demands” (Ngozi)</td>
<td>The family, associated responsibility and expectations is an institutionalised artefact</td>
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<tr>
<td>“This retail business so as to provide for my household and carry out my role in the home as a wife, mother, grandmother and daughter to my parents. According to our tradition, my husband is the head of the home […] It is safer I leave it and manage with him than to be without a husband. It is shameful and a big stigma to be abandoned in my village” (Nwakaego)</td>
<td>The importance of being “a good wife”</td>
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<td>“I am the boss but when it comes to big decisions I consult my husband as tradition permits” (Ebere)</td>
<td>Restricted to travel to other villages selling their goods</td>
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<td>“My role as a mother and wife means I hardly have time to travel far in search of credit […] rural women do not have land. Most of us are illiterate” (Chika)</td>
<td>Family institutional pressure constraints for micro businesses</td>
</tr>
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<td>“It is my responsibility in my home looking after my children and caring for them. It is very challenging as I have to also run my business where I generate the income to support them […] I have to do this business so as to pay for my children school fees which is very important to me as I want my children to have better education than I had” (Favour)</td>
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<td>“Most times I go to the market very late or I don’t go at all due to child care whereas for a man is a different story as this kind of roles are not meant for men but women” (Chinyere)</td>
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<tr>
<td>“My role as a mother and breadwinner hinders me from travelling often for business” (Adaeze)</td>
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<td>“I cannot travel far on business” (Favour)</td>
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<td>“My husband refused me to travel to a far village to sell my goods when market was dull in our own local market. I was not happy but what will I do? Nothing! My husband is my head according to the Bible and our tradition” (Chika)</td>
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<td>“I have to consult my husband with big decisions, as that is how it is done. If my husband declines, I will not go further as I don’t want to be seen as bad wife” (Ogomena)</td>
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<td>“We are struggling to make ends meet and I felt that if I had been a man I would have loved to try (business that will yield more profit) but I could not do otherwise” (Mary)</td>
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<td>“I have experienced disapproval from my husband when he refused me to supply a particular dealer on credit and I obeyed. I have to respect his decision as my tradition allows” (Kelechi)</td>
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<tr>
<td>“I am expected to be submissive to my husband and husband’s brother. And that means before I could do certain things like going to borrow money from microfinance” (Nuenna)</td>
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Table V.
Cultural demands where family represents an institution
poor women-led micro-entrepreneurship is constrained at the cross roads of gender, family, patriarchy, traditions and culture – the informal institutions.

Table V shows the influence of informal institutions and how it impinges upon their entrepreneurial activities and practices. When confronted with a husband’s rejection, respondents explain they do not want to bring shames to themselves and to the family. They emphasised the importance of being a good wife. Ogonna told us, “When it comes to big decision, yes, I have to consult my husband as that is how it is done. If my husband declines, I will not go further as I don’t want to be seen as bad wife”. Ogonna is a widow and had this to say, “I had to seek for approval from my husband’s brother since my husband is late. Had he disapproved it I would not have been able to go ahead or face family rejection and consequences”. They need to adhere to culturally imposed regulation in order to be accepted by the society (Essers and Benschop, 2007). The informal institution of family associated with patriarchy sets out the rules and practices of women micro entrepreneurial activities.

The respondents explained how family institutional pressure represents a set of constraints, yet the micro enterprises provide the family with much needed cash for a livelihood. This is a significant and often sufficient achievement. They are content with “small” things. Nkechi reports, “My health is okay now, although my children and I suffered serious typhoid fever last year due to poor drinking water in the village. The family does not suffer any long term illness. All thanks to God for that”.

At the same time, they aspire to change. Their long-term goal is to escape poverty and hardship through micropreneuring. Ngozi sees her family’s way out of poverty through children’s education, “I do this business in order to further our children’s education so that they will have a better education than us, come out of poverty and earn respect in the community”. Nnenna shares the same long-term goal, “I tried to continue their (children’s) education after the death of my husband even though that has meant I don’t rest in order to raise their school fees. It is our only option for survival, improve my children welfare like investing in their education so as to come out of poverty one day”.

Discussion
Analysis shows that rural African women micropreneurs use their limited resources to provide basic needs to the family. They bear a double burden of domestic responsibilities and full time micro entrepreneurial activities (Khavul et al., 2009). The primary objective of micro-entrepreneurship is “to survive”, “putting food on the table” and “paying school fees”, not business growth. Family is both means and ends. Micro businesses operate within the family (Welsh et al., 2003), helped by family for resources, start-up money, unpaid family labour, supply of goods and information. Both consumption and production take place in the family. The paper provides an alternative theoretical perspective for family business, arguing that in the context of rural poverty and limited resources, the family and business can and should be seen as a social-economic entity.

This emphasises the absence of formal institutions in the context of poor rural Africa. Women micropreneurs cannot rely on government support; moreover, market, financial services and other formal institutional arrangements are out of their reach. They turn to family as an institutionalised artefact, and their micro entrepreneurial activities are subject to the norms of this institution. Women micropreneurs conform to their female and family role expectations as a “good wife”. This informal institution influences possibilities for rural women about livelihood strategies and in how they operate businesses. The institutional context influences everything from social expectations to access to resources (Webb et al., 2015). It is rooted in the tradition and culture. Indeed, in many African countries, women are “legal minors […] (and) regarded as subordinate to men” (Woldie and Adersua, 2004). The institution of family and associated culture enables a livelihood; at the same time, it constraints their
micro-entrepreneurship and the possibilities of transformation. They all work extremely long hours; their business types, years of experience, basic skills, may vary, but the entrepreneurial goal in the long run is to be “free from poverty”, and that their children will be “educated and become great in future”.

Conclusion
There is evidence that micro enterprises in poor countries are not well explained by conventional, especially economic, theories (Bruton et al., 2013; Kantor, 2002). This study has attempted to synthesise the literatures of family, women-led micro enterprises, poverty and institution, and relate them to what has been observed in poor rural Africa. Our paper has explained how female-led micro-enterprise practice in conditions of poverty. Family is both consumption and production unit. Importantly, formal institutions are out of their reach, they actively engage in the traditions, culture and the informal institutional context, but especially family, to develop the micro businesses. The institutions constrain and enable poor micropreneurs to generate income for themselves and for their family; the ultimate goal is family change, and to make things better tomorrow. They may prefer options that create future family benefit (out of poverty) over those that maximise returns in the present, but are grounded in the immediacy of securing enough to eat.

Whilst entrepreneurship is celebrated as a much lauded mechanism for economic and social change, poor rural micropreneurs are committed to “opportunities” that respond to vulnerability, uncertainty and experienced “realities”. Their modest entrepreneurship aspiration is a transformation of existing realities into better alternatives, through effectual actions (Sarasvathy, 2001). The study demonstrates how change through familiness may reshape and remake their institutional environment. However, this study is based on a small sample of rural women entrepreneurs in South-East Nigeria. The findings may be generalisable to similar contexts with poor resources and offer some theoretical explanations. Arguably, further application and interpretation should be carried out taking full account of how context shapes the practices of entrepreneurship.

Implication for policy and practice
This study offers explanations about the fundamental influence of informal institutions (family and culture) on poor women-led entrepreneurial activities. It also signals how any proposed support for poor women and business must take account of the centrality of family in their micro enterprises. This is an important finding for policy. Without accounting for the centrality of family as units of both production and consumption, aid may be inappropriately directed. Nonetheless, our findings reveal that despite the fact that female micropreneurs play a major welfare role, they lack outside support.

Theoretically, the findings of this study suggest that family and business, in the context of poor rural Africa, should be seen as a single socio-economic entity, where family and business are a holistic unit. This differs from a western view portrayed in the family business literature which often presents the family as a resource, or the business as a resource for the family. As a result, the study contributes to understanding the importance of context for theorising entrepreneurship and points out that theory developed for use in family business in the developed regions may not be suitable for use in the developing economies like Nigeria.

Note
1. Abject poverty is defined for single-person, four-person and six-person household units as annual income of N359160 (US$983), N939510 (US$2,572) and N1427880 (US$3,909), respectively (Chukwu, 2012).
References


**Further reading**


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Nonfamily knowledge during family business succession: a cultural understanding

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Abstract
Purpose – Knowledge transfer plays a key role in the succession process. While much attention has been given to the passing of business knowledge form incumbent to successor, less is known about the use of nonfamily knowledge during this most crucial of family business events. The purpose of this paper is to look how knowledge from nonfamily employees is treated at times of succession. Importantly, it considers how the controlling family’s cultural background may influence nonfamily knowledge use, and subsequent implications for the succession process.

Design/methodology/approach – An exploratory comparative case study design is adopted in order to uncover the complex social and cultural dynamics around knowledge use. Four case studies are presented from family businesses of different, and contrasting, cultural origins. Data were collected using semi-structured interviews, observations and formal secondary data from the organisations, all of whom operate in the UK.

Findings – Findings reveal a complex picture, part influenced by the cultural dynamics of the family and part by business necessity. Specifically, power–distance appears as an informative cultural dimension, influencing how knowledge is used and nonfamily are perceived. While some family businesses privilege the knowledge from family, others see the need to build knowledge relationships more broadly.

Originality/value – This paper provides further evidence to the heterogeneity of family businesses. It moves beyond a processual explanation of succession to develop a more contextually aware understanding of the dynamics and sensitivities involved.

Keywords Family business, Succession, Knowledge transfer, Ethnic groups

Paper type Research paper

Introduction
Succession represents the most challenging time in the life of a family business, in terms of both business dilemmas and personal expectations. According to Brockhaus (2004), succession is a particularly complex process due to the number of difficult decisions made in order to ensure the business survives from generation to generation. As such, succession has dominated the minds of family business researchers in an attempt to build a robust understanding on the intricacies and nuanced perspectives of a multi-generational and passion-laden event in business development (Short et al., 2016). A triumphant “passing of the leadership baton from founder–owner to successor” (Handler, 1994, p. 134) is continually linked to the future performance of the firm and its continued viability in the eyes of various, and often contradictory, stakeholder positions (Le Breton-Miller et al., 2004).

A key implication of succession is the passing of knowledge from incumbent to successor (Cabrera-Suárez et al., 2001), the wisdom and intimate understanding of business functions must be shared to make transfer of power possible (Steier and Miller, 2010). This becomes particularly important in smaller businesses, where knowledge can be considered their single
key resource (Desouza and Awazu, 2006). However, small firms, due to their nature, typically
hold knowledge in one or a few persons, which must be combined through socialised
interaction in order to become a resource with strategic implications (Sirmon and Hitt, 2003).
In this regard, family businesses may have the advantage of reciprocal and tightly trusting
relationships, where tacit knowledge of the firm can flow easily (Lin, 2013). However, many
studies have also noted meaningful heterogeneity in the ways in which family businesses
approach the sharing of knowledge (Cunningham et al., 2016): contrasting those which
build a social base throughout the firm with interdependence and experiential interaction
(Pearson et al., 2008), with firms where knowledge is centralised, even shielded to input
beyond the entrenched position of the family-based leader (Le Breton-Miller and Miller, 2006).
This paper looks to provide one form of explanation to the heterogeneous approaches to
succession knowledge, by considering the controlling family’s cultural background.

Inspiration is taken from a recent move in the broader entrepreneurship literature to
consider contextual dynamics in entrepreneurial behaviour (Welter, 2011). Specifically, this
study follows Danes et al. (2008) and looks to ethnic culture of the controlling family as an
explanatory dimension in how knowledge is perceived at times of succession. Issues of
cultural background take on an added significance when it comes to family business, as the
values and beliefs of the family dominate business behaviour and decision making
(Basu, 2004). While much has been said on the succession process, many works attempt to
impose structured universalistic notions of staged approaches and intentions—normally
form a westernised perspective (Daspit et al., 2016). While this body of work has made great
progress in identifying the processes of succession (Nordqvist et al., 2013), this study moves
beyond such an approach to explore the more nuanced psychological and emotional
differences among family businesses (Filser et al., 2013; Gagné et al., 2014). By accessing the
cultural background of the controlling family, the study uncovers a complexity of issues
around familial expectations, succession intentions and the perceptions of nonfamily
stakeholders. The study asks the question: does cultural background impact on the way
nonfamily knowledge is used at times of succession?

The key contributions of this paper are two-fold. First, by focussing specifically on the use
of knowledge from various stakeholder groups, the study addresses Bracci and Vagnoni’s
(2011) concern that such a crucial component is often neglected in more generalised
discussions of succession processes; thus, casting further light on more micro-level aspects of
the succession event. Second, by considering the influence of cultural context on the family,
and, therefore, the family business’s approach to knowledge use, this paper is able to uncover
some of the more emotionally intricate drivers of family business behaviour. As such, the
qualitative case study-based approach addresses some of the broader calls for more depth of
understanding on family business behaviours and perceptions (Fletcher et al., 2016).

**Literature review**

**Stakeholder knowledge in succession**

While succession has a long and robust history in the family business literature, an
increasing numbers of studies have started to turn their attention to the use of knowledge as
an under acknowledged, though ultimately crucial, element in the succession process
(Bracci and Vagnoni, 2011). As part of this movement, Mazzola et al. (2008) suggest that
stakeholders, and in particular nonfamily stakeholders, play a vital role in the transfer of
knowledge to bourgeoning successors.

Seminal writers in the knowledge management sphere (e.g. Grant (1996) and Szulanski
(1996)) have continually emphasised the complexity of transferring both tacit and explicit
knowledge between management and stakeholders in a firm. Towards the goal of building a
commonly-held knowledge in the firm, Grant (1996) indicates that the transfer of tacit
knowledge from one employee to another can be very problematic, with Szulanski (1996)
suggesting that a recipient’s ability to absorb information is a fundamentally limiting factor. Much of this work has focused on the context of large organizations, where availability of resources make possible the development of knowledge management systems seeking to enhance the transfer of knowledge from one unit to another, along with mechanisms to smoothen the processes (Ghoshal and Bartlett, 1990; Nonaka and Takeuchi, 1995). However, far less attention has been paid to knowledge use in smaller firms (Nunes et al., 2006), where greater restrictions on resources mean knowledge flows are less systematic and more rooted in the social relationships of the firm (Dotsika and Patrick, 2013; Durst and Edvardsson, 2012).

A more informal approach to knowledge use, in lieu of systematic management systems (McAdam and Reid, 2001), would seem particularly relevant for small family firms, where sharing networks and relationship complexities inform day-to-day behaviors (Lin, 2013; Pieper and Klein, 2007). To understand the implications of these complexities more clearly, Le Breton-Miller et al. (2004) point to succession as a focal event in which knowledge, and the flow of knowledge from incumbent to successor, becomes intensely sensitive to the social and cultural dynamics of the family business. Their model displays several ways in which the successor can be nurtured and developed in an attempt to promote prosperous succession, implying that in family businesses knowledge transfer from incumbent to successor usually begins in the home sphere and subtly builds over a protracted period of time. Cadieux (2007) also supports the key concern for incumbents of how to transfer their knowledge and networks to their replacement, explaining that many predecessors stay around the business long after succession has taken place to achieve this, positing knowledge transfer as a dyadic exchange between incumbent and successor.

However, other works advise that knowledge can come from other areas in the organization, and is not necessarily family confined. Cunningham et al. (2017) suggest that there are multiple ways for a family business to approach knowledge. Mazzola et al. (2008) added to the academic discussion, suggesting a strategic planning phase to support a successful succession. Like Cabrera-Suárez et al. (2001), the authors place weight on the ability of the family business as an organization to effectively design the transfer knowledge and skills to the successor, supporting the suggestion that a shared vision is developed by incumbent, successor and internal stakeholders to aid in the transfer of key knowledge to the successor. Thus, supporting Royer et al.’s (2008) argument on the need for strong relationships amongst all employees to allow learning from the internal base of business-level knowledge. A point not lost on Cabrera-Suárez (2005) and Venter et al. (2005) when they discuss the role of nonfamily perception in relation to a successor’s credibility and legitimacy.

While there has been significant research of the factors facilitating succession (e.g., works on mentoring and the development of interpersonal skills (Distelberg and Schwarz, 2015; Chrisman et al., 1998)), this is often through a prism of successor choice and career intentions of offspring (Zellweger et al., 2011). At times, the successor’s will to engage with the incumbent is brought to the fore (Sharma et al., 2001; Venter et al., 2005), while others consider generational differences in business approach (De Pontet et al., 2007). Only recently have the relational elements beyond individualistic expectations of incumbent and potential successor come into focus. For instance, Hatak and Roessl (2015) focus on relational competence and the importance of initiating and maintaining relationships throughout the business. This work seeks to further this understanding by focussing on knowledge-based theory and strategic development at the business-level, rather than at the individual (Cabrera-Suárez et al., 2001).

As part of the turn to present a more holistic view of knowledge use at times of succession, Daspit et al. (2016) assemble a social exchange perspective of succession in order to encompass a “multiphase” and “multistakeholder” approach, capable of dealing with various emotional and motivational implications (Long and Chrisman, 2014). Their review highlights that the vast
majority of succession models align with Le Breton-Miller et al.’s (2004) phased approach, with
social exchanges vital in all phases of the process. By adopting a social exchange perspective,
knowledge is considered a resource exchanged through a generalised social interaction
(Cropanzano and Mitchell, 2005), often influenced by ideas of altruism and stewardship (Davis
et al., 2010; Schulze et al., 2001). Daspit et al. (2016) imply the context of the business can thus
take on important meaning in terms of how knowledge is treated. However, our understanding
of the succession event may not take into account the full contextual picture of social
interactions, as much of the attention is given to a dyadic exchange between incumbent and
successor. This study addresses this weakness by focussing on the use of knowledge from
both within the incumbent/successor dyad, and out with, in terms of exchange with nonfamily
stakeholders. The article pays particular attention to the importance of context as an
informative factor on how social knowledge exchanges operate in the family firm. Specifically,
the cultural background of the controlling family is used as a contextual reference point in
building a cultural perspective on knowledge use at times of succession.

Cultural approaches to succession knowledge
For sometime now, family business researchers have understood the importance of cultural
context in exploring business behaviours, with strong calls for greater cross-cultural
understanding to ensure any theory development if not “culturally bound” (Dyer and
Sánchez, 1998). The result is that we now have many studies to compare and contrast family
business behaviours across various national boundaries. For example, Corbetta and
Montenerlo (1999), find family firms in Italy to carefully plan family succession, in an
environment often closed to “outsiders”. While Tatoglu et al. (2008) see incumbents in
Turkey dominating much of the succession discussion, and retaining control over
knowledge use, with an outcome favouring the male “heir apparent” (Martin, 2001). Issues
such as birth order (the persistence of primogeniture in both developed and developing
worlds (Gilding et al., 2015)), perceptions on the importance of education and approaches to
gender are all found to be directly informed by the cultural context of the family business
(Sharma and Rao, 2000). While environments change, and attitudes towards succession
necessarily adapt, cultural differences still account for much of the variation found in family
business behaviour (Sharma and Chua, 2013). Long and Mathews (2011) suggest that such
culturally embedded attitudes will have particular impact on the generalised knowledge
exchanges to and from nonfamily elements of the business, with knowledge routes often
constrained by the religious and ethnic modal codes of family background (Janjuha-Jivraj
and Woods, 2002). It is, therefore, important that any study of knowledge use during
succession takes such cultural difference into account.

In order to investigate knowledge use during succession from a cultural perspective,
this study adopts the much-utilised framework of Hofstede (1980, 2001), which articulates
various cultural dimensions through which individuals may approach problems, such as
knowledge use at times of succession. Though this framework and archetypal frameworks on culture in general are heavily criticised for imposing overly simplified definitions on what is a complex and multi-faceted social construction (Fougère and
Moulettes, 2007; McSweeney, 2002; Shaiq et al., 2011), it remains well-referenced in the
family business literature as a useful guiding framework to discussions on variations in
cultural approach (Denison et al., 2004; Sharma, 2004; Vera and Dean, 2005; Yan and
Sorenson, 2006). In this study, the intention is not to apply Hofstede’s cultural dimensions
as a way to define one culture relative to another, but instead only to gain a comparable
understanding on some of the social norms evident in family business decision making.
Thus, rather than assuming a set cultural definition on the background of the controlling
family, the members of the business have themselves been asked to interpret the cultural dimensions of their organisation.
A crucial aspect, which sets this work aside from others considering cultural context, is that it looks to businesses with differing cultural family background, but who are trading in the same operating environment. While the common institutional framework of the UK offers a steady economic and political setting, the four cases presented involve controlling families from differing cultural backgrounds. In this way, the work investigates issues of cultural and ethnic embeddedness in the family business (Granovetter, 1985; Kloosterman et al., 1999). With ethnic minority businesses, heightened meaning is often ascribed to internal cultural and familial dynamics as a reaction to the "outside" institutional forces (Adendorff and Halkias, 2014). The willingness of firms to reject parochial interests when in contrasting environments is often pulled into question (Ram and Jones, 2008), thus the cultural influences are more explicated and therefore clearer to investigate in terms of their implications for knowledge use during succession.

Methodology
An exploratory comparative case study approach is adopted, providing a depth of understanding to allow for the emotional complexity of succession to surface. Case study research involves multiple sources of evidence collected within the workplace and can explore both current issues in the business or, importantly, historical influences (Jankowicz, 2005). Yin (2014) proposes that case studies provide in-depth insight, particularly when focussed around a certain phenomenon. In this paper, multiple sources of evidence (e.g. interviews, documentation and participant observation) are used to interpret the use of nonfamily knowledge during the succession event. Multiple cases are used in order to contrast and compare succession in family businesses from different cultural backgrounds.

Sample
Four cases of post-succession family-owned SMEs were selected, where the business had recently been through a family succession process. The sample is from the UK, which controls for the specificities of operating environment and allows isolation of the influence of cultural background of in controlling family. Eisenhardt (1989) suggests that fewer case studies allow for greater depth of interpretation and exploration of the themes. While limited in terms of generalisability, this allows the analysis to investigate the often-tacit influence of cultural background on the emotions and behaviours of the business.

From this point onwards, family-controlled SMEs of the sample are referred to as cases associated with the cultural background of the family. Nonprobability sampling (Cooper and Schindler, 2014) often used in conducting case study approaches, allowed for the purposeful sampling of four UK-based businesses from distinct cultural backgrounds. The intention is to present cases representing cultural backgrounds considered to be disparate, broadly along lines of Hofstede’s (1980) cultural dimensions. As such, a form of theoretical sampling was used in order to identify suitable cases to satisfy the variety of cultural backgrounds required. The final sample contains cases from the Middle East, Far East, Asia and Europe. The details of the four cases are presented in Table I.

<table>
<thead>
<tr>
<th>Time since succession (Years)</th>
<th>Number of employees</th>
<th>Industry</th>
<th>Family origin</th>
</tr>
</thead>
<tbody>
<tr>
<td>AUT</td>
<td>5</td>
<td>32 (5)</td>
<td>Automobile repair</td>
</tr>
<tr>
<td>RST</td>
<td>4</td>
<td>12 (4)</td>
<td>Restaurant</td>
</tr>
<tr>
<td>NWS</td>
<td>9</td>
<td>107 (5)</td>
<td>News and media</td>
</tr>
<tr>
<td>SPR</td>
<td>1</td>
<td>7 (5)</td>
<td>Automobile spare parts</td>
</tr>
</tbody>
</table>

Table I. Case study organisations
Participants
In each of the cases, participants included both, the successor, the predecessor (father and son in all cases) and at least one other key nonfamily employee of the business. Such breadth of participant perspective allows the work to uncover the multiple issues and emotions of the process, building a more robust picture than when considering the successor/incumbent alone. Such a holistic approach is a key strength of this paper, and addresses many concerns in the family business literature of an over emphasis on controlling family stakeholders, to the neglect of nonfamily (Xi et al., 2014). This led to a total of 14 interviews, with at least three informing each case. All participants were assured that their data were treated with the utmost confidentiality at all stages of the research and that all information is anonymised. After the interviews, a short summary of the findings was prepared and verified by the participants to strengthen reliability. Participants were only provided with the summary of their own interview, not the entire case of their particular business.

Relevant details of participating individuals from their respective family-controlled SMEs are outlined in Table II.

Data collection
De Massis and Kotlar (2014) advise that the main potential of a case study approach can be achieved via the collection and integration of data collected via multiple means—as opposed to qualitative data analyses alone. For this research; semi-structured interviews, participant observations and documentary secondary data from the organisations were analysed to develop cases. Primary data collection took place during late 2016 and early 2017 over a period of three months.

Before each qualitative interview took place, the participant was presented with an information sheet providing the necessary details surrounding the research, the opportunity to raise any concerns they might have and to give their consent. Most interviews took place at the business location; however, three participants chose to talk at a nearby coffee shop. During each interview, only the researcher and the participant were present.

As part of this analysis, and in order to access the implications of each case’s cultural background, an iterative process of reflection on cultural dimensions took place. Key participants—successor and at least one employee—were presented with Hofstede’s (1980) four main dimensions of culture and asked to score their organisations along each dimension on a range of 1–5 (individualism-collectivism; power distance low–high; uncertainty avoidance low–high; and masculinity-femininity). However, in order to avoid self-completion bias, and also to engage with the participant in more depth, each individual was asked to explain their scoring. This part of the analysis is in no way intended to provide quantified and definitive conclusions on cultural background, but is instead used to prompt reflection and offer a useful frame within which to discuss cultural implications. Any scoring presented in the analysis represents aggregate scores using successor, employee and observation data.

<table>
<thead>
<tr>
<th>Company reference</th>
<th>Interviewee 1</th>
<th>Interviewee 2</th>
<th>Interviewee 3</th>
<th>Interviewee 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>AUT</td>
<td>Successor (SSR1)</td>
<td>Predecessor (PDS1)</td>
<td>Nonfamily manager (MGR1)</td>
<td>Nonfamily mechanic (MHN1)</td>
</tr>
<tr>
<td>RST</td>
<td>Successor (SSR2)</td>
<td>Predecessor (PDS2)</td>
<td>Nonfamily manager (MGR2)</td>
<td>Nonfamily editor (EDR3)</td>
</tr>
<tr>
<td>NWS</td>
<td>Successor (SSR3)</td>
<td>Predecessor (PDS3)</td>
<td>Nonfamily finance director (FDR3)</td>
<td>Nonfamily finance director (FDR3)</td>
</tr>
<tr>
<td>SPR</td>
<td>Successor (SSR4)</td>
<td>Predecessor (PDS4)</td>
<td>Nonfamily manager (MGR4)</td>
<td>Nonfamily editor (EDR3)</td>
</tr>
</tbody>
</table>

Table II. Participants
Secondary documentary evidence from the organisations compliments the primary data, and is used in conjunction with the interviews and researcher observations to produce each case study. Analysis looks to integrate the combined sources of data and consider the emergence of themes and patterns within and between the cases (Braun and Clarke, 2006). The four case studies are presented separately, with an integrating discussion to address the key findings of the work and pull out the main themes found in the data. A summary of the key findings is also provided in Table III.

Case study findings

Case 1—United Arab Emirates

AUT is a family-owned automobile repair business, the founder originally migrated to the UK from the UAE in early 1990s and started the business in 1995 in London. In total, 32 employees currently work in the business, including 5 family members. It was the intention of the founder, from an early point, that his son would take over the business and for that reason the eventual successor was immediately involved in the organisation from an early age, and was sent to college to be trained as an MOT tester as well as getting further qualifications in the automobile industry.

As a result, the successor son was involved in the business from sometime, working alongside his father in addition to gaining experience in every area of the business over the course of years. In such a sense, the succession process took place over the entirety of the son and father working together. A nonfamily mechanic suggests that employees “love to work with him [son successor] because he works alongside them” (MHN1), indicating that a closeness between employees and successor is important. A managerial-level nonfamily employee mentioned that it was not unexpected when succession happened, as they had seen him working with them and they fully accepted that one day the son would take charge of the business.

It was also recognised by the founder that although employees were not involved in the process and discussions around succession, if the majority of employees would have responded negatively it could have been an immensely stressful scenario and the business would have suffered significantly.

Cultural dimensions were found to be in favour of collectivism, and employees supported this as they believed that owners listened to their ideas and had a say in decision making, a notion reinforced by the successor-son also. There was minimal power–distance, believed to be driven by the nature of the business, it was highlighted by employees and family that taking uncertain risk could be catastrophic—so avenues of communication to family were important. This was an approach rationalised by the founder in that “to survive in any business, one needs to have open communication and you need to take care of each other. […] everyone in a business plays an essential role but sometimes you reach a point that you cannot make everyone happy, you have to say no to people, but they understand it, mostly” (PDS1).

Case 2—China

RST is a family-owned Chinese restaurant founded in 2003, the same year in which the family immigrated to the UK from China. Initially started by the founder, with his wife and brother as employees, the restaurant now has 12 employees. In 2014, the founder handed over the business to his eldest son and withdrew from the business to start another separate independent restaurant in a nearby town. The eldest son successor did not move with the family to the UK, but joined them later in 2013 to begin working in the restaurant.

Although the founder’s eldest child was his daughter, with a university degree in management, according to the successor (SSR2) their culture meant “it [was] obvious that eldest son would one take the place of the father, so it was not a surprise for the people who
Successor qualified as an MOT tester in addition to attending college for automobile mechanic courses. “I worked alongside my dad, managers at each location and with mechanics” (SRI1).

As the family successor was groomed to take over the business, the reaction from the employees was not unexpected or negative at all. “We love to work with him because he [already] works with us” (MN1). The founder claims, “in our culture, it is obvious that eldest son would take the place of the father, so it was not a surprise for the employees” (PDS2), aligning with the view of all participants for this organisation. Reaction from the employees was not unexpected or in any way negative.

According to all participants, most employees knew from that succession would take, and had an expectation of it. “I thought it would be the younger son because […] he used to show more curiosity.” (EDR3). Nonfamily knowledge held in high regard. “We have over hundred people working here, and I cannot practically know everything they know, and I have to rely on their knowledge” (SR3).

Within family, succession occurred due to there being no other willing alternatives from nonfamily.

Both founder and successor acknowledge that nonfamily knowledge is an asset. To the extent of a fearful reliance on one specific nonfamily employee in particular.
worked there”. This notion was reinforced by the nonfamily manager also. The reaction from the employees was minimal, as the eventual successor started working in the business a year before succession, all in the organisation knew and accepted that he was being groomed for succession.

The founder suggests involvement of nonfamily in decision making processes is negligible, and it was acknowledged by both controlling family and employees that, though the business needed them, if something were to arise nonfamily could easily be replaced by someone else. In this sense, the business operated with a more individualistic culture, rather than collective—particularly based on the individual control and drive of the founder. Employees were not encouraged to take initiative or to involve themselves in advising management. The controlling family believe that broader knowledge use is not necessary, due to the stable nature of the industry.

Case 3—Pakistan
NWS is a third-generation family business. The current owner’s grandfather started the company in early 1970s when he moved to the UK from Pakistan, before passing it over to his son in 1992, who done the same to pass on to the current owner in 2006. With over 100 current employees, NWS is the largest of the four cases presented, and has 5 family members including a brother, sister and two uncles of the owner. A graduate of Bachelors and Masters level education (reading an industry-specific discipline), this attention to learning was highlighted by the owner’s father and predecessor, “I wanted my son to learn about the business from the business and about the overall industry from his education” (PDS3). He further suggests that this was not just his wish, but also a specific interest of his son when he started to show interest in the business.

Most nonfamily employees accepted that succession would happen within the family, only unsure whether it would be the elder son or the younger to take over, so when succession took place there were no surprises for the rest of the organisation. One high-level nonfamily employee mentioned that he “thought it would be the younger son because when he used to come to work with his father and brother he used to show more curiosity and interest in things, but we loved both of them equally as we saw them growing up in front of us, so we were happy for the transition” (EDR3). To support knowledge transfer among all organisational members, NWS adopts an online system where employee and company data are stored and shared with relevant internal members. This system is also said to have aided the succession process, as the successor did not have go through people to find relevant information.

Distance between the employees and management is believed to be minimal, with employees involved in all major decisions. Family management is in favour of employees taking initiative in proposing and attempting innovative practices. Both, predecessor and successor recognised the value, stake and influence nonfamily employees had in the business and they both agreed that if the employees were not heard the business would suffer massively. They also highlighted that if the employees were to hold grievance with any part of the succession process, even choice of successor, it could have significantly impacted on the business.

Case 4—UK
SPR is an automobile parts supplier and distributor. This case provides a family of UK background to contrast the ethnic minority backgrounds of previous cases. The company was started in the early 2000s and succession took place in 2016. From the beginning the business was dominated by family members, with only two out of seven current employees nonfamily. Yet it is believed that nonfamily members have a strong role to play in running the business. Succession occurred when the founder was diagnosed with a long-term illness
and no one, family or nonfamily, aside from his son, was willing to take over. A nonfamily manager in the business explained, “I know this business inside out [...] I do not want myself to engage in the running of the business, which I had to do briefly, when he (son successor) stepped up it was a relief for me” (MGR4). Since succession, the business is run by the founder’s son, his partner, and three other siblings working in the business.

The recent successor to the business points to the importance of the previously mentioned nonfamily manager, claiming that “he (nonfamily manager) is one of the most technical people in the business, without him we would lose a lot, we are still learning from him [...] if he quits, we might not close down but definitely slowdown” (SSR4).

To gain experience and knowledge, and in a way to compensate for his reliance on other nonfamily employees, the successor purposefully attended university to gain a management degree. While studying, he also acted as an intern at the business, to strengthen his understanding of academic knowledge in practice. This knowledge and involvement with the business afforded him the confidence to communicate with nonfamily stakeholders, in order to facilitate the transfer of further knowledge, more specific to the business. It seems that not only was there little power distance between the family and nonfamily employees here, but in many ways, there was deference towards the other employees, who he felt had greater business knowledge. This may be a symptom on the size of the organisations, but both current owner and predecessor noted an active encouragement of employees to share ideas or raise concerns to the benefit of the business’ operations.

Discussion and interpretation
Though all of the cases here liked to believe they were collectivist in nature, findings suggest that some of the cultural assumptions ingrained in the business dictated how this collective approach happens, or more accurately, who is considered important to be part of the collective. For instance, in case 2, there appears a collective approach while dealing with those external to the business: suppliers, customers, even competitors, but a far more distant approach when dealing with internal employees who were not of family relation. Much of this situation echoes previous research on the expectations of businesses from Chinese backgrounds to operate politically and embed in networks of organisations (Brautigam, 2003; Cong et al., 2017; Shi et al., 2015; Shi and Dana, 2013); however, this exchange from external knowledge sources may not translate to an internal knowledge socialisation.

This contrasts with case 3, where the largest of the organisational cases presented appears to involve knowledge from all employees at every stage of the succession process. Due to the size of the firm, the knowledge processes were systemised (following Nonaka and Takeuchi, 1995). Culturally, the participants in this case considered the organisation to hold a very low power–distance, thus, a route for knowledge transfer was expected, regardless of familial status—while in case 2 it is acknowledged that a high power–distance is purposefully maintained. However, this distance does not appear to be hierarchal alone, but aligned directly to familial relations. For instance, in case 2 participants recount a situation where two similar ideas to improve ordering systems are presented, one from nonfamily and the other from family. The recommendation of familial origin was the one taken forward. Suggesting a weight, or privilege, given to family knowledge over business knowledge in cultures based on greater power distance.

Those cases attempting to balance cultural dynamics imply that “material goals as well as relationships [are necessary], without one, the other is pointless” (SSR1)—pointing to Hofstede’s masculinity/femininity discussions. However, findings from case 3 suggest that, while a feminine relationship-based culture is the ideal (informed from their cultural heritage) and that “when you have that level of commitment from the employees you can have more trust in them” (PDS3), all in the organisation acknowledged that nonfamily were
good when needed, but at times of crisis, they became the most expendable. Perhaps suggesting that the cultural ideal can only hold when the business realities allow them to.

In those cases, with lower power–distance the need to “reach out” to all others in the organisation is made clear. Each of these successors looked to showcase their work ethic to the other employees, seeking some form of acceptance, or even respect (mirroring Hatak and Roessl’s (2015) notion of relational competence). In case 3, this is perhaps most clearly illustrated: “it is sometimes hard to be the son of the boss, you always find people that think that you got everything just because of your bloodline whereas it is not entirely true. I did a get an opportunity by being my father’s son, but I have worked in every area of the business from top to bottom” (SSR3). In case 2, which constructed a much higher power distance, and familial priority, the eventual successor only entered the organisation one-year prior to taking over as owner. However, due to the cultural dynamics informing the status and power of family, this does not impact on their ability to command legitimacy in the business.

The contrasting findings here begin to challenge the long-held suggestion that a fully committed successor is critically important in promoting a successful succession (Chrisman et al., 1998). For those businesses where cultural collectivism and more equitable levels of power relations are important, then a socialisation of a committed successor would indeed appear a prerequisite to knowledge acquisition; exemplified in case 3, where the eventual successor son was to learn “about the business from the business” and fully commit to the firm and its varied internal stakeholders so as to stave off any problematic grievance in his ascension. However, this is not the situation of case 2, and, it could be argued, is not the situation in case 4 where the son only takes on the business as a last resort. A committed successor may then be a product of specific cultural dynamics, rather than a structural necessity of succession success.

A final differentiating aspect of the cases presented is in approach to formalised and practical education. While each successor expressed that working in their family business had helped them acquiring knowledge which they later used in the business, some put greater emphasis on how this was achieved than others. In some cases, knowledge gained from and about the business seems to be coupled with presence and legitimisation of their place in the firm. As mentioned, in those cases where knowledge is not so centralised, respect of internal nonfamily stakeholders appears critical to acquiring business understanding. Whereas in other firms, more centralised around the family, it seems knowledge, formal or practical, is less relevant than the familial relationship with the founder/predecessor.

**Conclusion**

Moving focus away from a processual understanding of family business succession (Nordqvist et al., 2013) and towards a culturally sensitive and contextual approach to social exchange (Danes et al., 2008; Daspit et al., 2016) allows this study to contribute to the literature in two ways. First, the findings make it clear that use of knowledge from nonfamily stakeholders may not be as open and available to successors as theoretical approaches to knowledge sharing would hope for. Sensitivity around the role of nonfamily, and their more transient nature in the firm, means that their knowledge is valued highly, and careful consideration is given to how they react to and engage in the succession process. Sensitivity around nonfamily is also felt by the family successors themselves. This appears to be manifest in an acute awareness that family successors must “prove themselves” to nonfamily employees. However, the way in which this is perceived varies in the cases presented, from full engagement with nonfamily during each succession stage, to a more limited engagement based on conflict limitation and required information only.

Second, by viewing cases along cultural lines, the findings suggest a contextual explanation to the variety of approach to nonfamily at times of succession (Randerson et al., 2015).
The family is considered a vehicle for cultural values, which directly informs motives and decision making within the business (Seaman et al., 2015). From this assumption, the study sought to investigate the implications of a variety of cultural backgrounds, operating within a seemingly common institutional framework in the UK. The findings suggest that cultural norms can, and do, extend national boundaries to influence how succession is managed. In particular, nonfamily stakeholders are used and incorporated on very different terms when it comes to succession, with cultural background highlighted as an explanation, even justification, for the business approach. In this regard, it seems that the behaviours of family businesses are less informed by the structural setting, but more by the latent and socially constructed influences within the family’s intimate relationships. However, that is not to say that the family business must be defined by the family’s cultural background. Instead, the findings suggest that some aspects of cultural background impact more than others; therefore, it may be more the collision of cultural background with the institutional setting of the “host” country or industry, which generates a unique and asymmetrical approach (Javidan et al., 2006), thus contributing in some way to our understanding of cultural dimensions more generally.

It is clear that both predecessor and nonfamily knowledge represent equally important aspects of the succession process. However, the cultural background of the family influences how this knowledge exchange occurs. In particular, high power–distance (to borrow a Hofstede (1980) phrase) harvests a more divisive atmosphere, restricting specific sharing to the incumbent/successor dyad. In these more “power distant” cases, knowledge transmission only takes place when particular information is sought. In other cases, successors and predecessor were more adept at acquiring generalised knowledge from each other and the organisation more broadly. Thus, cultural background and inclination can directly impact on the learning options available through the succession process (Jaskiewicz et al., 2016).

There are a variety of mechanisms that a successor can use to facilitate generalised and restricted exchanges with internal nonfamily stakeholders, in aiding the succession process. While the use and goodwill of nonfamily employees emerges as a theme in each of the successions presented, the nature of this relationship seems to, again, be a product of power distance in the business. From the empirical evidence, it is clear that the most vital knowledge and experience for successors is gained during their nurturing and development, before the event of succession. While, engagement with nonfamily can help the successor embed themselves in the business and show a committed character (Le Breton-Miller et al., 2004), in firms where more power distance is evident, this aspect becomes less important.

**Limitations and future research**

This paper addresses calls from Daspit et al. (2016) to provide broader understanding of the social exchange relationships deemed crucial at times of family business succession. While much has been done to illuminate the role of nonfamily stakeholder knowledge, and the varying cultural approaches to it, the work cannot claim to have been comprehensive in its approach to cultural background, looking instead to provide in-depth insight on carefully selected cases. Future work may look to be more systematic in the cultural backgrounds investigated, in order to establish the commonalities and differences among cultural groups, or more ethnic understandings of family businesses dynamics.

Moreover, this paper intentionally focuses on socialised knowledge exchanges from nonfamily employees. However, the forms of knowledge applicable to the succession process are many and various. Future studies may look to consider the other, less categorical, sources of knowledge drawn upon by family business successor, such as the influence of peer groups, social relationships outside of the businesses and understandings from the narratives of business and entrepreneurship more generally. This may be particularly interesting for businesses such as those presented here, where there is a
meeting of two cultures: culture of the operating environment and culture of family background, with two potentially competing entrepreneurial narratives.

Finally, as with all case-based studies, the findings here are methodologically limited in their generalisability and cross-sectional nature. In particular, calls for more longitudinal studies are supported by this paper’s findings. Future research would do well to consider how the use of knowledge is developed through time, particularly as a key theme of this case data has shown succession knowledge to be passed from very early on in the founder-successor relationship. A further methodological consideration may be in sampling approach. The largest organisational case represented here demonstrates knowledge sharing to successor with relative ease, pointing to a strong knowledge management “system”, echoing a ghost of family business literature past—where emotional family is pitted against systematic professionalism. Future studies may look revisit the professionalisation argument in light of the role of cultural background. Evidence here would suggest larger family businesses benefit from systematic approach, perhaps overcoming the emotional and cultural baggage of family background as the organisation develops.

References


**Further reading**


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Where less is more: institutional voids and business families in Sub-Saharan Africa

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Abstract

Purpose – The purpose of this paper is to offer a conceptual interpretation of the role business families play in the institutional context of Sub-Saharan Africa, characterised by voids within the formal institutional setting. Responding to calls to take a holistic perspective of the institutional environment, we develop a conceptual model, showcasing the emergence of relational familial logics within business families that enable these enterprising organisations to navigate the political, economic and socio-cultural terrain of this institutional context.

Design/methodology/approach – The authors undertake a review of extant literature on institutional theory, institutional voids, family business and business families and examine the relevance of these theoretical constructs in relation to the institutional environment of Sub-Saharan Africa. The authors offer tentative propositions within our conceptualisation, which the authors discuss in an inductive fashion.

Findings – The review underlines the relevance of informal political, economic and socio-cultural institutions within the sub-Saharan context, within which the family as an institution drives business families engagement in institutional entrepreneurship. In doing so, the authors argue business families are best positioned to navigate the existing Sub-Saharan African institutional context. The authors underline the critical relevance of the embeddedness of social relationships that underpin relational familial logic within the sub-Saharan African collectivist socio-cultural system.

Originality/value – By challenging the assumptions that institutional voids are empty spaces devoid of institutions, the authors offer an alternative view that institutional voids are spaces where there exists a misalignment of formal and informal institutions. The authors argue that in such contexts within Sub-Saharan Africa, business families are best placed to harness their embeddedness within extended family and community for entrepreneurial activity. The authors argue that family and business logics may complement each other rather than compete. The discussions and propositions have implications for future research on business families and more inclusive forms of family organisations.

Keywords Institutional theory, Family firms, Sub-Saharan Africa, Institutions, Institutional voids

Introduction

Family business literature presents family businesses as a dominant form of organisations in both developed and developing economies (Carney, 2005; Khavul et al., 2009; Estrada-Robles et al., 2018). Further, researchers argue that family businesses contribute to job creation and wealth generation (Feltham et al., 2005) and they outperform non-family businesses (Villalonga and Amit, 2006). However, such scholarly work views family businesses through a narrow lens of the nuclear family influencing business operations (Sharma, 2004). This perspective neglects the topography of family business composition across different institutional spaces, in which extended family members’ involvement, brings into the business operation greater access to capital, expertise and information (Leaptrott, 2005). Such involvement may include an appreciation of informal entrepreneurial
activity at the family level. As a result, there is a need to refocus attention away from the contours of the “family business” to a more inclusive notion of “business family” which in turn can act as an “institution” with its own set of logics.

This paper seeks to extend the understanding of institutional influences on the entrepreneurial behaviours of business families, family businesses and family business groups (Seaman et al., 2017). More broadly, the paper also seeks to underline the critical importance of the social, political and cultural contexts in which entrepreneurial endeavours take place (Ansari et al., 2012; Bruton et al., 2010; Jennings et al., 2013; Scott, 1995, 2005; Vershinina et al., 2017; Zahra and Wright, 2011). Drawing on the extensive institutional literature (DiMaggio and Powell, 1983; Greenwood et al., 2014; Reay and Hinings, 2009; Scott, 2001), we extend understanding of institutional voids (Mair and Marti, 2009), beyond the traditional view of them as spaces where formal institutions are absent to encompass a wider recognition of these institutional spaces representing arena in which there may exist inherent misalignment between formal and informal institutions (Barrédy, 2016) and where informal institutions may in fact act as a dominant force. Moreover, departing the family business literature (Brundin and Wigren-Kristoferson, 2013; Chua et al., 1999; Sharma, 2004) which views family business as a solely formal business entity, where the focus is on how the family influences the business (Leaptrott, 2005) we develop a contextualised perspective focusing on enterprising business families in which business activity may exist informally. Such a focus can enrich understanding of the linkages between family entrepreneurship (Bettinelli et al., 2014; Randerson et al., 2015, 2016; Seaman et al., 2016) and manifestations of informality (Webb et al., 2013).

In this paper we develop a conceptual framework through which we can better understand the influence of both formal and informal institutional environments (Webb et al., 2013) on organisational structure, practices and behaviour of entrepreneurial businesses, specifically within the under-researched context of sub-Saharan Africa. Whilst there is an existing body of literature, which highlights how the existence of institutional support within developed world economies can facilitate entrepreneurial activities (Zahra and Wright, 2011), we focus our attention on developing economies where there is a relative dearth of scholarly attention on the nature of family businesses operating within institutional voids (Barrédy, 2016). To this end, this paper focuses on the hitherto under-researched Sub-Saharan African context that has been untapped by management and entrepreneurship scholars. Rather than the African continent being a “parochial dinosaur” (Boyacigiller and Adler, 1991), Africa presents a unique context (Zoogah et al., 2015) and in particular the Sub-Saharan context, that warrants scholars to investigate how the institutional environment impacts on organisational structures, practices and behaviours.

In contrast to the western world which is characterised by the existence of dominant formal institutions, the African continent has a much more diversified outlook characterised by a number of dominant logics that coexist including various formal and informal institutions. Existing research has demonstrated the competing nature of formal and informal logics (Reay and Hinings, 2009) from a predominantly western-based perspective in which formal institutions are dominant. However, there is clear scope to explore further the interplay between formal and informal logics within different institutional contexts. Therefore the core research question being addressed in this paper is:

RQ1. What role do business families play in the institutional environment in Sub-Saharan Africa?

Our contributions are threefold. First, we respond to calls for incorporating Sub-Saharan African insights into the academic context of management and enterprise literature (e.g. Bruton et al., 2015; Khavul et al., 2009; Zoogah et al., 2015; Zoogah and Nkomo, 2013). Second, our study shows that within the institutional context of Sub-Saharan Africa, by
focusing on the family rather than the business, we show that the family and business logics are not competing. Instead, they act in a complimentary fashion to enable business families to navigate the wider institutional context. Finally, from a policy and practitioner perspective, we call for greater recognition of specific institutional contexts, including those in which the formal may not exert dominance. Rather, there may exist a set of informal logics, which influence the ability of organisations to operate within a given institutional setting.

The rest of the paper is structured as follows. The next section outlines extant literature on institutional theory in general, highlighting the interplay of the political, economic and socio-cultural contours of the Sub-Saharan African institutional context with business families. We develop propositions and present a conceptual model which incorporates the complementing nature of how business families and their institutional logics in navigating the wider institutional context in Sub-Saharan Africa. We finally draw conclusions and discuss implications on research and practice within this line of enquiry.

Overview of institutional theory and institutional voids
This paper uses the neo-institutional theory, founded on the notion that organisations, groups and individuals, and their behaviours, are shaped by the institutional environments in which they are embedded (Scott, 2001). According to Scott (2001) such institutional environments comprise three pillars. The regulatory pillar involves formalised rules, laws and associated sanctions promoting certain behaviours and restricting others. The normative pillar refers to wider norms and values present in a society about what constitutes appropriate and acceptable behaviour. The cultural-cognitive pillar relates to how certain behaviours become taken for granted based on shared understandings.

Institutional theory posits that organisations, groups and individuals behave in ways, which reflect the regulatory, normative and cognitive rules of their institutional environments, adherence to which ensures legitimacy. In the regulatory pillar, this legitimacy is gained through compliance with legal requirements, in the normative pillar it is based on conformity with a moral basis, and in the cultural-cognitive pillar it comes from adopting a common frame of meaning or approach (Scott, 2001). It is suggested that institutions exert pressure for compliance on organisations, groups and individuals, through mechanisms of isomorphism, with different variants of isomorphism primarily associated with each of the pillars. Coercive isomorphism is largely associated with the regulatory institutional pillar and the enforcement of formal rules and laws. Normative isomorphism meanwhile is associated with the normative pillar and pressures to conform to wider societal expectations. Finally, mimetic isomorphism is related to the cultural-cognitive pillar, whereby organisations and individuals act in ways that reflect shared understandings and common beliefs, and which are culturally supported.

Institutional theory has been critiqued for its inability to explain agentic behaviour (Barley and Tolbert, 1997), whilst the institutional logics perspective (Thornton et al., 2012) has sought to propose new ways of understandings structure-action questions. “Institutional logics” provide the organising principles for a field (Reay and Hinings, 2009). Thornton and Ocasio (1999) define institutional logics as:

The socially constructed, historical patterns of material practices, assumptions, values, beliefs, and rules by which individuals produce and reproduce their material subsistence, organize time and space, and provide meaning to their social reality.

The institutional logics approach points to the expectation that organisations will exhibit differences. Thus, Greenwood et al. (2014) purport the need to focus on organisational difference rather than similarity. To this end, within this paper, we place our attention on the phenomenon of business families which encompass their own set of institutional logics which are derived from the institutional environment in which they are embedded.
For instance, in studies of family business in the western world, we might see the predominance of the business logic (business ownership and profitability) over the family logic (harmony and nurturing) (Sharma, 2004). However, in different institutional settings, there might exist different relationships between business and family logics. One such context is the setting of institutional voids. Institutional voids (Mair and Marti, 2009) exist when there is misalignment between what is considered legitimate by a society’s formal (regulatory) institutions (e.g. its laws and regulations) and its informal (normative and cultural-cognitive) institutions (e.g. norms, values and beliefs). In terms of formal institutions, these can be defined as the rules and regulations which are written down or formally accepted, giving guidance to the economic and legal framework of a society. In contrast, informal institutions are the traditions, customs, societal norms, culture and unwritten codes of conduct. These norms and values are passed from one generation to the next and tend to be resistant to change (Bruton et al., 2008).

Recent work on institutional voids within the business and management discipline has focused to a large degree on the impact such voids have on the strategies of firms (Meyer et al., 2009) and how within this specific institutional context, informal economic practices (Webb et al., 2013) may emerge and impact upon the functioning of formal economic arrangements (North, 1990; Peng et al., 2009). However, implicitly, they assume an interpretation of institutional voids as spaces empty and devoid of institutions. Within this paper, we develop an alternative understanding of institutional voids, which recognises the diversity and complexity of different institutions present often in similar contexts (Zelizer, 2010). The institutional voids literature assumes that when formal institutions are weak, inadequate or absent, there exists an institutional vacuum. We contest this by purporting that in the so-called “void”, in fact there exists a variety of more informal institutions, including that of the family. This is a salient perspective for further understanding the nature of the entrepreneurial activities of business families within the context of Sub-Saharan Africa.

Taking into account the interconnected but often misaligned nature of formal and informal institutions in developing economies in general and in the Sub-Saharan African context in particular, and the corresponding prevalence of voids within the formal institutional setting in this region, in this paper, we argue that it is impossible to disentangle which factors determine organisational behaviours and performance. Rather, we purport that it is more useful to extend the application of the seminal work of DiMaggio and Powell (1983) and Scott (2001) in which they highlight the importance of institutional pillars and three sources of institutional pressures: political, economic and socio-cultural institutions. We examine these in turn in the context of Sub-Saharan Africa.

Political, institutional environment – the role of government regulation

The role of government is to create a political and economic environment that enables businesses to operate. However, Sub-Saharan African governments are often criticised for being an impediment, rather than a facilitator for development and economic growth. Political corruption, which includes graft, fraud, nepotism, kickbacks, favouritism and misappropriation of public resources, is rampant, and as Samuel et al. (2014, p. 20) state, has become “synonymous to public affairs, agencies resources and institutions of the state” depriving countries of much-needed finances for economic and infrastructural development. These factors alone have contributed to enduringly high levels of poverty, poor infrastructure, market failures and a large informal economy across the African institutional context (World Bank, 2017). Generally, the business environment is significantly marred by regulatory inefficiency and ineffectiveness. In such a milieu, corruption thrives with the emergence of flawed procurement practices, upheld by bureaucratic systems, which create unnecessary institutional pressures on private business.
Across the Sub-Saharan African region, the existence of regulatory ineffectiveness has created institutional voids within formal setting (Mair and Marti, 2009) that act as impediments to inclusive market participation by both formal and informal economies. As a result, this imposes administrative hurdles and financial burdens, which increase the costs and time taken to comply with regulations, thus leading to increased activity in the informal sector (Irwin, 2008; Khavul et al., 2009), corrupt practices within the private sector, and high poverty and inequality levels (World Bank, 2017). Although these are not genetically unique to the Sub-Saharan African region, they feature prominently in the Sub-Saharan institutional political and economic context because of the existence of weak governance institutions, structures and regulations that impede full market participation (Easterly, 2001). Therefore we propose:

**P1.** The weak political, institutional environment in Sub-Saharan Africa encourages participation of organisations in informal activities.

Across formal and informal institutions, which are often intertwined, institutional actors deliberately leverage institutional resources to create new institutions or transform existing ones, with an intention of generating wealth. Such actors are referred to as “institutional entrepreneurs”. According to Lawrence and Phillips (2004, p. 657) institutional entrepreneurship refers to “the activities of actors who have an interest in the institutional arrangement and who leverage resources to create new institutions or to transform existing ones”. This term is closely associated to DiMaggio’s arguments that refer to a set of actors with sufficient resources that when organised pursue objectives that they perceive to be of high value to them. Therefore, this showcases how the opportunistic behaviour of institutional entrepreneurs emerges within contexts in which informal and formal institutions are intertwined. Extending these perceptions such actors could emerge as a specific industry, cluster or sector force that influences policies, market environment and organisational identities introducing another important level of understanding the sources of institutional pressures.

Business families represent one such segment of the business environment in Sub-Saharan Africa. Similar to other economic actors, business families are faced by informal institutional pressures such as kickbacks, political cronyism and nepotism, which are common to the sub-Saharan African context. As such, institutional entrepreneurs, representing business families, engage in activities which extend beyond formally bounded institutional pressures. As a consequence, they are able to leverage the economic and socio-cultural environment to generate wealth, in particular focussing on embedded forms of socio-economic obligation within social relationships within Sub-Saharan African communities. Therefore, we propose:

**P2.** The weak political, institutional environment in Sub-Saharan Africa encourages business families to engage in institutional entrepreneurship by navigating both formal and informal domains.

**Socio-cultural institution: the role of socially constructed cultures**

Recent studies call for further exploration of how deep-rooted traditions and cultural contexts within the African landscape can contribute to wider management and entrepreneurship studies (Amaeshi and Idemudia, 2015; Zoogah et al., 2015; Zoogah and Nkomo, 2013). Africa in general and Sub-Saharan Africa in particular provides a rich and exciting context in which to test, extend and build new explanations (Zoogah et al., 2015) for how culture holds explanatory power on how organisations overcome voids within the formal institutional setting within specific contexts.

Culture is defined as the shared beliefs, values and behavioural norms of a group (Hofstede, 2001) and it has a significant role at both national and organisation levels. Most commonly, culture is the taken-for-granted values, norms, beliefs and symbols acquired through socialisation, which shape action in predictable, culture reproducing directions.
(Peterson, 1979; Wrong, 1961). Generally, national culture “consist of the underlying value systems that are specific to a group or society and motivate individuals to behave in a certain way” (Shinnar et al., 2012, p. 466). Several studies that focus on culture and institutions have established that national culture has an influence on the level of institutional changes (Hayton et al., 2002; Pinillos and Reyes, 2011). Socio-cultural institutions are comprised of social and cultural norms that are prevalent in the society – thus they regulate social activities and interactions between individuals and groups (Rivera-Santos et al., 2015; Zoogah et al., 2015).

Within the Sub-Saharan African context, socio-cultural institutions heavily draw their orientation from the traditional beliefs, norms and values, which are informed by diverse tribal groups. However, because of the enduring legacy of previous colonial history and entrenched indigenous traditions, Africa is characterised by both formal and informal socio-cultural institutional logics (Zoogah et al., 2015; Zoogah and Nkomo, 2013). Formal socio-cultural institutions include legally recognised or adopted beliefs, values or behavioural norms drawn from the western powers as a result of colonisation. Informal socio-cultural institutions are colloquial prescriptions embedded in the traditional communal practices such as tribalism and nepotism (i.e. favouring someone from your tribe or family for a job purely based on tribal or kinship linkages) (Zoogah et al., 2015).

Sub-Saharan Africa is characterised by a myriad of informal socio-cultural institutions that are reflected in organisations through the cultural beliefs, values, attitudes and behaviours that condition managers and workers to attribute different structural and behavioural dynamics (Zoogah et al., 2015; Zoogah and Nkomo, 2013). Broadly, we identify four major Sub-Saharan African specific informal socio-cultural institutions: Ubuntu, Harambee, Ujamaa and Humanism. Though substantially different in their conceptualisations (Zoogah et al., 2015), they embody ideas that envision a sense of community support and cooperativeness. Each of these informal institutions holds symbolic power, which enables firms to build community and social relations which permeate organisations, including business families, through individual ascriptions to these symbolic forms of socio-cultural institutions.

In western literature, social relations predominantly have been examined through the conceptual lens of social capital (McKeever et al., 2014). Within such a perspective, there exists a reliance on an individualistic view of resources an individual or social unit can harness from their given network. Such a perspective bears little relevance to the institutional context of Sub-Saharan Africa, where community and family are the central tenets, rather than the individual. According to Zoogah et al. (2015) through such communal principles, community members are more inclined to support each other by sharing resources and favours in exchange for unquestionable loyalty. As a result, this facilitates the development of “networks of social obligation that enable the creation of linkages between managers within organisations to extended families, villagers and ethnic groups (Mangaliso, 2001)” (p. 15), which extend beyond the social capital of individuals. Therefore, these informal socio-cultural institutional orientations have a substantial cultural-cognitive influence on organisations within the institutional environment (Scott, 2001). Specific Sub-Saharan African socio-cultural institutions exist and may even dominate this institutional landscape, impacting upon how business families have the ability to function within this environment. We therefore propose:

**P3.** The strong socio-cultural institutional context of Sub-Saharan Africa, in which community and family are the central tenets, encourages business families to enact culturally embedded networks of social relationships in their business activities.

Therefore, Sub-Saharan Africa presents a unique context to explore the influence of specific social-cultural contexts on organisations seeking to operate within voids in the formal institutional settings. In the next section, we focus in more detail on business families, the most prevalent organisational form in developing economies (Cairney, 2005).
An institutional perspective on business families

Within dominant perspectives on family business, a family business exists when ownership and management are concentrated within a family unit and its members strive to achieve and/or maintain intra-organisational family-based relatedness (Litz, 1995, p. 103). Generally, according to Friedland and Alford (1991, p. 248) the institutional logic of the family firm consists of "a set of cultural rules and assumptions associated with notions of community and unconditional loyalty to family members and their reproductive needs". This is consistent with the perception portrayed by Miller et al. (2011, p. 4) that the familial logics are that of "nurturing, generativity, and loyalty to family members". Within this body of work, some scholars have used family stakeholder perspective, arguing that family logics influence the firm’s strategy and performance because stakeholders in family firms pursue economic and non-economic objectives simultaneously (Dyer, 2006, Gómez-Mejía et al., 2007). Farrington et al. (2011) argue that business logics define family businesses, as they are driven by the market dynamics, which is more focussed on economic performance. The existence of multiple logics presents a dilemma for family-based organisations, and we find divergent conclusions about the consequences of logic multiplicity within organisations (Besharov and Smith, 2014, p. 2). There has been a continuous debate on how the two competing logics (family and business) coexist within an organisation and how ownership, management, governance mechanism and strive towards succession are affected by the dominant logic within the organisation.

Against this background where family business is viewed as solely engaging in formal economic activity, in which business and family logics compete, there is scope to examine how within different institutional settings, families may engage in informal business activity. Taking such a perspective allows the researchers to focus more attention on the “family” as an institution (with a specific set of regulatory, normative and cultural-cognitive dimensions) rather than the “business”. Studies to date have presented family as an “institution” and the business as an “organisation”. Indeed, “family as an institution” perspective (Reay, 2009) depicts specific “rules, norms, beliefs that describe reality, explaining what is and is not, what can be acted upon and what cannot” (Hoffman, 1999, p. 351). These values and behaviours can be seen as taken-for-granted, culturally embedded understandings that specify and justify social arrangements and behaviours, either informally or formally. Generally, “organisations” have a management structure that determines power relationships between the different activities and the members’ relationships, and subdivides and assigns roles, responsibility and authority to carry out different tasks (Daft et al., 2010), through a more formal set of rules. Consequently, families engaged in business activity are substantially informed by the “family institution”, the rules and norms of which are embedded within a context of political, economic and socio-cultural institutional contours (Leaptrott, 2005, p. 226).

However, this perspective takes for granted that families engaging in business activities do so only within formal economic arrangements, neglecting the propensity of families to engage in informal entrepreneurial behaviour. Indeed, the engagement in institutional entrepreneurship may be more prevalent in institutional contexts where there is a lack of alignment between formal and informal institutions. As such, we argue that, in order to better understand how families engage in business activity, there is a need to examine the role of contextual variables that distinguish between different institutional settings and how they may influence the diversity of family organisations, which have heterogeneity, idiosyncrasy and unique capabilities (Barrédy, 2016). Such an approach requires an alternative perspective on institutional theory, one that identifies institutional processes that give meaning to the social structures within which families engage in institutional entrepreneurship. This perspective offers insight into the complex dynamic interplay between formal and informal institutions (DiMaggio and Powell, 1983).
In trying to understand the meta-identity of families engaging in business activity, Shepherd and Haynie (2009) developed a framework using social identity theory to explain how the two identities “who we are as a family” and “who we are as a business” interacted to expedite the entrepreneurial process. Reay (2009) draws on the institutional perspective to explore how the “family-business meta-identity” could be influenced by the institutional pressures and environment in the long term. Such explanations again are derived from the context of formal business activity. However, in situations where there is a misalignment between formal and informal institutions, certain normative dimensions of family (affection, inter-personal attention, nurturing behaviour towards family members) and cultural-cognitive dimensions (reciprocity, community support and mutual help) (Vershinina et al., 2017) may take primacy, through embedded social relationships. These embedded social relationships found in families engaging in business activity can substitute for more formalised governance arrangements (Fiet, 1995) and regulatory terrain specifically in the context of Sub-Saharan Africa.

In the Sub-Saharan African context communities play an important role in supporting entrepreneurial activity (Ansari et al., 2012; Amaeshi and Idemudia, 2015). Families operating businesses through embedded social relationships internally with family members, and externally with communities and wider stakeholders will use these close social connections to navigate the “institutional voids” in order to mobilise wider networks to access necessary resources and information. To operate within the context of voids within the formal institutional setting, where informal institutions dominate, business families develop familial logic, defined as “nurturing, generativity, and loyalty to family members” (Miller et al., 2011, p. 4). Such logic complements the traditional business logic, as reliance on embedded mutual relationship within wider family and community beyond the nuclear helps business families to navigate the relative lack of intermediary firms, regulatory systems and contract-enforcing mechanisms. As such in the context of Sub-Saharan Africa, the familial logic accommodates a wider set of familial relations frequently encompassing the community (Vershinina et al., 2017). We therefore propose:

\[ P4. \] Familial logic, embedded in cultural norms, rules and assumptions, forms a family institution in Sub-Saharan Africa, which enables business families to navigate the existing voids within the formal institutional setting.

In summary, we have proposed four propositions specific to the elements of institutional environment and business families pertinent to the sub-Saharan African institutional context. We have highlighted how business families operate in an environment in which there exists an interplay between family and business logics, in which it would be erroneous to assume that business logics are dominant. We now present our conceptual model.

**Conceptual model**

This paper responds to calls to examine how institutional forces affect business activities in general (Guler et al., 2002) and particularly business families (Barrédy, 2016; Randerson et al., 2015, 2016). Of particular importance is our focus on the Sub-Saharan African institutional context, characterised by a large number of family-owned firms, engaged in informal entrepreneurship (Khavul et al., 2009).

Our conceptualisation (see Figure 1) showcases the complementarity rather than the competing nature of family and business logics embedded within family as an institution and business as an organisation. Within the Sub-Saharan African context, the interplay between family and business is underpinned by the culturally embedded social relationships emerging from the inherent linkages between the extended family and local communities. Within this specific context, characterised by a misalignment between formal and informal institutions, rather than the “void” representing an empty space wholly constraining business activity,
through the normative and cultural-cognitive informal institutions, the business family has the capacity to substitute for formal institutions and become institutional entrepreneurs themselves. Future research may empirically test the associations and relationships between the core constructs identified in our conceptualisation to see if our theorisation extends beyond the remits of the Sub-Saharan African context.

Discussion
In this section we discuss how various institutional pressures may influence business families and their participation in business activity within the context characterised by voids within the formal institutional setting, where there may exist misalignments between formal and informal institutions. Within this paper we offer specific insight into why business families in Sub-Saharan Africa have the capacities to benefit from the existence of voids in formal institutional settings. We turn first to discussion of political institutional pressures.

Political, institutional voids and business families
The Sub-Saharan African political, institutional environment is characterised by a colonial legacy of bureaucratic, authoritarian, pervasive hierarchical political patronage, dominating patriarchal society and a complex ethnic dialectic of assimilation, fragmentation and competition that has persisted in post-colonial societies (Berman 1998, p. 305). These practices contribute to the wider governance issues that result from the existence of weak, absent or ineffective formal institutions. Thus, a political system in this context can result in a business environment mired by the negative impact of corruption, high transaction costs and taxes, constraints to doing business, difficulty accessing credit or financial capacities. As such, these characteristics of the political environment generate institutional pressures on the productivity of firms and individuals:

Patron-client networks remain the fundamental state-society linkage in circumstances of social crisis and uncertainty and have extended to the very centre of the state. This accounts for the personalistic, materialistic and opportunistic character of African politics: (Berman 1998, p. 305).

This quotation illustrates aspects of the political, institutional environment of Sub-Saharan Africa. We argue that the majority of business families, undertaking business activity also engage in institutional entrepreneurship, thereby creating and informing the governance systems within their organisation structures, practices and behaviour. Traditional families in the Sub-Saharan African context live under the patriarchal – paternalistic-system where
the man is the “father-figure” whose authority is unquestionable, and rules are to be treated with fear. In most instances, the founder (family patron) or the “dominant family” oversee developing the culture, defining the vision, mission and formulation of the firms’ strategic goals (Klein et al., 2005).

When the institutional environment is dominated by inefficiencies, political risks and poor governance structures, businesses will tend to engage in economic malpractices or adopt means to protect their wealth. Bassetti et al.’s (2015) study of family businesses in emerging economies, revealed that in the absence of efficient institutions, family firms were willing to engage in corrupt practices to protect their wealth. We propose that against the backdrop of negative institutional forces caused by inefficient political, institutional environments within sub-Saharan Africa, business families have the capacities to navigate and define the outcomes for their business activities through institutional entrepreneurship. Burkart et al. (2003) argue that family control enabled governance and accountability mechanisms that act as a substitute for weak formal investor protection. This is supported by Chrisman et al. (2004) who show that family governance makes a difference in firm performance. Thus, business families are better placed to overcome the challenges of markets that have weak regulatory institutions through enactment of their political activities.

Socio-economic institutional voids and business families
Sub-Saharan Africa’s diverse economic and social traditions present a distinct environment for investigating the impact of institutional forces on businesses. The informal sector contributes approximately 60 per cent of wealth in Africa (Khavul et al., 2009). The economic informality, which Schneider (2005, p. 600) defines as “all market-based legal production of goods and services that are deliberately concealed from public authorities”, may be viewed as a deterrent to growth of entrepreneurial activities within a Western contextual perspective. According to Khavul et al. (2009) “economic informality presents opportunities for some entrepreneurial businesses but not others to cycle rapidly from opportunity to another as they manoeuvre towards higher value-creating ventures”. Business families are best positioned to benefit from the existence of such institutional voids through engagement in formal and informal business activities.

Institutional theory posits that the normative pillar moves away from the individual interest toward a social obligation (Scott, 1995). Such “expectations can be either role or goal defined or may be defined by social obligations and be morally governed” (Brundin and Wigren-Kristoferson, 2013, p. 453). The economic institutional pressures may implore organisations to conform to specified rules and practices evident within their immediate external environment that influence their structure and behaviours (Barley and Tolbert, 1997). Business families also reflect the normative aspect of the members as they have closely shared socialisation processes and hence share the norms and values (Leaptrott, 2005; Brundin and Sharma, 2011) that guide the governance of the family and business.

Moreover, within the Sub-Saharan African economic environment, the lack of regulation has a constraining effect on the entrepreneurs’ actions through a lack of efficient markets for raising finances and over-reliance on social networks to fund growth of firms (Estrada-Robles et al., 2018). Most entrepreneurs rely on family and community networks for mobilising resources (Khayesi et al., 2014; Khayesi and George, 2011). Business families engage in the productive use of embedded networks of relations beyond the contours of the wider family and community. As such, business families are best positioned to gain access to a variety of different forms of financial capital through donations, hand-outs, non-interest loans or their own group contributions to grow the business. In such an institutional context, in which there exists inherent misalignment between formal and informal institutions, we posit that business families act as “capital pooling devices” in a context where capital markets are very illiquid and where it is difficult to raise large amounts of
money to fund business growth. Engaging in this process enables business families to gain legitimacy and further embed their political power within the given social structures in which they exist.

Socio-cultural institutions and business families
The cultural-cognitive pillar refers to processes of making sense of social reality and creating a shared understanding of reality. The sub-Saharan African environment provides a unique context to explore the influence of a diverse and integrated culture from its several communities. Some African specific cultures include “Harambee” in Kenya (Vershinina et al., 2017), “Ubuntu” in South Africa, “Humanism” in Zambia and “Ujamaa” in Tanzania. Although these are substantially different, they operate within the mantra of common benefit for the people, which go beyond the familial reciprocity and incorporates wider community benefits.

Extending the socio-cultural institutional influence onto a business family context, the presence of shared understanding and assumed symbols that subconsciously govern the family and the business can be observed. The reliance of business families on extended family members and individuals within the community forms part of the everyday, normalised activity within this context of culturally embedded social relations. These are prioritised over concepts such as profitability and business growth, which dominate in alternative institutional contexts, in which formal institutions take prominence. Reay and Hinings (2009) argue that family and business logics exist as competing logics. In contrast, in this paper, we propose that within the specific institutional contours of Sub-Saharan Africa, business families represent the complementary nature of family and business logics, co-existing and enabling each other to navigate the institutional voids.

Conclusions and implications
Responding to calls to understand the importance of “context” within our understanding of entrepreneurial behaviour (Bruton et al. 2010; Jennings et al., 2013) and in particular the role of institutional contexts in affecting entrepreneurial activity (Bruton et al., 2010; Scott, 1995, 2005; Zahra and Wright, 2011), this paper has explored how the specific contours of the institutional context within Sub-Saharan Africa may impact on business families. Business families represent a much wider notion of businesses owned, managed and governed by families. They include wider extended family members and members of community, who have an influence on what business family is understood as within the Sub-Saharan African context.

This article builds on the seminal work of DiMaggio and Powell (1983) and Scott (2001) in which they highlight the importance of institutional pillars and three sources of institutional pressures: political, economic and socio-cultural institutions by exploring how the context of specific institutional voids (Mair and Marti, 2009; Barredøy, 2016) within Sub-Saharan Africa context may impact on the nature of business activity undertaken by business families. After providing a review of the existing literature, in this paper we develop a conceptual framework through which can be used to better understand the interplay between the formal and informal institutional environments (Webb et al., 2013), and the emergence of business families as a force to cope with and overcome such institutional misalignment. Rather than seeing Africa as a “parochial dinosaur” (Boyacigiller and Adler, 1991), we demonstrate that Sub-Saharan Africa represents a unique context (Zoogah et al., 2015) in which scholars within the fields of management, entrepreneurship, family business and institutional logics can explore the relevance of existing conceptualisations and theorisations.

In contrast to developed economies, where formal institutions dominate the institutional landscape, within the Sub-Saharan African context, we find a co-existence of formal and
informal institutions (Webb et al. 2013). Here, the co-existing logics have clear impacts on the functioning of businesses in general and business families in particular. Rather than family and business logics competing (Reay and Hinings, 2009), we argue for the complementarity of family and business logics, which clearly represents an area for future empirical scrutiny. Institutional voids have previously been conceptualised as spaces empty or devoid of formal institutions and as such environments in which business activity is heavily constrained. However, such a narrow perspective fails to shed light on and recognise the presence of informal institutions that in fact can facilitate emergent forms of institutional entrepreneurship. Within the specific context of Sub-Saharan Africa, business families represent these actors and are able to substitute such voids with other informal institutional structures in order to enable their business activities. We also demonstrate how business families, despite being vulnerable to political and economic pressures, resulting from operating in a context characterised by voids within the formal institutional setting, nevertheless, adopt a variety of socio-cultural influences including culturally embedded social relations inside and outside the contours of the business family. We argue that in such contexts within Sub-Saharan Africa, business families are best placed to harness their embeddedness within extended family and local community for harnessing entrepreneurial activity. Moreover, our findings about the role of relational familial logics in enabling family businesses to navigate settings, characterised by voids in formal institutions, may extend beyond Sub-Saharan Africa.

We make the following contributions in this paper. First, by responding to calls for incorporating Sub-Saharan African contexts into the academic studies of management and entrepreneurship literature, we offer insights on the emergence of institutional entrepreneurship amongst business families, who develop legitimacy through adoption of family as an institution with specific normative and cultural-cognitive understandings of how to do business in this specific context. Second, within the institutional context of Sub-Saharan Africa, by focusing on the business family rather than the family business, we offer theorisations that family and business logics act in tandem and are complementary to each other in the context characterised by voids within the formal institutional settings. Third, we underscore the importance of culturally embedded networks of social relations and their impact on the ability of business families to engage in business activities. Finally, from a policy and practitioner perspective, we suggest that by researching specific institutional contexts, we might start to recognise that not only the institutional settings with strong formal institutional foundation and business-focused logics may result in the development of business activities. Rather, there may exist a set of informal logics which influence the ability of organisations to operate within a given institutional setting.

The paper highlights possibilities for future academic enquiry into the impact of institutional voids on business activities. Rather than empirical studies solely examining the negative impacts voids in formal institutional settings have on business activities, this paper highlights the opportunities to explore how within the context of embedded institutional voids, there exist opportunities for firms to negotiate the existing institutional logics in order to improve their performance and growth and in doing so, provides a window to further understand the dynamic linkages between firms and the contexts in which they operate. There exists the possibility for future academic research to examine not only how business families in the specific context of Sub-Saharan Africa negotiate institutional voids but more broadly, to investigate how business families, operating in different institutional contexts and possessing different capabilities and characteristics seek to negotiate the specific institutional voids in which they are forced to operate. It would also clearly be beneficial to place our conceptual framework under empirical scrutiny in future work across a variety of institutional settings.
References


Further reading
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