

# **ENTREPRENEURIAL FAMILIES AND HOUSEHOLDS**

**By Gry Agnete Alsos, Sara Carter  
and Elisabet Ljunggren**

**ERC Research Paper No. 10**

**October 2013**

# ENTREPRENEURIAL FAMILIES AND HOUSEHOLDS

Gry Agnete Alsos  
Bodø Graduate School of Business, University of Nordland, Bodø, Norway  
gry.alsos@uin.no

Sara Carter  
Hunter Centre for Entrepreneurship, Strathclyde Business School,  
Glasgow, Scotland  
and Nordland Research Institute, Bodø, Norway  
sara.carter@strath.ac.uk

Elisabet Ljunggren  
Nordland Research Institute, Bodø, Norway  
elisabet.ljunggren@nforsk.no

This paper is published by the independent Enterprise Research Centre. The Enterprise Research Centre is a partnership between Warwick Business School, Aston Business School, Imperial College Business School, Strathclyde Business School, Birmingham Business School and De Montfort University. ERC is funded by the Economic and Social Research Council (ESRC); the Department for Business, Innovation & Skills (BIS); the Technology Strategy Board (TSB); and, through the British Bankers Association (BBA), by the Royal Bank of Scotland PLC; Bank of Scotland; HSBC Bank PLC; Barclays Bank PLC and Lloyds TSB Bank PLC. The support of the funders is acknowledged. The views expressed are those of the authors and do not necessarily represent the views of the funders.

**ENTREPRENEURIAL FAMILIES AND HOUSEHOLDS**

---

**ABSTRACT**

This paper considers the entrepreneur within the context of the family and the household. We explore how families and households interact with and influence business decisions, and give equal prominence to the role of family strategies as well as to business strategies in understanding the development of the family in business. Household and family are distinctive concepts that partly overlap; a focus on the household allows consideration of economic activities, work and residence, while a focus on the family is confined to issues such kinship and marriage relationships that bind together individuals. The paper explores the relationship between the household and the enterprise, drawing attention to the intricate relationship that exists between the two spheres. Although entrepreneurship researchers have rarely discussed the role of the household in business decisions, disciplines such as sociology and anthropology have provided valuable insights into the nature of household dynamics and kinship. These factors are known to have a profound influence on both the tangible and intangible resources available to entrepreneurial ventures. This paper addresses some of the omissions of the entrepreneurship subject domain by focusing attention on household dynamics, kinship relations and the role of the household in recognizing opportunities and providing resources to new and existing ventures.

**ENTREPRENEURIAL FAMILIES AND HOUSEHOLDS**

---

**Contents**

ABSTRACT .....3

INTRODUCTION .....5

THE HOUSEHOLD IN ENTREPRENEURSHIP: WHERE THE MARKET  
MEETS THE FAMILY .....7

    Household Dynamics, Kinship and Resources.....9

THE ROLE OF HOUSEHOLDS IN OPPORTUNITY RECOGNITION AND  
CREATION..... 11

HOUSEHOLDS AND ENTREPRENEURIAL RESOURCES ..... 16

CONCLUSIONS .....20

REFERENCES .....22

## ENTREPRENEURIAL FAMILIES AND HOUSEHOLDS

---

### INTRODUCTION

Academic discussions of entrepreneurship have traditionally focused either on the firm or the individual founder, and little attention has been given to the family and household context in which the entrepreneur is embedded. The implicit assumption within the entrepreneurship research literature is that decisions about starting and growing a business are taken by the individual entrepreneur who responds to a profitable business opportunity with little consideration of the needs or preferences of family members. Of course, few scholars seriously believe that individuals make entrepreneurial decisions in isolation and with little regard for their loved ones. But focusing only on the individual or the firm provides researchers with a boundary line that clearly demarcates their primary focus of interest – the entrepreneur – isolating them from extraneous and complicating ‘background noise’. Just as a spotlight on a stage illuminates the actor but throws darkness on the stage, entrepreneurship research foregrounds the individual, but doing so pushes the wider family and household into the shadows. While foregrounding the entrepreneur has been beneficial for the broader development of the entrepreneurship subject domain, it is now clear that solely focusing on the individual and the firm provides both an artificial and an incomplete view of the entrepreneurial process. Two developments, in particular, have challenged the prevailing focus on the individual and the firm. Firstly, growing research interest in family business ownership has increased awareness that business decisions are frequently influenced by family members and broader family issues (Litz et al., 2012; James et al., 2012). Secondly, there is a new appreciation of the importance of context in our understanding of entrepreneurial processes and outcomes (Zahra, 2007; Welter, 2011; Zahra and Wright, 2011).

In this paper, we consider the entrepreneur within the context of the family and the household. This is not a paper about family business, but about family in business – an important distinction. We explore how families and households interact with and influence business decisions, and attempt to give equal prominence to the role of family strategies as well as to

## **ENTREPRENEURIAL FAMILIES AND HOUSEHOLDS**

---

business strategies in understanding the development of the family in business. Further, the issue of intra-firm succession, which is so central to family business research, is replaced with a focus on intra-family entrepreneurship (Discua Cruz et al., 2012). This acknowledges that the continuation of business activities in entrepreneurial families may occur, and indeed is more likely, through new business founding by a household member rather than through family business succession. We also acknowledge a distinction between a household and a family. While the two concepts partly overlap, a focus on the household allows consideration of economic activities, work and residence, while a focus on the family is confined to issues such kinship and marriage relationships that bind individuals together (Gullestad, 1984; Wiborg, 1995).

Following this introduction, the paper explores the relationship between the household and the enterprise, drawing attention to the intricate relationship that exists between the two spheres. While entrepreneurship researchers have tended to shy away from discussions of the role of the household in business decisions, other subject disciplines, most notably rural sociology, have examined the relationship in some depth. In this paper we use insights and material drawn mainly from case studies of farm-based businesses to illustrate some of the key features of entrepreneurial households. Other disciplines, such as sociology and anthropology, have provided equally valuable insights into the nature of household dynamics and kinship. These factors are known to have a profound influence on both the tangible and intangible resources that may be available to entrepreneurial ventures, but have rarely been the focus of study by entrepreneurship researchers. This paper addresses some of the omissions of the entrepreneurship subject domain by focusing attention on household dynamics, kinship relations and the role of the household in recognizing opportunities and providing resources to new and existing ventures.

**ENTREPRENEURIAL FAMILIES AND HOUSEHOLDS**

---

**THE HOUSEHOLD IN ENTREPRENEURSHIP: WHERE THE MARKET MEETS THE FAMILY**

Within the entrepreneurship literature the focus of attention is most usually the individual entrepreneur or the firm founded by the entrepreneur, and the household and family context from which the entrepreneur emerges is rarely afforded any consideration. To a large extent this reflects a distinction within the broader management literature in which business and household have been traditionally regarded as separate spheres. However, there has been a longstanding realization that the two institutions are inextricably linked (Mulholland, 1996; Wheelock & Mariussen, 1997; Ram, 2001), coupled with persuasive calls to embed entrepreneurship research within the context of the family (Aldrich & Cliff, 2003). It has also recently been argued that the household, the smallest social unit where human and economic resources are administered (Wheelock and Oughton, 1996), offers interesting perspectives on entrepreneurship as it provides a setting 'where normative systems (affect, altruism, tradition) and utilitarian systems (economic rationality) are combined' (Brannon et al., 2013:111). A household perspective implies that one views entrepreneurs within the context of his or her immediate family unit, implicitly recognizing the blurred boundaries between the business sphere and the private sphere. These two spheres are often inextricably linked for small firm owners; household decisions and business decisions are both made within the household, and business strategies are interwoven with household strategies. Hence, the decision to found a new business or to start an additional enterprise may be the outcome of a household, rather than an individual, strategy.

While household perspectives are rarely considered within the entrepreneurship literature, in different subject domains the household plays a central role in business related decisions. Most notably, within the agricultural sociology literature the household-business relationship is seen to be central. Within this body of work, there has been an explicit and sustained focus on the role of the household in the farm sector (Fuller, 1990; Ferguson and Olofsson, 2011; Jervell, 2011). The household is an

## ENTREPRENEURIAL FAMILIES AND HOUSEHOLDS

---

appropriate empirical setting to explore relationships, not only because the (farm) business and the household are typically co-located but also because of the longstanding tradition in the agricultural sector of farm household pluriactivity, the engagement of the farm household in income generating activities in addition to agricultural production (Fuller, 1990; Carter, 2001; Alsos et al, 2011). Taking the household as the social and economic unit of analysis, 'pluriactive farm households' allocate resources between farm and non-farm activities, including diversified business activities (Efstratoglou-Todoulou, 1990; de Silva and Kodithuwakku, 2011). While farm and non-farm businesses are often analysed separately, there is widespread appreciation that they are very similar (Alsos et al, 2011). One of the key similarities can be seen in the prevalence of entrepreneurial households that contain portfolios of interconnected businesses (Carney and Gedajlovic, 2002; Discua Cruz et al., 2012), a feature which is as widespread in the non-farm sectors as it is in farm sectors (Carter and Ram, 2003).

In considering the role of the household in entrepreneurial activities, we encompass family firms and firms physically based in the home, but pay most attention to the intermingling that occurs between the household and the business. Our interest in this subject was spurred by a research project exploring farm-based entrepreneurship where we found that the household acted as a virtual incubator for new businesses, often unrelated to agricultural production, and that these businesses were founded because of changing household needs or because of new opportunities perceived by household members or the household as a unit. These could be the need of grown up children for a job and income, or the opportunities household members perceived by exploiting spare resources within the household's business portfolio, or the opportunities presented by resources brought into the family by recent marriage (Alsos, Carter and Ljunggren, 2012). In this work, attention was clearly focused on the role of household dynamics and household resources as central features determining the interconnectedness of business and household.



## ENTREPRENEURIAL FAMILIES AND HOUSEHOLDS

---

### Household Dynamics, Kinship and Resources

All families are in a state of flux which occurs when new family members are born, grown-up children marry and may leave the family home, when couples separate and when older generations die. Collectively these changes in the structures of families can be seen as household dynamics. As household size and composition changes over time, so too do the household's needs and resources also change. From a household perspective it is possible to view entrepreneurial activities as an adaptation to the changing needs of the family and household with regard to income, activity, spare capacity and human resources. Kinship and marriage are central to household dynamics. Kinship is defined by Holy (1996: 40 and 166-167) as 'the network of genealogical relationships and social ties modeled on the relations of genealogical parenthood.' Kinship is hallmarked by a moral order which is distinctive and 'at odds with the amoral logic of markets' (Stewart, 2003:385) and the place where these differing sets of morals meet is in the household or the family businesses. Kinship relations allow one to share 'without reckoning', a feature that is usually impossible in the market.

From an entrepreneurship perspective, there are many benefits associated with kinship (Stewart, 2003). These include, *inter alia*, access to resources such as capital and in covering living expenses during the business start-up, long-term social support, mentoring, access to business channels, markets, networks and information. It is widely appreciated that households contribute to an entrepreneurs' business start-up endeavors by providing a source of capital as well as encouragement and affirmation (Brush and Manilova, 2004). With regard to the more tangible business resources such as finance, previous studies have shown that the provision of business start-up capital is influenced by both race and ethnicity (Brush and Manilova, 2004), and that household income levels also have an impact on the monetary resources a household can contribute to a business start-up (Gentry and Hubbard, 2004). With regard to the more intangible business resources, it is similarly known that family members provide emotional

## ENTREPRENEURIAL FAMILIES AND HOUSEHOLDS

---

support and to some extent also business guidance (Renzulli et al. 2000). Indeed, the role of emotional support and sanctions has garnered considerable interest from the family business research community in recent years (Brundin and Languilaire, 2012; Brundin and Wigren, 2012). As kinship relations typically consist of stable social units tied by emotional bonds and high levels of trust, it is possible to count on kinship resources and support being sustained over a long period of time.

However, household dynamics in the forms of entry and exit of family members through birth, marriage, separation or death, offer both new possibilities and also challenges to the existing social and economic order. New family members joining through marriage may provide new resources or new employment needs, while the exit of family members through death, divorce and grown up children moving out of the family home implies both loss of resources and emotional strain. Nevertheless, the exit of family members may also help to avoid some of the costs of kinship with regard to the business. For example, agency costs that accrue through the employment of an inefficient or incompetent family member can be resolved if that person leaves the family household.

Adopting a household perspective on entrepreneurial activities introduces a novel set of issues that can be introduced into the research process. As Table 1 illustrates, these issues include household size and income structure, the number of entrepreneurs within the household, the presence and relative age of children which may lead to them being perceived as liabilities or resources, the volume of work required to service businesses, household and employment, as well as a consideration of other issues that may include gender, class, ethnicity, as well as marital quality and the presence of multiple generations within a household. These issues are influential on how businesses are started and managed, but rarely garner attention within the entrepreneurship research literature.

**ENTREPRENEURIAL FAMILIES AND HOUSEHOLDS**

**Table 1: Issues Arising from a Household Perspective**

<b>Household size and income structure</b>	One income	Dual income	Multiple incomes
<b>No. of entrepreneurs in household</b>	One entrepreneur in the household	Entrepreneurial team, i.e. spouses together	Several household members
<b>No. of business ventures</b>	A single business	A diversified enterprise	Multiple ventures
<b>Children as liabilities or resources?</b>	Small children (care taking) "liabilities"	Teenagers: Cheap labor or training for self-employment	Grown-up children: Leaving or staying?
<b>Work load/income</b>	Household work	Work in business	Employment work
<b>Other issues</b>	Ethnicity Generational	Gender Marital quality	Class

**THE ROLE OF HOUSEHOLDS IN OPPORTUNITY RECOGNITION AND CREATION**

The question of where business opportunities come from has generated significant debate within the field of entrepreneurship (Alvarez and Barney, 2007; Sarasvathy et al., 2011). Some see opportunities as ‘recognized’ through deductive processes of information search and analysis (Caplan, 1999). Others see opportunities as ‘discovered’ by individuals who are alert to possibilities (Kirzner, 1985). Recently, others have argued that opportunities are ‘created’ by the entrepreneur through abductive processes (Sarasvathy et al., 2011). These three distinctive perspectives on opportunity are predicated on different assumptions and are related to different situations. However, they all have one common feature: they view the individual entrepreneur at the centre of how opportunities emerge. It is the individual entrepreneur who searches for and recognizes opportunities, who is alert and discovers opportunities, and who is creative and creates opportunities.

## ENTREPRENEURIAL FAMILIES AND HOUSEHOLDS

---

However, as noted above, the individual entrepreneur is not always the most suitable unit of analysis when examining how opportunities are identified and pursued, as many such processes involve teams of people working together (Lim et al., 2012; Schjoedt et al., 2012). Looking at enterprising families and taking the household or the family as the unit of analysis, it becomes clear that opportunities may also emerge as a result of joint efforts of several connected individuals. In their study of family entrepreneurial teams, Discua Cruz et al (2012) found that the search for entrepreneurial opportunities was a collective effort in which both the senior and the junior generation participated, and that it was the joint efforts that led to the specific opportunities. While the older generation had seniority and strong influence over the family businesses, the opportunities sought were highly influenced by the skills and interests of the younger generation. Hence, if the younger generation's education and experiences were in areas similar to the family business, opportunities tended to be explored in the same area, but if their education and skills were in areas unrelated to the family business portfolio this led to opportunity identification outside existing areas of business and hence business portfolios became more diversified. This also illustrates the previous argument that the characteristics and strategies of the family may be just as important to business development as purely business strategies.

In a previous study of portfolio business households, we too found that business opportunities emerged from the interests and competence of family members (Alsos et al., 2012). Opportunities were typically discussed and developed 'around the kitchen table' and involved a range of family members. Each family member may take a different role in this process. In one case, the older generation female (wife and mother) typically initiated opportunity identification, and these opportunities were then formalized and developed by her husband and grown-up children. The deep trust and shared vision between family members provides a good environment for open discussions of potential opportunities. Children growing up in a family where opportunities are discussed around the kitchen table also learn from this experience. It has been argued that portfolio entrepreneurs are

## ENTREPRENEURIAL FAMILIES AND HOUSEHOLDS

---

particularly good at identifying opportunities due to their experience as entrepreneurs (Ronstadt, 1988; Ucbasaran et al., 2003). Children growing up in enterprising families acquire experience during their childhood being predisposed for entrepreneurial events and opportunity emergence by family processes. While previous studies focusing at the family firm have highlighted the dominating role of the senior generation in opportunity search, often in relation to succession (Handler, 1990), newer studies focusing on entrepreneurial families show that new business opportunities may be identified in the family household as a collective action. Opportunities are also identified as an alternative to succession, when an off-spring is grown up and ready for the responsibility of taking an entrepreneurial role (Discua Cruz et al., 2012), when resources become available and can be put into use (Alsos et al., 2012), or when the skills and interests of the younger generation are processed through the entrepreneurial actions of the enterprising family (Discua Cruz et al., 2012).

However, it should also be recognized that individuals have differing priorities and that there is likely to be disagreements and diverse interests also in entrepreneurial families (Steier et al., 2009). Family teams that include in-laws, different generations or family members with dissimilar levels of commitment may suffer from fault-lines between different parts of the enterprising family (Schjoedt et al., 2012). Such fault-lines may be destructive and strangle opportunity identification as they may introduce distrust and disengagement amongst family members. However, there might also be more productive processes leading from such differences, as subgroups of the enterprising family may be formed to identify opportunities and start new ventures (Schjoedt et al., 2012; Discua Cruz et al., 2012).

Despite potential conflicts and indifferences, it has been noted that enterprising families often have a shared vision though not necessarily related to one single business. This shared vision may be related to stewardship of the family's assets and a collective commitment to build them through entrepreneurship (Discua Cruz et al., 2012; Alsos et al., 2012). Combined with such a vision, these assets may be a source of new

## ENTREPRENEURIAL FAMILIES AND HOUSEHOLDS

---

opportunities. In previous studies we have often found that opportunities identified to start new business activities arise from the recognition of spare resources in an existing family business (Alsos et al., 2012; Alsos et al., 2003). One such case involved a family owned dairy farm located on one of Scotland's Western Isles. Excess milk was used as the main ingredient for farm-based cheese production, the wife's main business activity, and the whey by-product used to feed pigs, one son's main business activity. Similarly, a redundant farm building was used as source of free storage space for another son's award-winning biscuit factory, while the farm's produce formed a main part of the menu for a third son's hotel restaurant. Studies have shown that there can be extensive resource transfer from existing to new business activities (Alsos and Carter, 2006) and, in many cases, these resources are crucial for the initiation of the new business. Resources accumulated from relationally embedded ties, such as family ties, can be extremely important for new business initiation (Newbert and Tornikoski, 2011). Enterprising families may actively invest in human and social capital across generations to exploit new business opportunities (Sieger et al., 2011).

In some cases opportunities are identified first and then an entrepreneurial team of family members come together to exploit it, while in other cases the team and decision to start an additional venture comes first, and opportunities are then sought (Discua Cruz et al., 2012). When an opportunity is identified and the decision is made to develop it, this can be organized within an existing business unit or as a separate firm, often referred to as mode of organizing (Shane and Venkataraman, 2000; Wiklund and Shepherd, 2008). One of the advantages of portfolio business owners is the opportunity to develop new business activities within existing firms, where the existing firm acts as a 'seedbed' or incubator of new ventures (Carter, 1998). The new venture can then rely on the resources of the existing business, reducing the risk and uncertainty associated with new venture development. In a study of new business development within the UK farming sector, Carter (1996) identified a three stage continuum; monoactive farmers, who were not engaged in new business activities;

## ENTREPRENEURIAL FAMILIES AND HOUSEHOLDS

---

diversified farms, which had several business activities organized within the same firm; and portfolio entrepreneurs, who established new business activities as separate firms located on or off the farm. Hence, moving from organizing the venture within an existing firm to the establishment of a separate formal entity may be seen as a process depending on the stage of venture development. However, there may also be other reasons behind the choice of mode of venture organizing, related to the experience of the entrepreneur (Wiklund and Shepherd, 2008), the resource endowments needed to establish the new venture as well as issues related to ownership involvement (Iacobucci and Rosa, 2010). In a recent case, a woman employed in a tourism firm where her husband is one of three owners, started a new firm with her husband. She used her spare time as an employee to start the new venture and represented the new firm when she attended meetings for the existing firm, essentially piggy-backing on the existing firm's contacts with customers and suppliers. The decision to start a new independent business rather than exploiting the opportunity within the existing venture was based on considerations of ownership, organization (the option to build separate sets of routines for the new firm), and her ability to use a different pricing strategy in the new venture.

In our study of portfolio entrepreneurial households (Alsos et al., 2012), we found that even when organized as separate and independent firms, the businesses of these families were highly interconnected. This was evident in the extensive resource sharing and resource 'borrowing' between firms, and the coordination of activities, supplier-customer relationships and joint networks. Hence, the decision about the mode of organizing opportunities does not appear to determine separation or interconnection of different business activities. Rather, family relations were the mechanism through which business interconnections were organized. In the next section, we discuss how enterprising families acquire, allocate and organize resources needed to run their businesses.

## ENTREPRENEURIAL FAMILIES AND HOUSEHOLDS

---

### HOUSEHOLDS AND ENTREPRENEURIAL RESOURCES

We have previously indicated that the relationship between the household and family and the family's businesses includes resource transactions. Households administer the family's economic and human resources (Wheelock and Oughton, 1996), and entrepreneurial households allocate resources between the various business activities operated by the family (Alsos et al., 2012; Alsos and Carter, 2006; Sieger et al., 2011). We have also demonstrated that existing firms may function as seedbeds for the new business ventures of portfolio entrepreneurs (Carter, 1996), allowing new ventures to utilize resources of an established business during the risky start-up phase and at a later stage being spun out into separate business units (Carter, 1998; Alsos and Carter, 2006).

Resource access and resource scarcity are both influential in the way new businesses are created. This has been shown by research related to resource dependency theory which focuses on how resource constraints form organizations in certain ways (Pfeffer and Salancik, 1978); by the resource based view which claims that control over certain resources forms the basis of competitive advantage (Barney, 1991); and by the concept of entrepreneurial bricolage which focuses on how resource constrained entrepreneurs 'make do' by utilizing the resources they have available (Baker and Nelson, 2005). Most new ventures are resource constrained, and the issue of acquiring and organizing resources is a central part of the start-up process (Shook et al., 2003; Ucbasaran et al., 2001). However, the interconnectedness of household and business leads to flexibility in resource availability, as households can release resources from other household activities and make them available for business development when needed – or decided. There is also a flip-side of the coin. The household can withdraw resources from the business when they are needed for other purposes. Hence, resources available for a business activity are not fixed in size, scale and availability. Resources develop over time as new knowledge is achieved, new people arrive, or surplus by-products created from on-going activities (Alsos et al., 2012). The



## **ENTREPRENEURIAL FAMILIES AND HOUSEHOLDS**

---

household plays a role in determining resource provision and withdrawal, and this crucial resource determining role needs to be taken into account in understanding venture creation and business ownership by enterprising families.

Indeed, it is their role in determining business resources that distinguishes entrepreneurial households from other types of households. While in conventional, employee households it is assumed that wages earned outside of the household subsidize the domestic and family sphere, in entrepreneurial households the ‘inextricably intertwined’ relationship between business and household (Aldrich & Cliff, 2003, p. 573) suggests a more complex scenario regarding particularly financial resources. Studies reveal that in many entrepreneurial households, financial resources are derived from multiple sources, including the ownership of multiple businesses, the purchase of commercial and domestic property for onward rental, employment of household members, shareholding and equity portfolios, pensions, grants, and social security transfers (Carter, Tagg, & Dimitratos, 2004). The diversification of household income over a broad range of economic activities reduces household dependency on the enterprise, enabling the household to “patchwork” incomes from a number of sources (Carter et al. 2004; Kibria, 1994; Mulholland, 1997). At the same time, multiple income sources within the household offer advantages to the business, both by relieving the pressure to generate household income and by providing a source of readily available external finance when required (Gentry & Hubbard, 2004). This suggests that there is great potential for cross-subsidy between the business and the household, highlighting financial resource interactions in which each institution supports the other.

In a previous study of enterprising families we found resources played a central role in three different processes related to the building of the families’ business portfolios (Alsos et al., 2012). First, resource supply, sharing and withdrawal were central to the process in which business and household were inter-connected. It is often assumed that families are maintained by businesses from which they get their income. However, it is

## ENTREPRENEURIAL FAMILIES AND HOUSEHOLDS

---

also clear that businesses are maintained by the household, for instance when family money is sent back to the firms, during crisis or when new opportunities arise. Second, family and kinship relations were clearly a business resource base from which the businesses could draw resources when needed for further development, including money, work force, equipment, facilities, premises and other tangible resources, but also competence, reputation, networks and other intangible resources. Third, resource sharing between ventures and resource flexibility between household and business were important in the way enterprising families took control over uncertainty and risk related to business venturing. The ability of entrepreneurial families to flexibly transfer and share resources between their businesses and between household and business can be seen as a way of managing resource scarcity and allowing business activity to grow through the development of new ventures, while simultaneously controlling insecurity. However, the focus on only using available resources may also limit enterprise development and growth. Moreover, resource transfer and sharing is not always the best option for new ventures, which sometimes need other types of resources to those immediately available (Alsos and Carter, 2006). Too strong a reliance on available resources may result in a lock-in situation and reduced performance.

Based on four case studies, Sieger et al. (2011) developed a model of how portfolio entrepreneurship evolves in family firms, focusing on resource deployment in the portfolio process. Generating important insights into the strategic development of business portfolios in a family firm context, this study indicates that the family develops human, reputational and social capital from their enterprising experience. These valuable resources are further developed through new venture creation. A focus on enterprising families rather than on the single firm reveals that entrepreneurs may have more resources available to them than can be seen by using the individual entrepreneur or firm as the unit of analysis. For example, resources are handed over from one generation to the next, meaning that even first time entrepreneurs, such as grown-up children, do not start from scratch (Alsos

## ENTREPRENEURIAL FAMILIES AND HOUSEHOLDS

---

et al., 2012). Their embeddedness in the wider household provides access to a variety of resources, as well as knowledge, skills, social norms and attitudes applicable to enterprise development. That the relationship of the entrepreneur's family to the new enterprise can be significant for success or failure, has been previously noted (Dyer and Handler, 1994). Embedded relationships, such as family and kinship relations, may provide nascent entrepreneurs with access to low cost resources (Newbert and Tornikoski, 2011). The family's willingness to support the venture financially may be critical for the possibility to acquire sufficient funding for a new start-up. The family may also provide other resources such as access to markets, sources of supply, technology or new ideas (Dyer and Handler, 1994).

Further, spare resources in the household or in existing business activities are not only important resources for new ventures; they can also be the source of new business opportunities (Alsos et al., 2003). Family members may use their intimate familiarity with the resources they have available as a way of dealing with the opportunities or challenges that may arise. Spare floor space, redundant buildings, released time, excess production, new competence or a new person in the household all represent resources available for profitable use. Awareness of such resources may lead to the identification of new opportunities to be exploited by one or several family members (Alsos et al., 2012). In one entrepreneurial family case, a young woman was able to develop significant new activities such as a horse breeding business and a glasshouse flower production business as a consequence of her time being freed up when her two children reached school age. We also saw that business activities evolved as families grew – children becoming adults and adult off-spring marrying – providing both a greater human resource pool and a broader set of skills and interests that could be exploited. Additional ventures emanated from the commodification of personal interests and skills of a household member (Alsos et al., 2012). Households are the core connection between the different family businesses in the portfolio, providing business resources, labour and support, such that household resources formed a common pool that could be accessed as necessary. Although support and resources, particularly for

## **ENTREPRENEURIAL FAMILIES AND HOUSEHOLDS**

---

businesses started by adult off-spring, may be given out of a sense of altruism, they are also the result of a common household decision as to how resources should be put to use. While the material resources and emotional capital given to each new business venture helps support individual and collective entrepreneurship, emotional capital also controls the behaviour of individual family members and serves to keep adult off-spring close to the household.

## **CONCLUSIONS**

In this paper we have attempted to demonstrate how the use of a household perspective can illuminate aspects of the entrepreneurial process that have hitherto been disregarded by the sole focus upon the individual or the firm. We argue that a focus on either the individual or the firm presents a partial and artificial view of the entrepreneurial process. While it has proven convenient for researchers to ignore the household context in which the entrepreneur is embedded, this is no longer justifiable. As Discua Cruz et al (2012:24) argue 'by atomizing individual family businesses, researchers are in danger of providing a false representation of the entrepreneurial activities of families. The misconception that succeeding generations of family members lack the entrepreneurial drive that existed in the founding generations ... may prevail because the focus has been on the venture rather than on family members, who may be involved in a broad range of entrepreneurial activities.' A focus on the entrepreneurial household allows new insights into the creation or recognition of new opportunities as well as new perspectives on the role of household and existing business resources in supporting new ventures. While the household is clearly instrumental in business start-up decisions and activities, provides a wealth of business experience, access to low cost resources and serves to reduce the risk and uncertainty of new ventures, the household can also be seen to act as a potential brake on entrepreneurial ambition developing ventures that are broadly compatible in scope and scale with the original firm and dependent upon pre-existing resources that may not be appropriate for the new venture. Whether its

## **ENTREPRENEURIAL FAMILIES AND HOUSEHOLDS**

---

effect is positive or negative, the household has a profound influence on the start-up ambitions and resources of a new venture. For this reason alone, it is vital that entrepreneurship researchers start to recognize the role of the household and incorporate a household perspective in future research studies.

**ENTREPRENEURIAL FAMILIES AND HOUSEHOLDS**

---

**REFERENCES**

Aldrich, H.E. & Cliff, J.E. (2003). The pervasive effects of family on entrepreneurship: Toward a family embeddedness perspective. *Journal of Business Venturing*, 18(5), 573–596.

Alsos GA and Carter S. (2006) Multiple business ownership in the Norwegian farm sector: Resource transfer and performance consequences. *Journal of Rural Studies* 22: 313-322.

Alsos GA, Carter S and Ljunggren E. (2012) Complexities of portfolio entrepreneurship: the business-household nexus. *Academy of Management Meeting*. Boston, USA.

Alsos GA, Ljunggren E and Pettersen LT. (2003) Farm-based entrepreneurs: what triggers the start-up of new business activities? *Journal of Small Business and Enterprise Development* 10: 435-443.

Alsos, G.A. and Carter, S. (2006). Multiple business ownership in the Norwegian farm sector: Resource transfer and performance consequences. *Journal of Rural Studies* 22, no. 3: 313-322.

Alsos, G.A., Carter, S., Ljunggren, E., and Welter, F. (2011). Introduction: researching entrepreneurship in agriculture and rural development. In *The Handbook of Research on entrepreneurship in Agriculture and Rural Development*, ed. G.A. Alsos, S. Carter, E. Ljunggren, and F. Welter, 1-18. Cheltenham, UK: Edward Elgar.

Alvarez SA and Barney JB. (2007) Discovery and creation: alternative theories of entrepreneurial action. *Strategic Entrepreneurship Journal* 1: 11-26.

Baker T and Nelson RE. (2005) Creating Something from Nothing: Resource Construction through Entrepreneurial Bricolage. *Administrative Science Quarterly* 50: 329-366.

**ENTREPRENEURIAL FAMILIES AND HOUSEHOLDS**

---

Barney JB. (1991) Firm resources and sustained competitive advantage. *Journal of Management* 17: 99-120.

Brannon, D. L. , Wiklund, J. , & Haynie, J.M. (2013) The varying effects of family relationships in entrepreneurial teams. *Entrepreneurship Theory and Practice* 37:1

Brundin, E and Languilaire, J-CE. (2012) Harmoni eller disharmoni? Känsloregler och gränsdragning. In Brundin, E, Johansson, AW, Johannisson, B, Melin, L and Nordquist, M (Eds.) *Familjeföretagande: affärer och känslor*, SNS Forlag, pp. 276-293.

Brundin, E and Wigren, C. (2012) Älskar, älskar inte? Exkludering i familjeföretag. In Brundin, E, Johansson, AW, Johannisson, B, Melin, L and Nordquist, M (Eds.) *Familjeföretagande: affärer och känslor*, SNS Forlag, pp. 294-315.

Caplan B. (1999) The Austrian search for realistic foundation. *Southern Economic Journal* 65: 823-838.

Carney M and Gedajlovic E. (2002) The Co-evolution of Institutional Environments and Organizational Strategies: The Rise of Family Business Groups in the ASEAN Region. *Organization Studies* 23: 1-29.

Carter S. (1996) The indigenous rural enterprise: Characteristics and change in the British farm sector. *Entrepreneurship & Regional Development* 8: 345-358.

Carter S. (1998) Portfolio entrepreneurship in the farm sector: indigenous growth in rural areas? *Entrepreneurship & Regional Development* 10: 17-32.

## ENTREPRENEURIAL FAMILIES AND HOUSEHOLDS

---

Carter, S. 2001. Multiple business ownership in the farm sector - Differentiating monoactive, diversified and portfolio enterprises. *International Journal of Entrepreneurial Behaviour & Research* 7, no. 2: 43-59.

Carter, S. and Ram, M. (2003) Reassessing Portfolio Entrepreneurship: Towards a Multi-disciplinary Approach. *Small Business Economics* Vol. 21, No. 4, pp.371-380.

Carter, S., Tagg, S., & Dimitratos, P. (2004). Beyond portfolio entrepreneurship: Multiple income sources in small firms. *Entrepreneurship and Regional Development*, 16, 481–499.

De Silva, L.R. and Kodithuwakka, S.S. (2011) Pluriactivity, entrepreneurship and socio-economic success of farming households, pp 38-53 in G. Alsos, S. Carter, E. Ljunggren and F. Welter (eds). *The Handbook of Research on Entrepreneurship in Agriculture and Rural Development*. Cheltenham: Edward Elgar.

Discua Cruz A, Howorth C and Hamilton E. (2012) Intrafamily Entrepreneurship: The Formation and Membership of Family Entrepreneurial Teams. *Entrepreneurship Theory and Practice*: forthcoming.

Dyer WG, Jr and Handler W. (1994) Entrepreneurship and family business: exploring the connections. *Entrepreneurship Theory and Practice* 18: 71-83.

Efstratoglou-Todoulou S. (1990) Pluriactivity in different socio-economic contexts: a test of the push-pull hypothesis in Greek farming. *Journal of Rural Studies* 6: 407-413.



**ENTREPRENEURIAL FAMILIES AND HOUSEHOLDS**

---

Ferguson, R. and Olofsson, C. (2011) The Development of New Ventures in Farm Businesses, pp 21-37 in G. Alsos, S. Carter, E. Ljunggren and F. Welter (eds). *The Handbook of Research on Entrepreneurship in Agriculture and Rural Development*. Cheltenham: Edward Elgar.

Fuller, A. M. (1990). From part-time farming to pluriactivity: a decade of change in rural Europe. *Journal of Rural Studies* 6, no. 4: 361-373.

Gentry, W.M. & Hubbard, R.G. (2004). Entrepreneurship and household saving. *Advances in Economic Analysis and Policy*, 4(1), 1–52.

Gullestad, M. (1984) Sosialantropologiske perspektiver på familie og hushold [Social anthropological perspectives on family and household] in Rudie. I. (ed). *Myk start – hard landing*. Oslo: Universitetsforlaget

Handler WC. (1990) Succession in family firms: A mutual role adjustment between entrepreneur and next-generation family members. *Entrepreneurship Theory and Practice* 15: 37-51.

Iacobucci D and Rosa P. (2010) The Growth of Business Groups by Habitual Entrepreneurs: The Role of Entrepreneurial Teams. *Entrepreneurship Theory and Practice* 34: 351-377.

James AE, Jennings JE and Breitreuz RS. (2012) Worlds Apart?: Rebridging the Distance Between Family Science and Family Business Research. *Family Business Review* 25: 87-108.

Jennings, J. E., Breitreuz, R. S. & James, A.E. (forthcoming) When family Members are also business owners: Is entrepreneurship good for families? *Family Relations*, forthcoming.

Jervell, A. M. (2011) The family farm as a premise for entrepreneurship, pp. 54-73 in G. Alsos, S. Carter, E. Ljunggren and F. Welter (eds). *The Handbook of Research on Entrepreneurship in Agriculture and Rural Development*. Cheltenham: Edward Elgar.

**ENTREPRENEURIAL FAMILIES AND HOUSEHOLDS**

---

Kibria, N. (1994). Household structure and family ideologies: The dynamics of immigrant economic adaptation among Vietnamese refugees. *Social Problems*, 41(1), 81–96.

Kirzner IM. (1985) *Discovery and the Capitalist Process*, Chicago: University of Chicago Press.

Lim JY-K, Busenitz LW and Chidambaram L. (2012) New Venture Teams and the Quality of Business Opportunities Identified: Faultlines Between Subgroups of Founders and Investors. *Entrepreneurship Theory and Practice*: forthcoming

Litz RA, Pearson AW and Litchfield S. (2012) Charting the Future of Family Business Research: Perspectives From the Field. *Family Business Review* 25: 16-32.

Mulholland, K. (1997). The Family Enterprise and Business Strategies. *Work, Employment and Society* 11: 685-711.

Newbert SL and Tornikoski ET. (2011) Resource Acquisition in the Emergence Phase: Considering the Effects of Embeddedness and Resource Dependence. *Entrepreneurship Theory and Practice*:

Pfeffer J and Salancik GR. (1978) *The external control of organizations. A resource dependence perspective*, San Fransisco: Harper & Row.

Ronstadt R. (1988) The corridor principle. *Journal of Business Venturing* 3: 31-40.

Sarasvathy SD, Dew N, Velamuri SR, et al. (2011) Three views of entrepreneurial opportunity. In: Acs ZJ and Audretsch DB (eds) *Handbook of entrepreneurship research: An interdisciplinary survey and introduction*. Second ed. New York: Springer, 77-96.

Schjoedt L, Monsen E, Pearson A, et al. (2012) New Venture and Family Business Teams: Understanding Team Formation, Composition,

**ENTREPRENEURIAL FAMILIES AND HOUSEHOLDS**

---

Behaviors, and Performance. *Entrepreneurship Theory and Practice*: n/a-n/a.

Shane S and Venkataraman S. (2000) The promise of entrepreneurship as a field of research. *Academy of Management Review* 25: 217-226.

Shook CL, Priem RL and McGee JE. (2003) Venture creation and the enterprising individual: A review and synthesis. *Journal of Management* 29: 379-399.

Sieger P, Zellweger T, Nason RS, et al. (2011) Portfolio entrepreneurship in family firms: a resource-based perspective. *Strategic Entrepreneurship Journal* 5: 327-351.

Steier LP, Chua JH and Chrisman JJ. (2009) Embeddedness Perspectives of Economic Action Within Family Firms. *Entrepreneurship Theory and Practice* 33: 1157-1167.

Stewart, A. (2003) Help One Another, Use One Another: Toward an Anthropology of Family Business. *Entrepreneurship Theory and Practice* Summer 2003

Ucbasaran D, Westhead P and Wright M. (2001) The Focus of Entrepreneurial Research: Contextual and Process Issues. *Entrepreneurship: Theory and practice* 25: 57-80.

Ucbasaran D, Westhead P, Wright M, et al. (2003) Does entrepreneurial experience influence opportunity identification? *The Journal of Private Equity* 7: 7-14.

Welter, F. (2011). 'Contextualizing Entrepreneurship – Conceptual Challenges and Ways Forward'. *Entrepreneurship, Theory and Practice*, 35, 165-184.

**ENTREPRENEURIAL FAMILIES AND HOUSEHOLDS**

---

Wheelock J and Oughton E. (1996) The household as a focus for research. *Journal of Economic Issues* XXX (1): 143-159.

Wheelock, J., and Mariussen, Å. (1997). *Household, Work and Economic Change: A Comparative Perspective*. Boston/Dordrecht/London: Kluwer Academic Publishers.

Wiborg, A. (1995) Mellom økonomisk fornuft, livsstil og symboler – bygdehushold i endring. [Between economic rationality, lifestyle and symbols, rural households in change] NF-rapport 4/95 Bodø: Nordland Research Institute

Wiklund J and Shepherd DA. (2008) Portfolio Entrepreneurship: Habitual and Novice Founders, New Entry, and Mode of Organizing. *Entrepreneurship Theory and Practice* 32: 701-725.

Zahra, S. (2007). 'Contextualizing Theory Building in Entrepreneurship'. *Journal of Business Venturing*. 22, 443-452.

Zahra, S. and Wright, M. (2011). Entrepreneurship's Next Act. *Academy of Management Perspectives*, 25, 67-83.



Centre Manager  
Enterprise Research Centre  
Warwick Business School  
Coventry, CV4 7AL  
[Enquiries@enterpriseresearch.ac.uk](mailto:Enquiries@enterpriseresearch.ac.uk)

Centre Manager  
Enterprise Research Centre  
Aston Business School  
Birmingham, B1 7ET  
[Enquiries@enterpriseresearch.ac.uk](mailto:Enquiries@enterpriseresearch.ac.uk)

The Enterprise Research Centre is an independent research centre funded by the Economic and Social Research Council (ESRC); the Department for Business, Innovation & Skills (BIS); the Technology Strategy Board (TSB); and, through the British Bankers Association (BBA), by the Royal Bank of Scotland PLC; Bank of Scotland PLC; HSBC Bank PLC; Barclays Bank PLC and Lloyds TSB Bank PLC.

[www.enterpriseresearch.ac.uk](http://www.enterpriseresearch.ac.uk)